

Integrated Report 2025

Year Ended March 31, 2025

Mebuki Financial Group Philosophy

Together with local communities, we will continue to build a more prosperous future by providing high-quality, comprehensive financial services.

The ingenuity of the entire Group will be combined to contribute to sustainable growth in communities.

We will build a better future together with local communities, seeking solutions to challenges that affect these communities by providing high-quality, comprehensive financial services.

Mebuki Financial Group Sustainability Policy

Based on the Mebuki Financial Group Philosophy “Together with local communities, we will continue to build a more prosperous future by providing high-quality comprehensive financial services,” Mebuki Financial Group and group companies will support solving issues in our regions while contributing to the achievement of sustainable growth of local communities as well as the improvement of our corporate value.



The Japanese word mebuki, or “green shoots,” conveys an image of new leaves budding on tree branches. This word is used in the Group’s name to express its approach of drawing on the knowledge and creativity of each of its companies to create fresh ideas and new value. The name Mebuki expresses our wish to create new energy and value in local communities and pursue sustainable growth along with these communities.

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Editorial Policy

We have prepared this report (Integrated Report for the year ended March 31, 2025) to communicate to stakeholders the Group’s efforts toward sustainable value creation in an easy-to-understand manner. We have compiled this report by integrating the Group’s philosophy, medium-term business plan, and financial information, along with non-financial information such as our initiatives for value creation and sustainability. This report also serves as disclosure materials (explanatory documents regarding the status of business and assets) pursuant to Articles 21 and 52-29 of the Banking Act. When using this publication as a disclosure document, please refer to it together with the Financial Data 2025 for the year ended March 31, 2025. Details on ESG information are available on our website: <https://www.mebuki-fg.co.jp/eng/esg/esg.html>

Developments of Mebuki Financial Group

Based on the Mebuki Financial Group Philosophy “Together with local communities, we will continue to build a more prosperous future by providing high-quality, comprehensive financial services,” the Group will combine the ingenuity of the entire Group to contribute to the achievement of sustainable growth of local communities as well as the improvement of our corporate value.

90th
Anniversary



1935 Establishment of Joyo Bank

Establishment of Joyo Bank through the merger of the Tokiwa Bank and the Goju Bank

- 1974 Established Joyo Lease (currently Mebuki Lease)
- 1995 Established Joyo Industrial Research Institute in commemoration of the Bank's 60th anniversary
- 1996 Opened Shanghai Representative Office
- 2007 Established Joyo Securities (currently Mebuki Securities)
- 2012 Opened Representative Office Registered in Singapore
- 2014 Opened New York Representative Office

2016 Established Mebuki Financial Group



- 2017 Mebuki Lease and Mebuki Securities became directly and wholly-owned subsidiaries
- 2018 Opened Hanoi Representative Office

- 2017 Opened Bangkok Representative Office

- 2021 Joyo Credit and Ashigin Card were merged to establish Mebuki Card
Declared support for TCFD Recommendations
- 2021 Established Joyo Capital Partners

- 2022 Formulated Long-Term Vision 2030 and Sustainability Policy
- 2022 Established Joyo Green Energy

- 2020 Completed the system integration of Joyo Bank and Ashikaga Bank
Reorganized the system departments
Mebuki Credit Guarantee became a directly and wholly-owned subsidiary
- 2021 Established Wing Capital Partners
Established Ashigin Money Design
- 2022 Established regional trading company Colletochi
- 2023 Joyo Credit Guarantee became a wholly-owned subsidiary of Mebuki Credit Guarantee

Long-Term Vision 2030

Vision

A Value Creation Group
Working Together with
Local Communities

Joyo Bank
Ashikaga Bank

130th
Anniversary

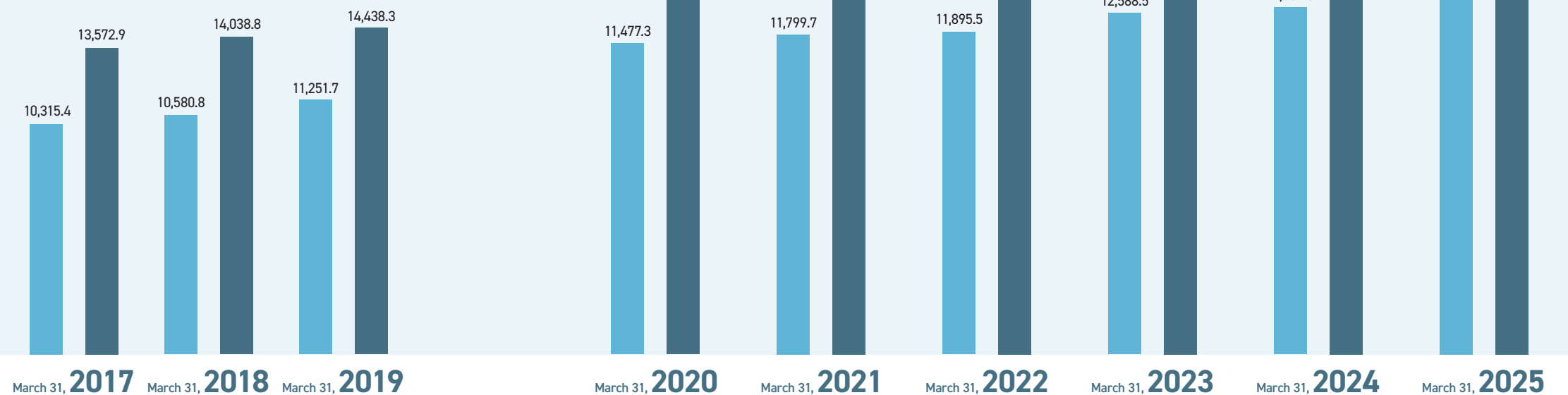


1895 Establishment of Ashikaga Bank

Established in Ashikaga town, Ashikaga county, Tochigi Prefecture

- 1897 Opened its first branch in Kiryu town, Yamada county, Gunma Prefecture
- 1967 Relocated the head office to Utsunomiya city in Tochigi Prefecture
- 2008 Established Ashikaga Holdings
- 2009 Established Ashigin Research Institute
- 2013 Ashikaga Holdings listed on the first section of the Tokyo Stock Exchange
- 2015 Opened Hong Kong Representative Office

■ Loan balance
■ Deposit balance



Financial and economic developments

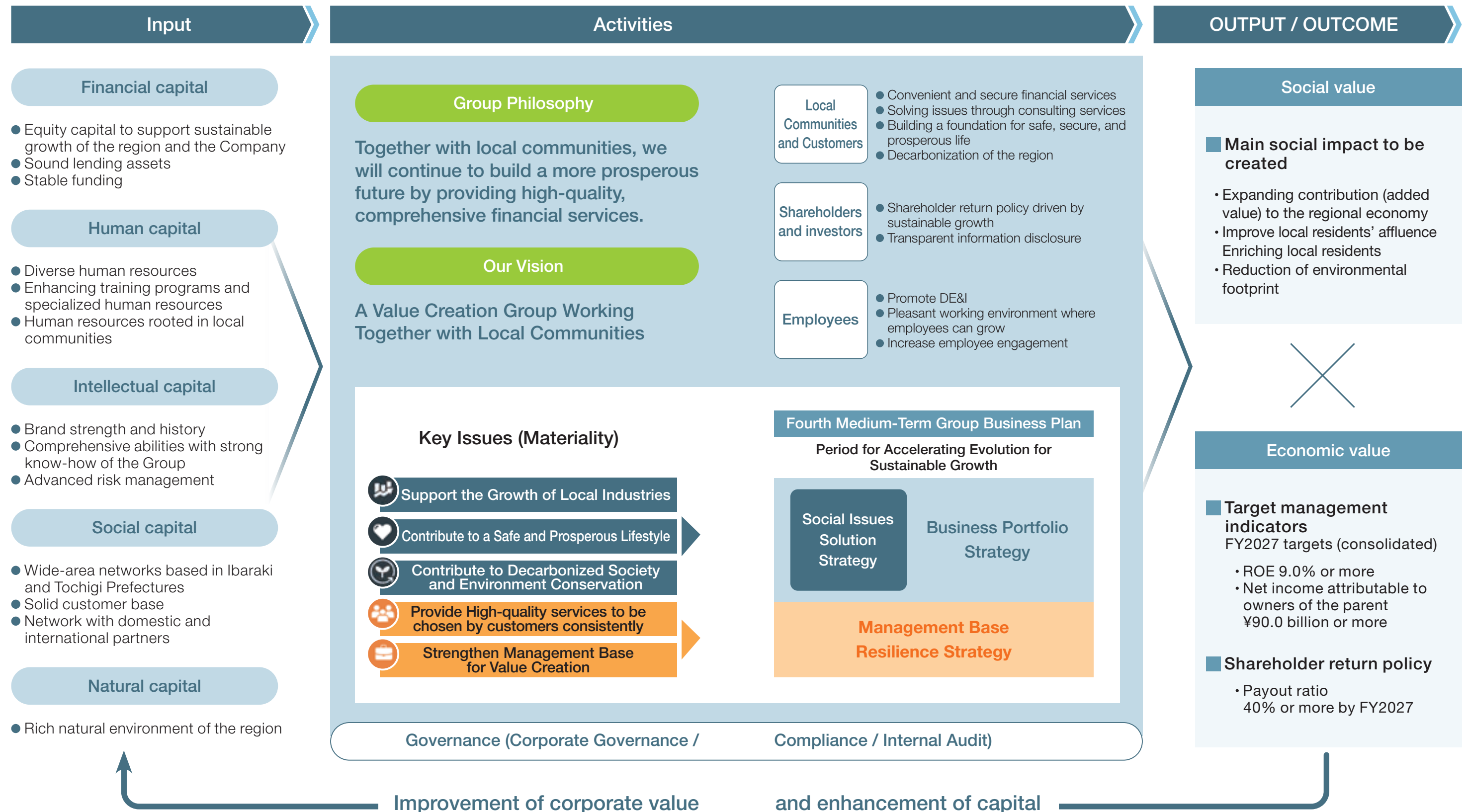
- 1929 Start of the Great Depression
- 1985 Plaza Accord
- 1991 Collapse of bubble economy
- 1997 The Japanese version of "Big Bang" financial reforms
Asian currency crisis
- 2005 Full implementation of pay-off system in Japan
- 2008 Global financial crisis following Lehman Brothers' bankruptcy
- 2010 European debt crisis
- 2016 BOJ's introduction of negative interest rate policy
- 2019 Japan's consumption tax rate hike to 10%
- 2024 Launch of the new Nippon Individual Savings Account (NISA) program
End of BOJ's negative interest rate policy
- 2025 Additional U.S. tariff measures

Social events

- 1945 End of the Pacific War
- 1964 Tokyo Olympic and Paralympic Games
- 1974 Completion of Tohoku Expressway within Tochigi Prefecture
- 1982 Opening of Tohoku Shinkansen
- 1985 Holding of Tsukuba EXPO
- 2005 Opening of the Tsukuba Express
- 2011 Great East Japan Earthquake
- 2015 SDGs adopted by the U.N.
- 2019 Suffered extensive damage by Typhoon Hagibis and other disasters
- 2020 Spread of COVID-19
- 2021 Tokyo Olympic and Paralympic Games
- 2022 Russia's invasion into Ukraine
- 2023 COVID-19 reclassified to Category V under the Infectious Diseases Control Law
- 2024 New banknotes issued for the first time in 20 years
- 2025 Holding of Osaka EXPO

Value Creation Process

Based on the corporate philosophy of the Group, Mebuki Financial Group will provide high-quality, comprehensive financial services by taking advantage of its wide-area network, solid customer base and other strengths, while contributing to the sustainable growth of local communities through improving the Group's corporate value and creating value for stakeholders.



A Message from the President and the Executive Vice President

The ongoing challenge to become a value creation group working together with local communities

The business environment surrounding local financial institutions is becoming increasingly severe due to concerns about the shrinking regional economy caused by population decline and aging, intensifying competition including from other business sectors, and heightened uncertainty in the global economy. On the other hand, expectations for improved earnings are rising as the shift from long-term ultra-low interest rate policies progresses.

Amid such circumstances, our Group has launched the “Fourth Medium-Term Group Management Plan,” positioning the three years starting from April 2025 as “a period of accelerating evolution towards sustainable growth” as the second phase of achieving “Long-Term Vision 2030.” Under the three basic strategies of “Social Issue Resolution Strategy,” “Business Portfolio Strategy,” and “Management Base Resilience Strategy,” we will develop various measures.

While flexibly responding to changes in the surrounding environment, our Group will further refine the efforts we have been undertaking to strengthen consulting services and provide solutions that go beyond financial services. By enhancing our management foundation and increasing capital profitability, we aim to improve corporate value through the creation of both social and economic value, striving to become “A Value Creation Group Working Together with Local Communities.”

We are committed to making every effort to design a prosperous future for the local region by consolidating the ingenuity of the Group to meet the expectations of our customers, local communities, and shareholders. We ask for your continued support as we strive toward this goal.

Tetsuya AkinoMebuki Financial Group
President and Director**Kazuyuki Shimizu**Mebuki Financial Group
Executive Vice President and Director

A Message from the President

The ongoing challenge to become “A Value Creation Group Working Together with Local Communities”



Tetsuya Akino

Mebuki Financial Group
President and Director

Leveraging the tailwind of a “world with interest rates”

The Mebuki Financial Group FY2024 performance, the final year of the Third Medium-Term Group Business Plan, was extremely encouraging. Net income attributable to owners of the parent totaled ¥58.2 billion (+34.2% year on year), which outstripped the target in the third medium-term plan of ¥52.0 billion and our publicly disclosed profit at the beginning of the fiscal year of ¥56.0 billion. Indeed, this was the highest level of full-year profit achieved since our business integration in 2016. We also cleared the main business objectives in the third medium-term plan and rounded off a successful three years in terms of results.

Looking back on the final year of the plan, we could say it proved a key turning point for both the Japanese and the regional economies. The Bank of Japan lifted its negative interest rate policy and subsequently raised interest rates twice, resulting in an increase in the Japanese policy rate to 0.5% for the first time in 17 years and marking the transition to a positive interest rate environ-

ment. Meanwhile, corporate capital investment demand increased significantly as economic activity recovered after the COVID-19 pandemic. Performance was also buoyed by the tailwind generated by rising interest rates. We firmly grasped fresh demand for labor-saving investment to deal with the ongoing labor shortage, investment in digital transformation (DX), and upgrades to existing equipment, all of which helped boost our loan balance.

Given the fact that this was the first time that policy rates had increased in 17 years, many of the employees in our Group have never experienced a rising interest rate environment. With that fact in mind, both subsidiary banks started simulations around the middle of FY2023 on how lending rates would be priced and how increases in lending rates might be explained to customers in the wake of an increase in official interest rates. That move helped staff successfully explain and provide the appropriate support to our customers during the previous two interest rate hikes.

The consulting sales services that we advocated consistently throughout the third medium-term plan also started to generate significant results. We created frameworks that enable staff to communicate closely with

corporate customers and propose solutions to various management issues, and to advise individual customers on asset formation, asset management, and inheritance. Employee skills also improved considerably during this period. We followed that up by significantly improving our education and training systems, and increasing wages by 7%, including a base increase, in FY2024 to reward employees for their hard work.

To further enhance our human capital management, we have focused on promoting the active participation of women in the workplace. These efforts helped boost the combined ratio of women in assistant manager positions at the two subsidiary banks to approximately 37%, a total that exceeded our initial target. Going forward, we will work to actively increase the number of appointments of women to acting branch manager and other managerial positions.

Earnestly working towards balancing social value and economic value

I would like to mention three key points relating to the Fourth Medium-Term Group Business Plan, which represents the second phase of our endeavor to achieve our Long-Term Vision 2030 and has been characterized as a period for accelerating evolution for sustainable growth. The first point is the integration of sustainability and management strategy. When we formulated the fourth medium-term plan, we began by affirming the value that the Group should create as it strives to achieve its Long-Term Vision 2030 of becoming a value creation group working together with local communities. To achieve that vision, it is vital to balance not only the economic value that we create in terms of Group revenue but also the social value generated through our sustainability activities, namely efforts to enhance the sustainability of local communities through our business activities. While this idea has been percolating for a long time, we discussed whether it had been incorporated into our existing management strategy in some concrete form, and how to better incorporate it going forward.

The Mebuki Financial Group Sustainability Policy that we formulated at the start of the third medium-term plan stipulated five key issues (materiality), including revitalization of the regional economy and local communities and response to climate change and environmental conservation. However, we felt that the relationship and coordination of these factors with the strategies laid out in the third medium-term plan was weak and our sustainability initiatives lacked vigor. We sought to unify the Board of Directors' intentions by reorganizing our materiality, taking into consideration significant changes in the local regions and environments in which we operate.

First, we identified global sustainability-related issues, and specific issues unique to the financial industry and our Group's main areas of business. We then narrowed down and assessed the significance of important issues from our own perspective and the perspective of our customers, local communities, shareholders, employees, and other stakeholders. Finally, we created five new material issues: Support the growth of local industries, Contribute to a safe and prosperous lifestyle, Contribute to decarbonized society and environment conservation, Provide high-quality services to be chosen by customers consistently, and Strengthen management base for value creation.

We spent a long time and devoted a lot of effort to deep discussion at this stage. Indeed, the discussion on how to resolve these material issues underpinned the strategic design of the fourth medium-term plan. Group activities designed to help solve the problems defined as business material issues, namely Support the growth of local industries, Contribute to a safe and prosperous lifestyle, Contribute to decarbonized society and environment conservation have been incorporated into our encompassing Social Issues Solution Strategy. These initiatives include providing solutions through consultations with local corporations and individuals as well as regional revitalization measures designed together with local authorities and universities to help improve regional sustainability. The issues that have been defined as management base material issues, such as providing high-quality services to be chosen by customers consistently, and strengthening management base to for value creation, have been incorporated into our Management Base Resilience Strategy, and we have decided to work to create added value through DX and to strengthen our promotion of human capital and DE&I. We feel that this process has enabled us to design activities for solving material issues into the actual medium-term strategy and, in so doing, integrate our sustainability goal and management strategy.

Moving on to my second point, we have incorporated social impact indicators into our management targets. While we are aiming to pursue social and economic value in tandem, we have disclosed quantitative indicators of economic value such as net income and ROE, but we hadn't incorporated quantitative indicators for social value. To rectify this issue, we formulated an impact pathway to visualize the social and environment impact of our business activities on customers as well as on local communities (social impact), and explored what kind of social impact indicators the Group should set. We continued discussions until we could clearly verbalize what we meant by social impact. However, in reality, it was quite difficult to formulate these ideas into a quantitative indicator. In the end, we decided to set “the



amount of added value generated through active Group involvement in supporting local customer growth” as a social impact indicator relating to the material issue of supporting the growth of local industries which can be compiled using in-house data and continuously measured and assessed. This amount of added value has a strong correlation with regional GDP, and we judged that increasing the amount of added value will directly promote local economic growth. Not all increases in customer value-added totals are generated through our business activities. However, the simple act of determining this indicator will encourage all employees to independently consider how they can improve value-added totals for customers and what consulting they can provide. That will help generate greater Group profits and formulate an ideal future structure based on the earnest tandem pursuit of social and economic value.

Aiming to enhance corporate value

My third and final point involves establishing the Business Portfolio Strategy for improving corporate value as one of the basic strategies of the fourth medium-term plan. We believe that raising the Group's price-to-book ratio (PBR) is a basic duty to shareholders. The current PBR of 0.7 (as of the end of March 2025) has improved significantly compared to a few years ago, but we cannot allow the PBR to remain below 1, so we will continue to strive to raise that ratio going forward.

The overriding concept of the fourth medium-term plan is the tandem pursuit of social and economic value. The Board of Directors has repeatedly discussed the level to which we should increase return on equity (ROE) as one of the key indicators of economic value. The decision was made to set a management goal

for consolidated ROE of 9.0% or higher. We will build a management structure that can, at the very least, achieve a level of ROE that meets the Group's cost of shareholders' equity of roughly 6-8%, and strive to consistently maintain a level of ROE that exceeds that cost. To increase ROE, we also have to increase return on risk assets (RORA). The Business Portfolio Strategy is one of the basic strategies in the fourth medium-term plan, and the main focus of that plan is to increase RORA. Our business segments have been classified into six categories, each with clearly defined policies on risk-taking, risk control, and RORA. For instance, business portfolio strategy initiatives include a variety of efforts to increase ROE while allocating assets to various different investments and operations. This would include significantly increasing loan balances by concentrating on risk-taking and a certain level of profitability with local corporations and individual customers, and concentrating on investments in growth areas with a focus on profitability in the neighboring Tokyo market.

Price-to-earnings ratio (PER) is another important factor to consider because it illustrates external expectations for Mebuki Financial Group growth. I think there are two key axes for raising future growth expectations.

The first involves ensuring the sustainability of Group business by ensuring the sustainable growth of local communities. We have positioned initiatives designed to solve social issues as a core basic strategy within the fourth medium-term plan, and there is no doubt that such activities will ultimately increase on own corporate value.

The second axis relates to reducing capital costs. To achieve that, it is important to reduce earnings volatility and maintain stable capital management and shareholder composition. Capital management has been positioned as one of the main initiatives in the plan's third basic strategy, the Management Base Resilience Strategy.

It is my role as a senior manager to improve corporate value through these initiatives, and I intend to continue to fulfill that duty whole-heartedly.

Mixing centripetal and centrifugal forces to create further synergies

Established in 2016, Mebuki Financial Group will celebrate its 10th anniversary next year in 2026. To date, we have focused on the best combination of centripetal and centrifugal forces for creating a sense of unity and maximum synergies based on the concept of one headquarters with multiple brands.

First, in order to increase our centripetal, or cohesive, force as a Group, we identified joint focal areas for the

two subsidiary banks as we proceeded with the business integration. Specifically, this involved standardizing our capital as well as our strategies, systems, risk management, administrative processing, and human resource frameworks. These efforts all contributed to the strengthening of our one-headquarter base.

At the same time, exploiting our centrifugal, or expansive, force as a multi-brand operation is an important differentiator for Mebuki Financial Group. The main markets for the two banks are Ibaraki and Tochigi prefectures, but they boast different histories and traditions and so their individual market characteristics are also different. I think the two banks' centrifugal force is generated by sharing the same strategies while devising unique tactics for their different markets.

Having said that, we do always share each other's efforts, astutely utilizing centrifugal force by incorporating success cases from each region and avoiding previously unsuccessful measures.

The fourth medium-term plan's Social Issues Solution Strategy and the Business Portfolio Strategy will help optimize this centrifugal force. We will also strategically focus on how much impact each bank has on the region.

When we first started the business integration process, there were some lines that could not be crossed for each bank as leading entities in their region. However, today, I feel that the awareness has shifted somewhat and those former pride-related elements can be satisfied within centrifugal activities, while also respecting the merits of centripetal one-headquarter management processes. We will continue to refine this management policy as we approach the 10th anniversary of Mebuki Financial Group in 2026.

Creating a playing field where everyone can grow and actively contribute

I believe the key to successful human capital management is to create a playing field where everyone can grow and fulfill an active role, regardless of their age or gender. We are members of the service industry so our human resources are our most important assets and capital. We aim to create an organization that brings out the potential in each and every individual and gives everyone a sense of growth and active success. To realize such an organization, it is important to create environments that encourage employees to think and work independently and increase their sense of belonging and participation in the organization itself.

I also want our employees to feel motivated in their work and to autonomously design their own careers. To facilitate that goal, it is important to nurture comprehensive capabilities, while also increasing the number of

specialized fields in which they excel. In order to achieve such growth, we are increasing opportunities to learn through training and trainee systems. We have increased our investment in human capital to ¥3 billion in the fourth medium term plan, which represents an increase of ¥0.5 billion over the third plan, and we are focusing our efforts on expanding our expertise and knowledge.

With regards to recruitment, in addition to the hiring of new graduates, we are also focusing on mid-career recruitment, including rehiring of former employees and promotion of part-timers to full-time employees. We hired over 100 new staff across the Group in 2024. We view mid-career recruitment as an effective way of introducing new values into our organization. Some of these new employees are from the financial industry, while others boast expertise in legal affairs or digital technology. We will continue to recruit mid-career professionals to help create a strong management base.

Returning the benefits of our growth to shareholders

Enhancing shareholder return is one of our most crucial responsibilities as a company. Mebuki Financial Group has been offering shareholder returns based on the total payout ratio of dividends and share buybacks. However, we recognize that our current dividend payout ratio was slightly inferior compared to other companies and banks, and that this is an issue that needs to be addressed. The Board of Directors has repeatedly discussed increasing the weight of dividends within shareholder returns in order to capture the increased corporate value associated with enhanced shareholder returns. As a result, we renewed our shareholder return policy when we announced the fourth medium-term plan in March 2025, and decided to offer more aggressive shareholder returns. Specifically, we have decided to target a stable and sustainable increase in the dividend per share through profit growth, and to achieve a dividend payout ratio of 40% or higher by FY2027.

To achieve that aim, we will undertake various initiatives based on the three strategies within the fourth medium-term plan and ensure we firmly return the benefits of our growth to our shareholders.

I will continue to tackle challenges that will benefit our customers, local communities, shareholders, and the employees who sustain our Group, and I will do everything in my power to realize our vision of becoming a value creation group working together with local communities.

A Message from the Joyo Bank President



Be the first and the last port of call

Tetsuya Akino

President, The Joyo Bank, Ltd.

Multifaceted Ibaraki Prefecture with its rich natural environment and industrial base

Ibaraki Prefecture, which is Joyo Bank's main area of operation, is rich in natural resources, has vast plains covering two-thirds of the land, and boasts abundant agricultural and marine products. It has good access links to the capital and is regarded as an easy prefecture in which to live. Furthermore, the prefecture's extensive land, sea and air transportation network makes it a very convenient area for manufacturing and logistics businesses.

On the industrial front, Ibaraki is one of the prefectures that boast the highest agriculture and fishing output in the country. In terms of manufacturing industries, the prefecture offers a balanced industrial structure, with materials industries concentrated in the Kashima area and electronics industry in the Hitachi area. It has also built an environment to support cutting-edge research, with various research institutes, including national government, university, and major companies, concentrated primarily in Tsukuba and Hitachi cities.

Nurture and strengthen core local companies

Regional financial institutions like ourselves cannot continue to exist if local economies do not grow and develop, so we are like two hearts beating as one. That is why we, as a core bank in Mebuki Financial Group, strive daily to work closely with all our stakeholders in the region and help them grow and develop based on the three basic strategies laid out in the fourth medium-term plan, namely the Social Issues Solution Strategy, the Business

Portfolio Strategy, and the Management Base Resilience Strategy. There are many initiatives based on the fourth medium-term plan. While they are all important, I would like to list some points of particular focus.

We will strive to support the growth of local industries to help develop the regional economy as part of the Social Issues Solution Strategy. I believe two approaches will become increasingly important, over and above the support for individual company growth that we have offered to date.

The first involves offering even stronger support to develop core companies that drive the local economy. As the population continues to decline, it is essential that we create more regional core companies that build regional supply chains and generate further growth for local small and medium-sized enterprises. Currently, we are selecting companies that are expected to grow into regional core companies, such as companies with sales of ¥5-7 billion, and are proposing tailored strategies to create ¥10 billion companies by expanding sales channels and exploring M&A opportunities.

The second approach involves encouraging large companies in Tokyo and other prefectures to relocate some of their functions, especially headquarters or head office functions, to the region. We are steadily collecting information on these possibilities primarily at our sales offices in Tokyo, and are working to attract these firms to the area and tie up with the Ibaraki Prefectural authorities. Naturally, we provide financial advice and financing, but we also assist by providing comprehensive information on items such as housing, education, and medical care to ensure safe and prosperous living for employees and their families.

The internationalization of Ibaraki Prefecture is another important point. We believe that strengthening inbound factors to attract foreign companies and boosting outbound exports of local manufactured products and

agricultural goods can create significant pillars for driving local economic growth, and we intend to get actively involved in these activities.

These efforts will also ultimately help improve the amount of added value that local companies can offer, which is one of the business objectives stipulated in the fourth medium-term plan.

DX and talent to strengthen management base resilience

Part of the Management Base Resilience Strategy involves promoting DX to improve customer convenience and the bank's own productivity. The strategy also seeks to expand human capital investment.

As part of the DX designed to improve customer convenience, we have expanded the functions of our banking app and have now successfully encouraged over 30% of our customers across 2.2 million accounts to use the app. The key going forward will be whether we can apply AI and other cutting-edge technologies to the collected data for use in marketing and other purposes. On this point, we will accelerate initiatives to strengthen our systems through collaboration with external operators and mid-career recruitment. We will also work not only to implement thorough paperless and seal-less measures to improve internal productivity, but also to strategically expand the usage of ChatGPT and other generative AI so we can allocate more personnel and time to face-to-face dialogue and consultations with customers.

Having said that, you cannot miraculously encourage dialogue with customers overnight, so it is important to hire and train motivated human resources. Mebuki Financial Group has clearly stated its commitment to accelerating investment in human capital by, for instance, expanding training and trainee systems, and providing

comfortable working environments. This is part of our drive to increase skills and expertise in areas that people can perform best, precisely because they are human.

Joyo Bank has been using the catchphrase "Best Partner Bank" for some time now. However, in future, I believe it will be more important to serve as a broker that helps match our customers with their own best partners. Our customers are facing increasingly diverse challenges, and we do not have all the solutions required to solve those problems ourselves. Our new role will be to connect our customers so they can become best partners to each other, to support that process, and grow together. Our ultimate aim is to become the first port of call when something happens and a customer wants to ask advice, and the last port of call that they can rely on after emerging from the trial-and-error process.

Celebrating our 90th anniversary thanks to you Together with local communities, into the future

Joyo Bank will celebrate its 90th anniversary on July 30, 2025. Tracing back to the roots of our predecessor, we boast a history spanning 150 years. We are very proud of the great strengths we have acquired by accumulating various skills and expertise over this long history, and building deep relationships and trust with our customers as illustrated by our deposits of over ¥10 trillion. Going forward, we will continue to steer the management of the bank in a way that befits its long and rich history, and to create a bright future for the region together with all our stakeholders.

Topic: 90th anniversary

SMEs in Ibaraki Prefecture went bankrupt, and many people lost their jobs due to the recession triggered by the financial crisis in 1927. At the time, Tokiwa Bank, headquartered in Mito, and Goju Bank, headquartered in Tsuchiura, were competing fiercely with each other, establishing multiple duplicate branches within a small area. The introduction of the Banking Act was followed by the rapid consolidation of local banks, and Joyo Bank was established in 1935 through the merger of Tokiwa and Goju banks.

The origin of the name "Joyo" (Extrapolated from record about the origin of the bank's name in "Joyo Bank: A 70-year History") There were various candidates for the name of the new bank. Both merging banks are regional banks with their roots in Ibaraki Prefecture, so we would like to showcase those local links, even if only in one character. You come across the name Ibaraki many times within the prefecture, so we had to take the character for *jo* to represent our hometown links. The *yo* character for yang is the opposite of yin and means bright, and open. It encompasses a positive image with a pioneering spirit. Combining the *yo* character with the *jo* character lends an air of permanent rather than temporary brightness and sense of advancement. The *jo* character, which was originally a proper noun, serves as a solid adjective for *yo*. Joyo is an exquisite name that encompasses hometown references, brightness, progress, energy, and permanence.



A Message from the Ashikaga Bank President

Pursuing CSV management, with
gratitude for 130th anniversary

Kazuyuki Shimizu

President, The Ashikaga Bank, Ltd.

Tochigi Prefecture, where nature and
industry intersect

Tochigi Prefecture, the main business base for Ashikaga Bank, is located approximately 60km from Tokyo at the southern end of the prefecture. The prefecture's capital, Utsunomiya City, is located roughly 100km from Tokyo, so it is well positioned to capture Tokyo growth. The prefecture also boasts a well-developed transportation network, with the Tohoku Shinkansen and Tohoku Expressway running north-south through the center of the region and intersecting with the Kita-Kanto Expressway, which crosses the three prefectures of the Northern Kanto region (Gunma, Tochigi, and Ibaraki), rendering the region the perfect potential logistics base for the Tokyo metropolitan area.

Tochigi is one of Japan's leading prefectures in terms of manufacturing, characterized by its concentration of manufacturing and precision machinery industries primarily for automobiles and other transportation vehicles. Tochigi also boasts a leading position in Japan's manufactured product shipment rankings. Meanwhile, the prefecture is graced with a rich natural environment and is home to the well-known tourist destinations of Nikko and Nasu Kogen, so the area welcomes many domestic and overseas visitors. The prefecture's rich natural resources also support flourishing agricultural activities and dairy farming. I think the region is well-balanced, with raw milk production ranking second in Japan and agricultural output ranking ninth.

The opening of a light rail transit (LRT) system called the Lightline in Utsunomiya City in 2023 increased the prefecture's exposure in the media and created a more advanced image. The impact of that development has grown extremely large. An extension plan for the city center is currently underway, which will likely make the area even more prosperous and active. Public and private entities are working together to create a compact city, and I hope that Utsunomiya City's efforts will serve as a model for encouraging other regional cities to pursue the compact city route.

Grow our bank while tackling customers'
increasingly sophisticated challenges

The fourth medium-term plan encompasses three basic strategies: the Social Issues Solution Strategy, Business Portfolio Strategy, and Management Base Resilience Strategy.

For our corporate customers, we would like to earn a main bank position by thoroughly evaluating business feasibility and gaining a clear grasp of management thinking, potential risks, and potential growth. We will be able to clarify the areas where we can assist by sharing business and financial strategies with individual company presidents. I feel an important factor for corporate growth is the pursuit of mutual growth achieved by consistently driving the engine together with each corporate customer.

Our customers face a diverse range of challenges. Ashikaga Bank provides a variety of services that would help solve these problems, but I want to provide our own solutions ourselves. For example, solutions on how to deal with human resources issues and labor shortages. In 2019, we obtained a license to introduce human resources to our customers. To help address growing digitalization needs, we teamed up with a local web and portal site, which we invest in through a specialized investment subsidiary, to gain a comprehensive understanding of SME customers' overall systems and then help link their systems to enhance efficiency and sophistication and conserve labor. Furthermore, a surprisingly large number of SMEs do not have the tools to negotiate during pricing discussions because they do not fully understand the intermediate costs or the profitability by customer. We help them by introducing management accounting ideas and creating materials to be used in price negotiations as part of ICT implementation.

For our individual customers, we want to propose tailored portfolios. The bank has also obtained a license for handling testamentary trusts, and we have developed a system for dealing with wills right through to their execution. We are currently expanding that business, creating and handling roughly 400 wills a year. Clients are required to disclose their entire assets when creating a testamentary trust, so we prepared for this business as if we were being tasked with a major mission, submitting proposals on how to structure a portfolio to ensure a smooth inheritance process and provide forms of inheri-

tance that do not result in conflict or dispute. In recent years, the number of people suffering from dementia or mild cognitive impairment (MCI) associated with aging is increasing. As part of our aim to become a financial institution that facilitates smooth and peaceful financial transactions, we have introduced a trust function that permits payments with the consent of family members.

We believe that supporting start-ups and protecting local infrastructure is extremely important for the region's sustainable growth. We are delighted to support local start-ups but many venture companies tend to set up in Tokyo so we also have staff for this purpose in the capital. When we invest in venture funds, we seek to convey the Tochigi appeal and encourage companies to set up factories and offices in Tochigi Prefecture.

We have formed teams of specialists in the fields of transportation and medical care to actively address regional sustainability perspectives. Medical clinics are a particularly important part of a region's social infrastructure, and we invite available doctors to move to the area to prevent the closure of local hospitals and clinics. We believe that these initiatives continue to be important based on our mission to protect local infrastructure.

Areas requiring particular refinements as the management base of Ashikaga Bank are DX and human capital. Regarding DX in particular, our most significant initiative is to rebuild sales support tools and to rebuild systems that can create more sophisticated marketing automation tools. We also need to incorporate generative AI into our work. We are currently researching the possibility of implementing generative AI in initial rounds of loan screening.

With gratitude for
130th anniversary

Ashikaga Bank will celebrate its 130th anniversary on October 1 this year. The Ashikaga Bank name has remained constant ever since the founding of the bank, which has enjoyed a long history thanks primarily to the loyalty of its customers.

Since being appointed president of the bank, I have been promoting creating shared value (CSV) management. To us, CSV means sharing our customers' issues and solving them together as this leads to subsequent profits and growth. Solving customer issues is a clear example of social value, with additional economic value

in the form of generating profits for the bank. Our bank's management vision involves promoting the creation of common value together, aligned with the same goals and principles.

To realize this management vision, we fundamentally transformed the way that we operate our branches in October 2024, shifting to an autonomous management structure. Autonomous management in this case essentially means getting each branch to visualize the future that local communities and customers want, clarify the focus areas and required action, and take bold steps to achieve higher goals. All members participate in the discussion at each branch and exchange opinions, irrespective of their age, gender, or position. The branch summarizes its ideal future format, key performance indicators, and key factors for success (action goals) in a branch management policy, which forms the basis of its sales activities. This process helps nurture a feeling of satisfaction and agreement with regard to the branch management policy. It also encourages each person to act autonomously and realize CSV in a satisfying and motivating way, which is the ultimate aim of our autonomous management framework. The process has been a laborious one, but we are steadily witnessing some changes. We have seen our engagement survey score improve every time since transitioning to autonomous management. We are also seeing a gradual change in employee awareness and behavior, with more bank employees striving to obtain new qualifications inspired by a need for self-improvement and to become more useful to our customers.

We will continue to pursue CSV management based on action guidelines that focus on a customer-oriented mindset and a sense of ownership. Looking ahead to the future, we will do our utmost to ensure every bank officer and employee acts with a sense of pride and joy, and we will aim to fulfill the expectations and to merit the trust of local communities and continue to help develop the local economy. Thank you for your continued support and guidance.

Topic: 130th anniversary

Promoting the development of Ashikaga textiles

When Ashikaga Bank was established in 1895, the textile industry in the Ashikaga region was enjoying dramatic development, fueled by a booming Japanese economy in the wake of the Sino-Japanese War. The production of textiles for export increased considerably, leading to a shift toward modern large-scale factory management and fueling a significant increase in funding demand. Ashikaga Town only had two national bank branches, which was insufficient to meet the rapidly increasing demand for funds.

Ashikaga Bank was established by local volunteers to handle financing for the local textile industry and started its sales business to satisfy the expectations of textile companies, driven by a basic philosophy to maintain intimate links with the local community and pursue sound management.



あなたの夢の、いちばん近くで。

Long-Term Vision 2030

Long-term vision

In order to achieve sustainable growth together with local communities amidst a drastically changing business environment, we have formulated a long-term vision targeting the year 2030 as a major direction for the Group to aim for.

“Long-Term Vision 2030” is based on our desire to “continue to create new value by working together with local stakeholders to solve their various issues” and to “contribute to the realization of sustainable local communities through value creation, and remain an essential presence in local communities.”



*1 Consolidated fee income ratio = Consolidated fee income*2 ÷ Income from customers*3

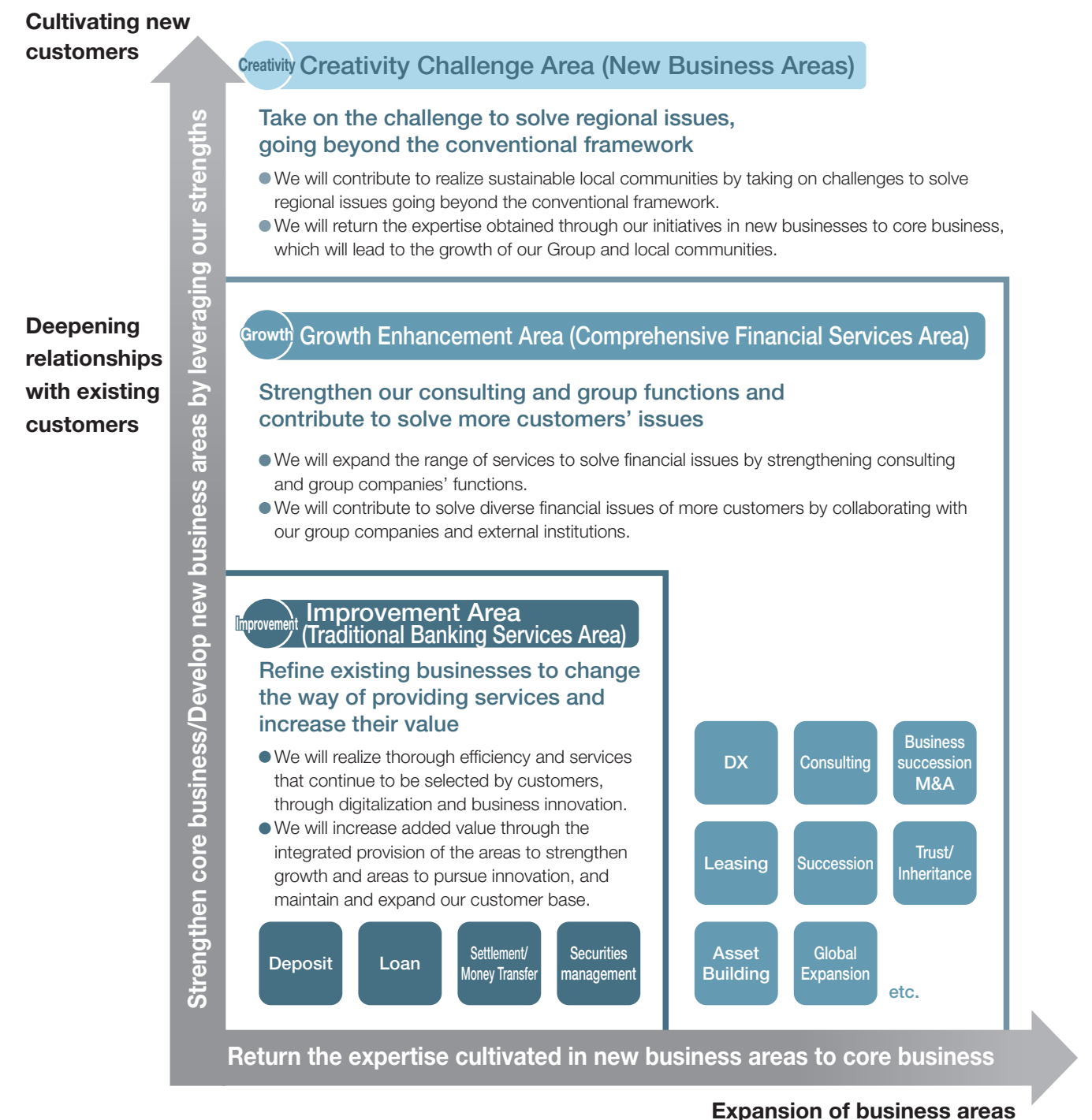
*2 Consolidated fee income = Fee from customers of Banks + Gross profit from customers of other group companies

*3 Income from customers = Difference of interests between loans and deposits + Consolidated fee income * Excluding securities' income

Approach to Realization of Long-Term Vision

To realize our long-term vision, we will further refine our traditional banking services areas, such as deposits, loans, and money transfers, and strengthen our core business by enhancing our consulting capabilities and solution offerings to address customer challenges. At the same time, we will take on the challenge of creating new businesses that leverage these strengths.

We will create new value by taking on challenges to solve regional issues beyond the framework of conventional financial services and returning the expertise obtained through these initiatives to our core business.



Review of the Business Integration

MEBUKI

Financial Group

Establishment of

Mebuki Financial Group

In response to changes in the business environment, including the contraction of regional economies, intensified competition among financial institutions, and technological innovation, Joyo Bank and Ashikaga Bank have collaborated and integrated their business operations with the aim of helping find solutions to regional issues and achieving growth.

2016
|
2018

First Medium-Term Group Business Plan

Period for getting the new Group on track for success

2019
|
2021

Second Medium-Term Group Business Plan

Period for producing solid results and upshifting for the next stage of growth

Outcomes

- Sharing of sales/marketing know-how
- Strengthen the system to provide comprehensive financial services

Issues

- Development and expansion of business areas in response to the contraction of traditional banking operations
- Enhancing service levels through digitalization and data utilization
- Improving productivity through structural reforms

Outcomes

- Made progress in system integration and structural reforms
- Strengthened IT service utilization
- Strengthened consulting functions

Issues

- Further improving the efficiency of traditional banking services and maintaining/expanding the customer base
- Further enhancing consulting functions and a range of solutions to issues
- Expanding business areas in a bid to solve diverse issues of local communities
- Contributing to realizing decarbonization and a recycling-oriented society

Main integration synergies

① Top-line synergies

Since the business integration, Joyo Bank and Ashikaga Bank have been promoting the sharing of sales activity-related know-how with one another, as well as the sharing of marketing-related know-how for non-face-to-face sales for special-purpose loans, such as loans for automobiles or education. This sharing has helped create synergies that also contribute to the top-line, including a significant increase in the banks' loan balances. In the corporate business sector, the two banks have facilitated over 4,000 business matching cases between their clients since the integration, leading to results like the expansion of sales channels. However, because there has been a noticeable slowdown in the growth of synergies in this sector—including in collaboration and co-financing between the two banks—we recognize the need for a re-evaluation. This includes a review of the KPIs that should be established and measured as top-line synergies.

② Cost synergies

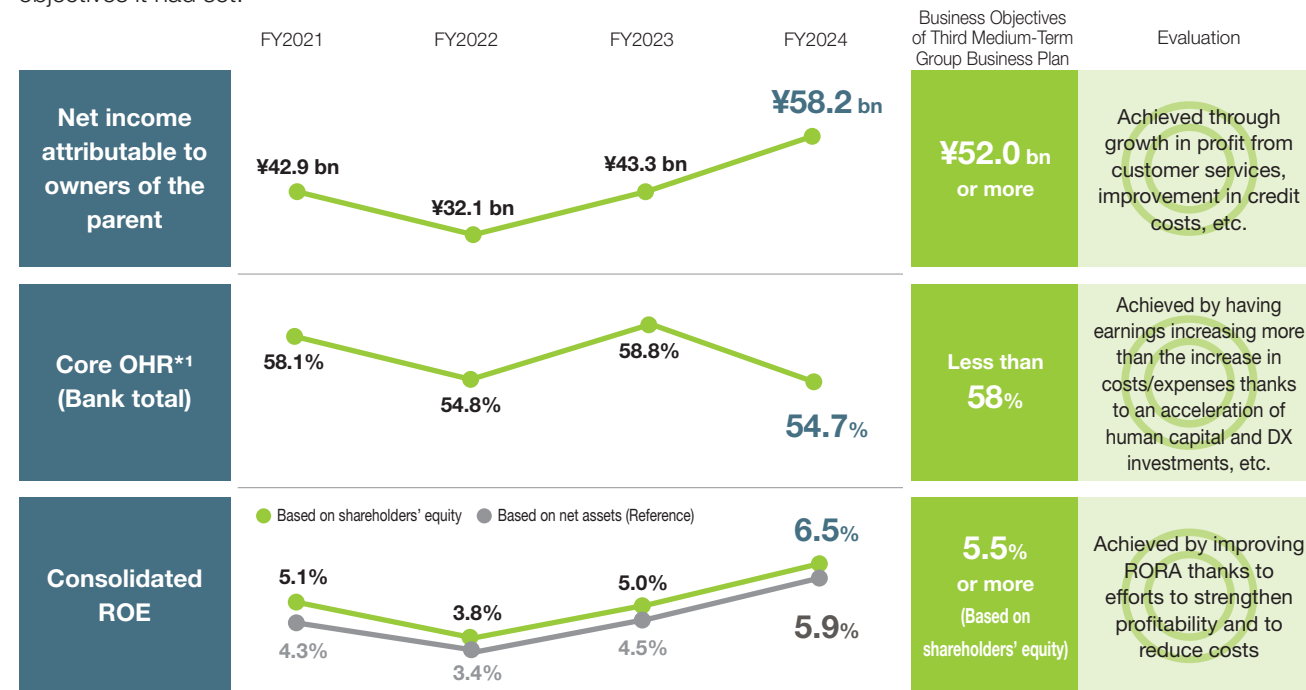
Since the integration of the core systems of Joyo Bank and Ashikaga Bank in January 2020, there has been an aggressive push toward structural reforms, including the integration of back-office operations and the integration of distributed systems other than the core systems. As a result, it has been possible to significantly reduce the volume of administrative work while at the same time steadily reap the effects of cost/expense reductions. As a result of this reduction in administrative work, it has been possible to make progress in the reallocation of personnel to strategic areas, such as the bolstering of personnel assigned to consulting functions. Further to this, the banks have also been able to push ahead with the development of a system that can respond to the diversifying and sophisticated demands of our customers.



Review of the Medium-Term Group Business Plan

Achievement of Business Objectives Set Out in Third Medium-Term Group Business Plan

In fiscal 2022, the first year of the Third Medium-Term Group Business Plan (3rd MTGBP), the Group faced a difficult start as we were forced to revise down our net income attributable to owners of the parent. The reasons for this downward revision were two-fold: First, a decrease in income from securities (interest margins) as a result of a rise in foreign currency funding costs, which was primarily driven by higher overseas interest rates. Second, a substantial loss was recorded from the sale of securities, particularly domestic and foreign bonds, as part of efforts to curb risk and improve period profit and loss. Subsequently, the Group restructured its securities portfolio, which led to an improvement in earnings. Additionally, income from fees and commissions grew as a result of strengthening the consulting functions that the Group had been working on for some time. In fiscal 2024, the final year of the plan, the Group was also able to steadily reap the benefits of the policy interest rate hike, all of which ultimately resulted in the Group achieving all three of the business objectives it had set.



*1 Core OHR = Expenses ÷ Core gross business profit (Gross business profit*2 – gains/losses on bond transactions)

*2 Excluding gains/losses on cancellation of investment trusts and remuneration from "Special Deposit Facility to enhance the resilience of the regional financial system" and "Special Funds-applying Operations to facilitate financing in response to COVID-19" by Bank of Japan

Third Medium-Term Group Business Plan Review of Basic Strategies



Build a sustainable management base

Improve productivity and generate management resources by promoting DX etc.

- Human resources shifted to focus areas: Approx. 260 (+60)
- Strategic DX investments: Approx. ¥7 billion (±¥0 billion)
- Improve operational efficiency through digitalization and business innovation

Thorough implementation of appropriate risk and profit management in response to changes in the environment and regulations

Develop human resources and promote active participation

Expansion of active working opportunities for diverse human resources

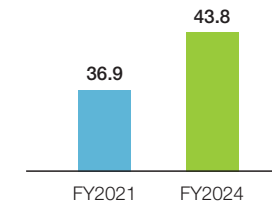
- Ratio of female employees in assistant manager positions or higher: Approx. 36.6% (+5.2 percentage points compared with end of Mar. 2022)

Developing and securing human resources with high skill levels and problem-solving capabilities

- DX personnel: Approx. 850 people (+450)
- DX basis personnel (IT passport acquirers) Approx. 4,200 (+1,200)

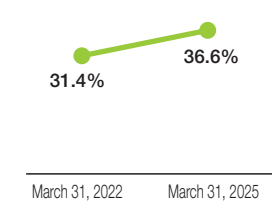
Fees from customers

(Billion yen)
(+18.6% compared with FY2021)



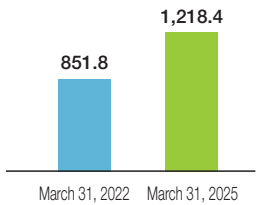
Ratio of female employees in assistant manager positions or higher

(+5.2 percentage points compared with end of Mar. 2022)



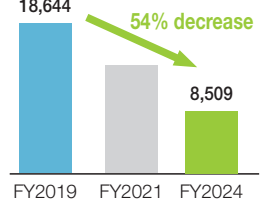
Balance of investment trusts (banks and Mebuki Securities)

(Billion yen)
(+43.0% compared with end of Mar. 2022)



Reduction in administrative workload*

(hours)



*Daily volume of operational processes (FY average)

Awareness of issues

In the Fourth Medium-Term Group Business Plan, we will promote initiatives aimed at helping find solutions to the issues identified subsequent to the business integration and in the review of the Third Medium-Term Group Business Plan.

Issues identified through the review of the Third Medium-Term Group Business Plan since the business integration

Strengthening initiatives targeting the sustainable growth of local regions

It is necessary to make further efforts to help find solutions to social issues facing local communities that go beyond simply supporting individual businesses

Demonstrating group synergies

Although synergies in terms of expenses, etc., have been realized as a result of the systems integration, it remains necessary to further strengthen cooperation within the Group so as to further create opportunities for providing services to our customers, particularly in business areas.

Scaling up new businesses

Need to shift initiatives for expanding into new business areas from "sowing and nurturing" to the "expansion" phase

Appropriate asset allocation toward growing profits in line with the normalization of interest rates

Need to strategically divert tangible and intangible resources toward risk-taking in relatively high-RORA segments and to the provision of consulting functions targeting sustainable regional growth

Further improve productivity of the Group as a whole

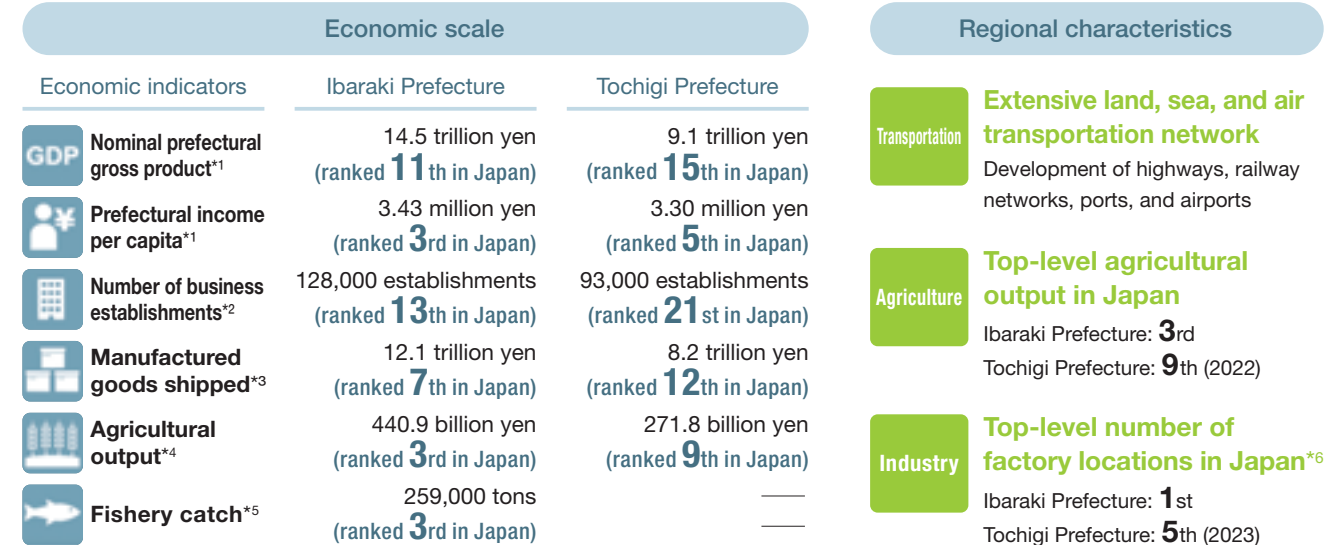
While continuing to work to reduce recurring expenses through rationalization, etc., further initiatives are needed to accelerate the sophistication of marketing techniques and investments in human capital and DX as part of efforts to make further improvements in productivity.

Environmental analysis

Operating foundation

Characteristics of major markets (Ibaraki and Tochigi Prefectures)

Ibaraki and Tochigi Prefectures, the Group's major markets, boast some of the largest economies in the manufacturing, agriculture and livestock, and fishing industries in Japan, backed by extensive transportation infrastructure and close proximity to the Tokyo metropolitan area. Their per-capita prefectural incomes are also among the highest in Japan, making them regions with high potential.



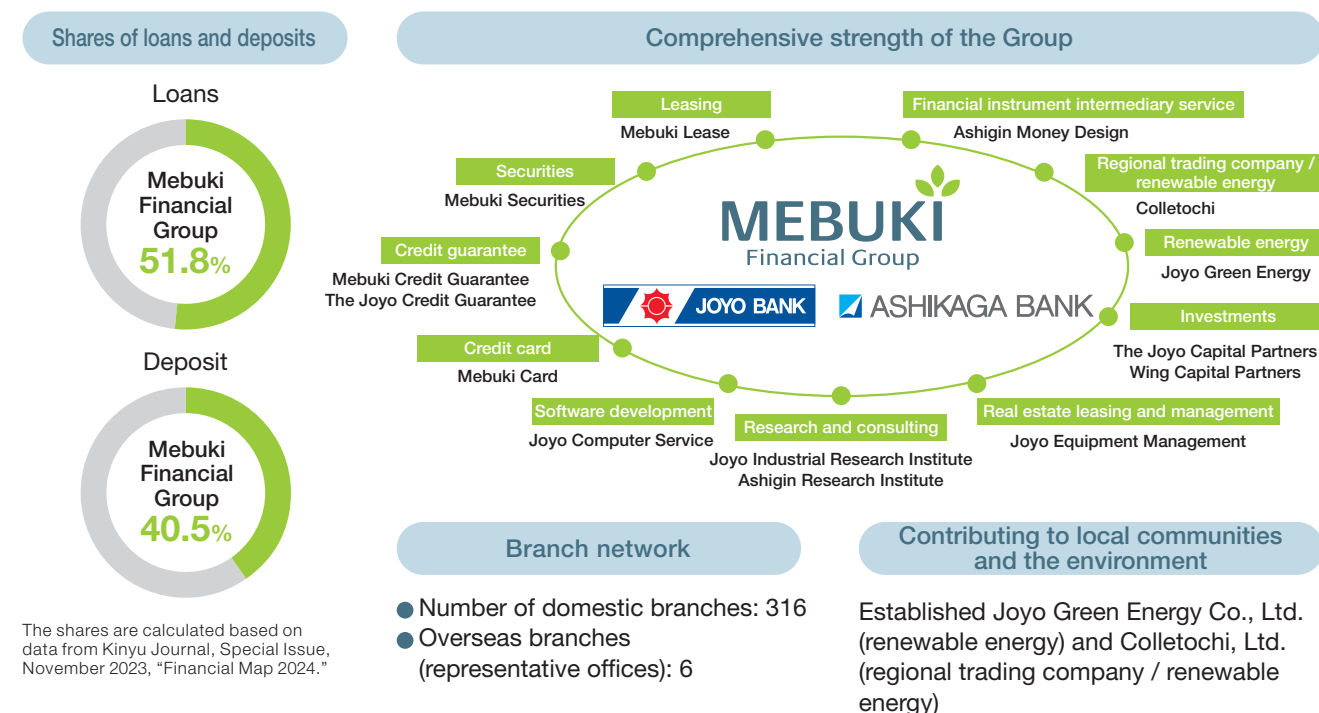
*¹ "Prefectural Accounts" by the Cabinet Office (2021) *² "2019 Economic Census for Business Frame" by Statistics Bureau, Ministry of Internal Affairs and Communications

*³ "2021 Economic Census for Business Activity" by Statistics Bureau, Ministry of Internal Affairs and Communications *⁴ "2022 Agricultural Production Income Statistics" by the Ministry of Agriculture, Forestry and Fisheries

*⁵ "2023 Fishery and Aquaculture Production Statistics" by the Ministry of Agriculture, Forestry and Fisheries *⁶ "2023 Survey of Factory Location Trends" by the Ministry of Economy, Trade and Industry

Strengths of Mebuki Financial Group

In Ibaraki and Tochigi Prefectures, the Group has a high transaction share for both deposits and loans. In addition to banks, the Group also has business operations in areas such as leasing, securities, credit cards, and IT-related subsidiaries, and possesses the comprehensive capabilities to provide appropriate advice and solutions to customer issues.

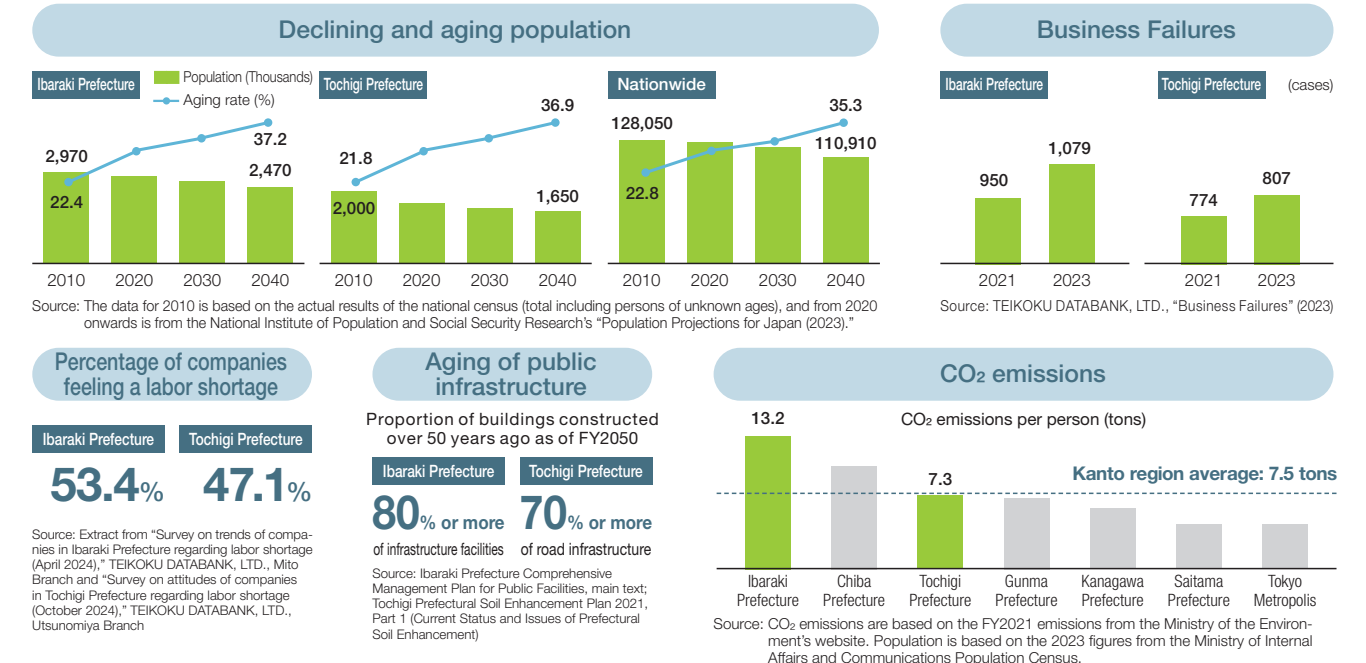


The shares are calculated based on data from Kinryu Journal, Special Issue, November 2023, "Financial Map 2024."

Analysis of external and internal environment

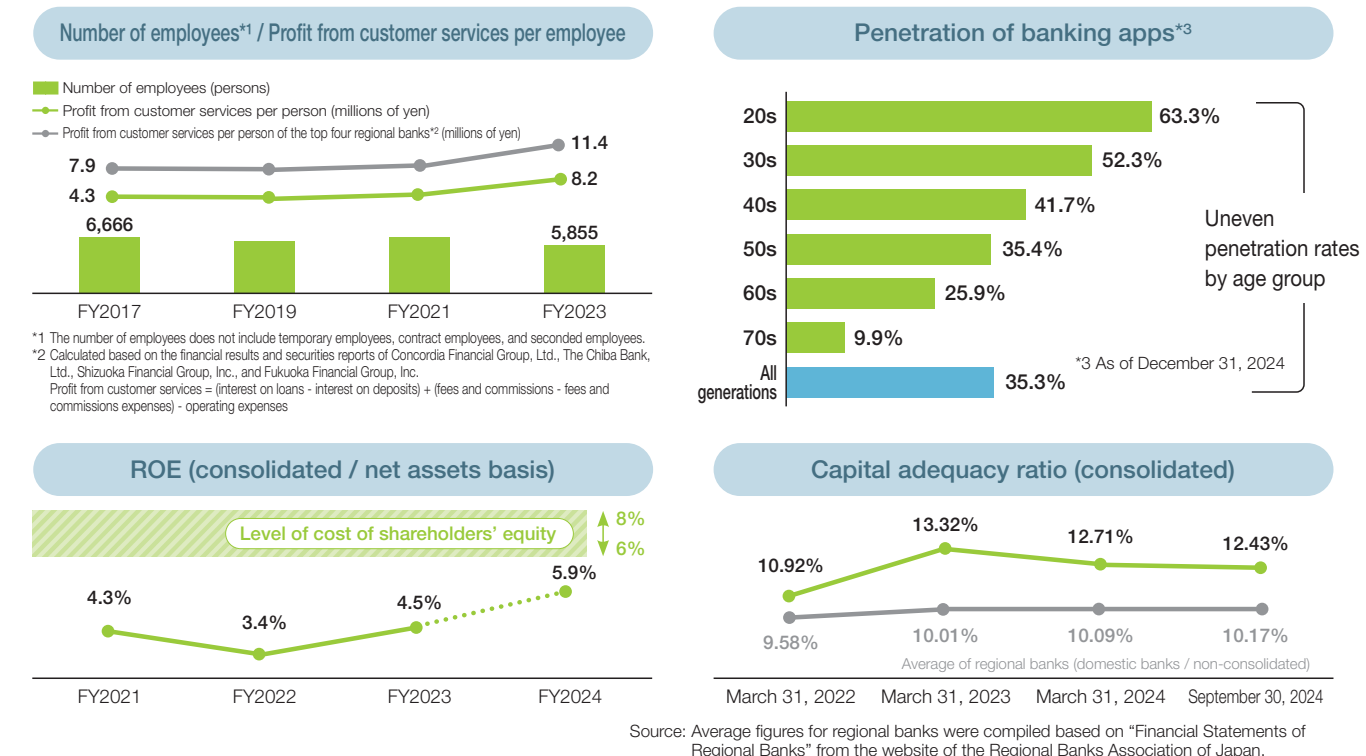
External environment

In Ibaraki and Tochigi Prefectures, similar to other regions outside of major metropolitan areas, there are multifaceted issues such as contraction of regional economies associated with a decreasing population as well as a declining birthrate and an aging population, labor shortages, aging social infrastructure, climate change, and environmental preservation.



Internal environment

As our Group is controlling the total number of personnel due to the effects of labor shortages, it is necessary to increase productivity through measures such as more human capital investments and new digital investments, thus improving and maintaining the quality of services and convenience for customers. It is also essential to effectively utilize capital, including growth investments and shareholder returns, with the aim of increasing ROE and thus improving corporate value.



Source: Average figures for regional banks were compiled based on "Financial Statements of Regional Banks" from the website of the Regional Banks Association of Japan.

Reorganization of Materiality

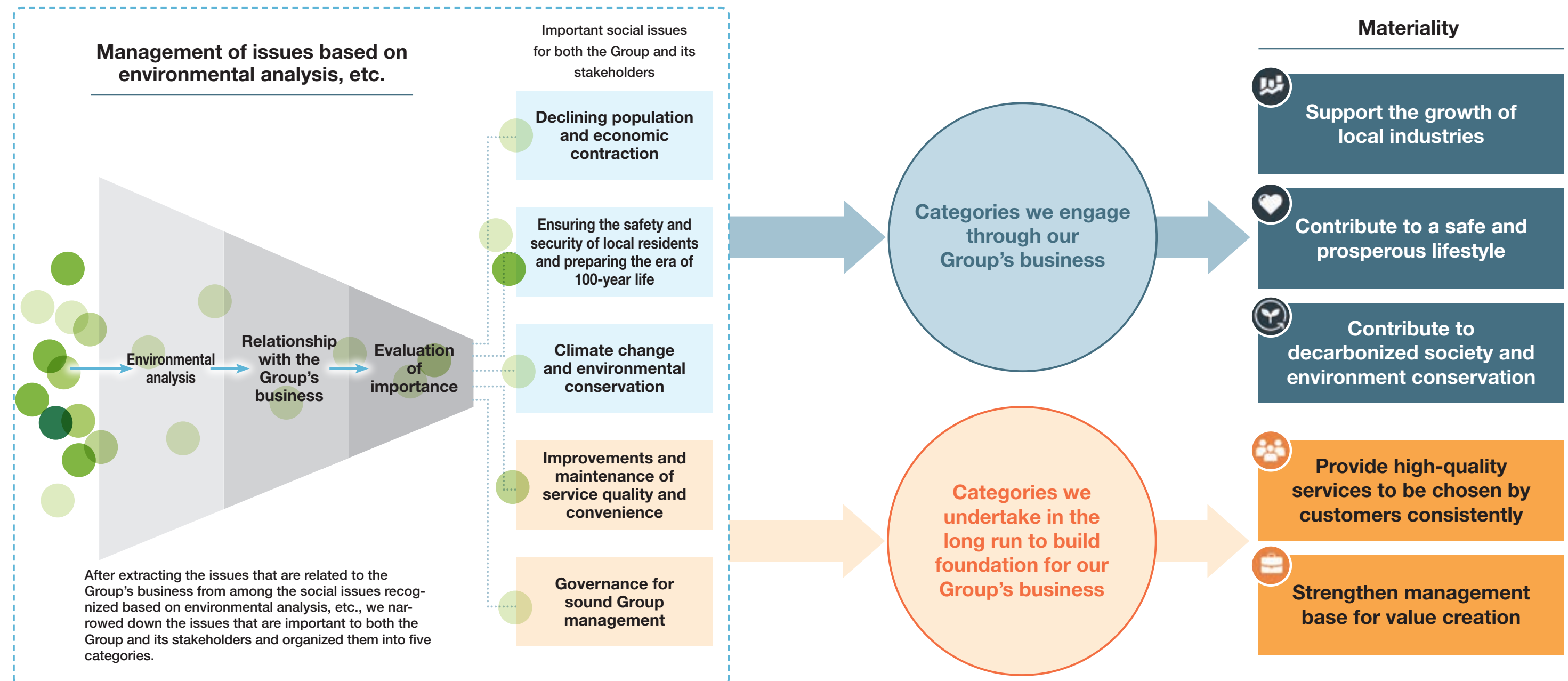
Process and Background Behind the Reorganization of Materiality

The Group identified its materiality in 2022 and reflected them in the Third Medium-Term Group Business Plan for the Group. However, the business foundations of the Group and the environment surrounding the Group have changed significantly in the subsequent period, and there is now a possibility that the social issues that should be prioritized when it comes to local regions and the Group may also change. Furthermore, the previous materiality* was identified and selected based on what were deemed to be the most important social issues facing local communities from among a high number of social issues, and, as such, this made it difficult to see how they linked in with the Group's business strategies. Therefore, when formulating the Fourth Medium-Term Group Business Plan, we decided to identify those issues that are considered to be truly important to both the stakeholders, including the local communities themselves, and the Group, and then reorganize the priority material issues (materiality) that should be addressed based on the business strategy set out in the Fourth Medium-Term Group Business Plan.

*Previous materiality: ● Revitalization of the Regional Economy and Local Communities ● Response to Climate Change and Environmental Conservation
● Promotion of Digitalization ● Response to Aging Society ● Promotion of Diversity

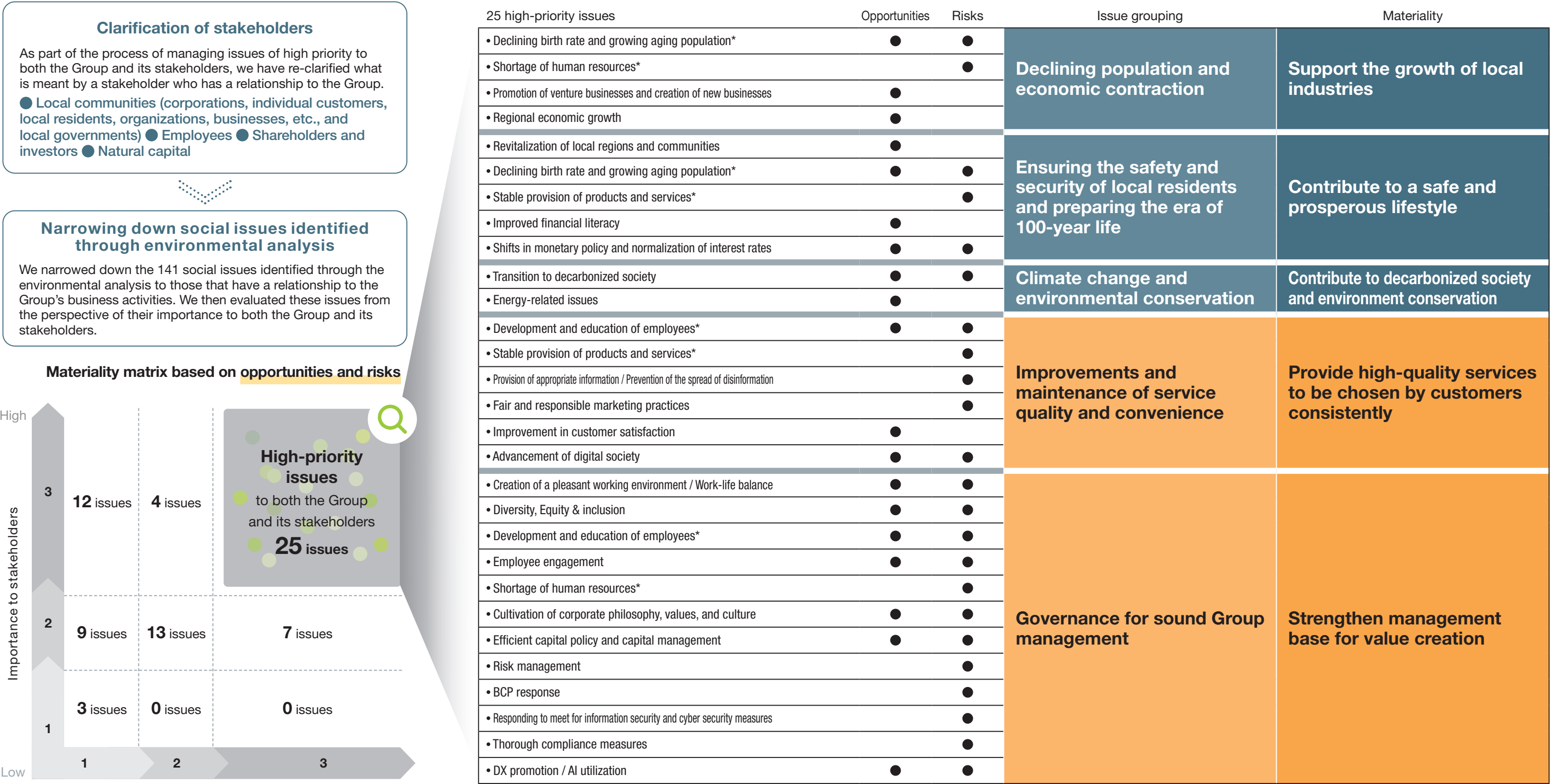
Identification of materiality

In order to identify issues that are considered to be truly important to both stakeholders and the Group, we first sought to identify the stakeholders who have a relationship to the Group, which we defined as local communities (corporations, individual customers, local residents, organizations, businesses, etc., and local governments), employees, shareholders, investors, and natural capital. We first compiled a comprehensive list of issues from the perspectives of the environment, society, economy, local communities, and our business foundations. From this list, we conducted an internal and external analysis to identify key social challenges, then narrowed them down to those that are most relevant to our Group. Finally, we refined this selection to include only those social issues that are important to both the Group and its stakeholders, organizing them into five distinct categories. From this list, we have identified five key issues ("Materiality") for solving our identified and narrowed down set of social challenges. We defined these as the following two types: "Business materiality," which are categories that involve helping find solutions to social issues through our business activities; and "Management base materiality," which are categories through which we will work to sustainably strengthen our management base in support of the Group's businesses.



Reorganization of Materiality

Steps involved in the reorganization of materiality



*Relates to multiple groupings

Categories we engage through our Group's business

Categories we undertake in the long run to build foundation for our Group's business

Fourth Medium-Term Group Business Plan

Position of the Fourth Medium-Term Group Business Plan

Under the Fourth Medium-Term Group Business Plan, the Group will work to expand net income attributable to owners of the parent and to build a sustainable earnings structure by addressing the following, which are based on issues that we have identified: “Enhancing fees income from customers by advancing group-wide initiatives to provide solutions to issues of local communities and customers”, “Appropriate asset allocation for profit growth following the monetary policy normalization in Japan,” and “Further enhancement of productivity across the Group.”

Long-Term Vision 2030

Vision

**A Value Creation Group
Working Together with
Local Communities**

Target Level

- Consolidated ordinary profit **¥100.0 billion or more** *1
- Consolidated fee income ratio*2 **50% or more**

*1 Expected to be achieved ahead of schedule under the Fourth Medium-Term Group Business Plan

(Third Medium-Term
Group Business Plan)
Period for Taking
on Challenges for
Sustainable Growth

**Fourth Medium-Term Group Business Plan
(From FY2025 to FY2027)**
“Period for Accelerating Evolution
toward Sustainable Growth”

Fifth Medium-Term
Group Business Plan
Future (Up to 2030)

Business objectives

Business indicators

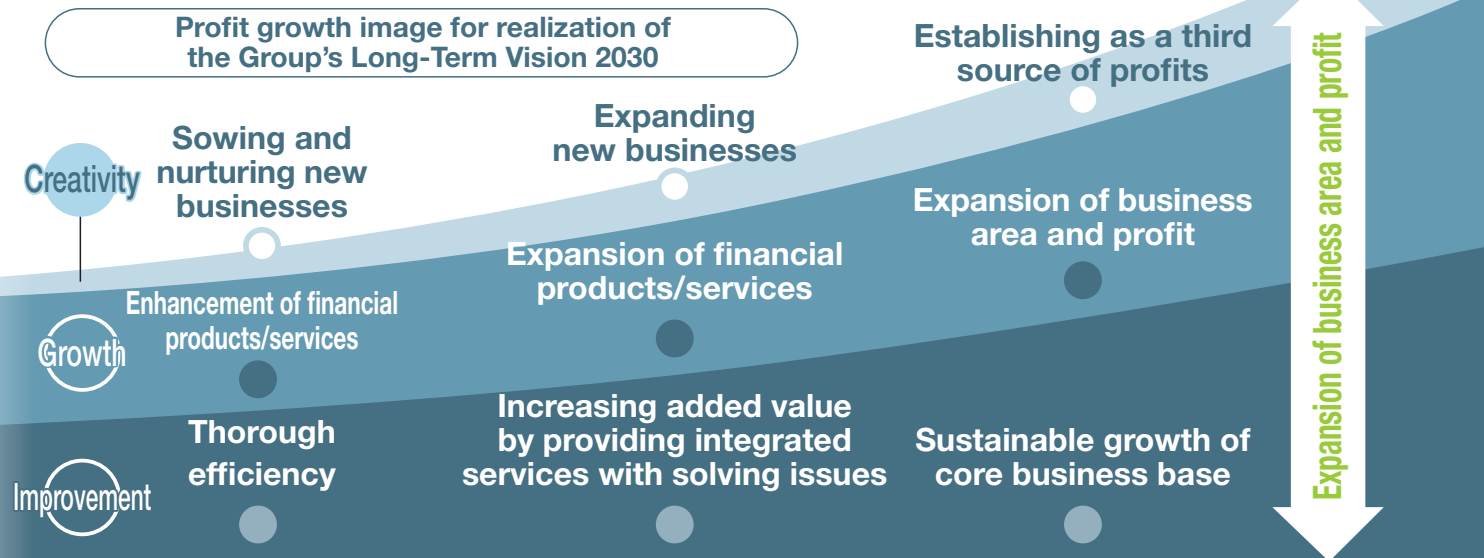
- Consolidated ROE (net assets basis) **9.0% or higher** *3
- Consolidated net income **¥90.0 billion or more** *3
(Net income attributable to owners of the parent)

Social impact indicators

- Sustained increase in value-added amounts
(Added value of customers to which the Group
has proactively supported in their growth)

*3 Japanese policy interest rate for fiscal 2027 is assumed to be 0.75%

Profit growth image for realization of the Group's Long-Term Vision 2030



Creativity Creativity Challenge Area (New Business Areas)
Growth Growth Enhancement Area (Comprehensive Financial Services Area)
Improvement Improvement Area (Traditional Banking Services Area)

*2 Consolidated fee income ratio = Consolidated fee income(*4) ÷ Income from customers(*5)

*4 Consolidated fee income = Fee from customers of Banks + Gross profit from customers of other group companies

*5 Income from customers = Difference of interests between loans and deposits + Consolidated fee income

*Excluding securities' income

Outline of strategy

With the aim of improving corporate value by creating both social and economic value, the Fourth Medium-Term Group Business Plan promotes initiatives that integrate our reorganized materiality and basic strategies (Social Issues Solution Strategy, Business Portfolio Strategy, and Management Base Resilience Strategy).

MEBUKI Corporate value
Financial Group improvement

Social value

Economic value

Materiality

- Support the growth of local industries
- Contribute to a safe and prosperous lifestyle
- Contribute to realizing a decarbonized society and environment conservation

Business materiality

Social Issues Solution Strategy

Provide solutions to promote the growth of businesses

Support to prepare for 100-year life

Assist the sustainability of local communities
- Strengthening initiatives for regional revitalization -

Business Portfolio Strategy

Corporation (local)

Corporation (urban area)

Individual customers

Structured finance

Public sector

Securities

Management Base Resilience Strategy

Add value through DX

Promote alliances

Strengthen human capital and promote DE&I

Advance risk management

Enhance corporate value through capital management

Management base materiality

- Provide high-quality services to be chosen by customers consistently
- Strengthen management base for value creation

Performance Targets - Overview -

Through human capital investments focused on improving the skills of employees, strategic DX investments aimed at enhancing customer convenience and operational efficiency, and investments in our management base, including the shifting of personnel to strategic areas, we are strengthening our foundations for executing our business strategies. We are also steadily increasing our profitability through the implementation of our Business Portfolio Strategy and Social Issues Solution Strategy. Through these efforts, we will achieve one of our management targets of net income attributable to owners of the parent of at least ¥90.0 billion. The profits earned through the above will be appropriately returned to shareholders, investment expenses will be re-allocated to pursue further growth, and a virtuous cycle of re-investment into value-creating initiatives such as human capital and DX will be created, thereby helping the Group achieve sustainable business growth.

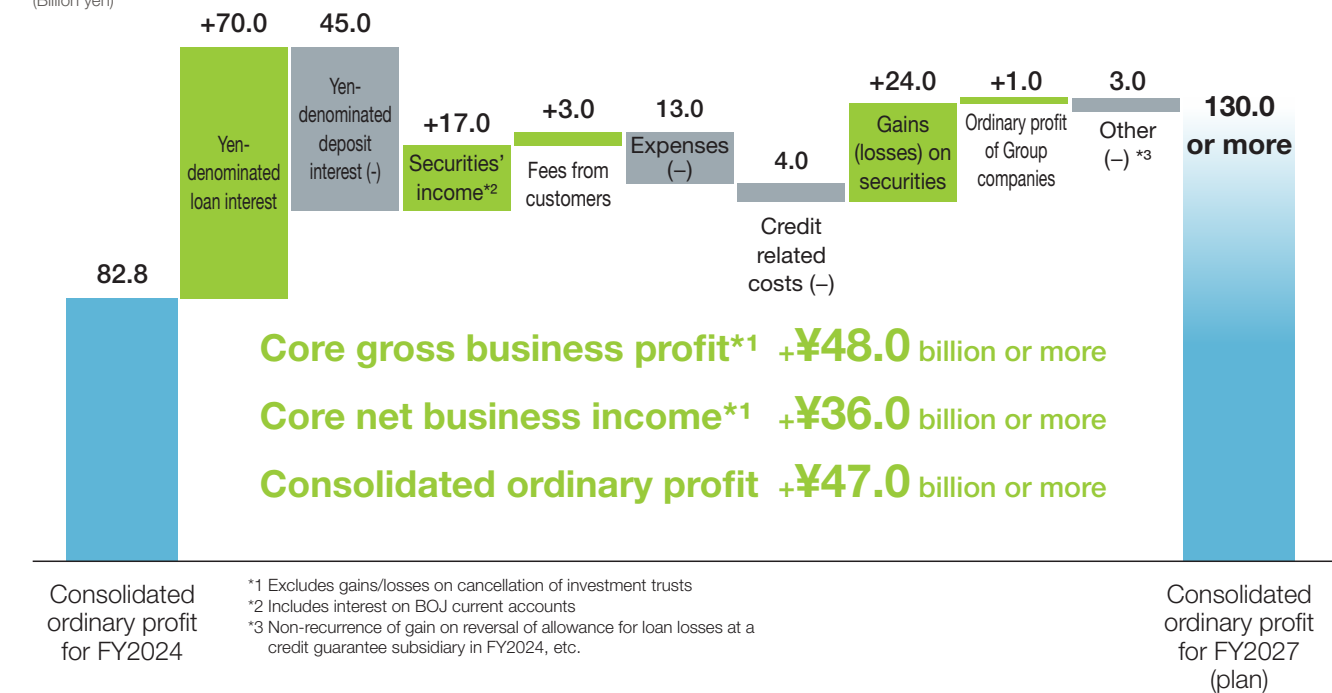


Performance Targets - Profit Planning -

Breakdown of changes in consolidated ordinary profit:

We are striving to achieve a consolidated ordinary profit of ¥100 billion, which is the target level under the Long-Term Vision 2030, ahead of time, and aim to achieve ¥130 billion or more in the final year of the Fourth Medium-Term Group Business Plan. Specifically, by steadily taking advantage of the effects of interest rate rises and the increase in loans offered as financial supports to our customers to help them grow their businesses and realize their dreams, we will look to grow the Group's net income.

(Billion yen)

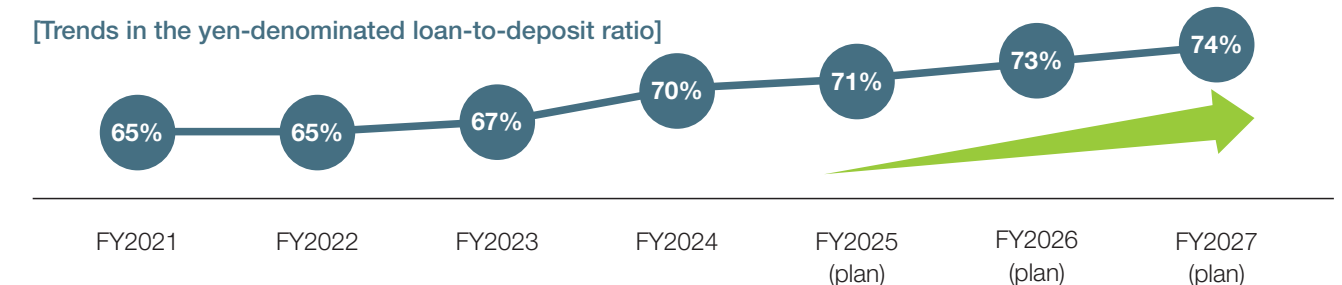


Yen-denominated deposits and loans (average balance)

Due to a major shift in the competitive landscape for customer deposits caused by rising interest rates, we will seek ways to continue increasing our deposit base. We will achieve this by acquiring payroll and pension accounts and by improving the convenience of our banking app, as well as through various financial products and marketing campaigns. At the same time, we will strive to improve our loan-to-deposit ratio by bolstering our loans, including those in metropolitan areas and in structured finance.

Item	FY2024 result	FY2027 (plan)	Change
Yen-denominated deposits	¥17,616.5 billion	¥18,200.0 billion	+¥583.5 billion
Yen-denominated loans (of which, individual customers and local corporate customers)	¥12,349.5 billion (¥8,619.2 billion)	¥13,500.0 billion (¥9,290.0 billion)	+¥1,150.5 billion yen (+¥670.8 billion)
Loan-to-deposit ratio	70%	Approx. 74%	+4 percentage points

[Trends in the yen-denominated loan-to-deposit ratio]



Performance Targets - Business Objectives and Long-Term Vision 2030 -

Business objectives

In addition to consolidated ROE (based on net asset) and consolidated net income as performance indicators for economic value, we set our business objectives for value-added amounts as performance indicators for social value. We strive to achieve these target performance indicators presented in the table below by carrying out the respective strategies.

		FY2024 result	FY2027 (plan)	Change
Business indicator (economic value)	Consolidated ROE (net assets basis)	5.9%	9.0% or more	+3.1 percentage points
	Net income attributable to owners of the parent	¥58.2 billion	¥90.0 billion or more	+¥31.8 billion
Social impact indicators (Social value)	Amount of added value* (Added value of customers to which the Group has proactively supported in their growth)	Approx. ¥2 trillion (FY2023 result)	Sustained increase	—

* Added value is calculated using the Bank of Japan method. Added value
= Ordinary profit + Personnel expenses + Rent expenses + Depreciation + Finance expenses + Taxes and dues

Long-Term Vision 2030 (formulated in March 2022)

Taking into account changes in the environment, including shifts in monetary policy, consolidated ordinary profit, which is set at the level targeted under the Long-Term Vision 2030, will be achieved ahead of fiscal 2030. We will also continue our efforts to increase consolidated fee income, leveraging our core business base.

	FY2024 result	FY2027 (plan)	Change	(Reference) Long-term vision (fiscal 2030)
Consolidated ordinary profit	¥82.8 billion	¥130.0 billion or more	+¥47.0 billion or more	¥100.0 billion or more
Consolidated fee income ratio Amount of fee income	41 % (¥71.3 billion)	Approx. 40 % (Approx. ¥75.0 billion)	-1 percentage points (+¥3.7 billion)	50% or more

Performance targets - Main KPIs for Each Strategy -

Under our Social Issues Solution Strategy, we aim to significantly increase loans, along with fees and commissions, for local corporation customers. For individual customers, we are bolstering loans through the provision of various types of loans and aiming to further increase the balance of assets under custody by working in collaboration with banks and securities companies. Under our Business Portfolio Strategy, we will simultaneously work to increase RWA and improve RORA based on the RAF approach. Under the Management Base Resilience Strategy, the Group will make investments to strengthen human capital, which is the most important asset supporting the Group's business activities. In addition, the Group has raised the target position for the proportion of women in management positions from assistant manager and above, which was the position set in the Third Medium-Term Group Business Plan, to manager or higher and set this as a KPI. By achieving each of our KPIs, we will achieve the strategic targets set out in the Fourth Medium-Term Group Business Plan.

Summary of key KPIs for each strategy

		Individual Strategies	Main KPIs	FY2024 result	FY2027 (plan)	Change
Social Issues Solution Strategy	Provide solutions to promote the growth of businesses	● Balance of local corporate loans (average balance)		¥3,365.4 billion	¥3,690.0 billion	+¥324.6 billion
			● Fees from corporate customers (Bank total)	¥16.3 billion	¥17.5 billion	+¥1.2 billion
	Support to prepare for 100-year life	● Balance of assets under custody (Bank total and Mebuki securities)		¥2,511.5 billion	¥3,200.0 billion	+¥688.5 billion
			● Balance of loans for individual customers (average balance)	¥5,253.8 billion	¥5,600.0 billion	+¥346.2 billion
	Assist the sustainability of local communities - Enhancing initiatives for regional revitalization -	● Amount of sustainable finance executed (cumulative total from FY2021) of which, social fields of which, environmental fields		¥1,746.2 billion	¥3,200.0 billion	+¥1,453.8 billion
				¥524.3 billion	¥1,000.0 billion	+¥475.7 billion
				¥1,221.9 billion	¥2,200.0 billion	+¥978.1 billion
Business Portfolio Strategy		● RWA (risk assets)*1		¥6,130.0 billion	¥6,940.0 billion	+¥810.0 billion
			● RORA*2	3.1 %	3.4 %	+0.3 percentage points
Management Base Resilience Strategy	Add value through DX	● Strategic DX investment (cumulative total for three years)		¥7.0 billion	¥14.0 billion	+¥7.0 billion
			● Number of banking app users	1.34 million people (approx. 40% of individual customers)	2.20 million people (approx. 60% of individual customers)	+860,000 people (20% increased customer penetration)
	Strengthen human capital and promote DE&I	● Reduction in administrative workload at branches		-56.6 % (compared to the fourth quarter of FY2019)	-30.0 %*3 (compared to the fourth quarter of FY2024)	—
			● Human capital investment (cumulative total of 3 years)	¥2.5 billion	¥3.0 billion	+¥500 million
		● Ratio of female employees in manager positions or higher		22.9 %	27.0 %	+4.1 percentage points

*1 Lists the total amount for the business segments (bank total).

*2 RORA is calculated using (Gross business profit ÷ RWA), with RWA and gross business profit calculated on a consolidated basis.

*3 Compared to the 4th quarter of fiscal 2019, we expect a figure of approximately -70%.

Materiality and the Group's Business Activities

■ Creating Impact Through Business Activities

Our Group has specified “Business Materiality,” which contributes to solving social issues through its business, and “Management Base Materiality,” which is necessary to carry out its business activities. Through the strategies set out in the Fourth Medium-Term Management Plan, our Group will advance initiatives to solve these issues and create both “social value” and “economic value.”





Our Group has clarified the relationship between materiality and strategy, and reviewed the impacts of business activities on stakeholders in addressing Business Materiality, organizing these as the Impact Pathway. With the aim of



What is the Impact Pathway?

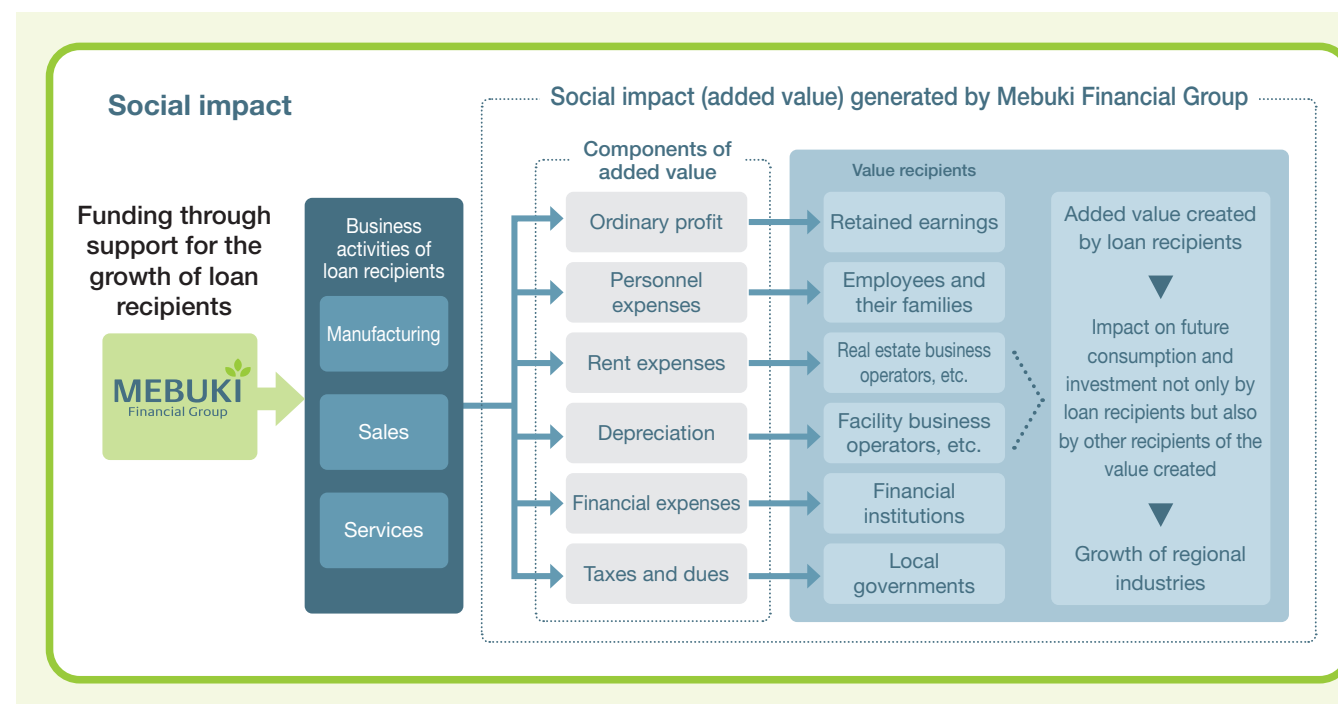
It is a visualization of what results (output) our group's business activities bring to our group and what changes and impacts (outcomes / social impact) they cause on stakeholders and society.

steadily strengthening our management base to maximize social impact as outlined in the Impact Pathway, we have also reviewed strategies and business activities related to Management Base Materiality, along with the outcomes generated by these initiatives.

By promoting these business activities, we will contribute to solving the issues faced by stakeholders and create social impact, thereby realizing sustainable local communities and enhancing corporate value.

	Materiality	Business activities based on Social Issues Solution Strategy		Outputs - Direct Results of Activities -	Outcomes - Impact on Stakeholders -		Social impact - Social Change -
					Stakeholders	Impacts	
Business Materiality	 Support the growth of local industries	Escorted support for local businesses in which our Group is proactively involved	Seamless funding for sustainable growth	Number of financial support recipients and loan balances	Corporate customers	Improving profitability and productivity, strengthening management base, and expanding business	<div>Expanding quantified contribution (added value) to the local economy</div> <div>▼</div> <div>Set as business objectives (social impact indicators)</div>
			Support for smooth generational transition to strengthen business continuity	Number of business succession and M&A support recipients, fees and commissions		Maintaining employment, continuing business, and expanding business	
			Support for managing chronic labor shortages from population decline	Human resources-related services, number of DX support recipients, and fees and commissions		Continuing business and enhancing productivity	
			Demonstration of escorted support and consulting functions to help solve diversifying management issues	Number of clients for which various consulting solutions are provided, and fees and commissions		Improving profitability, strengthening the management base, and creating new business opportunities and employment	
			Support for management improvement toward strengthening business continuity	Number of borrowers with improved credit standing and amount of debt		Improving profitability, continuing business, and maintaining employment	
	 Contribute to a safe and prosperous lifestyle	Supporting the adjustment for the Era of 100-Year Life	Support asset building for realizing goals and dreams of customers	Number of financial education programs, balance of assets under custody, and fees and commissions	Individual customers	Improving financial literacy and realizing asset building	Improvement of local residents' affluence
			Support smooth asset succession to the next generation	Number of inheritance and asset succession supports provided and fees and commissions		Improving satisfaction of succeeding generations and households	
		Contributing to building a base for living with safe, secure, and prosperous	Support for sustainable medical and nursing care services	Number of sustainable finance (social sector) support provided and amount of support	Corporate customers Local residents Local governments	Maintenance of local healthcare and reduction of medical and nursing care refugees	
			Contributing to the maintenance of public infrastructure to supports safe and secure living		Local governments Local residents	Resolution of aging public infrastructure issues	
			Contributing to building safe and comfortable living infrastructure	Number of home purchase supports and amount of housing loans executed	Individual customers	Improvement in a sense of well-being with home ownership	
			Contributing to building a secure and prosperous future	Number of educational funding support recipients and amount of educational loans executed		More opportunities for further education	
	 Contribute to decarbonized society and environment conservation	Supporting the transition to a carbon-free society and contributing to solving energy problems	Supporting business operators in the calculation and reduction of CO ₂ emissions	Number of decarbonization consulting support recipients, and fees and commissions	Individual and corporate customers Local residents Local governments Natural capital	CO ₂ emissions reduction of recipient companies	Reduction in environmental footprint
			Environmentally conscious investment and financing activities	Number of sustainable finance (environmental sector) support recipients and amount of support		Promoting efforts toward environmental conservation by recipient companies	
			Supporting the creation of GX-related businesses			Expanding GX-related business	
			Diffusion of renewable energy	Renewable energy power generation through electricity business		Increased opportunities to use renewable energy	
		Management Base Materiality (See the next page for details)					

Business Materiality (See the previous page for details)				
Materiality	Business activities based on Management Base Resilience Strategy		Key KPIs (FY2027 plan)	Outcomes
Management Base Materiality  Provide high-quality services to be chosen by customers consistently  Strengthen management base for value creation	Add value through DX	<ul style="list-style-type: none"> Strategic utilization of generated AI and machine learning Upgrading offensive DX and defensive DX Developing human resources for DX Developing infrastructure that supports DX 	<div> Strategic DX investment (cumulative total for three years) ¥14.0 bn </div> <hr/> <div> Number of banking app users 2.20 million people </div> <hr/> <div> Rate of reduction in administrative workload at branches (compared to the fourth quarter of FY2024) -30.0% </div> <hr/> <div> Human capital investment (cumulative total of 3 years) ¥3.0 bn </div> <hr/> <div> Ratio of female employees in manager positions or higher 27.0% or more </div>	<ul style="list-style-type: none"> Strategic utilization of data and AI to improve productivity Enhancing the value and convenience of channels Improving productivity by minimizing branch office operations
	Promote alliances	<ul style="list-style-type: none"> Wide-area collaboration with other financial institutions, and regional cooperation Industry-Academia-Government collaboration External business collaboration and capital utilization 		<ul style="list-style-type: none"> Expansion of business areas Creation of new business opportunities Enhancing productivity Sharing and enhancing know-how
	Strengthen human capital and promote DE&I	<ul style="list-style-type: none"> Developing and securing human resources for value creation Promoting DE&I Creating a workplace environment where ensures well-being Advance employee engagement 		<ul style="list-style-type: none"> Building a human resources portfolio Leveraging the strengths of individuals and organizations
	Enhancement of risk management	<ul style="list-style-type: none"> Advancement of RAF Management Enhancement of group risk management 		<ul style="list-style-type: none"> Improving the transparency of business plans Enhancement of risk-return management Balancing profitability and financial soundness
	Capital management for corporate value improvement	<ul style="list-style-type: none"> Revision of shareholder return policy (Stable and sustainable increase in dividends per share) Appropriate management of owned capital 		<ul style="list-style-type: none"> Financial stabilization Improving capital efficiency



Added value as a social impact indicator

Added value is used as an indicator to quantitatively measure social impact in “Support the growth of local industries,” which is one of the material issues.

Added value is generally used as an indicator to measure the additional value created by a company through economic transactions. Therefore, the aggregation of added value can be considered as additional value brought to society.

The social impact of our Group’s business activities is measured by calculating the added value of local companies that our Group has been proactively supporting in their growth.

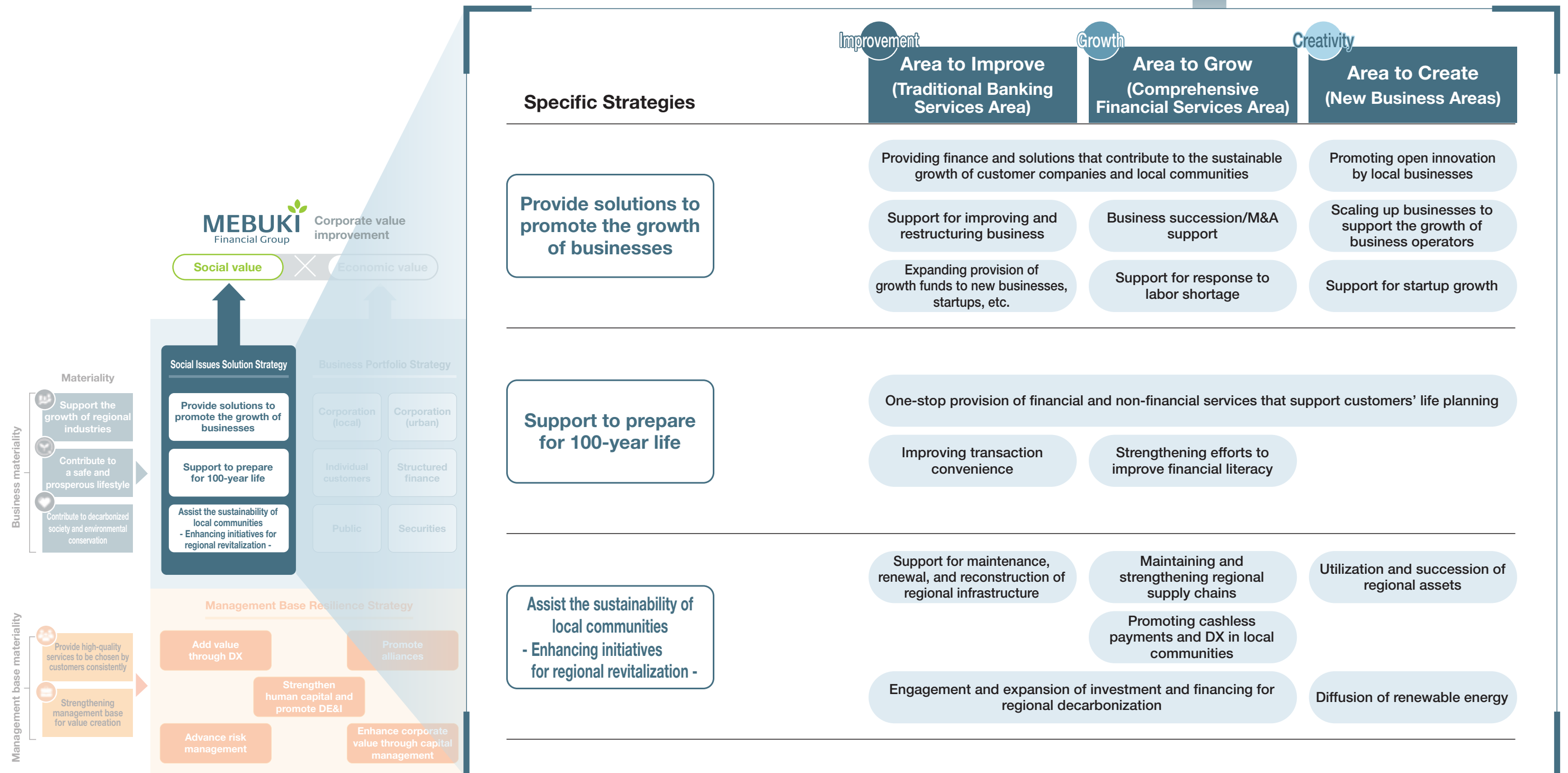
The value-added amount is generally calculated using either the subtraction method or the addition method. Since the customer companies subject to measurement span a wide range of industries, we adopt the addition method (Bank of Japan method), which enables analysis of the processes in production or service activities where added value is generated.

Going forward, we will regularly measure the social impact of supporting the growth of local companies by calculating the value added.

Overview of Social Issues Solution Strategy

In the Social Issue Solution Strategy, we aim to create social impact by developing initiatives to solve social issues linked to business materiality through three separate strategies: “Provide solutions to promote the growth of businesses,” “Support to prepare for 100-year life,” and “Assist the sustainability of local communities- Enhancing initiatives for regional revitalization.”

For each individual strategy, we will broaden the range of measures we have implemented so far for local corporate customers, individual customers, and local governments, and pursue their depth. At the same time, we will take up the challenge of new initiatives, creating positive impacts for local communities and regional economies.



Support the growth of regional industries

Contribute to a safe and prosperous lifestyle

Contribute to decarbonized society and environment conservation

Provide high-quality services to be chosen by customers consistently

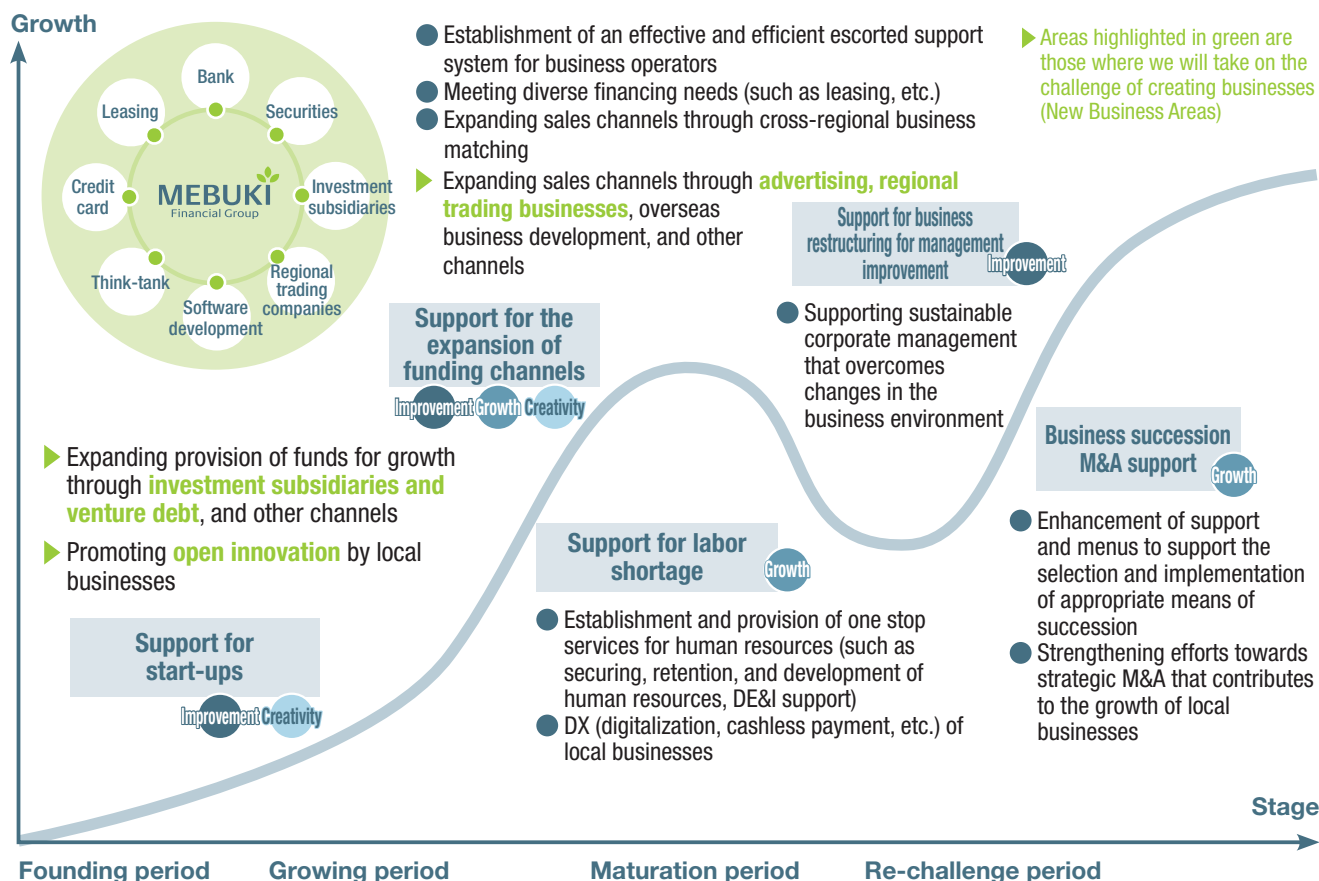
Strengthening management base for value creation

Social Issues Solution Strategy

Provide solutions to promote the growth of businesses

We contribute to the sustainable growth of local businesses by leveraging Group sales synergies and providing multifaceted and comprehensive solutions through collaboration with institutions both within and outside the Group.

Major initiatives



Main KPIs

*Figures in parentheses are compared to FY2024 results.

Outstanding balance of local corporate loans (average balance)
3,690.0 billion yen (+324.6 billion yen)

Fees from corporate customers (Bank total)
17.5 billion yen (+1.2 billion yen)

Value created

- Improvement of profitability and productivity of regional businesses
- Maintenance and creation of employment within the region
- Creation of new business opportunities within the region

Major social impacts

Expansion of quantified contribution (value-added amounts) to the local economy

About Mebuki Financial Group

Mebuki Financial Group's Value Creation

Management Strategies for Value Creation

Governance Supporting Value Creation

Corporate Data

Support for start-ups

Expanding provision of funds for growth through investment subsidiaries and venture debt, and other channels.

We are engaged in investments for startup companies through funds managed by our investment subsidiaries (Joyo Capital Partners and Wing Capital Partners) with the goal of exploring partnerships aimed at expanding our business areas.

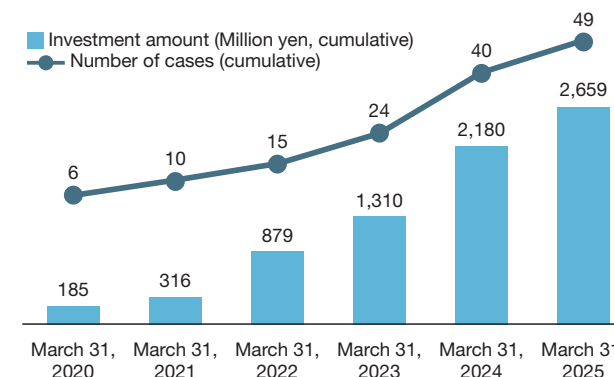
Joyo Bank established the Start-ups Finance Group in April 2025 as part of its venture debt initiatives.

Collaboration with the investees

Digital Securities Co., Ltd. which aims to build a marketplace utilizing blockchain technology, was registered as a financial instruments business operator in May 2025 and began its business primarily as a securities company. It is considering new funding methods and cooperation in providing financial products.

CATERS We are pursuing an initiative to improve local customer sales capacity and productivity through DX and ICT integration in partnership with Caters Inc., which possesses system development capacity and digital technology.

KOMPEITO In cooperation with KOMPEITO Inc., which provides OFFICE DE YASAI ("vegetables in offices"), a food welfare service that improves the office dining environment, we support the welfare of our business partners through the "Benefit Support" JOYO welfare service.



Initiatives to solve social issues through open innovation

New business co-creation program "Nexus Bridge2024"

Since fiscal 2022, Joyo Bank has invited business ideas and collaborative partners from start-ups, etc., and held a co-creation program that aims to create new businesses through open innovation.

In FY2024, we launched "Nexus Bridge2024" and thus expanded the framework of collaborative partners to include operating companies, and solicited applications on the theme of solving social issues in the fields of "Decarbonization," "DX," "Life Planning," and "Regional Revitalization." As a result, we received

entries from 65 companies, from which we selected four as candidates for collaborative partners and started demonstration tests and examinations to create new businesses and services.



Support for funding and sales channel expansion

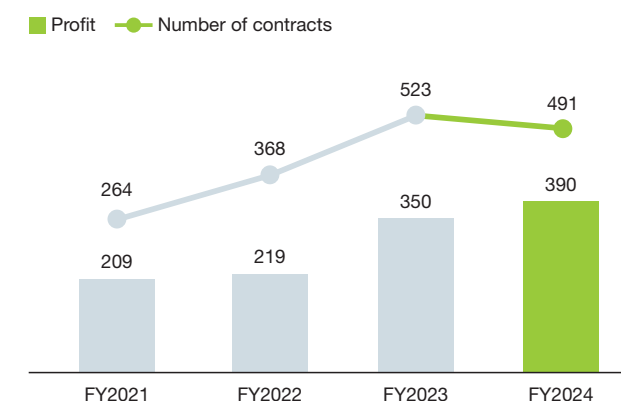
Establishment of an effective and efficient escorted support system for business operators

Business support consulting

In response to various management issues faced by our customers, we provide consulting for business support, including IT digitalization for operational efficiency and formulation of medium- to long-term management strategies. In the process of providing support, we provide one-stop service from "analyzing the current situation" to "identifying issues" and to "providing support for implementation," with experts from various fields working together to deliver high-quality escorted service.

Business planning support (Bank total)

(Number of contracts, profit in million yen)



Initiatives to expand business scope going forward

We provide consulting services for business support through daily collaboration between the head office and staff of the branches. To provide high-quality support, each bank employee's skills must be improved. Joyo Bank utilizes the trainee system inside and outside the Bank and implements study meetings and on-the-job training within the Bank. It is also working on the development of tools, training, and on-the-job training to enable branch offices to provide support on their own for specialized support (such as the formulation of medium-term management plans) that is currently provided by the head office. Ashikaga Bank has assigned "Solution Leaders" to lead the consulting services for corporate customers at all branches. Solution Leaders undergo regular training to acquire knowledge and skills to respond to customers' consulting needs.

Business matching initiatives

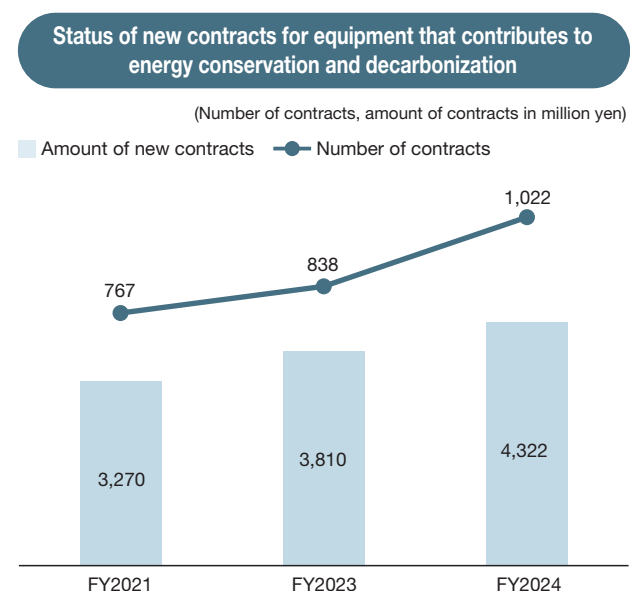
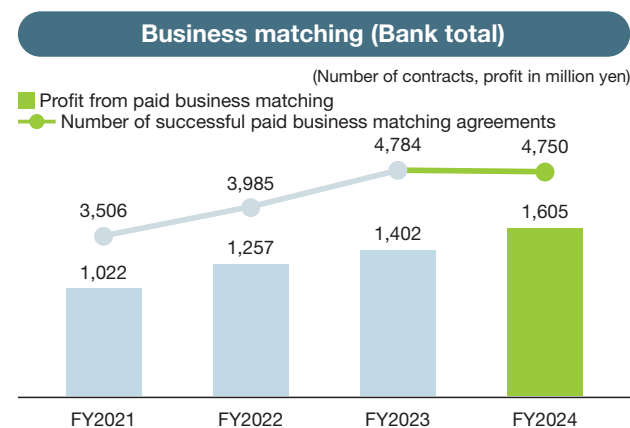
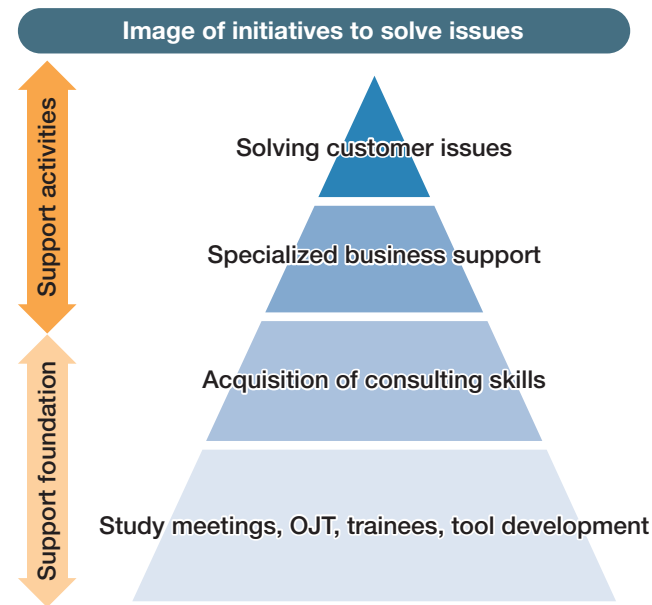
Through escorted consulting, we help visualize customer issues and needs, and provide optimal solutions. In these efforts, we help customers solve their issues by combining the know-how of business matching partners even in cases where it is difficult for the Group alone to solve them.

Meeting multimodal financing needs (such as leasing, etc.)

Support for energy conservation and decarbonization in local communities (Mebuki Lease)

Mebuki Lease contributes to the creation of a sustainable society as a member of the Group by establishing a KPI for the amount of new contracts for equipment that contributes to energy conservation and decarbonization*, thus supporting initiatives for decarbonization toward carbon neutrality.

*Equipment that contributes to energy conservation and decarbonization refers to LED, vehicles (EV, FCEV, HV, PHV, PHEV), storage batteries, air conditioning equipment, and refrigeration and freezing equipment.

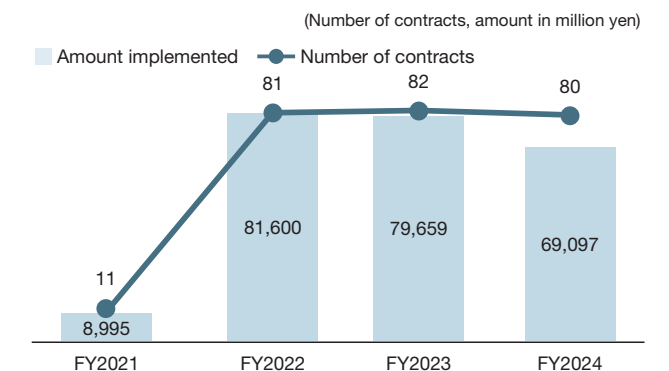


Sustainable finance initiatives

Financing support for realization of a sustainable society

In its ESG finance initiatives, Joyo Bank provides various product line-ups, including sustainability-linked loans, to meet customer needs. Such support plays an important role in building sustainable business models in the areas of environment (E), society (S), and governance (G) in the region. We will continue to contribute to realization of a sustainable society through ESG finance.

Changes in the number of ESG finance (business department) agreements and amount implemented (Bank total)



Expanding sales channels through cross-regional business matching

Creating opportunities for business matching

Mebuki Food Exhibition

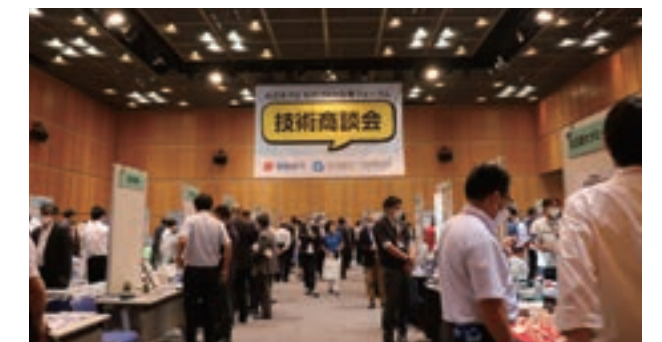
We hold Mebuki Food Exhibition to help food-related business companies expand their sales channels and procure foods and to encourage interactions among participants. A wide range of food-related business companies, including agricultural producers, food processors and wholesalers, retailers, and restaurant operators, take the opportunity to promote their products and have individual business meetings.



Mebuki Manufacturing Business Forum

This forum offers an opportunity to have business conferences that may lead to finding new business partners through exhibition panels and appointments to have business meetings.

We make business conferences more effective by using technical propositions prepared with participating companies who submit an entry in advance (booklets summarizing the companies' distinctive technologies and products).



Expanding sales channels through advertising and regional trading businesses

Expanding support for regional businesses through Colletochi, Ltd. (local trading company)

Colletochi, Ltd. discovers, develops, and expands sales channels for attractive local products and services. They contribute to revitalizing local industries by creating regional attractions and widely promoting them.

Case studies of sales channel development

We introduce local products made by companies in Tochigi Prefecture to luxury hotels in the prefecture. Doburoku (a traditional Japanese sake) ice cream, manufactured and sold by the Utsunomiya University venture Ferment Bese, and Miyayubeshi (a type of mochi confectionery) from Tokoi Yuzu Orchard (Utsunomiya City) were served as desserts for dinner courses at a local luxury hotel.



Our goal is to expand sales channels for local products and enhance their brand power by securing placements in luxury hotels frequented by discerning guests who appreciate local products and the stories underlying their development.

Initiatives to support global business

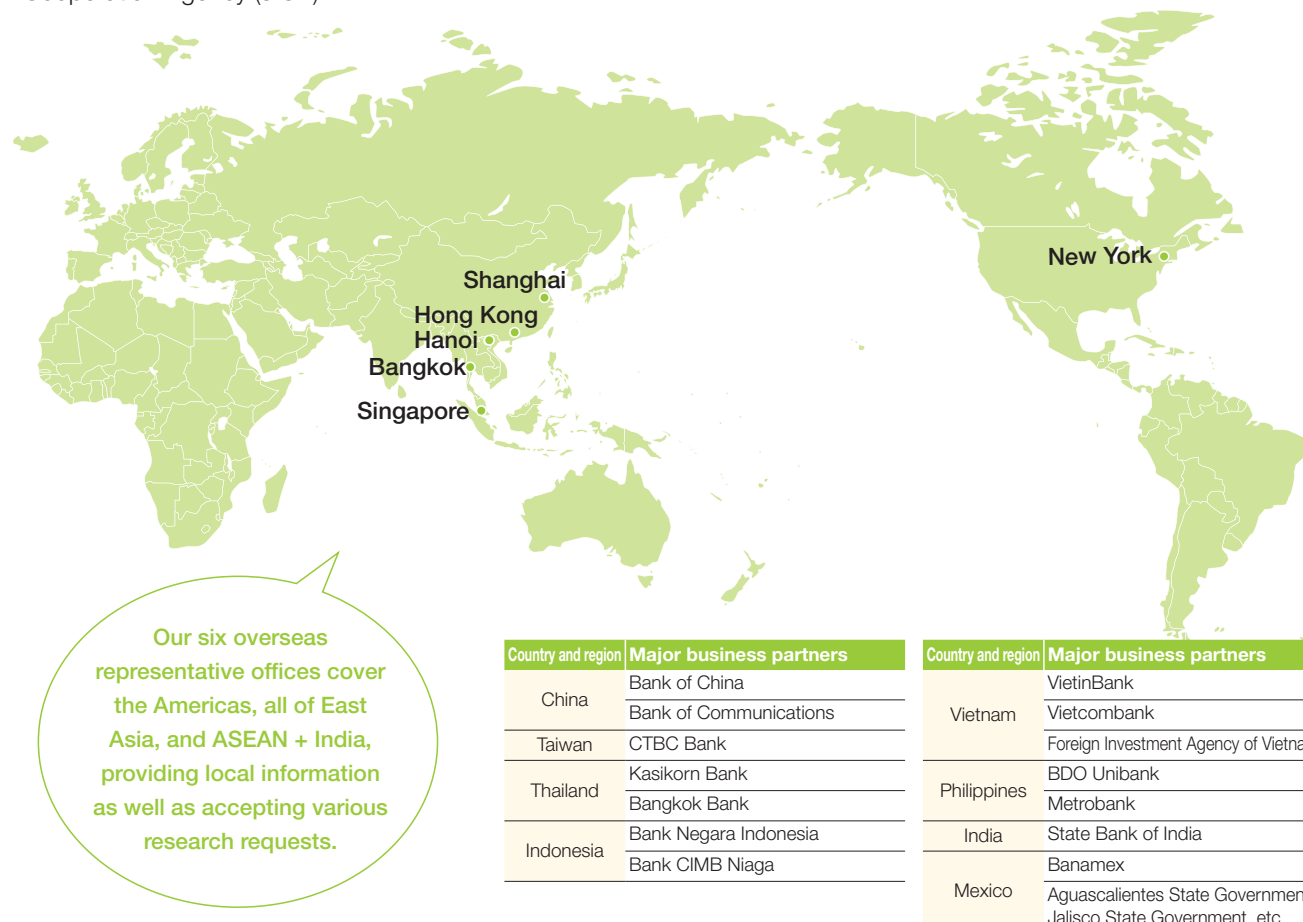
The Group provides meticulous support to cater to its corporate customers' needs such as global business and expansion. Specifically, the Group holds seminars on global business and uses the overseas representative offices of the two banking subsidiaries, the financial institutions of its overseas business partners, and other related institutions and business alliance partners at home and abroad to provide local information and assistance in visiting countries, developing global sales channels, conducting trade transactions, etc.

Details of main support

Provision of local information and research	<ul style="list-style-type: none"> • Provide local information about the investment environment, local needs, taxation, infrastructure, logistics routes, employment environment, regulations, offices, industrial parks, etc. • Regularly send reports prepared by our local representatives • Research import regulations of countries, local markets, local competitors, buyers, etc.
Use of partner banks	<ul style="list-style-type: none"> • Help open an account, handle various financial services, overseas remittance, etc.
Introduction of business partners and specialized institutions	<ul style="list-style-type: none"> • Introduce business partners (e.g., local financial institutions, Nippon Export and Investment Insurance [NEXI], insurance companies), local accounting and law firms (accountants and attorneys at law), local real estate companies, local temporary staffing agencies, etc.
Funding support	<ul style="list-style-type: none"> • Offer cross-border loans, standby letters of credit, parent-subsidiary loans, etc.
Other support	<ul style="list-style-type: none"> • Hold business conferences, seminars, and business networking meetings • Provide various support in cooperation with Japan External Trade Organization (JETRO) and local governments such as Ibaraki Prefecture and Tochigi Prefecture • Introduce distributors and suppliers on an individual basis, M&A candidates, local buyers, and local import agencies, and provide assistance in developing cross-border e-commerce platforms, among others

Overseas network of Mebuki Financial Group

We are expanding our overseas network mainly in East and Southeast Asia in which more than 80% of the Group's corporate customers doing business abroad are accounted for. We are also assisting our corporate customers with global expansion in cooperation with JETRO, Japan Bank for International Cooperation (JBIC), and Japan International Cooperation Agency (JICA).

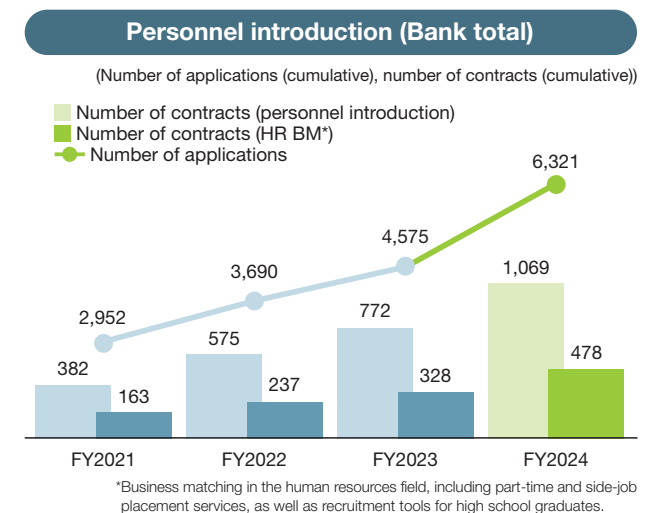


Support for labor shortage

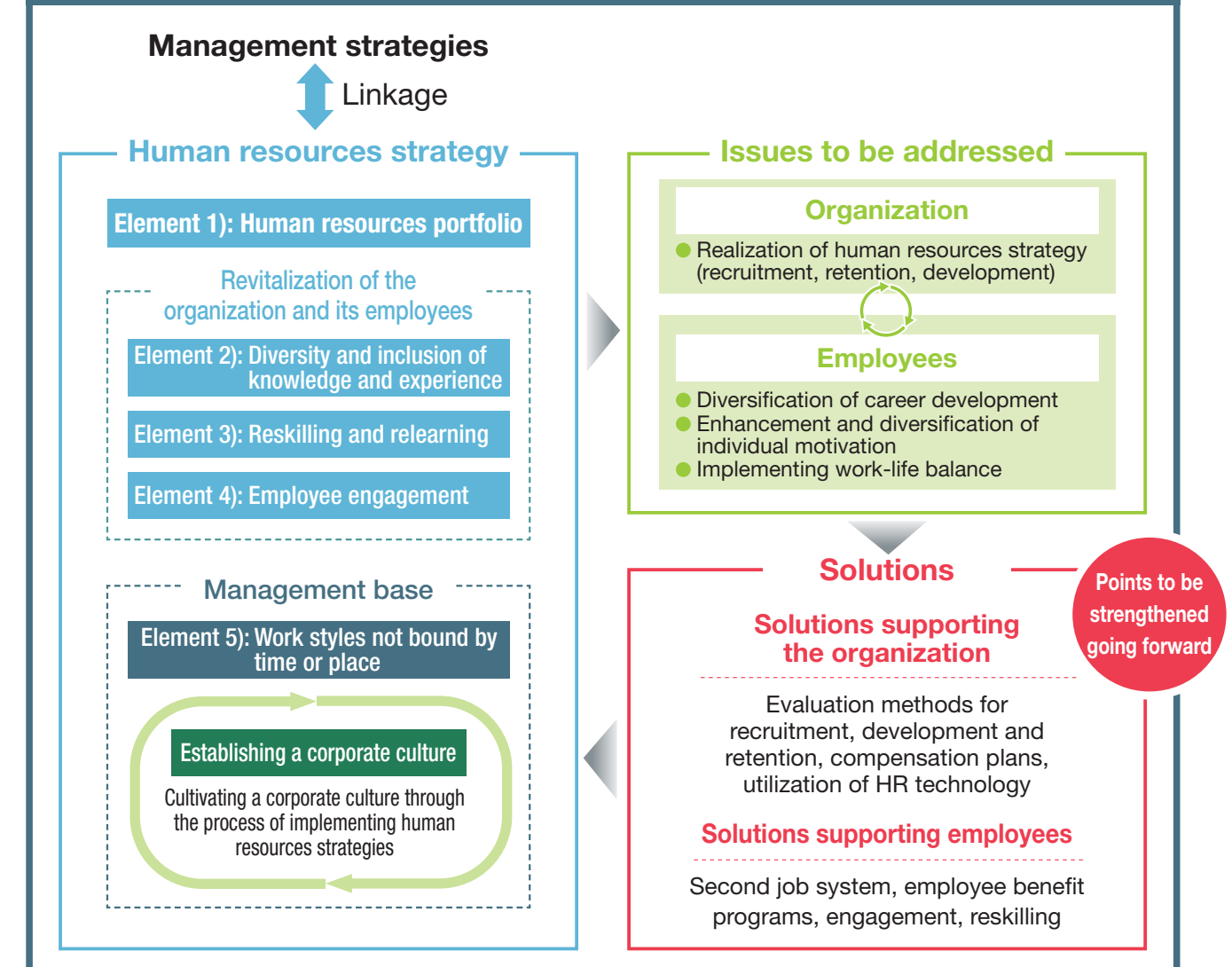
Establishment and provision of one stop services for human resources (such as securing, retention, and development of human resources, DE&I support)

One-stop solutions for human resource needs

Given the current situation where securing human resources is increasingly difficult, we are enhancing our consulting functions to address various human resource needs, including personnel introduction. Based on the concept of human capital management, we visualize the status of our customers' initiatives, accurately identifying their true human resources needs. These include appropriate personnel introduction, training, and human resources consulting. We provide one-stop solutions tailored to their needs at each stage from personnel recruitment and development to retention and retirement.



Improving corporate value over the medium to long term



DX (digitalization, cashless payment, etc.) of local businesses

Initiatives to digitize business-related settlements

Joyo Bank and Ashikaga Bank provide customers with information tailored to their needs--including electronically recorded monetary claims and transfers through Internet Banking--as alternative means of settlement to notes and checks, toward the goal of "completely eliminating the exchange of bills and checks at clearing houses nationwide by the end of FY2026," as set forth in the "Action Plan of the Growth Strategy" of the Japanese government and the voluntary action plan of the Japanese Bankers Association.

We will contribute to improving the operational efficiency and productivity of regional businesses by promoting the use of these electronic payment methods in local regions.

Provision of information and DX support for growth of regional industries

Joyo Bank addresses regional issues such as chronic labor shortages associated with a declining population by supporting the sustainable growth of regional business operators through productivity enhancement via DX. The bank also holds seminars to present various cases under the latest themes such as cashless payments, compliance with laws and regulations, and operational efficiency through digital technologies.

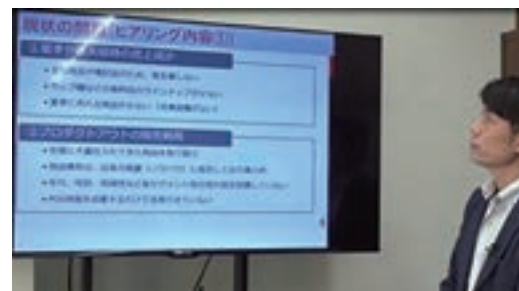
In addition, Joyo Bank and Ashikaga Bank provide consulting services that identify potential issues for regional businesses taking the first step toward DX and propose future directions.



Voice of a customer using "densai"



Presentation to customers



Support for business restructuring for management improvement

Supporting sustainable corporate management that overcomes changes in the business environment

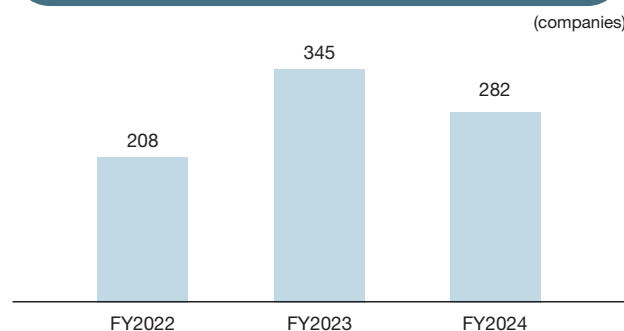
Local SMEs face a wide range of challenges from rapid changes in the external environment such as high inflation and rising interest rates to chronic labor shortages resulting from factors such as a decline in the working-age population and the concentration of workers in large cities. To overcome these challenges and continue to exist as an indispensable presence in the region, they need to take measures from a multifaceted perspective, including reviewing management strategies, improving productivity through digitalization, developing human resources, and diversifying funding sources.

Joyo Bank and Ashikaga Bank provide escorted support to corporate customers according to their circumstances. For example, the banks provide not only

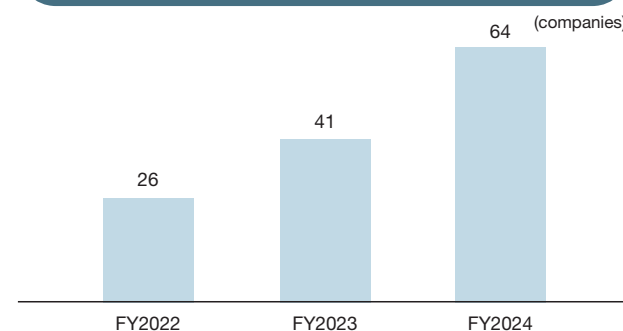
cash flow management support but also assistance in formulating business improvement plans and improving financial conditions in cooperation with the head office and branches, external expert teams, government-owned financial institutions, etc. The banks also follow up on the progress of the business improvement plans and provide long-term support for improving business in order for corporate customers to better manage their business.

We also consider it important to begin initiatives at an early stage to improve the management of our business partners. Accordingly, we take initiatives that are one step ahead, such as identifying management issues and proposing solutions to solve issues.

Customers for which business improvement plans were formulated (Bank total), which are managed by head office



Number of lenders with improved credit (Bank total), which are managed by head office



Business succession/M&A support

Enhancement of support and menus to support the selection and implementation of appropriate means of succession

Selection and implementation of appropriate means of succession, and support for training of successors

Successful business succession fosters the sustainable growth of companies and supports the stability of the regional economy. We engage in dialogue with our customers to develop optimal business succession plans tailored to specific issues and needs, and to support their implementation. We provide successors and young corporate managers with essential management knowledge, opportunities to build personal networks through cross-industry exchanges, and various management support services. These efforts aim to develop successors equipped with the knowledge and skills needed to become the next generation of effective leaders.

Provision of total solutions, including succession of personal assets of corporate owners

The succession of personal assets of corporate owners is also an important part of business succession. We consider business assets and personal assets comprehensively, and provide comprehensive solutions tailored to customers' needs, including inheritance and gifts, utilization of trusts, and advice on asset management. We also support both companies and owners, in cooperation with experts in tax and legal affairs, in building a stable future by developing a system to pass on assets to the next generation while minimizing risks.

Support for reviewing and optimizing assets to smoothly pass on businesses and assets to the next generation

We support companies and corporate owners in passing on their businesses and assets to the next generation, so that they can optimize the composition of their assets and effectively hold and manage them. Specifically, we assist in securing funds necessary for business growth by supporting the sale of unnecessary assets, and also in reclassifying assets that are vulnerable to short-term market fluctuations into long-term stable assets such as real estate. We thus support sustainable management and asset formation from a long-term perspective through the realization of customers' optimal asset portfolios.

Assignment of marriage advisers

As part of its support for the business succession of its customer companies, Ashikaga Bank has assigned marriage advisers to its head office, and provides marriage support services for corporate managers and successors. The bank supports the sustainable growth of its customer companies by providing escorted support in marriage, for example by increasing motivation toward marriage and encouraging marriage hunting.

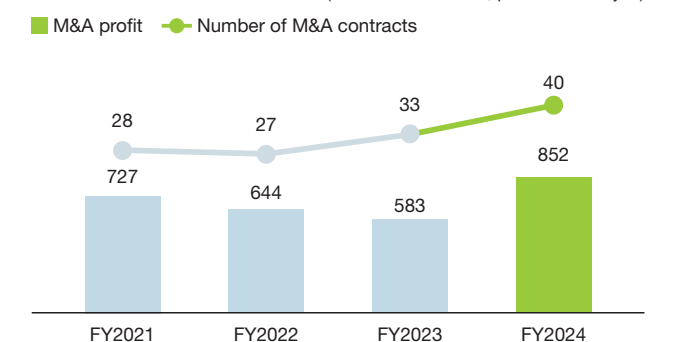
Strengthening efforts towards strategic M&A that contributes to the growth of local businesses

Continuing and strengthening intermediary M&A

As the importance of M&A increases as a means of smooth business succession and corporate growth, we have been providing M&A support as intermediary M&A mainly to companies that are struggling with successor issues. In recent years, as part of strategic M&A efforts, we have been engaging with companies aligned with the strategies of core regional companies. We are also enhancing initiatives that support these core companies in expanding business domains, securing human resources, and improving productivity.

M&A (bank total)

(Number of contracts, profit in million yen)

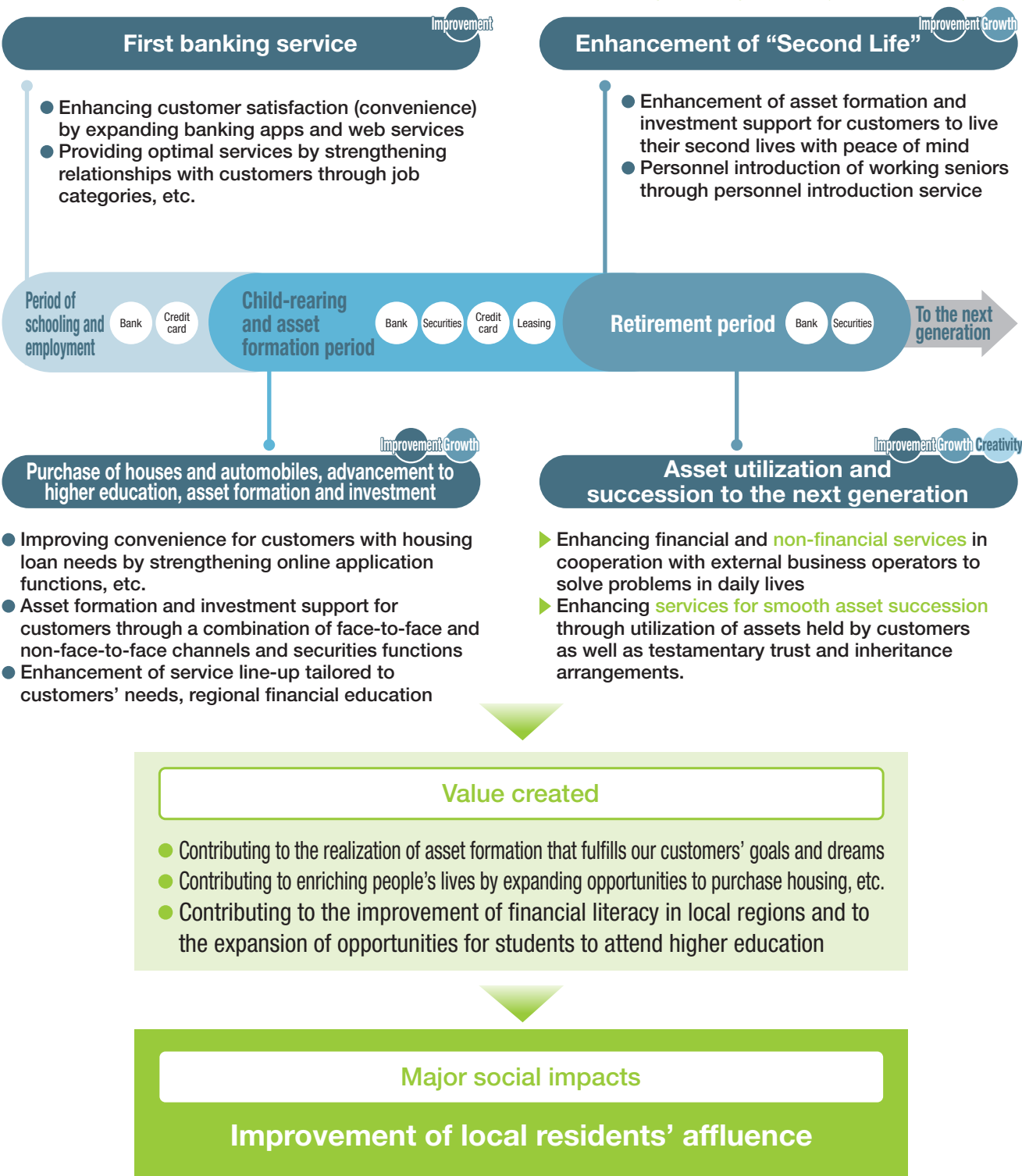


Social Issues Solution Strategy

Support to prepare for 100-year life

We provide one-stop financial and non-financial services that support customers' life planning, and contribute to the realization of secure and affluent lives throughout their entire lifetimes.

Major initiatives



Schooling and employment period support

First time banking service

Enhancing customer satisfaction (convenience) by expanding banking apps and web services

We are strengthening non-face-to-face channels and real channels to meet various customer needs.

In non-face-to-face channels, we have expanded services that allow customers to apply 24 hours a day via banking apps and our website, and we provide a manned chatbot to respond promptly to customer inquiries. We are strengthening measures to realize stress-free operations for customers, flexibly reviewing business hours according to customer needs.

In real channels, we are promoting the development of a store environment that will transform manned stores from a place for "administrative work" to a place for "consultation."

Campaigns for recent graduates entering the workforce by Joyo Bank and Ashikaga Bank

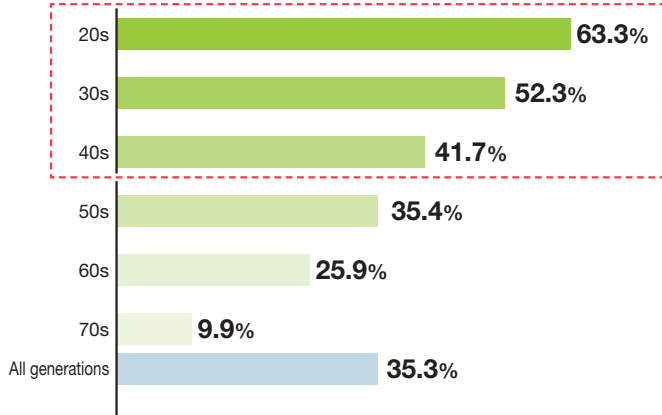


We provide banking applications designed for daily use, enabling more accessible and comfortable transactions at every stage of life—from when individuals start managing their own living expenses or gain financial independence through schooling or employment, to when they reach 100 years of age.—

We also offer banking services tailored to our customers' lifestyles and values, including smartphone-accessible account openings, web-only accounts (without bankbooks), and unsecured loans completed entirely online.

Penetration of banking apps (Bank total)

Penetration rate of individual customers by age group



Providing optimal services by strengthening relations with customers through workplaces and other channels

We provide information on asset management products, financial seminars aimed at improving the financial literacy of employees, and manners training for new employees at the workplaces of our customer companies. We engage in activities that increase opportunities to connect with customers we don't usually meet, so that we can introduce products and tools that make it more convenient to use our banking services and create opportunities for casual consultation. We provide optimal services for our customers, such as reduced fees for public utility bill payments through account transfer designation, with the aim of encouraging them to choose their existing account with us as their main account.

Financial seminar



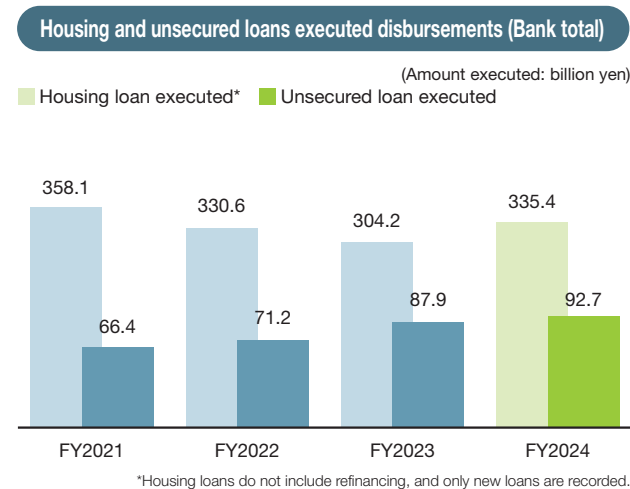
Child-rearing and asset formation period support

■ Purchase of houses and automobiles, advancement to higher education, asset formation and investment

Improving convenience for customers with housing loan needs by strengthening online application functions, etc.

Joyo Bank and Ashikaga Bank have introduced “WELCOME,” a web-based reception system for housing loans, educational loans, private car loans, and free loans. The system enables customers to complete the entire process online from application to contract. This improves the quality of customer service—making it easier to complete the process online and accelerating the screening process—as well as the efficiency of screening operations at both banks.

We support our customers in raising the funds they need to realize the life plans they envision by offering loan products.



Asset formation and investment support for customers through a combination of face-to-face and non-face-to-face channels and securities functions

We support the realization of customers’ best interests in areas such as time deposits, investment trusts, foreign currency deposits, insurances, and financial instruments intermediary services.

Joyo Bank has a “Money Consultation Desk,” which is open on Saturdays and Sundays for customers who have difficulty visiting the bank on weekdays. Ashikaga Bank has a “Block Retail Business Department,” which specializes in consulting services for individuals. Both banks have specialized staff who build strong relationships with customers through genuine communication and support them closely, helping to consider their lives together.

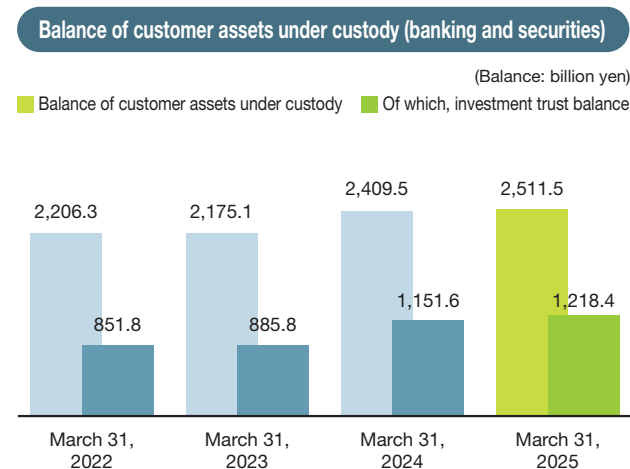
We are working to improve the convenience of non-face-to-face channels, such as opening investment trust accounts entirely online or via banking apps. For customers who have started asset management without visiting a branch, specialized staff provide asset consultation online or on the phone.

We also address our customers’ diversifying needs by enhancing our products and services, offering information on the products provided by Mebuki Securities, and introducing Ashigin Money Design, Ltd., a specialized online trading company and subsidiary of Ashikaga Bank.

Use of “Mebuki Fund Wrap”

“Mebuki Fund Wrap” is a discretionary investment management service in which an asset management company specializing in fund wrap makes investment decisions and conducts actual trading on behalf of customers by proposing investment courses (asset distribution) that it believes are suitable for them. We support our customers’ asset formation based on the concept of a goal-based approach regarding their life plans and asset management.

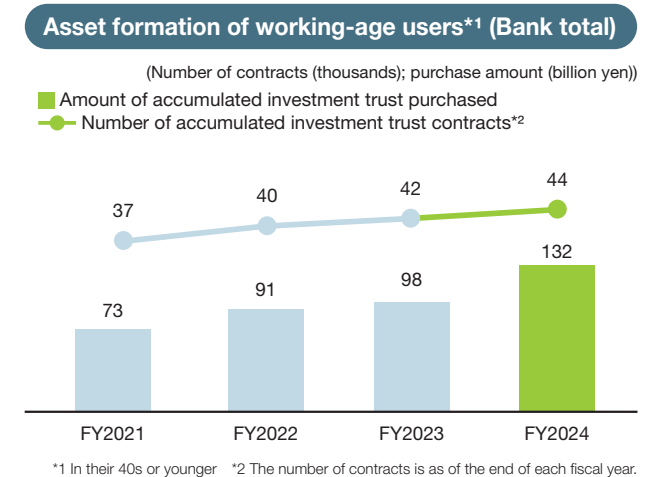
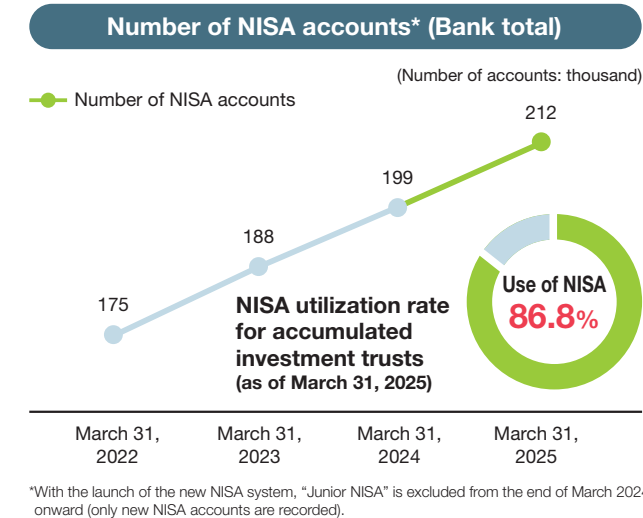
Since June 2025, Ashikaga Bank has been offering the “Ashigin Discretionary Investment Service STORY,” which enables asset management by setting multiple investment goals according to the nature and purpose of funds.



Support for asset formation through accumulated investment trusts

With the launch of the new NISA system in 2024, we have been promoting the use of NISA. We will continue to promote accumulated investment trusts using NISA, and support our customers’ effective asset formation.

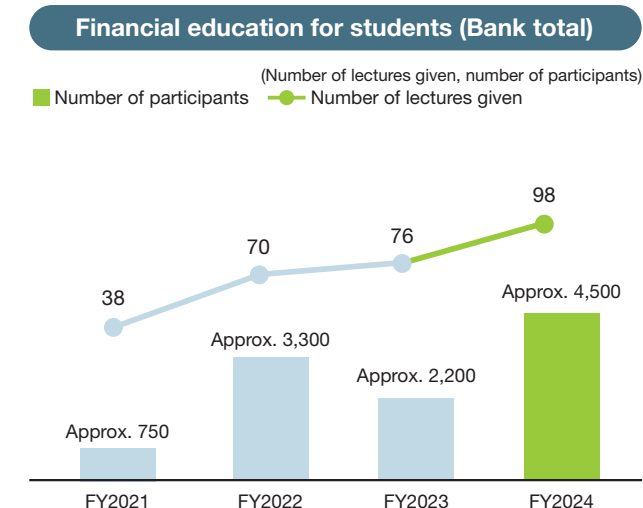
In June 2025, Joyo Bank launched the “NISA Tsumitate Simulation” service. It is a support tool for determining the investment contents such as “tsumitate (accumulation) amount,” “product,” and “period,” and you can experience 125 patterns of simulation based on past results.



Financial education in local communities

In July 2024, the Ibaraki Prefectural Board of Education and five financial institutions in the prefecture (Joyo Bank, Tsukuba Bank, Mito Shinkin Bank, The Yuki Shinkin Bank, The Ibaraki-ken Credit Cooperative) entered into a comprehensive partnership agreement regarding financial education. This agreement aims to promote financial education for students and children by dispatching instructors to schools and providing educational content, and to develop such content from the perspective of students and children through collaboration with teachers and staff.

The medical team of the Corporate Consulting Department of Ashikaga Bank gives a lecture on “Medical Management and Finance” for fourth-year students at Dokkyo Medical University School of Medicine. This lecture, held under a partnership agreement aimed at fostering human resources to support community medicine, covers analysis using medical service area data and start-up cost estimates. It also provides information on various aspects of medical management, including business succession for clinics without successors.



Lecture at Dokkyo Medical University



Retirement period support

Enhancement of “Second Life”

Enhancement of asset formation and investment support for customers to live their second lives with peace of mind

Gerontology-related services for individuals span a wide range of products and services. We sort customer issues (types of support) by category and provide solutions.

We propose optimal products for customers’ problems and introduce partner companies specialized in a particular area.

Support for asset management

Solving a wide range of concerns about asset management from asset management to inheritance planning through effective real estate use

Support for putting your affairs in order

Solving a variety of concerns about putting your affairs in order and end-of-life planning such as pre-departure cleaning, inheritance arrangements, funerals, and graves.

Support for inheritance arrangements

Solving different concerns about inheritance arrangements such as surveying inheritance property and partitioning estates

Lifestyle support

Supporting a wide range of lifestyle concerns—such as home monitoring services, home security, housekeeping, house cleaning, and nursing home referrals—and proposing leisure activities

Support for succession

Solving various concerns about succession, such as preparing a will

Asset utilization and succession to the next generation

Enhancing financial and non-financial services in cooperation with external business operators to support asset management for dementia and other challenges and to assist with daily-life problem solving

Asset management

Joyo Bank has added a plan with a beneficiary agent appointment special clause (entrustment function) to its testamentary substitute trust “Todoku Omoi,” enhancing support for various asset management needs in an aging society, such as preparations for physical decline and dementia.



The Ashigin asset management trust “Shinrai-no Tasuki” is a trust product designed to support the management of customers’ assets with a united effort from both family members and the bank as a preparation against future risks of dementia and special fraud targeting the elderly.



Non-financial services

Joyo Bank offers a consulting service called “Jikka Jimai” that addresses the issue of vacant family homes that are no longer in use. We work closely with our customers, empathizing with their feelings, and collaborate with various specialists to provide a one-stop solution.

We will also contribute to solving social issues by promoting the distribution and disposal of “vacant homes.”

Consultation Service for Vacant Homes, “Jikka Jimai”



Asset succession

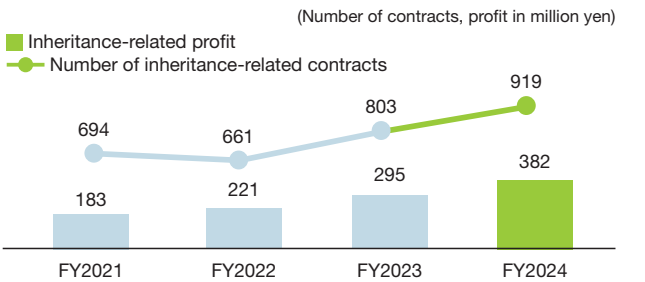
Enhancing services for smooth asset succession such as testamentary trust and inheritance arrangements, etc.

To ensure smooth succession of customers’ assets, bank staff with specialized expertise analyze the issues to be addressed and provide advice on the solutions. In collaboration with partner service providers, we also offer services including testamentary trust services that provide comprehensive support ranging from consulting on testamentary preparation to testamentary storage and execution as well as inheritance arrangements that support property transfer procedures after the occurrence of inheritance.

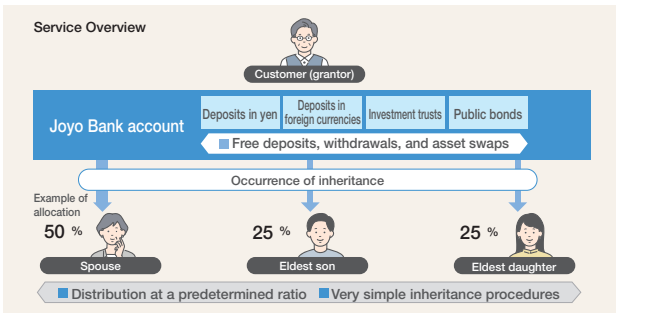
Smart Inheritance Account “Anshin Baton”

Joyo Bank is enhancing its support for parents and children who are faced with issues and concerns about future inheritance procedures by offering the Smart Inheritance Account (“Anshin Baton”), a service that streamlines the transfer of deposits, investment trusts, and public bonds held with Joyo Bank to designated heirs.

Inheritance-related business* (Bank total)



*Aggregation of services such as testamentary trust, testamentary preparation support, inheritance arrangements, and asset succession planning



“Agreement Regarding the Bequest Donation System”

Ashikaga Bank is promoting the “Agreement Regarding the Bequest Donation System” with the local government.

We offer the Testamentary Trust service that provides consulting for testamentary preparation to customers who wish to “use their inheritance for the benefit of the local community,” aiming to meet their needs for bequest donations, while contributing to the local community and regional economy.

Donated to: 3 cities and 11 towns in Tochigi Prefecture (as of June 2025)

“Agreement Regarding the Bequest Donation System” with Utsunomiya City



Strengthening the system and information provision

System

Joyo Bank has assigned specialized staff, known as “Smileful Partners,” to respond to the concerns of elderly customers and their families, and is strengthening information sharing with them through the Seminar for the 100-Year Life Era.

Ashikaga Bank addresses inheritance and asset succession planning needs by stationing “Wealth LA (Life Plan Advisors)” and “Trust Consultants” at its head office. These specialists support branch operations by providing advanced and comprehensive consulting services, with a full understanding of customers’ overall assets and family structures.

Information provision

- Respond to current and future concerns
- Address a decline in cognitive function
- Support smooth asset succession to the next generation
- Cultivate measures to prevent financial crimes, etc.

Seminar for 100-Year Life Era



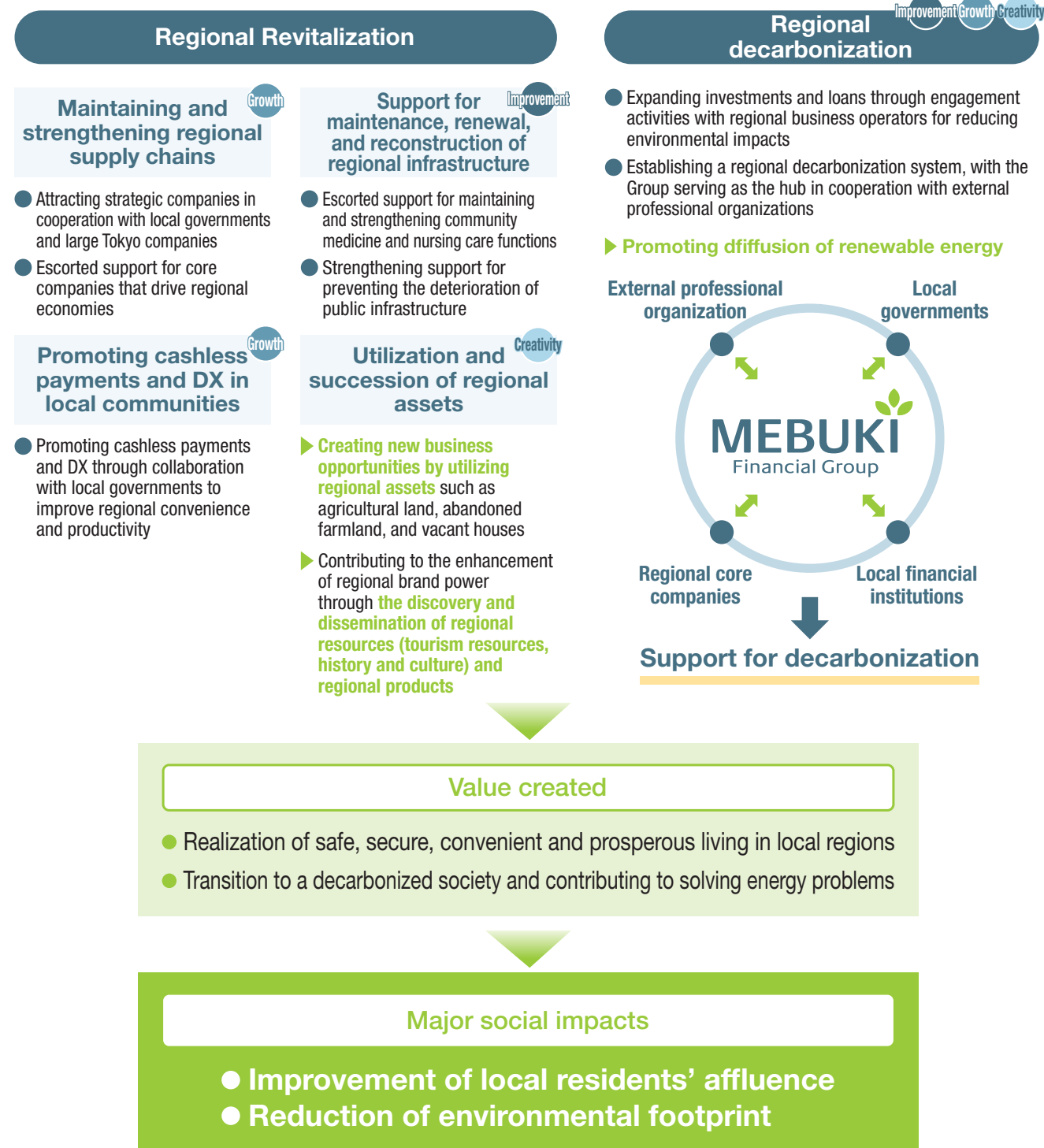
Social Issues Solution Strategy

Assist the sustainability of local communities

- Enhancing initiatives for regional revitalization -

The Group will contribute to regional sustainability by functioning as a hub for regional revitalization and decarbonization.

Major initiatives



Regional Revitalization

Maintaining and strengthening regional supply chains

Attracting strategic companies in cooperation with local governments and large companies in Tokyo

Ibaraki Prefecture and Tochigi Prefecture are adjacent to the Tokyo metropolitan area and have well-developed high-speed transportation networks, including railroads and highways, making the prefectures ranked among the top prefectures in Japan in terms of the number of new factory locations, the total area of factory locations, and the number of company locations from outside the prefectures. The prefectures are attractive to companies as it is very convenient for their employees to commute and for logistics. New business expansion into the prefectures is expected to create jobs and increase demand for local companies' products and services, thereby stimulating the local economy.

Ibaraki Prefecture has been working diligently to promote business attraction. The prefecture has been ranked highly in Japan for the past decade in terms of the total area of new company locations and the number of new company locations from outside the prefecture. In order to work with Ibaraki Prefecture and municipalities to attract companies, Joyo Bank has established a Bridge Business Team, which specializes in attracting business, within the Consulting Business Division. The team and prefecture collect and provide information on supply chains, including factories and logistics facilities, and introduce suitable locations to companies and offer support and advice to solve various issues related to business expansion into the prefecture. This includes

	Ibaraki Prefecture	Tochigi Prefecture
Number of new factory locations (2024)	73 (ranked 1st in Japan)	20 (ranked 15th in Japan)
Total area of new factory locations (2024)	117 ha (ranked 3rd in Japan)	35 ha (ranked 18th in Japan)
Number of new company locations from outside the prefecture (2024)	46 (ranked 1st in Japan)	8 (ranked 14th in Japan)

Source: the "Survey of Factory Location Trends" by the Ministry of Economy, Trade and Industry

helping companies secure human resources, introducing potential local business partners, and securing housing for companies' employees.

Tochigi Prefecture is located within a 60 to 160 km radius of Tokyo, and is actively promoting its excellent environment, including the development of high-speed transportation networks such as the Tohoku Expressway, the Kita-Kanto Expressway, and the Tohoku Shinkansen.

Ashikaga Bank conducts activities to attract companies to industrial parks and private land, such as joint company visits in cooperation with Tochigi Prefecture and local governments. The Bank also provides information about industrial parks and subsidies to companies considering establishing operations from the planning stage. The Bank has assigned personnel responsible for start-up companies at its Tokyo base, working to attract them to Tochigi Prefecture.

Escorted support for core companies that drive regional economies

Joyo Bank and Ashikaga Bank are focusing on consulting services that help solve regional issues and support the sustainable development of local communities. We place particular emphasis on providing support for core regional companies that are committed to growth and to creating quality jobs in their communities.

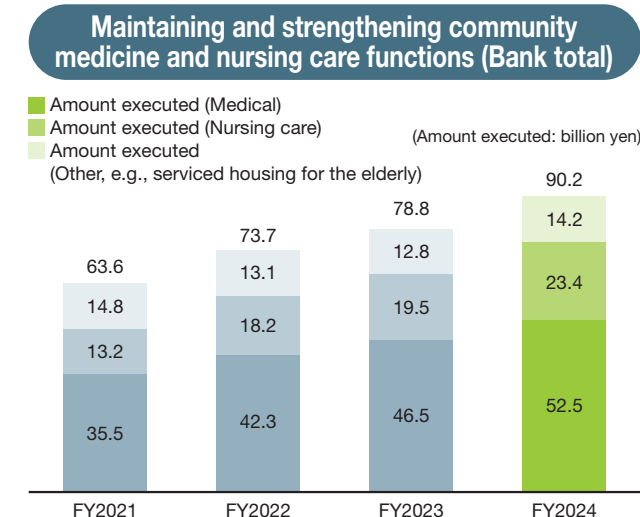
We contribute to strengthening regional industrial bases and promoting their sustainable development by providing one-stop support for formulating comprehensive strategies in areas such as business strategy development, M&A and business succession, financing arrangements, international expansion, carbon neutrality initiatives, and digital transformation.

Support for maintenance, renewal, and reconstruction of regional infrastructure

Escorted support for maintaining and strengthening community medicine and nursing care functions

We are strengthening management of facilities to support the continuation of community medicine, management improvement initiatives for medical institutions aimed at reducing the number of patients unable to access necessary medical and nursing care, and future rebuilding of hospitals.

In the medical and nursing care industry, fixed official prices make it impossible to pass rising personnel and material costs on to medical revenues, and the business environment for community healthcare institutions is becoming increasingly severe. We are enhancing our consulting services to support management improvement, tailored to the characteristics and conditions of hospital functions such as health and medical plans, community healthcare concepts, bed functions, and clinical departments. We will also focus on supporting investments that are essential for medical institutions and nursing care providers, and maintain, renew and rebuild regional infrastructure.



Promoting cashless payments and DX in local communities

Promoting cashless payments and DX through collaboration with local governments to improve regional convenience and productivity

<Cashless payment of fees for tourism>

In Ibaraki Prefecture, there is a cycling course with a total length of about 180 km, including the abandoned tracks of the former Tsukuba Railway and the lakeside road that goes around Kasumigaura Bay. Anyone can rent a bicycle and enjoy the beautiful scenery while cycling, but issues have arisen in introducing cashless payment for the fees.

Joyo Bank, in cooperation with Ibaraki Prefectural Government and Mebuki Card, installed credit card terminals at 10 bicycle rental bases to enable cashless payment.

<Cashless payment of application fees by revenue stamp>

Mebuki Card is promoting cashless payment for application fees using revenue stamps in cooperation with Tochigi Prefecture. In Tochigi Prefecture, revenue stamps are used to pay fees for approximately 800 types of administrative procedures, including driver's license renewals. Beginning in October 2024, we initiated a phased transition to a cashless payment system, which is scheduled for completion by FY2025. The prefecture has abolished revenue stamps, which limit the time and location of purchases, and introduced a cashless payment to improve convenience for prefectural residents and improve the efficiency of administrative operations.

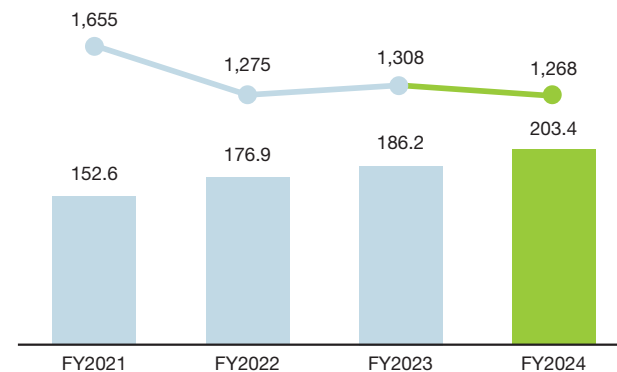
<Introducing cashless payment at local government counters>

The introduction of cashless payment at local government counters is being promoted as an important initiative in response to the growing use of cashless payment, particularly among young people. It is also intended to reduce the burden of back-office administrative work related to revenue and to enhance administrative efficiency.

Ashikaga Bank is working to install credit card terminals equipped with POS functions at seven locations, including Sakura City Office and its branch offices, in cooperation with Sakura City of Tochigi Prefecture and Mebuki Card. This enables settlement by credit card, e-money, and QR code.

Promotion of cashless payment in local regions (Mebuki Card)

■ Sales at member stores ■ Number of member stores acquired
(Number of stores acquired: billion yen)



Utilization and succession of regional assets

Contributing to the enhancement of regional brand power through the development and dissemination of regional resources (tourism resources, history and culture) and regional products

Regional trading company, Colletochi, Ltd.

Colletochi, Ltd. aims to revitalize regional industries by promoting and marketing a wide range of goods and services—ranging from food products, including primary and processed items, to crafts and experiential offerings—both within and outside Tochigi Prefecture.

We will create new value and business opportunities together with business operators by making maximum use of the know-how of the networks of our joint venture partners, Ashikaga Bank, THE SHIMOTSUKE NEWSPAPERS CO., LTD., Suzuki Print Co., Ltd., and Caters inc. (a web production company).

Promoting discovery and dissemination of regional products (Colletochi, Ltd.)

Distribution and monetization of regional content as our “main business”



Established through joint investment by Ashikaga Bank and three other local companies

Business description

- Sales of regional products
- Support for development of new products
- Operation of e-commerce sites
- Electric power business, etc.

Initiatives

- Expanding sales channels for regional products in the Tokyo metropolitan area (Commencement of transactions with retailers operating mainly in the Tokyo metropolitan area)
- Support for development of new products (Shop sales at local accommodations and establishment of new accommodation plans that include packages with the same products)

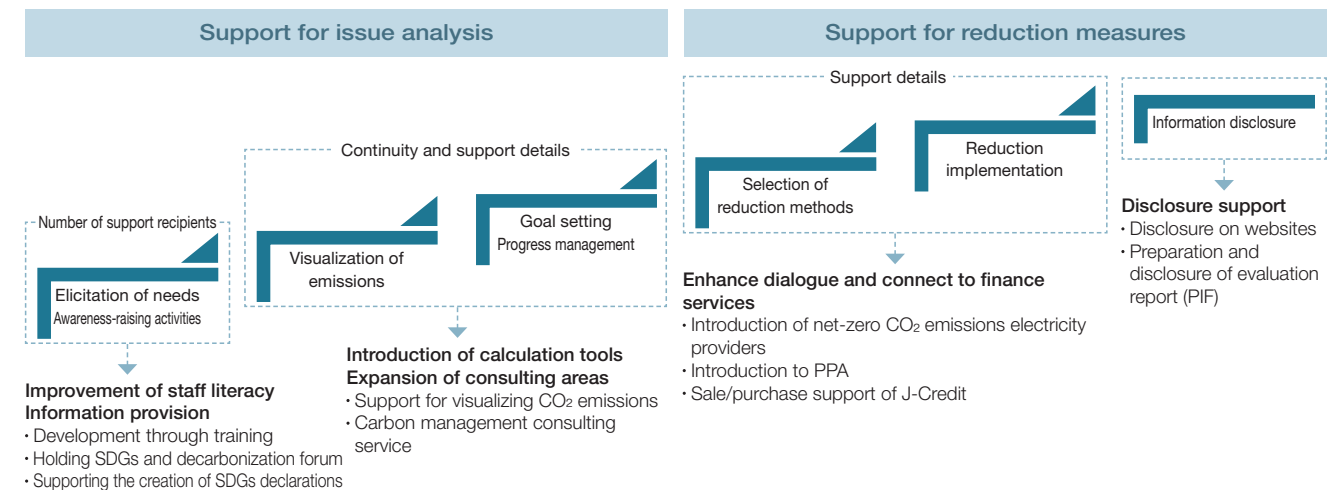
Regional decarbonization

Support for decarbonization

We provide financial support for the introduction of energy-saving equipment that contributes to GHG emission reductions and specific reduction measures such as the use of carbon credits. Not only that, but they provide

comprehensive support for decarbonization management by helping companies visualize their emissions and develop reduction targets and plans, which are the first necessary steps in decarbonization efforts.

Measures for supporting customers working on decarbonization at each phase of the process, from implementation to information disclosure



Providing opportunities for ESG initiatives through deposits

Joyo Bank.: Sustainable Deposits

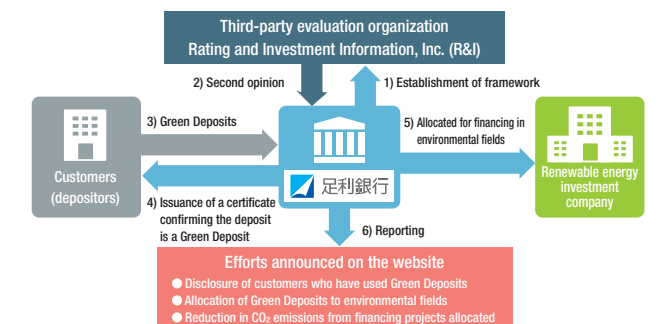
Starting from April 2025, Joyo Bank has launched the handling of “Sustainable Deposits” as an initiative to support customers’ activities for realizing a sustainable society through solving environmental and social issues.

Sustainable Deposit is a deposit product through which the Bank allocates funds received from customers as loans to businesses expected to improve the environment and address social issues. Customers will be able to indirectly contribute to the realization of a sustainable society through the product.



Ashikaga Bank: Green Deposit

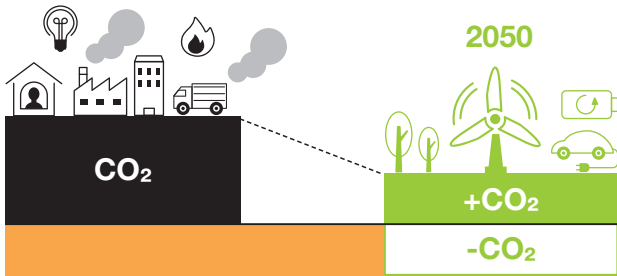
Since October 2024, Ashikaga Bank has been handling “Green Deposit,” which allocates the entire amount of funds received from customers to financing businesses that contribute to environmental improvement in the renewable energy field. This product allows customers to indirectly contribute to efforts to solve environmental issues in the SDGs.



Expanding investments and loans through engagement activities with regional businesses for reducing environmental impacts

Joyo Bank and Ashikaga Bank, based on the “Decarbonization Roadmap” (“Know,” “Measure,” and “Reduce”) recommended by the Ministry of the Environment, are promoting decarbonization management support through decarbonization dialogues (engagement activities) with customers.

By providing sustainable finance, we will support our customers’ activities aiming to realize a sustainable society through engagement activities.



Definition of Sustainable Finance

“Finance to support customers’ activities aiming to realize a sustainable society through solving environmental and social issues,” as referenced in related external standards (the Green Loan Principles, the Green Bond Principles, the Social Bond Principles, etc.)

Environmental fields	<ul style="list-style-type: none"> Projects that help adapt to/mitigate climate change, such as renewable energy projects Capital investments that contribute to renewable energy, energy saving, and carbon neutrality
Social fields	<ul style="list-style-type: none"> Projects that contribute to regional revitalization and recreation Projects that contribute to fostering start-ups and job creation

Research on carbon-neutral trends in the Northern Kanto region in cooperation with the Development Bank of Japan Inc.

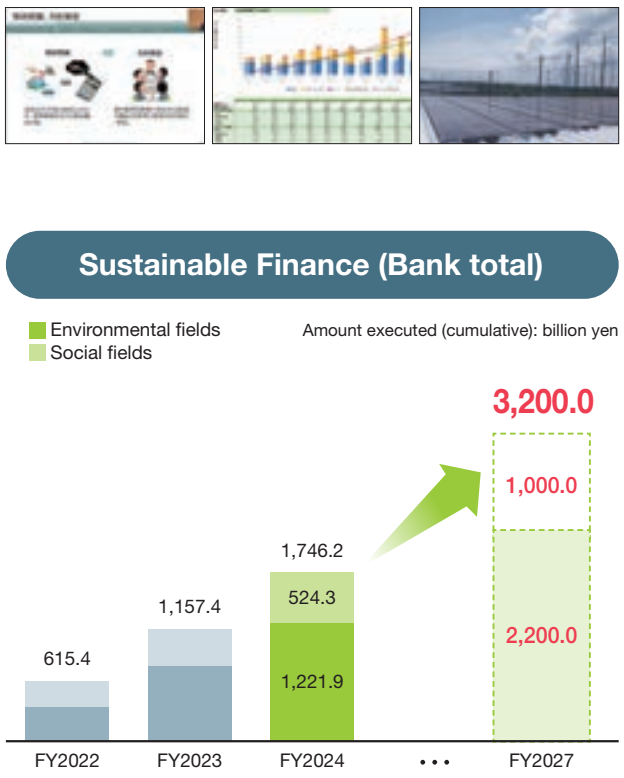
In collaboration with the Development Bank of Japan Inc., we issued a research report entitled “Toward the Realization of Carbon Neutrality in the Northern Kanto Region.”

The joint survey was conducted with the aim of considering the initiatives and support necessary for industrial heat consumers in inland areas to achieve carbon neutrality, including the establishment and utilization of hydrogen and fuel ammonia supply chains with Port of Kashima and Port of Ibaraki as import bases, toward achieving carbon neutrality in the Northern Kanto region.

Building new strengths in decarbonized management requires careful consideration of how to proceed.
Let's take **three** steps: “Know,” “Measure,” and “Reduce.”

1) Know	2) Measure	3) Reduce
<ul style="list-style-type: none"> Personally grasp the trend towards carbon neutrality. Consider the trend toward decarbonized management 	<ul style="list-style-type: none"> Calculate your company's CO₂ emissions Identify the main sources of emissions and decide where to begin reducing them. 	<ul style="list-style-type: none"> Consider reduction measures and formulate an implementation plan Implement measures to reduce emissions

Source: Ministry of the Environment website
(https://ondankataisaku.env.go.jp/carbon_neutral/topics/20230905-topic-49.html#steps)



For details of the research report, please refer to “<https://asia-northeast1-menlo-view.menlosecurity.com/https://www.mebuki-fg.co.jp/news/pdf/20250428.pdf>.”

Initiatives for local production and consumption of renewable energy

Joyo Green Energy (JGE), a Group company engaged in renewable energy businesses, has acquired and developed solar power generation facilities with a total capacity of approximately 17 MW. JGE also supplies renewable energy to local communities through initiatives such as the “On-site PPA” and the “J-Credit Program,” which involve installing solar power generation facilities on the premises of companies and organizations.

In July 2025, as part of our “Off-site PPA” initiatives, we began supplying green energy, including renewable energy power sources developed in Ibaraki Prefecture, to five facilities, including the home stadium of the Kashima Antlers, through Octopus Energy Group Limited.

Colletochi, Ltd., a regional trading company, has also entered the PPA business as part of its support for the

main businesses of regional business operators. As the first project, the company concluded a Power Purchase Agreement (PPA) for a facility owned by Tochigi Prefecture in June 2024, and began supplying renewable energy in April 2025. In February 2025, the company and Ashikaga Bank entered into an “Agreement on Cooperation toward the Realization of Zero Carbon City” with Sano City, and are promoting initiatives toward local production and consumption of renewable energies.

In February 2025, as part of the initiatives toward carbon offsets, Joyo Bank concluded an “Agreement on Cooperation toward the Creation of Environmental Value through Forest Resources” with Daigo Town, Ibaraki, Daigo Forestry Association, and BYWILL INC.

Initiatives for the renewable energy power acquisition and generation businesses

JGE: Acquisition and development of solar power generation facilities with a capacity of approx. 17 MW (as of July 2025)
Example of a facility acquired

JGE and Colletochi, Ltd.: On-site PPA project (commenced July 2025)

Electricity consumer
(JGE) Concluded contracts with 3 local governments and 2 business operators
(Colletochi) Contracted with 1 local government (3 facilities) and 3 business operators

Payment of electricity charges → **<PPA operators>**
Renewable energy power supply ←

JGE: Off-site PPA project in cooperation with local professional sports clubs

Carbon offsetting initiatives

Initiatives to develop human resources for business expansion

We have implemented training programs to secure human resources who will play a key role in expanding our business domains. We also develop their ability to engage in dialogue with business operators for business development.

In addition to the training programs, we held a business idea contest for employees at Joyo Bank and Ashikaga Bank for two years in a row.

We screened the ideas submitted by employees, and decided to consider commercialization of ideas such as an advertising agency that supports the production of advertisements by local companies, a message video service, and branding enhancement through e-sports.

Among the ideas adopted in FY2023, regarding the “advertising business (that places advertisements for businesses on our group’s media),” the originator became the project leader and started a pilot test in October of last year under the name “E-mail Magazine Advertising Service.” Based on the results of the pilot test, the business was officially launched on April 1 of this year.

Training session

Contestants

E-mail magazine advertising service

Business Portfolio Strategy

The Group's business segments are divided into six categories and further divided into three focus areas: risk-taking, RORA, and risk control. Through this approach, we aim to drive business growth (expansion of gross profit from the core businesses) and raise RORA.

We aim for business growth by strategically allocating tangible and intangible resources (such as personnel, internal and external networks, marketing functions and data, capital capacity) to risk-taking in relatively high-RORA segments and to provision of consulting functions for realizing sustainable local communities. In relatively low-RORA segments, we will focus on improving RORA, while diversifying the types and methods of risk-taking.

Main KPIs

RWA (risk assets)

6,940.0 billion yen (+810.0 billion yen)

RORA

3.4% (+0.3%pt)

*Figures in parentheses are compared to FY2024 results.

Management resources (investments, expenses, personnel inputs)	Business segments		Direction of initiatives for growth of each business segment and improvement of RORA	FY2027		
				*Figures in parentheses are compared to FY2024 results.		
				RWA (Billion yen)	Core business gross profit* ¹ (Billion yen)	RORA* ²
▶ P.43	Corporation (local)	● Deposits, loans, consulting, and other businesses targeting the corporate customer base centered on the priority sales areas of Ibaraki and Tochigi Prefectures	● Contributing to the sustainability of local communities while increasing intra-regional market share and transaction profitability ▶ Social Issues Solution Strategy Provide solutions to support the growth of business operators	1,910.0 (+170.0)	69.0 (+12.0)	3.6%
▶ P.51	Individual customers	● Businesses such as deposits, loans, asset management, and consulting for the retail customer base	● Acquisition of lifetime main accounts, provision of highly convenient products through face-to-face and non-face-to-face channels, and support for asset management and formation ▶ Social Issues Solution Strategy Support to prepare for 100-year life	1,650.0 (+90.0)	90.0 (+17.0)	5.5%
▶ P.57	Public	● Businesses such as deposits, loans, and consulting for local governments mainly in Ibaraki and Tochigi Prefectures	● Strengthening involvement in regional projects ▶ Social Issues Solution Strategy Assist the sustainability of local communities	— ^{*3}	5.0 (±0)	—
▶ P.65	Structured finance	● Business related to financing using financing methods that do not rely on the cash flows of business partners, such as project finance	● Provision of risk money to high-quality projects and acquisition of financing arrangements	630.0 (+190.0)	11.0 (+4.0)	1.7%
▶ P.66	Corporate Customers (Urban areas)	● Business targeting the corporate customer base in Tokyo and Osaka ● Business that links major companies with regional and local companies (advance into local areas, market expansion of local companies, technical support by major companies, etc.)	● Attracting funds to local communities and contributing to regional revitalization by building relationships and expanding transactions ● Securing earnings opportunities through appropriate interest rate risk taking	910.0 (+150.0)	23.0 (+8.0)	2.5%
▶ P.67	Securities	● Securities such as bonds, stocks, and investment trusts, and businesses related to market transactions such as short-term market investment	● Expanding core portfolio and securing stable carry ● Building up risky assets in growth areas	1,840.0 (+210.0)	40.0 ^{*4} (+7.0)	2.2%
Business segment total				6,940.0 (+810.0)	238.0 (+48.0)	3.4% (+0.3%pt)

*1 The core business gross profit of each business segment is calculated by determining the funding income for loans and securities as "balance × (nominal yield - average deposit rate)." In addition, service profits from customers are included, and gains/losses on cancellation of investment trusts are excluded.

*2 RORA is calculated based on (core business gross profit/RWA).

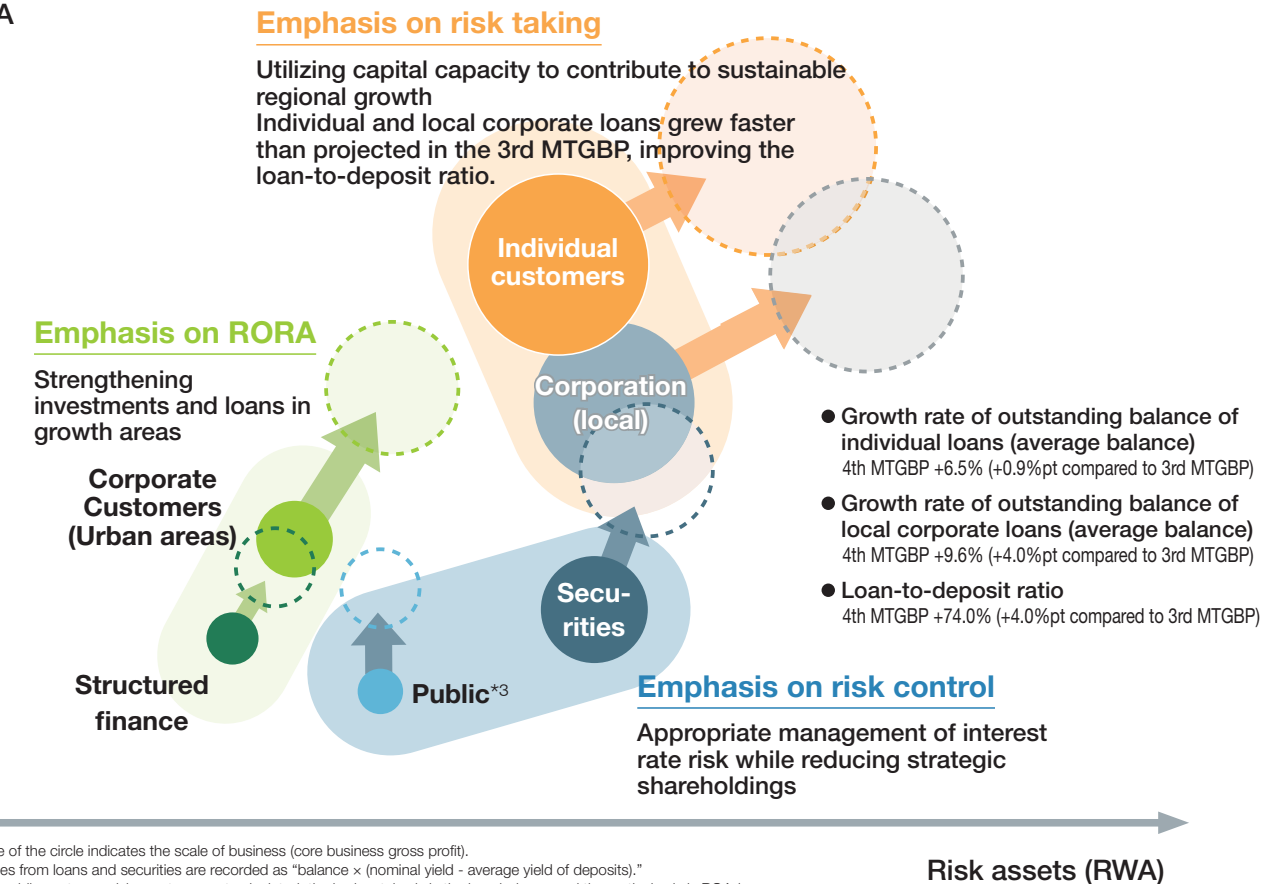
*3 The risk weight of loans to the public sector is "0," so it is stated as "—."

The average balance for FY2027 is estimated at 940.0 billion yen, representing no change (±0%) compared with FY2024.

*4 Only income from bonds, stocks, and fund management is included; gains/losses on trading and interest on deposits with the Bank of Japan are excluded.

Direction of risk-taking by business^{*1*2}

RORA

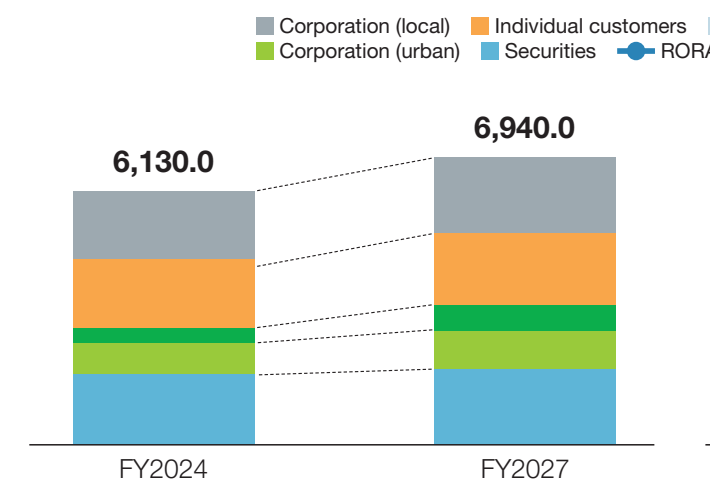


*1 The size of the circle indicates the scale of business (core business gross profit).

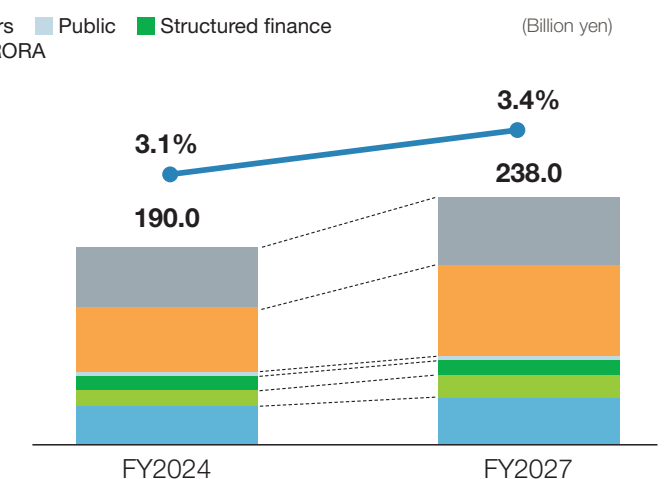
*2 Revenues from loans and securities are recorded as "balance × (nominal yield - average yield of deposits)."

*3 For the public sector, as risk assets are not calculated, the horizontal axis is the loan balance and the vertical axis is ROA (core business gross profit/loan balance).

Trends in RWA



Trends in core business gross profit and RORA

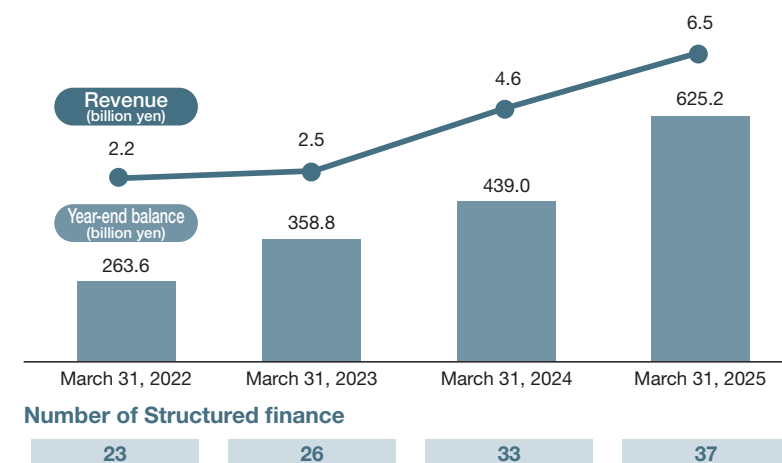


Structured finance

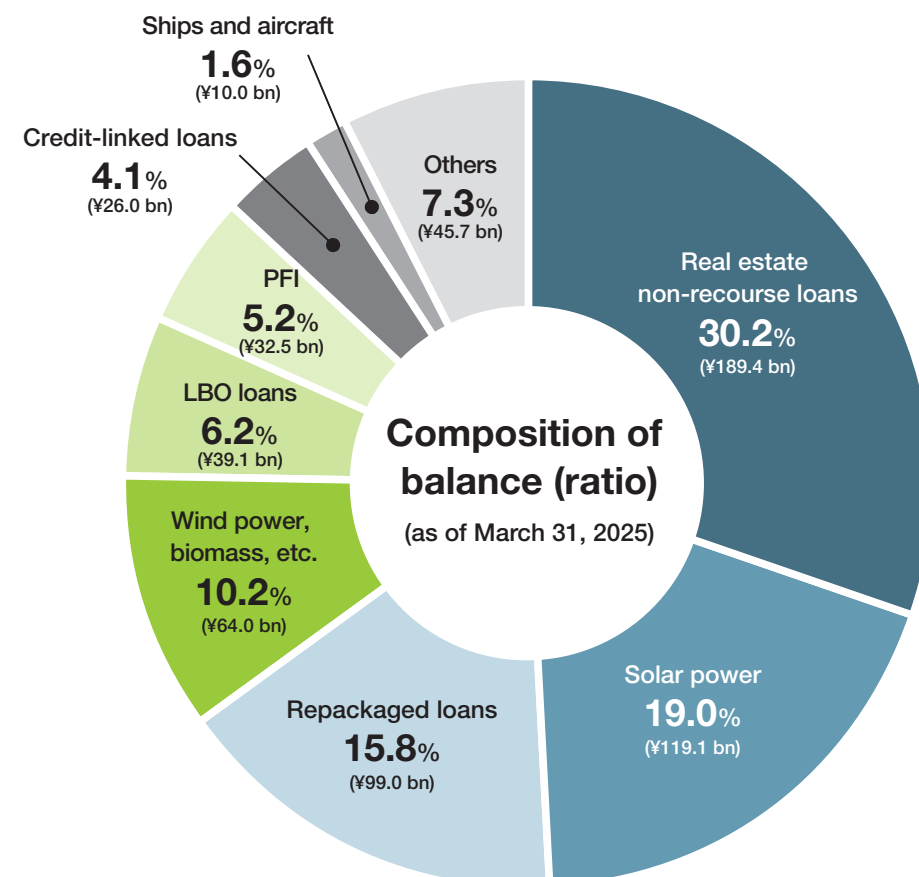
In Structured finance, we have expanded the scope of our initiatives by strategically deploying personnel, and steadily built up the balance and earnings. In the 4th MTGBP, we have positioned this as a “RORA-focused area,” and our policy is to raise RORA while increasing the amount outstanding.

By asset type, investment in the real estate non-recourse loans and energy (solar power) fields accounted for about half of the total. Going forward, we will strengthen initiatives in highly profitable areas such as mezzanine finance, while also strengthening our risk analysis capabilities.

Structured Finance: Year-end balance and income (Bank total)



Composition of balance by asset type (Bank total)



Positioned as a “RORA-focused area” in the 4th MTGBP

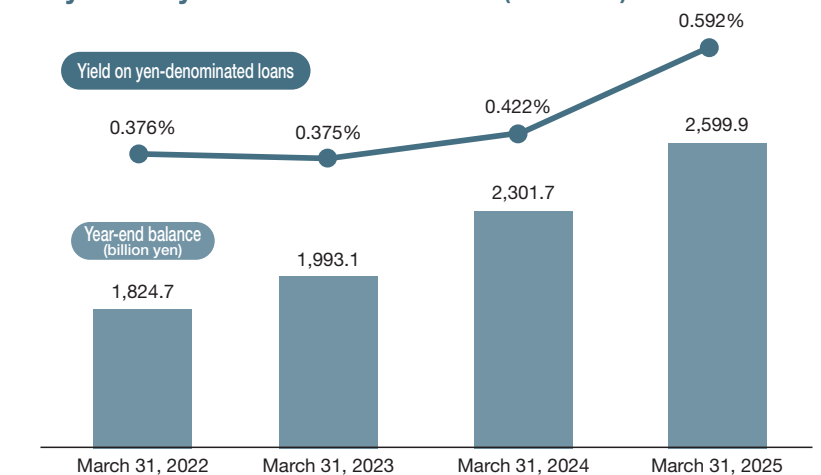
Aiming to improve profitability through “mezzanine finance initiatives” and “deeper analysis of risks”

Corporation (urban)

In the corporate banking business (in urban areas), we have steadily captured demand for funds amid rising prices in recent years, based on relationships with customers, mainly local affiliated companies. In the 4th MTGBP, we will position RORA as a “RO-RA-focused area,” as in the case of Structured finance, and plan to further raise RORA.

Many of the loans in urban areas are highly rated and highly interest-rate sensitive loans based on market interest rates, and we regard them as investment destinations that we can expect a certain level of profitability from. We will also strengthen initiatives to link with local regions and local companies, promoting the growth and job creation of regional industries.

Corporate (urban area) year-end balance of loans and yield on yen-denominated loans (Bank total)



Business that links large companies with local regions and local companies

Attracting companies	<ul style="list-style-type: none"> Attracting companies in cooperation with Ibaraki and Tochigi Prefectures Stationed staff at “Ibaraki Prefecture Location Promotion Headquarters, Tokyo Regional Office” and participated in “Tochigi Corporate Location Promotion Strategy Meeting” Number of support cases such as attracting companies in FY2024: 31
Transactions with local bases and employees	<ul style="list-style-type: none"> Providing seminars on workplace finance, welfare program benefits, and highly convenient loan transactions to the local bases of major urban companies Not only in deposits and settlement transactions, but also as partners in regional revitalization
Matching with local companies	<ul style="list-style-type: none"> Matching with major urban companies to expand sales channels for local companies Number of urban companies participating as buyers in the Food Business Meeting and Manufacturing Company Forum: 31, Number of business negotiations: 143 Number of other individual matching business negotiations between local and urban areas: 108
Sustainable finance	<ul style="list-style-type: none"> Contributing to the decarbonization of the businesses of major urban companies by participating in advanced ESG finance schemes, and utilizing the knowledge and know-how obtained through participation in finance for the purposes of financing local business operators and supporting their SDGs initiatives

Positioned as a “RORA-focused area” in the 4th MTGBP

Aiming to strategically contribute to creating social impacts in local communities while improving the profitability of fund management

Securities (foreign bonds)

In foreign bonds, the floating rate bond ratio (US dollar bonds) rose to the 50% level as we continued to invest mainly in floating rate bonds (CLO, CMO, ASW, etc.). It is designed to show the strength of floating rate bonds that can secure interest margins in a phase of rising interest rates, while the interest margins of fixed rate bonds can be expanded in a phase of falling policy rates. The situation abroad and the outlook for inflation are becoming increasingly uncertain, and our portfolio is well-balanced so that it can obtain certain benefits regardless of which way policy interest rate moves.

Operational status of foreign bonds (Bank total, US dollar bonds) (billion yen)

	March 31, 2023	March 31, 2024 1)		First half of FY2024 (April-September)	Second half of FY2024 (October-March)	FY2024 (cumulative) (April-March)		March 31, 2023 2)	Increase (decrease) 2) - 1)
Balance	603.9 Of which, ASW 219.8	820.9 Of which, ASW 353.1	Purchase	+Approx. 141.0 Of which, ASW 98.0	+Approx. 69.0 Of which, ASW 52.0	+Approx. 210.0 Of which, ASW 150.0	Balance	783.7 Of which, ASW 396.4	-37.2
Yield	4.68%	5.41%	Sale	-Approx. 66.0	-Approx. 47.0	-Approx. 113.0	Yield	4.79%	-0.62%pt
Funding costs	4.28%	5.03%	Redemption	-Approx. 60.0	-Approx. 47.0	-Approx. 133.0	Funding costs	4.06%	-0.97%pt
Interest margin	0.39%	0.37%	Total	+Approx. 15.0	-Approx. 51.0	-Approx. 36.0	Interest margin	0.73%	+0.35%pt
10bpv	-1.9	-2.4	Foreign exchange factor	-Approx. 48.0	+Approx. 47.0	-Approx. 1.0	10bpv	-2.0	+0.3
Duration	3.2	3.0	Gains/losses on sale	-1.1	-1.8	-3.0	Duration	2.5	-0.5

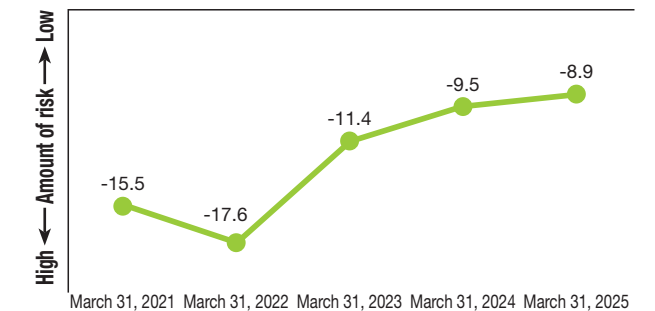
Securities (interest rate risk control)

Yen-denominated bonds*1 (Bank total)

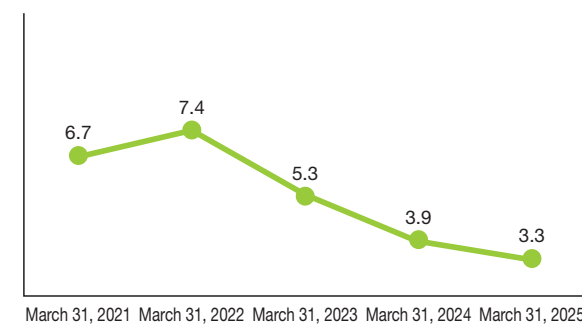
The duration decreased from 7.4 years as of March 31, 2022 to 3.3 years as of March 31, 2025. Even if interest rates rise in the future, we can reinvest the amount redeemed at a high yield, making the portfolio more likely to benefit from a rise in yield.

On the other hand, the amount of risk is restrained by shortening the duration. The holding yield on rose to 0.77% as of March 31, 2025. It is expected that the yield of the yen-denominated bond portfolio will increase in the future due to the reinvestment of the redemption amount.

Amount of risk (10bpv*2) (billion yen)



Duration*3 (years)

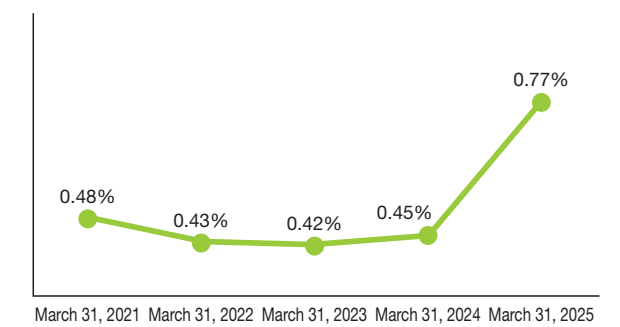


*1 After taking into account hedging using bear funds and swaps

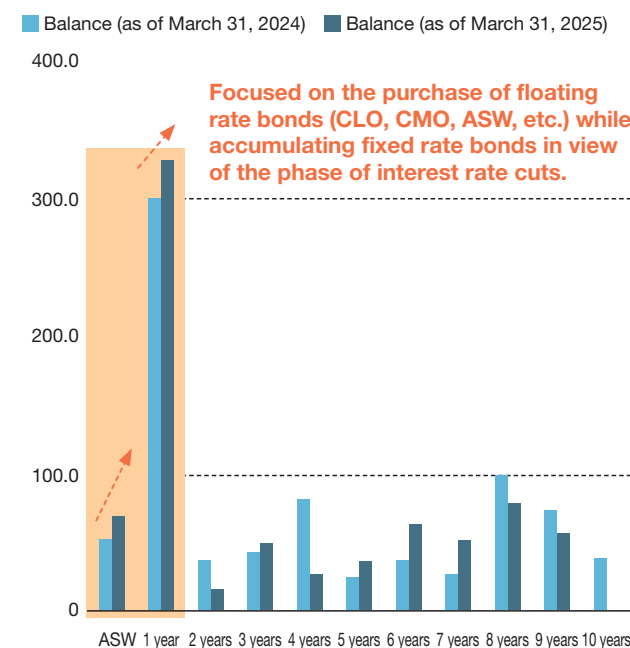
*2 Decrease in present value on the assumption that interest rates for all periods increase by +10BPV (+0.10%)

*3 Average recovery period of principal for bond investments

Holding yield (%)

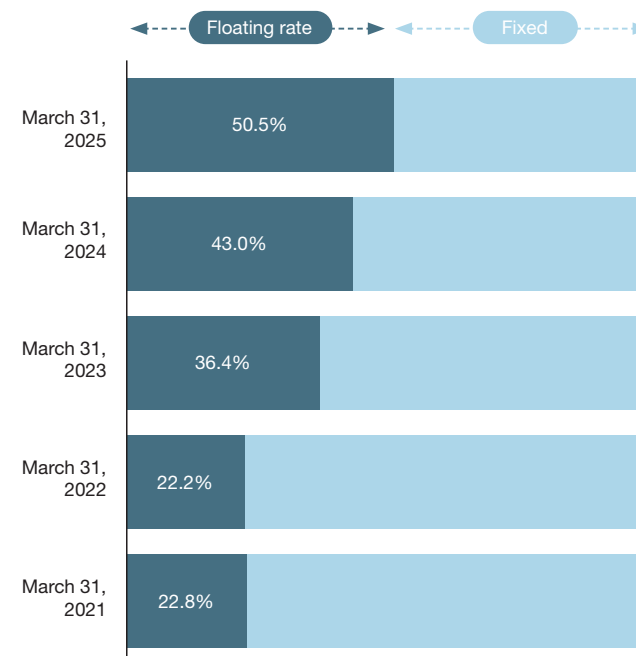


Status of ladder for foreign bonds (Bank total, US dollar bonds*1) (billion yen)



*1 All floating rate bonds are recorded in one year, and asset swaps (ASW) are recorded on a notional principal basis

Ratio of floating rate bonds to fixed assets in foreign bonds (Bank total, US dollar bonds*2)



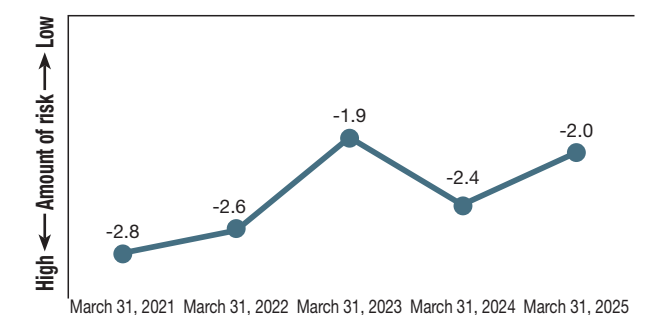
*2 Including asset swaps (ASW)

Foreign bonds*1 (Bank total, US dollar bonds)

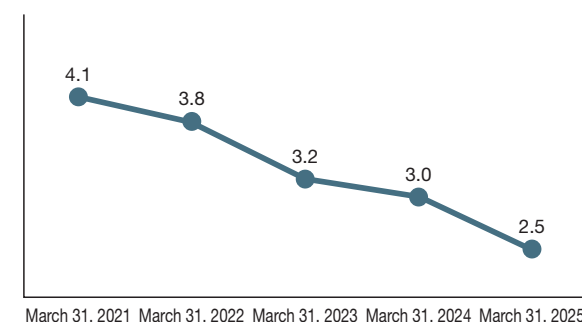
As a result of continuing investments mainly in floating rate bonds (CLO, CMO, ASW, etc.), the duration shortened from 4.1 years as of March 31, 2021 to 2.5 years as of March 31, 2025. The holding yield remained at a high level owing to a rise in the yield on floating rate bonds, making the portfolio highly resistant to rising interest rates.

In addition, we hold a certain amount of investments in fixed rate bonds and have a well-balanced portfolio in preparation for a decline in the policy interest rate.

Amount of risk (10bpv*2) in billion yen



Duration*3 (years)

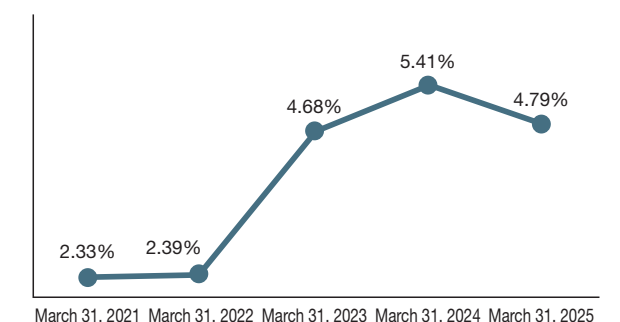


*1 After taking into account hedging using bear funds and swaps

*2 Decrease in present value on the assumption that interest rates for all periods increase by +10BPV (+0.10%)

*3 Average recovery period of principal for bond investments

Holding yield (floating rate bonds + fixed rate bonds) (%)



Management Base Resilience Strategy

Add value through DX

We will provide services that continue to be selected by customers by creating added value through the promotion of DX, starting with the strategic utilization of data and AI.

Main KPIs

*Figures in parentheses are compared to FY2024 results.

Strategic DX investment (cumulative total for three years)

14.0 billion yen (+7,000 million yen)

Number of banking app users

2.2 million people (+860,000 people)

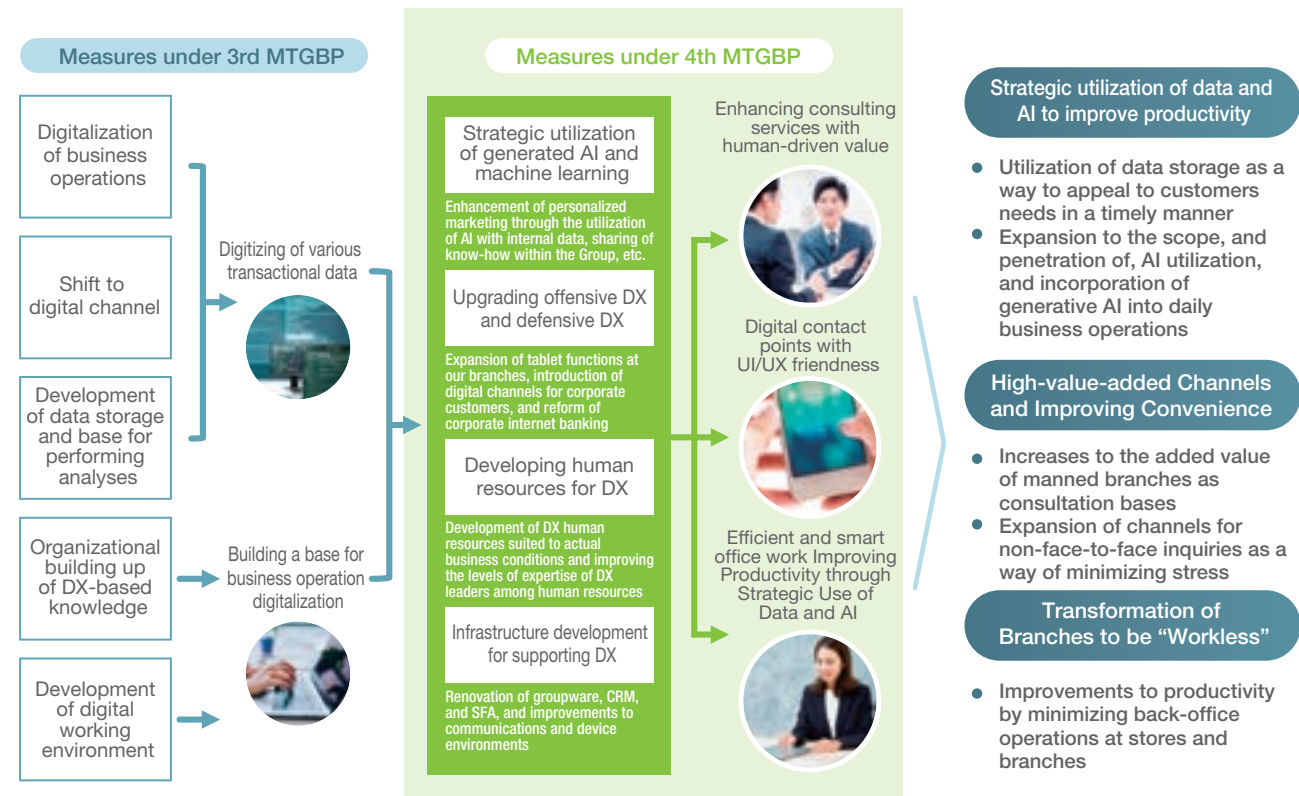
(approx. 60% of individual customers (up 20%))

Reducing clerical work at branches

-30.0% compared to the fourth quarter of FY2024

(approx. -70% compared to the fourth quarter of FY2019)

Major initiatives



DX strategy story that the Group aims to realize

To share a common definition and understanding of the term DX as the Group, we have established a DX strategy story as below and used it as a guide for our DX strategy.

- The DX will free customers, employees and staff from hassles (business innovation/digital channel) and provide easy access to information that will inspire them to take a next action (data utilization), so that people can continue to provide new value to the local communities through activities that are unique to them.
- To this end, we will work to strengthen our DX infrastructure, including developing a digitally connected environment (developing an environment for paperless, cloud, etc.) and utilizing and transforming digital skills and mindsets (management's commitment and human resources; shifting our focus on human resources from quantity to quality) and leverage various knowledge and open networks (collaborations with other companies and incorporation of technologies) accumulated in the Group to provide DX support to corporate customers and local regions.

Roadmap for DX

We have broken down the DX strategy into five areas and clearly define what we aim for and key measures for each area. With an understanding of this overall direction that the Group is heading in, we are proceeding with the roadmap, setting defined implementation timelines in the annual business plan taking into consideration each group company's status and circumstances.

We have made a review of the content of the Group's Roadmap for DX Strategy in light of the activities carried out to date and recent technological innovations, and have set the level of achievement that we are aiming to deliver by the end of FY2027. We view AI (artificial intelligence) and ML (machine learning) in particular as underlying technologies that will determine corporate competitiveness in the future, and have set the "strategic utilization of generative AI in banking services" and "expansion of data in the integrated data infrastructure and advancement of statistical AI utilization" as key success factors (KSF).

In addition, we will promote initiatives related to the development of infrastructure that supports DX, including reforms to CRM/SFA so as to improve sales activities and the development of a worker-friendly working environment through a review of groupware, etc.

Strategy Category	Vision for end of FY2027* (achievement targets)	Main initiatives
Digitalization/Innovation in Traditional Banking Business	<ul style="list-style-type: none"> Progress has been made in the strategic utilization of generative AI, and several examples of highly effective positive applications of the technology have been announced CRM/SFA has been reformed, leading to an improvement in sales activities 	<ul style="list-style-type: none"> <u>Strategic Utilization of Generative AI in Banking Services</u> Introduction of Next-Generation Branch System (improvement of accounting-use UI/UX for bank staff) Addition of Features to Self-Counter Navigation (Slip-less) and Innovation in OTC Operations Innovation in Sales Style Through Reform of CRM/SFA and Improvements in Customer Data Storage
Improvement of Digital Channels/Expansion of Contact Points with Customers	<ul style="list-style-type: none"> The UI/UX of the various digital channels has been improved and well received by customers Many payments of taxes and public fees, as well as settlements between corporations, have shifted to self-service transactions. 	<ul style="list-style-type: none"> Promotion of Widespread Use and Increasing of Added Value Through Improvements to Digital Channel UI/UX Shift to Non-Face-to-Face Transactions for Tax and Public Fee Payment and Settlement Between Corporations Responding to Changes in the User Authentication Environment (JPKI, DID/VC, etc.) Research and Practical Application of Remote Sales and Business Use of Virtual Spaces
Strengthening Data Utilization	<ul style="list-style-type: none"> The frequency and scope of use of statistical AI tools have increased, and become widespread throughout the organization The MA marketing scenario has expanded, and the proportion of web advertising produced in-house has increased (improving cost effectiveness) 	<ul style="list-style-type: none"> <u>Expansion of Data in the Integrated Data Infrastructure and Advancement of Statistical AI Utilization</u> Bolstering of Scenarios for Personalized Marketing using MA and CDP Strengthening of Data Governance Through BI and Data Catalogs Improved Return on Advertising Investments Through More Sophisticated Web Marketing
Enhanced DX Infrastructure	<ul style="list-style-type: none"> The digital working environment provides employees with high levels of satisfaction We have secured the number of DX personnel necessary for the rolling out of DX 	<ul style="list-style-type: none"> Responding to Renewal of the Next Core System and Transition from Existing System Centers Development of DX Personnel and Portfolio Management In Line with Actual Business Conditions Development of a Pleasant Working Environment Through Reviews of Groupware, etc. Enhancement of Security Measures and Capabilities to Help Protect Against Increasingly Complex Cybercrime
DX Support/Collaboration with Customers and Local Regions	<ul style="list-style-type: none"> DX support sales lead to business support that goes beyond one off BM measures Collaboration with external parties has continued, and DX support for our customers, including in terms of implementation and establishment, is being put in place and enacted successfully 	<ul style="list-style-type: none"> Evolution into DX Consulting As a Deeper Part of Business Support Expansion of Customer Support System Through Cooperation with External Parties Roll Out of Escorted Support and DX Support Business that Contribute to Regional Revitalization and Local Government DX Development of Human Resources to Improve the Level of Sales and Consulting in DX Support

*These initiatives are managed on the basis that they will be achieved in three years. However, in the event of significant technological innovations or changes in the environment, revisions may be made in the short term.

Digitalization/Innovation in Traditional Banking Business

To streamline complicated operations attributable to using paper forms or affixing seals, we are taking various measures such as paperless, seal-less, and fax-less measures. Specifically, we first implemented the visualization of operations so that their status can be monitored as data. Then we have been promoting various improvement measures, including implementing digital completion processing, automating operations using RPA, AI-OCR, etc., and driving digital workplace reforms to facilitate the completion of operations without printing out paper copies, beginning with areas that have room for improvement.

At both Joyo Bank and Ashikaga Bank, the utilization of RPA has delivered operational efficiencies through the automation of simple manual tasks, such as device registration, preparation of forms, transcription, validation, and data creation. In order to expand the scope of RPA, the banks are proceeding with the renewal of the RPA system which will help realize a further reduction in working hours in future. With regard to AI-OCR, they are working to expand the number of machine-readable forms, and are further increasing the efficiency of simple data entry work at concentrated back-office departments and some branch offices.

Furthermore, in an effort to innovate sales styles and accumulate customer data to support sales activities, we will overhaul our CRM/SFA infrastructure. In addition, we will also promote the expansion of case studies regarding the utilization of generative AI with a view to achieving further operational efficiency.

Development and utilization of apps for business smartphone

Joyo Bank and Ashikaga Bank have distributed smartphones for business use to bank staff, including part-timers. With the goal of increasing the efficiency of internal operations, the banks are pushing forward with the utilization of their proprietary business apps for operations including over-the-counter operations and sales support.

Currently, Joyo Bank has already developed ten types of business apps. Among these, the Receipt App used in the receipt of items from customers has been particularly well received. The app has been patented as a business model in recognition of its advantages in its UI/UX design, its groundbreaking approach of using a single photo of the received multiple items as evidence, and a function capable of managing information of “when, from whom, to whom, and where the item was received” as digital data using GPS.

Business apps for smartphones

Receipt App

- Thoroughly simplified functions
- Using a photo and an electronic signature of the customer as the minimum necessary evidence for the receipt of items
 - Using an NFC chip for the transfer of received items between bank staff
 - Uniformly managing the return of received items using a PC within the bank

Patented 2020
Obtained a business model patent
(JP Patent No. 2019-094482)



Strategic Utilization of Generative AI in Banking Services

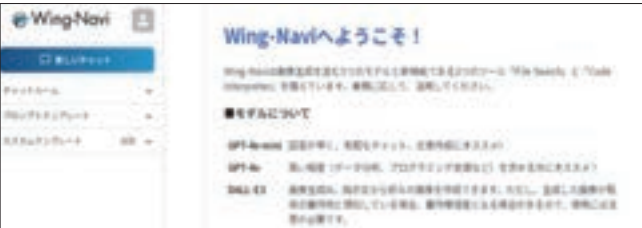
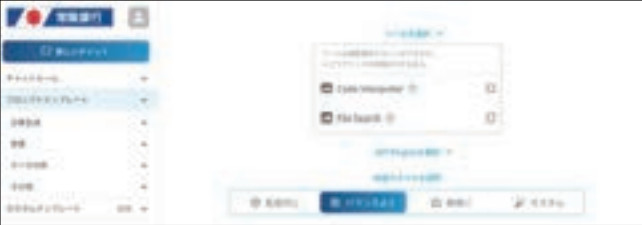
As part of initiatives related to improving the working efficiency of their employees, Joyo Bank and Ashikaga Bank have built an environment where all employees are able to use ChatGPT (Azure OpenAI). By building a closed network, the banks are able to prevent the input data from being used for retraining by OpenAI.

Also, when introducing ChatGPT, all bank staff underwent mandatory e-learning on how to use ChatGPT with a completion test, as part of our efforts to raise employees' skill level.

Furthermore, in order to expand the use cases for ChatGPT, the banks updated to version GPT-4o in fiscal 2024. In addition, we are steadily increasing the range of functions available, including the making of improvements to prompt templates and adding file upload and RAG*1 functionality.

*1 RAG (Retrieval-Augmented Generation)
Technology in which generative AI searches for relevant information on a database and provides responses based on user prompts for information

Screen UI of the generative AI used by Joyo Bank and Ashikaga Bank



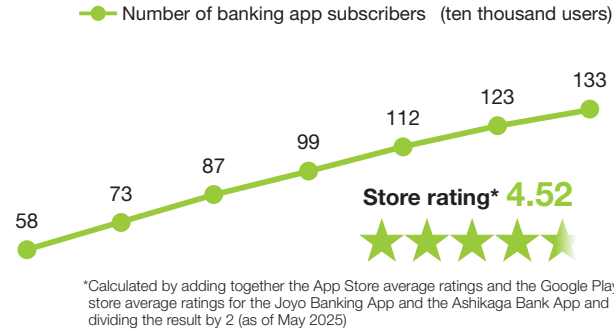
Improvement of Digital Channels/Expansion of Contact Points with Customers

With our banking apps (Joyo Banking App and Ashikaga Bank App) for individual customers, positioned as a core channel, we provide an environment where they can access our banking services conveniently anytime, anywhere.

In fiscal 2024, we added new functionality, including for disseminating advice to customers, notifying of scheduled withdrawals, and cancelling scheduled transfers. We also made improvements to the UI for when viewing transaction history. The number of users of the apps now exceeds 1.3 million.

We promote the adoption of corporate Internet banking and provide corporate portal services (Joyo Bank's Mikatano series and Ashigin BizLink) to assist corporate customers in their cash management and to support their efforts to improve the efficiency of their internal operations.

Number of banking app users



Banking App that requires no application or manuals

On the basis of a business alliance with Resona Holdings, Inc. in the digital field, we partially customized the Resona Group's app to develop our banking apps, which we then began offering in March 2021. We co-operate with Resona Holdings using agile development methods to develop new functionalities for the apps, releasing new features and UI updates approximately every three months. The app's development included a collaboration with the app design company, teamLab, Inc. The app boasts a speed and level of design not possible for most regional banks to achieve on their own, and provides a level of convenience for customers that negates the need for instruction manuals.

Joyo Banking App

- Simple Procedures**
 - ✓ Not requiring contract like internet banking
 - ✓ Simplified setup procedures
- Ensuring security**
 - ✓ Terminal and biometrics authentication
 - ✓ Featuring other various security mechanisms
- Easy screen operations**
 - ✓ API connection between app and bank's accounting-related systems
 - ✓ System not depending on conventional internet banking
- Continuous improvement**
 - ✓ Agile development system with Resona HD
 - ✓ Responsive to the external environment and customer feedback



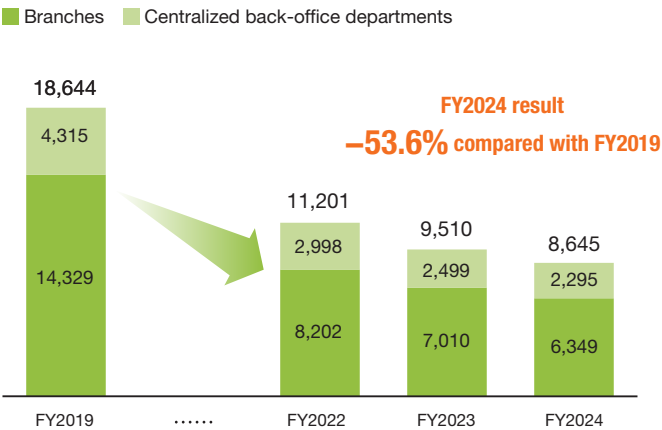
Digitalization of over-the-counter operations

In order to digitalize over-the-counter operations, we have introduced the Self-counter Navigation tablets at all our branches and achieved a significant reduction in operational processes by adopting Straight-Through Processing (STP: front-end administrative processing that does not require subsequent processing). In addition, we are working on expanding functionality to make simple transactions such as deposits and withdrawals, bank transfers, and currency exchanges semi-self-service.

We are also promoting cashless payment of various taxes. In June 2024, Joyo Bank received an appreciation award from the Kantoshinetsu Regional Taxation Bureau for our contribution to the promotion of cashless tax payments.

In addition, Joyo Bank and Ashikaga Bank have added a function to 504 of their ATMs (across 154 locations) for reading Local Tax Unified QR Codes, and are working to improve the efficiency of over-the-counter administrative work by allowing tax payments to be made using ATMs.

Daily volume of operational processes (FY average): Hours



Strengthening Data Utilization

The Group actively utilizes the data accumulated from the digitalization of internal operations, the apps made available to customers, and their use of our web-based services and other sources. These data are utilized as marketing data to understand each customer more deeply and offer optimized solutions. In addition, we have begun to incorporate these data into our management dashboard to facilitate swift and appropriate decision-making by the Group's management.

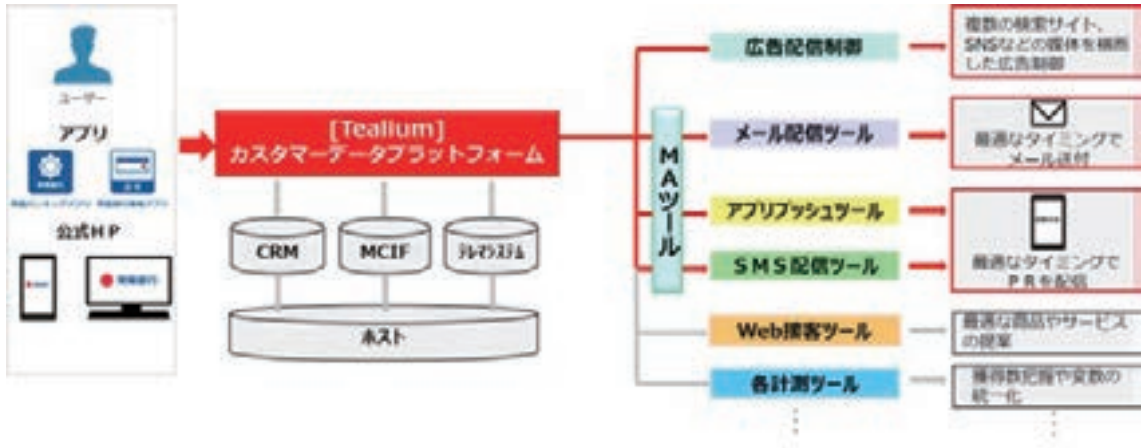
Expansion of data utilization infrastructure

As part of our data utilization infrastructure, we have built an integrated cloud-based data warehouse (DWH)*¹ for aggregating internal bank data. In order to utilize the DWH, we have introduced Tableau as a BI tool*² and Salesforce Marketing Cloud as an MA tool*³. These tools are seamlessly interconnected and together create a unified data infrastructure. In addition, we are expanding the utilization of the Tealium CDP*⁴, which collects data relating to customers' internet activities and manages the permissions for such.

The banking app includes a function for disseminating advice to customers. This function allows the banking app to be paired with MA tools, etc., which, in turn, allows for the app to be personalized according to the customer's attributes and behavior history, helping us to optimize the provision of information and services.

- *¹ **DWH (data warehouse)**
A specialized database for storing large amounts of data and efficiently aggregating and analyzing the data
- *² **BI tool (business intelligence tool)**
Software for collecting, analyzing, and visualizing various data from within and outside the company
- *³ **MA tool (marketing automation tool)**
Software for automating and optimizing marketing activities (using emails, push notifications, etc.)
- *⁴ **CDP (customer data platform)**
A software platform for collecting and integrating customer data for unified management

Overview of linking of tools for data utilization



Utilization of statistical AI and machine learning

In the sales division for individual customers, we are working on automating the screening process and optimizing the identification of sales promotion priorities (increasing sales efficiency). Concerning AI adoption in the screening process, AI was introduced in the loan screening process for individual customers (housing and unsecured loans) in December 2023. Previously, screening was an entirely manual process; now, with AI, in approximately 60-70% of all cases, screening results are automatically provided to customers. The ability to respond to screening requests within the same day contributes to the increased attractiveness of our loan products. In addition, we will introduce an AI scoring function in the future so as further improve the judgement accuracy of the AI.

In the sales division for corporate customers, AI-generated lists that predict corporate funding needs are distributed to our branches. This system is operated as Funding Needs AI. This AI uses data on deposits and withdrawals or corporate customers as the main explanatory variables for AI modeling, and by entering the latest data, it will predict their funding needs. At branches, the AI score, the main factors contributing to the score, and examples of action plans created based on the degree to which these factors influence the score are presented. This AI model is utilized primarily among junior staff with less experience.

Also, we have begun using AI-driven statistical processing tools in order to further enhance data analysis operations.

Enhanced DX Infrastructure

In order to promote DX systematically, it is necessary to renovate system infrastructure and develop human resources. From a medium-term perspective, we are proceeding with the renewal of our core systems and branch systems and shifting on-premises servers to the cloud on a group-wide basis. Further, from a short-term perspective, we are steadily updating each of our individual systems, along with our digital work environment and the devices that we use.

Development of DX human resources suited to actual business conditions and improving the levels of expertise of DX leaders among human resources

We have updated our policy on the development of DX human resources in light of the results of our DX human resources development initiatives set out under the Third Medium-Term Group Business Plan.

We have clarified the objectives we have for the development of our DX leaders by subdividing the objectives into individual "skill categories." These are then used to set training themes and as a base-line for when designating which employees should be chosen to take part.

Specifically, we reviewed the five digital skill standards* in light of the actual conditions of the Group, and modified them to four standard skills: DX/BPR planning, data science, DX infrastructure development, and DX support (DX for customers), which is a requisite skill for a regional financial institution.

*Guidelines established by the Ministry of Economy, Trade and Industry and IPA to facilitate the acquisition of the basic knowledge, skills, and mindset related to DX by all business persons

Training for DX personnel development

Both Joyo Bank and Ashikaga Bank have continued to run the DX Personnel Development Workshop to facilitate the acquisition of the skills required for DX promotion among staff, including design thinking, data analysis, idea creation, and project management.

From 2025, several new training programs will be added, including one on generative AI training, as part of efforts to encourage the skilling up of DX personnel.

Furthermore, by increasing the number of training sessions jointly held by Joyo Bank and Ashikaga Bank, the banks are actively promoting personnel exchanges within the Group.

DX Support/Collaboration with Customers and Local Regions

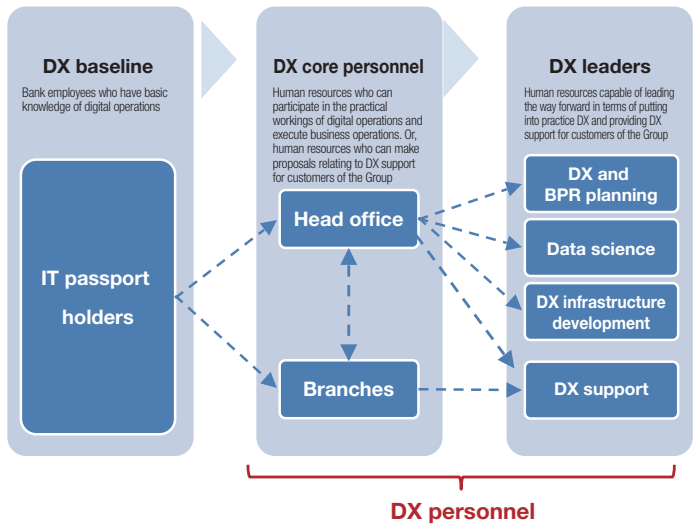
We offer various seminars to provide various information and introduce our solutions to corporate customers and municipal governments.

Joyo Bank periodically holds online briefing sessions to introduce best DX practices. As of March 2025, a total of 62 sessions have been held, attracting more than 14,000 attendees.

Ashikaga Bank organizes industry-based seminars on themes that match the time as well.

Both Joyo Bank and Ashikaga Bank also provide DX consulting services and escorted support closely following management challenges that individual corporate customers are facing, both of which have been positively received.

Overview of the human resources development system



DX Personnel Development Workshop



Online briefing session introducing best DX practices



Management Base Resilience Strategy

Promote alliances

Through alliances and collaborations with external business operators, we will look to further strengthen initiatives aimed at helping us expand into new areas of business and improve productivity. In so doing, we hope to remain one of the main service providers that customers look to when choosing a bank.

Cross-regional cooperation

Cooperation with participating regional banks in Chance

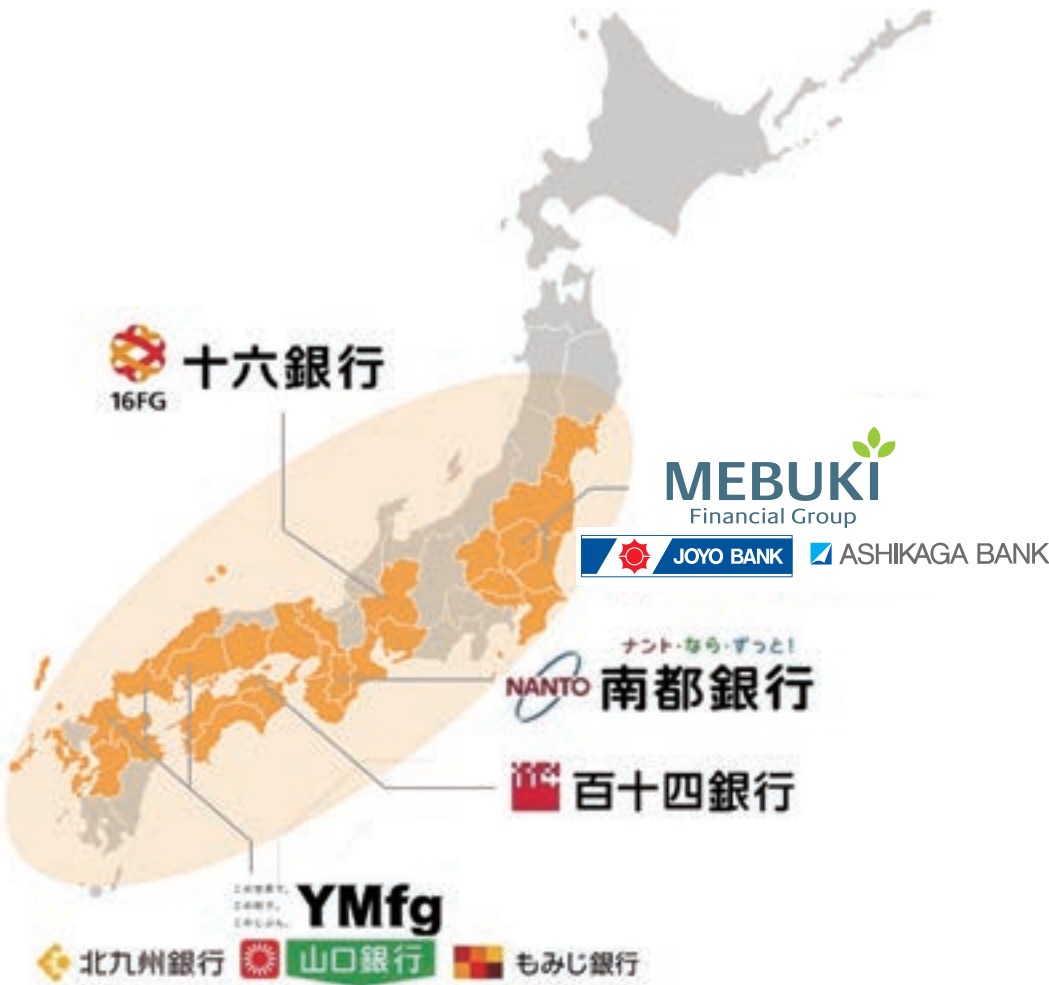
We are expanding the scope of our cooperative activities to not only include accounting-related systems such as those for deposits, loans, and foreign exchange, but also information systems and other areas across a broader range of fields.

[Main activities]

- Promotion of structured finance towards the realization of sustainable communities
- Support for business succession and M&A driven by a cross-regional M&A business platform
- Mutual aid in the cyber security management sector
- Further exploration of sectors where synergies can be generated

Participating regional banks in Chance

Cross-regional cooperation with regional banks through joint use of the Regional Banks' Partnership System "Chance," a system which was constructed based on MUFG's core systems (accounting, information, etc.). Current participants in Chance: Mebuki Financial Group, The Hyakujushi Bank, Ltd., The Juroku Bank, Ltd., The Nanto Bank, Ltd., and Yamaguchi Financial Group, Inc.



Regional cooperation

Ryomo Area Revitalization Partnership

<Ovaerview of the Partnership Agreement>

Ryomo Area Revitalization partnership

8

RECENT AREA AND ECONOMIC GROWTH

9

INDUSTRIAL REVITALIZATION AND INFRASTRUCTURE

17

PARTNERSHIPS FOR THE FUTURE

This is a framework for the purpose of industrial revitalization, problem solution, and improvement of customer services in the overlapping service areas of Ashikaga Bank and Gunma Bank, mainly in Ryomo area (south-west Tochigi and southeast Gunma).

Name	Ryomo Area Revitalization Partnership Official name: Partnership Agreement on Regional Industrial Revitalization, Solutions, and Improvement of Customer Services
Partnering financial institutions	Ashikaga Bank and Gunma Bank
Partnering region	The business areas of the banks that overlap primarily in the Ryomo area
Details of partnership	(1) Initiatives aimed at regional industrial revitalization and solutions (2) Initiatives aimed at improving customer service (3) Other matters agreed upon by the banks
Date signed	January 2022

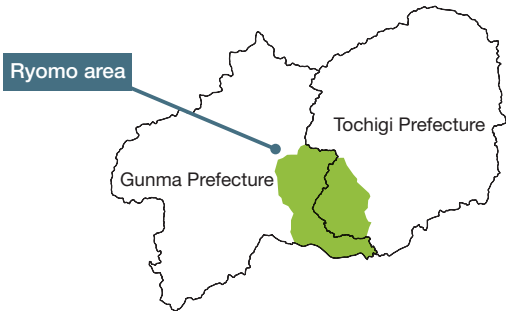
<Reason for the Partnership Agreement>

An abundant economic zone where the automotive industry has clustered has formed in this area, making it a major and vital business area for Ashikaga Bank and Gunma Bank. The need for the automotive industry to switch to electricity to achieve carbon neutrality is urgent, creating drastic environmental changes unprecedented for local customers.

The banks in this partnership will share their knowledge and work together to make a significant contribution to regional industrial revitalization and solutions, while maintaining an appropriately competitive relationship. This partnership agreement was signed because it was deemed to contribute to the improvement of corporate value and sustainable growth for both banks.

[Main initiatives]

- Collaborative financing by both banks
- Joint investments through the specialized investment subsidiaries of both banks
- Joint training for junior bank employees
- Regular alignment meetings between branches
- Hosting of [ASEAN Automotive Seminar], [Northern Kanto Seminar on PPP/PFI], and [PFI Facility Tour]



Collaborating with local financial institutions

<Cashless Tax Payment Initiatives>

The majority of payments of national and local taxes are made directly at designated counters at financial institutions, tax offices, and municipalities. The challenge is finding a way to make this more convenient for taxpayers and to reduce social costs associated with the accompanying administrative work. Joyo Bank and Ashikaga Bank are working to spread and promote the use of a greater variety of cashless payment options.

[Awareness raising activities by six financial institutions within Ibaraki Prefecture]

Joyo Bank, together with Tsukuba Bank, Mito Shinkin Bank, The Yuki Shinkin Bank, The Ibaraki-ken Credit Cooperative, and IBARAKI SHINREN, distributed informational fliers advertising cashless tax payments at the six financial institutions to publicize various cashless payment options to taxpayers, including payment by account transfer or smartphone payment.

This is not limited to just financial institutions; Ibaraki Prefectural Tax Offices, Ibaraki Prefecture, the 44 municipalities within the prefecture, and organizations affiliated with the Ibaraki Prefectural Tax Liaison Council are also working together on an organizational level to promote the use of cashless payments.

[Implementation of the "Tochigi Prefecture Joint Promotion Declaration for Cashless Payment of National and Local Taxes"]

Ashikaga Bank, together with 32 organizations within Tochigi Prefecture, including local government, financial institutions, and non-government organizations, implemented the "Tochigi Prefecture Joint Promotion Declaration for Cashless Payment of National and Local Taxes."

In cooperation with 10 financial institutions within Tochigi Prefecture, as well as with Tochigi Prefecture itself and the tax offices of Tochigi Prefecture, Ashikaga Bank is working to further promote the use of cashless options for the payment of taxes and public fees under "All Tochigi."

Conclusion of “Tochimaru Cooperation Agreement”

Ashikaga Bank has concluded partnership agreements to help find solutions to customer issues (nicknamed the “Tochimaru Cooperation Agreement”) with six shinkin banks and two credit cooperatives (unions) in Tochigi Prefecture.

Through the promotion of mutually complementary relationships between these various regional organizations and the establishment of a framework for cooperation and collaboration, the Group is aiming to achieve more sophisticated effective solutions to the increasingly diverse issues faced by its customers.

In addition, Ashikaga Bank, together with the shinkin banks and credit cooperatives within Tochigi prefecture, have established collaborative relationships across various sectors to engage in a range of initiatives, including the co-hosting of exhibitions and business conferences for manufacturing companies, the joint establishment of funds, and reduced ATM usage fees.



Industry-Academia-Government

Development of next-generation financial solutions and actually incorporating AI into business operations through collaboration with local universities

Industry-academia-government collaboration in local areas has wide-ranging significance, including in the revitalization of regional economies, the resolution of local issues, and the promotion of innovation. By strengthening these cooperative efforts, we look to implement ever more effective measures and projects tailored toward the respective characteristics and needs of the different regions.

[Introduction of business support system researched in conjunction with Ibaraki University]

Joyo Bank has been working together with Ibaraki University on research into the use of AI and machine learning in securities management operations. In October 2024, the bank introduced a new business support system developed based on this research. In addition, the bank is engaged in joint research with the University of Tsukuba into using AI to detect abnormalities and outliers in financial analysis with the aim of enhancing the analysis of financial information during the loan screening process.

[Collaborating with Tohoku University to develop DX personnel]

As for Ashikaga Bank, employees from the Head Office have been presenting their analysis and research findings based on bank data at Tohoku University Data Science College as part of efforts to learn practical data science skills.

Collaborative efforts to provide local residents with education on financial matters, and to provide support for the elderly, etc.

<Strengthening of System to Improve Financial Literacy in the Community>

[Financial education for the next generation]

Joyo Bank and Ashikaga Bank are committed to financial education for all age groups, from elementary school, middle school, and high school to university students, working adults, and retirees.

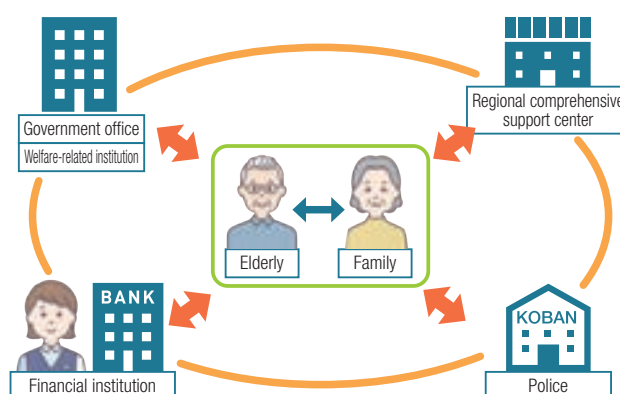
In cooperation with the Association for the Promotion of Financial Literacy non-profit organization, Ashikaga Bank hosts the “Economics Koshien Tochigi Tournament” as part of efforts to provide opportunities to high school students to study financial economics.

<Strengthen Cooperative Efforts Toward Ensuring Safe and Secure Living for the Elderly, etc.>

We have strengthened our collaboration with relevant institutions and watched over those who are in need of support so that the elderly can live in their communities in comfort.

- Provision of a watching service for the elderly in collaboration with a security company
- Working with the police to strengthen measures against financial crime
- Placement of care-fitters at branches
- Acquisition of qualifications as dementia supporter by executives and employees, etc.
- Collaboration with each municipality and regional comprehensive support center
- Watching over the elderly and other customers

Watching over network in collaboration with relevant institutions (conceptual illustration)



■ Collaboration with external business operators and utilization of capital

Collaboration with Resona Holdings, Inc.

The Company and Resona Holdings have concluded a strategic business alliance pertaining to the general digital sector based upon which they have agreed on efforts aimed at realizing a new customer experience that integrates both online and in-store banking through consistent, high-quality services across all channels. These efforts demonstrate the Bank's commitment to sustainable collaboration.

Joyo Bank and Ashikaga Bank have introduced the Resona Group's banking app platform as a common app platform for use by both banks. During the development of the app, the banks established an agile development structure with Resona Holdings, and have been gradually adding new functions so that they will be able to respond flexibly to changes in situation, such as changes in the external environment, customer feedback, etc.

Business matching and other cross-industry collaborations, and utilization of external capital

<Initiatives for Collaborating with Investees>

Joyo Bank is collaborating with Digital Securities Co., Ltd., one of its fund investees, to advance into the field of STO (Security Token Offering) which is a type of fund-raising method using block-chain technology. To date, the bank has provided non-recourse loans to STO funds. Going forward, the bank will continue to offer more STO-related services to meet the diverse fund-raising and asset management needs of our customer companies.

Ashikaga Bank is cooperating with Caters Inc. (in which the bank's wholly-owned subsidiary, Wing Capital Partners, Ltd., is an investor) and has together established a DX Promotion Project Team to promote DX to customers, drawing on the synergy between the bank's customer base and Caters' system development capability. In addition, by leveraging Cater's expertise, a training program was provided to bank staff to raise their DX customer support abilities.

<Working with Customer Companies to Develop Business Apps>

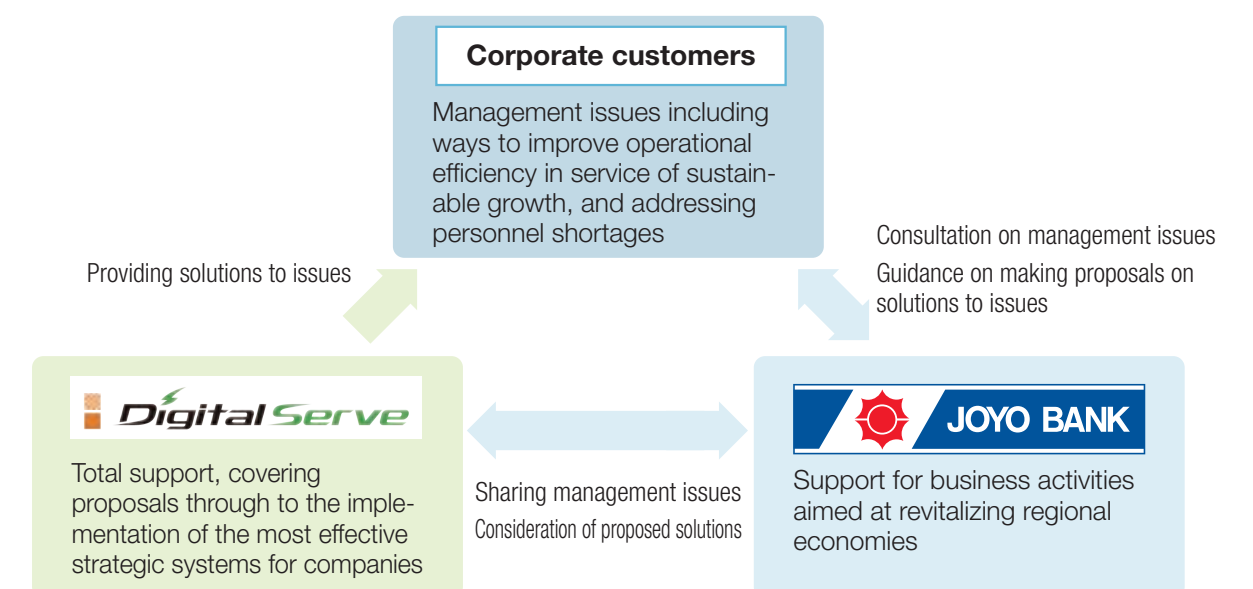
In April 2021, Joyo Bank entered into a business alliance in the IT and digital sector with Digital Serve Co., Ltd., an IT company based in Mito City. Through this alliance, the two companies are working on the joint development of business-use smartphone apps and on providing support for customer companies and local communities on the DX transition. They have already developed ten types of business app, including the Receipt App, which are in daily use in banking operations.

In addition, Joyo Bank leverages the technical capabilities and abundant experience of Digital Serve to help find DX-driven solutions to the various issues faced by the customer companies of Joyo Bank.

Ashikaga Bank has also introduced a company-vehicle app*1 and a sales support app*2, and is working to streamline operations.

*1 Company-vehicle app
Used to manage mileage, fuel levels, inspection status, and alcohol checks on vehicles.
*2 Sales support app
Captures images shot with business-use smartphones directly at the bank without saving them to the smartphone

Business alliance scheme of “Promoting and Supporting the Implementation of DX for Customers and Local Regions”



Management Base Resilience Strategy

Strengthen human capital and promote DE&I

By embodying the Group Philosophy “Together with local communities, we will continue to build a more prosperous future by providing high-quality, comprehensive financial services,” we have been working to develop human resources and an internal environment based on the concept of regarding human resources as the most important management resource to improve our corporate value.

By developing an environment in which talent responsible for value creation can demonstrate their individuality and strengths under the Fourth Medium-Term Group Business Plan, we will build a human resources portfolio aimed at improving the corporate value of the Group.

Major initiatives

Developing and securing human resources for value creation

- Enhancement of support measures for self-motivated career building and development of specialist human resources
- Implementation of human resources management through the visualization of skills based on analyses of employee data
- Secure human resources through recruitment of mid-career hires, referral hiring, and the establishment and utilization of alumni networks
- Utilization of people, internally and externally, working as a “side-job”

Promoting DE&I

- Strengthen development initiatives for the promotion of women to senior positions
- Expanding working opportunities for senior employees
- Enhancement of reskilling support menu

Initiatives for human capital management

We will enhance our human capital to realize one of the goals set out in the Group's Long-Term Vision 2030 of “A Value Creation Group Working Together with Local Communities” by developing and enhancing human resources with the requisite skills and by creating an internal environment where diverse human resources can work actively while fully demonstrating their abilities.

[Human Resources Development Policy]

To improve problem-solving skills among employees to live up to the expectations and trust of customers, we will work to secure and develop human resources capable of creating new value by developing human resources with specialized skills and meeting the diversified needs of customers.

We will also enhance human resources capable of continuing to adapt to changes in the business environment in the future by enhancing opportunities for reskilling.

[Internal Environment Development Policy]

We will develop our internal environment based on the following policies so that each individual human resource with diverse knowledge and skills can fully demonstrate their abilities.

■ Organizational culture to encourage autonomous growth

To promote autonomous growth and a motivation to take on challenges among employees, we will cultivate an organizational culture where employees have a sense that their performance and contributions are properly valued and can feel their own growth and where employees continue to create new value by autonomously carving out their careers. Furthermore, we will create an environment where motivated and skilled employees can work actively and shine in a higher field.

■ Diversity, Equity & inclusion (DE&I)

In order to remain a corporate group where each individual employee can work actively and grow sustainably, we will form a diverse and self-reliant group to strengthen our organizational power by leveraging diverse views and experience of individual employees irrespective of their age, gender, and other properties.

In order that diverse human resources can work actively in the long term in the Group, we will work to develop a pleasant working environment and develop related systems, while taking into account changes in lifestyles and attitude toward work.

■ Health Management

We recognize that it is essential that employees are healthy both physically and mentally in order to contribute to the development of local communities and regional economy. Based on this recognition, we provide support for employees to maintain and improve their health so that every employee can work energetically in good health and thus can fully demonstrate their abilities.

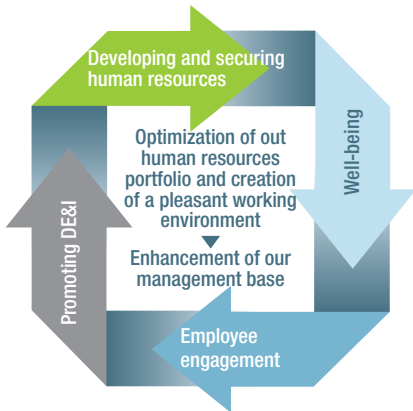
Main KPIs

Human capital investment (cumulative total of 3 years)
¥3 billion (+¥500 million)

*Figures in parentheses indicate the cumulative ratios for the fiscal years 2022 to 2024

Ratio of female employees in manager positions or higher
27.0% as of March 31, 2028 (+4.1%pt)

*Figures in parentheses are compared to FY2024 results.



Creating a workplace environment where well-being*1 can be truly felt

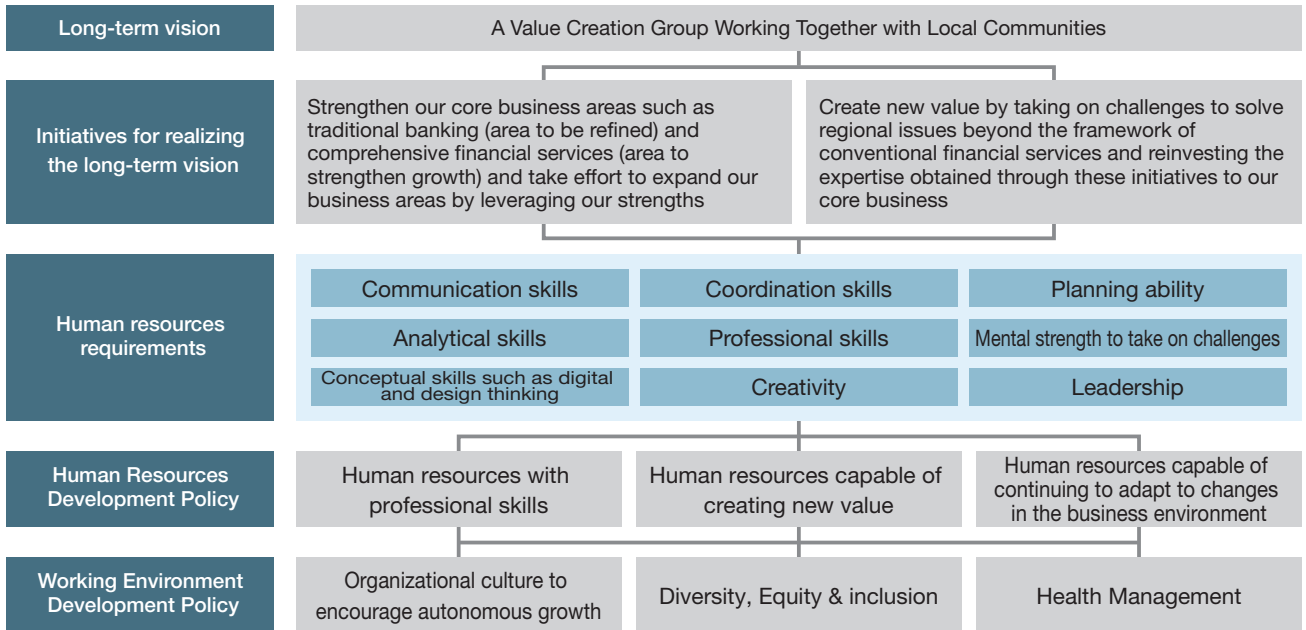
- Expansion of work-life balance systems
- Enhancement of awareness raising activities and training for promoting the use of childcare leave by men
- Strengthening of initiatives for health management
- Strengthening of initiatives for improving financial wellness

*1 That the person is in good physical and mental condition.

Increasing employee engagement

- Revitalization of self-motivation type activities for helping find solutions to workplace issues
- Enhancement of dialogue between management and employees
- Reforming of department and store management into a more self-managed mode

(Long-term vision and Human capital)



Developing and securing human resources for value creation

(1) Human resources development

The Group regards the development and securing of consulting personnel capable of taking actions to identify and solve challenges faced by local communities and customers from multiple angles as an initiative that we should focus on for the time being.

We have set forth targets for developing DX personnel and DX basis personnel in the Third Medium-Term Group Business Plan and worked to achieve the targets from the perspective of urgently developing and securing personnel who will adapt to the recent advancement of

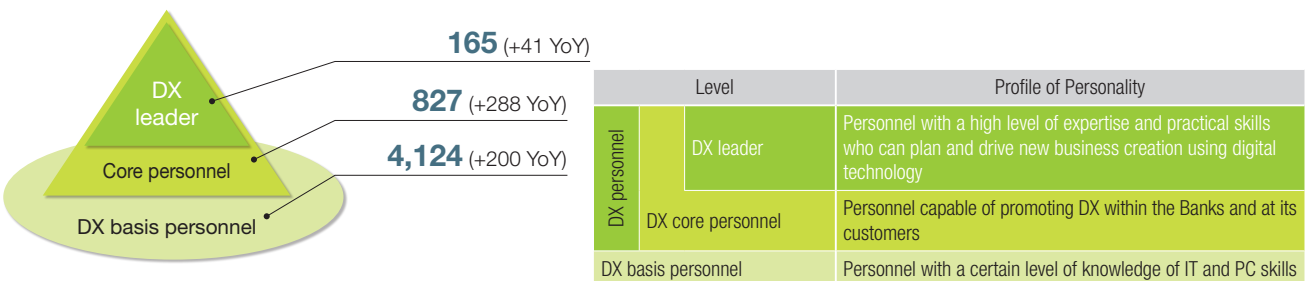
DX and digitalization and act as the basis for reforming the Group's business model and providing support for customers with their DX and digitalization.

As a result of our efforts to encourage and train employees to acquire IT Passport with the target of achieving 3,000 DX basis personnel by the end of March 2024, we have already achieved the target of 3,000 acquirers more than one year ahead of schedule at the end of December 2022. As of the end of March 2025, the number has reached 4,124.

Targets: Results of developing DX personnel and DX basis personnel

Target	Target date of achievement	March 31, 2023		March 31, 2024		March 31, 2025		Progress rate
		Number of people	Ratio to total employees	Number of people	Ratio to total employees	Number of people	Ratio to total employees	
DX personnel		551	9.9%	663	12.1%	992	18.2%	248.0%
o/w Joyo Bank	400 people March 31, 2025	253	8.2%	307	10.2%	361	12.0%	—
o/w Ashikaga Bank		298	11.9%	356	14.5%	631	25.8%	—
DX basis personnel (IT passport acquirers)		3,538	63.3%	3,924	71.7%	4,124	75.6%	137.5%
o/w Joyo Bank	3,000 people March 31, 2024	1,911	61.9%	2,092	69.2%	2,193	72.9%	—
o/w Ashikaga Bank		1,627	65.2%	1,832	74.7%	1,931	78.9%	—

DX personnel provide: head office staff certified as personnel who plan and drive new business creation and business innovation using digital technology, and personnel who can DX support to customers under requirements set by each subsidiary bank



As the scope of consulting services is broad, non DX-related indicators could be an option. However, we have set the numbers of advanced qualification holders (total number of 1st grade Certified Skilled Workers of Financial Planning (1st grade FP), Small and Medium Enterprise Management Consultants (SME Management Consultants), and Securities Analysts) and 2nd grade

Certified Skilled Workers of Financial Planning (2nd grade FP) as indicators as the Group's core business is finance. In addition, we are working on the development and securing of specialized human resources by encouraging employees to acquire qualifications specific to their areas of expertise.

Indicators: Actual numbers of advanced qualification holders and 2nd grade FP

Indicator	March 31, 2023		March 31, 2024		March 31, 2025	
	Number of people	Ratio to total employees	Number of people	Ratio to total employees	Number of people	Ratio to total employees
Number of advanced qualification holders	476	8.5%	490	9.0%	492	9.0%
o/w Joyo Bank	263	8.5%	274	9.1%	273	9.1%
o/w Ashikaga Bank	213	8.5%	216	8.8%	219	9.0%
Number of 2nd grade FP	3,638	65.1%	3,756	68.6%	3,770	69.1%
o/w Joyo Bank	2,185	70.6%	2,226	73.6%	2,234	74.3%
o/w Ashikaga Bank	1,453	58.2%	1,530	62.4%	1,536	62.8%

Number of advanced qualification holders: total number of 1st grade FP, SME Management Consultants, and Securities Analysts

The Group believes that self-motivated efforts made by individual employees to improve their skills and build their careers will lead to individual and organizational growth as well as organizational revitalization and building of a strong organization and therefore enable us to realize our management strategies.

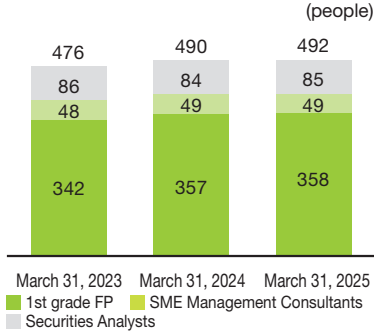
It is essential for the Group to provide continuous support for employees to acquire specialized skills and draw on their expertise in a variety of contexts and from various angles. We have therefore been working to achieve the “Number of trainees dispatched to inside and outside the Group,” set out as one of the targets in our Third Medium-Term Group Business Plan, which will allow the trainees to have an opportunity to grow by volunteering to absorb knowledge from inside and outside the Group. A total of 221 persons were newly dispatched within and

outside the Group during the three years from fiscal 2022 to fiscal 2024. Since their dispatch, they have been making full use of the specialized skills that they acquired.

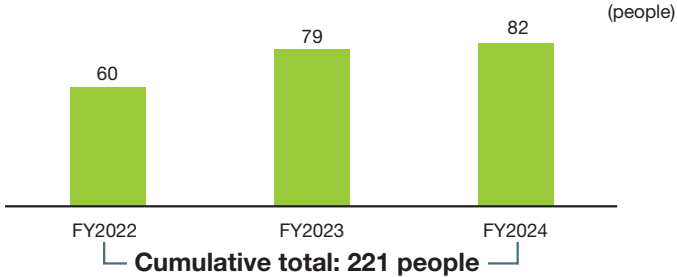
As part of efforts to support self-motivated career building among employees, the Group has been increasing the number of trainees dispatched by way of open recruitment and the number of persons assigned under the post challenge program, with the numbers of applicants showing an increase in each year.

In addition to these efforts, we are undertaking initiatives to create an environment to provide employees with support for self-motivated career building and promote their motivation to take on challenges, including holding various holiday lecturers and workshops and enhancing e-learning programs.

Breakdown of advanced qualification holders



Target: Actual number of trainees dispatched to inside and outside the Group (Bank total)



A cumulative total of **221** employees were dispatched over the three years, mainly in the areas of consulting and DX. We have achieved a target achievement rate of **184.2%** with regard to the target of 120 employees set out in the Third Medium-Term Group Business Plan.

Indicators: Actual numbers of applicants for open recruitment of trainees and the post challenge program, and people dispatched and assigned under these programs and the number of people attended training in multiple fields

Indicator	FY2022		FY2023		FY2024	
	Number of people	Ratio to total employees	Number of people	Ratio to total employees	Number of people	Ratio to total employees
Number of applicants for open recruitment of trainees and the post challenge program*1	74	1.3%	101	1.8%	131	2.4%
o/w Joyo Bank	52	1.7%	70	2.3%	80	2.7%
o/w Ashikaga Bank	22	0.9%	31	1.3%	51	2.1%
Number of people dispatched and assigned under the open recruitment of trainees and the post challenge program*1	32	0.6%	32	0.6%	55	1.0%
o/w Joyo Bank	28	0.9%	25	0.8%	38	1.3%
o/w Ashikaga Bank	4	0.2%	7	0.3%	17	0.7%
Number of people attended training in multiple fields*2	1,593	28.5%	2,361	43.1%	2,074	38.0%
o/w Joyo Bank	519	16.8%	1,312	43.4%	1,163	38.7%
o/w Ashikaga Bank	1,074	43.0%	1,049	42.8%	911	37.2%

*1 Number and ratio to the total of employees who volunteered to apply for and be dispatched as trainees or assigned to certain positions

*2 Number and ratio to the total of employees who attended training in a variety of categories (excluding part-timers and holiday lecturers)

The Group is strengthening its investment in human capital as part of efforts to help improve the capabilities and skills of employees. Cumulative investments during the period corresponding to the Third Medium-Term Group Business Plan (fiscal years 2022 to 2024) totaled approximately 2.4 billion yen.

For the period corresponding to the Fourth Medium-Term Group Business Plan (fiscal years 2025 to 2027), we will set a cumulative total of 3 billion yen in investments over the corresponding three years as a KPI, and further accelerate our investments in human capital. We will continue to support the autonomous growth of our employees and actively develop human resources capable of creating new value.

At the two subsidiary banks of the Group, efforts are being made to visualize employees' skills in terms of combined “knowledge” and “practical skills,” and to analyze the relationship between investments in human capital and skills.

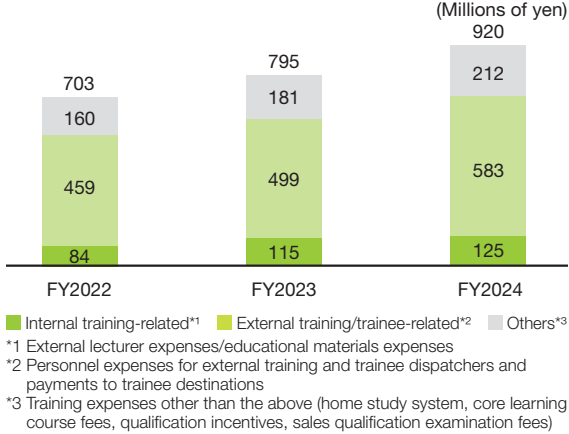
An analysis* of a survey conducted on a set of employees of Joyo Bank revealed that, when the skill level increases by one level, the sales performance improves by about 12% on average in the corporate customer category and about 6% on average in the individual customer category. It also revealed that there is a trend toward improvement in skills and sales performance among those who have acquired specific qualifications or participated in training. The analysis also shed light on the characteristics of the Group's highly skilled human resources. Going forward, the Group will continue to conduct ongoing research and analysis, and work to visualize the return on our investments in human capital as we seek to make ever more efficient and effective investments.

*Approximately 1,500 sales employees were surveyed using “GROW Series:” a set of tools provided by the Institution for a Global Society Corporation, used to measure the capabilities of human resources. The results of this survey were then analyzed.

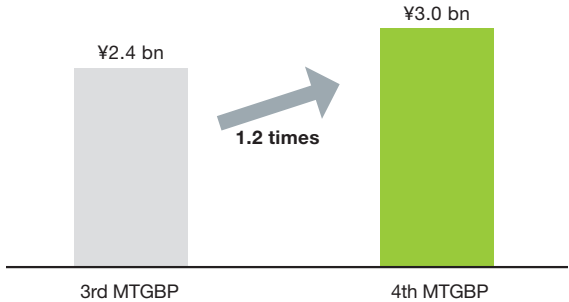
(2) Securing of human resources

We recognize that, in order to achieve sustainable growth, it is important to work not only on stable new graduate hiring but also on securing human resources with skills necessary to execute our business strategies in accordance with the expansion of business areas, deepening of consulting functions, and progress in the

[Target] “Human capital investment”



Cumulative investments over three years



Indicator: Actual number of mid-career recruitment

Indicator	FY2022		FY2023		FY2024	
	Number of people	Ratio of mid-career	Number of people	Ratio of mid-career	Number of people	Ratio of mid-career
Number of mid-career	30	14.4%	68	24.2%	106	30.4%
o/w Joyo Bank	12	11.7%	12	9.0%	46	28.9%
o/w Ashikaga Bank	18	17.0%	56	38.1%	60	31.6%

*Ratio of mid-career
Number of mid-career ÷ Number of annual recruitment



Ryohei Kato
Joyo Bank
Manager,
Personnel Division

I work in recruitment, primarily in mid-career recruitment. I am helping the bank to build a better organization by bringing in people from diverse personal and career backgrounds, not limited to financial institutions, thereby helping infuse the bank with new ideas and experiences.
[Previous position: Manufacturing]

I am engaged in legal affairs, including legal checks of contracts and consultations on legal issues. Compliance tends to be viewed as something like a brake, but we are working to help employees step on the accelerator with peace of mind.
[Previous position: Law offices]



Mariko Yamada
Ashikaga Bank Deputy General
Manager (Attorney) Compliance
Management Division

Promoting DE&I

Based on the Group's human resources portfolio, we recognized that, in order to embody the corporate philosophy and improve corporate value by adapting to rapid changes in the external environment and creating value, it is imperative for the Group to utilize diverse human resources, including women, seniors, and specialized mid-career hires with various experience and to continuously create an environment where they can fully demonstrate their characteristics and abilities.

As part of measures to leverage diverse views and experience and increase candidates for the positions responsible for organizational management and decision-making, we have strengthened initiatives for enhancing opportunities for female employees to actively participate in workplace and for promoting them to higher managerial positions.

Also, we are making efforts to encourage all employees to achieve early personal growth while giving utmost consideration to diversifying individual lifestyles and

sense of value and provide fair opportunities for career advancement. In the meantime, both of our subsidiary banks have adopted personnel systems designed to promote highly motivated and capable employees to higher positions irrespective of their age, gender, and nationality, etc. The systems have been put in place to realize a highly convincing and fair pay scheme to pay employees commensurate with the difficulty of and contributions made by their assigned tasks so that all employees can fully demonstrate their abilities.

Furthermore, we are working to enhance opportunities for ever increasing senior human resources to actively participate in workplace, drawing on their skills and experience.

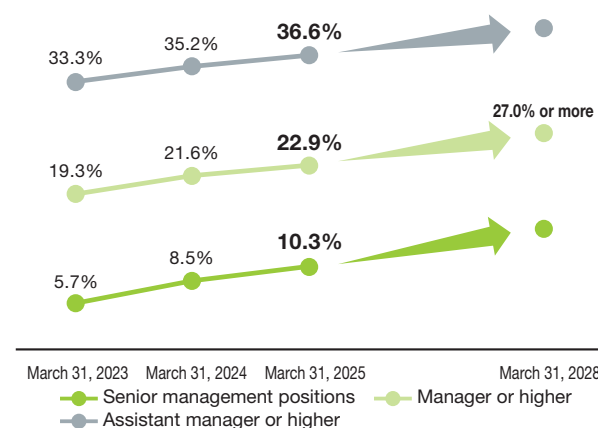
We will create new value and innovations by building an organization that can leverage diverse views and experience, where diverse human resources can feel job satisfaction, thereby achieving sustainable growth.

Promotion of women to senior positions

Under the Third Medium-Term Group Business Plan, we have set the ratio of female employees in assistant manager positions or higher as a target indicator for the state of securing the pool of future female management candidates. The target was achieved at the end of FY2023, one year ahead of schedule, as a result of the above efforts. As of the end of FY2024, we have achieved a rate of 36.6%.

In the Fourth Medium-Term Group Business Plan (fiscal years 2025 to 2027), the Group will strengthen its efforts by setting "the ratio of female employees in manager positions or higher" as an important KPI in order to promote the promotion of female employees who can take positions closer to management level and reduce the wage gap between male and female employees. We aim to achieve 30% or higher for this indicator by the end of March 2030, and, as part of the Fourth Medium-term Group Business Plan, to 27% or higher by the end of March 2028.

Ratio of female employees in management position (bank total)



[Target] Actual "ratio of female employees in assistant manager positions or higher" and "the ratio of female employees in manager positions or higher"

Target	Target date of achievement	March 31, 2023		March 31, 2024		March 31, 2025		Progress rate
		Number of people	Ratio of female employees	Number of people	Ratio of female employees	Number of people	Ratio of female employees	
Ratio of female employees in assistant manager positions or higher		1,238	33.3%	1,302	35.2%	1,351	36.6%	104.6%
o/w Joyo Bank		550	29.5%	603	32.4%	656	34.6%	—
o/w Ashikaga Bank	35% or more	688	37.1%	699	37.9%	695	38.8%	—
Ratio of female employees in manager positions or higher		492	19.3%	547	21.6%	573	22.9%	84.8%
o/w Joyo Bank		212	16.5%	240	18.7%	261	20.4%	—
o/w Ashikaga Bank	27% or more	280	22.3%	307	24.6%	312	25.6%	—

[Indicators] Actual "ratio of female employees in senior management positions**"

Indicator	March 31, 2023		March 31, 2024		March 31, 2025	
	Number of people	Ratio of female employees	Number of people	Ratio of female employees	Number of people	Ratio of female employees
Ratio of female employees in senior management positions*	45	5.7%	67	8.5%	81	10.3%
o/w Joyo Bank	24	6.3%	35	8.9%	46	11.6%
o/w Ashikaga Bank	21	5.1%	32	8.2%	35	9.0%

*Supervisors in positions such as a branch's general manager,

Mebuki Women's Class

We have led the active participation of group-wide female employees and, since fiscal 2018, held the "Mebuki Women's Class" at both Joyo Bank and Ashikaga Bank with the aim of fostering women leaders who serve as role models for young female employees. For employees at manager level, the curriculum includes lectures on the Group's management strategies, the mindset and skills required for higher-level positions, and other topics drawing from a wider perspective by female Outside Directors of the Company. In addition, we also host roundtable discussions of female employees of the Bank who are currently active as General Managers of the Bank branches as a way to provide inspiration for future career advancement.

The number of people who have been active as General Managers of branches of the bank who have already participated in the class has reached more than 15, helping create a virtuous cycle in which the participants become role models and pass on their experiences to their juniors. In addition, women in the same positions across the two banks can gather together for discussion and sharing information, which also proves very useful for personnel exchange and networking between the two banks.

Mebuki Women's Class



Status of gender wage gap

There is no gender wage gap for employees in the same courses, the same positions, or the same lines of work.

As shown in the table below, there is a gender wage gap in the aggregate. The reasons behind the gender wage gap for different employment status are as follows.

• Regular workers

The gender wage gap is due to the personnel composition and age distribution of our human resources portfolio as well as to a lower ratio of female employees in higher managerial positions relative to male employees.

• Part-time and fixed-term workers:

The gender wage gap is due to the fact that male employees make up more of the employment status with relatively high salary levels, such as contract bank staff, an employment status adopted for the re-employment of retired employees who used to be in managerial or higher positions.

As the ratio of women in higher managerial positions has increased, the gap has been narrowing. We will continue to push for the promotion of female employees to higher managerial positions as part of efforts to eliminate the gender wage gap.

Indicator: Actual gender wage gap

Indicator	FY2022	FY2023	FY2024
Gender wage gap (regular workers)	58.2%	60.4%	63.0%
o/w Joyo Bank	58.2%	60.8%	63.4%
o/w Ashikaga Bank	57.6%	59.5%	62.1%
Gender wage gap (part-time/fixed-term workers)	61.5%	62.1%	62.8%
o/w Joyo Bank	68.7%	64.9%	66.8%
o/w Ashikaga Bank	54.8%	59.5%	59.3%

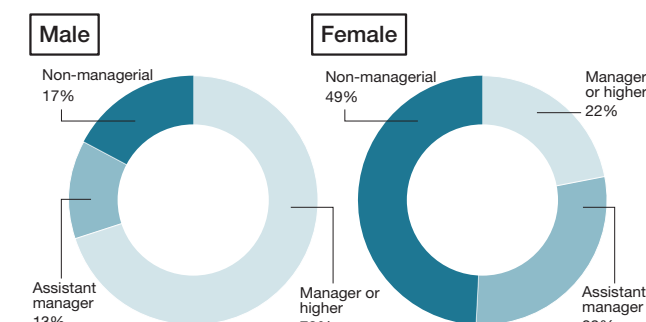
*Calculation method: Seconded workers and workers on unpaid leave are excluded

Regular workers: Regular bank employees and employees in roles similar to regular bank employees

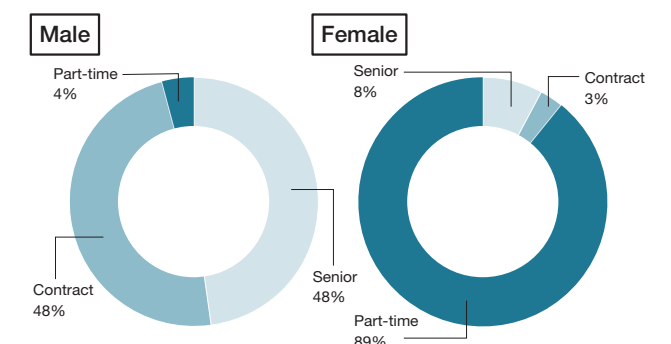
Part-time and fixed-term workers: Contract employees, senior employees (rehired after retirement), part-timers

(part-time and fixed-term workers are calculated based on the number of regular employees at each company in terms of their scheduled working hours)

Personnel composition of regular workers by position



Personnel composition of part-time/fixed-term workers by employment status



■ Creating a workplace environment where well-being can be truly felt

Expansion of work-life balance systems and promoting the use of childcare leave by men

We have been working to develop and enhance these systems, such as paid holidays and leave systems and shorter working hours, and to deepen company-wide understanding of these same systems so that employees can select their workstyles in tune with life events and balance work and family.

In addition, as the number of dual-income households has increased, promoting the use of childcare leave by men has become an important issue from the perspective of securing human resources. The ratio of

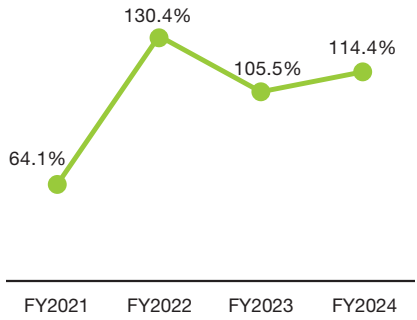
male employees taking childcare leave has exceeded 100% since fiscal 2022. The Group will continue to strive to “maintain 100%” moving forward, and, in addition, promote initiatives and awareness-raising to increase the number of days taken.

In order that diverse human resources can work actively in the long term in the Group, we will continue work to develop a pleasant working environment and develop related systems.

[Related systems for enhancing work-life balance]

Flextime work system We have introduced a flexible working system that permits employees to schedule when to start and leave work on working days on their own.	Self-care leave and wellness leave The Company has expanded its existing system for paid menstrual leave so that it can be used when it is difficult for an employee to work due to undergoing a complete medical checkup, various health checks, or menopausal symptoms.
Working from home We have helped our employees work efficiently by leasing them mobile PCs so they can work from home.	Fertility treatment leave system The system allows employees to continue to work with a sense of security while receiving fertility treatments. Employees can take leave for two years at maximum.
Second job system We have introduced a second job system for all employees with the aim of improving their own skills, achieving their personal growth, and contributing to local communities in various aspects (Participants as of March 31, 2025: 61).	Work in casual clothes We have introduced a system that allows employees to work in casual clothes on condition that they choose what to wear according to the time, the place, and the occasion as well as the business settings.

[Indicator] “Ratio of male employees using childcare leave” (bank total)



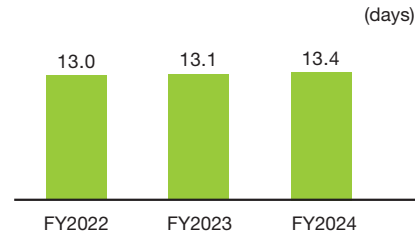
Strengthening of initiatives for improving health management and financial wellness

The Group recognizes that, in order for a company to stay healthy, it is essential that each and every employee is healthy both physically and mentally. In accordance with the Health Management Declaration, we have been making efforts to detect diseases at early stage and prevent disease aggravation and development of lifestyle diseases among employees by such means as offering complete medical checkup and periodic health checkup programs, from the perspective of maintaining and improving their physical health.

At the same time, we are also working to improve physical and mental health among employees by undertaking initiatives for mental health promotion, such as conducting a stress check and setting up counselling desks for all employees, as well as those for achieving a better work-life balance.

We believe that realizing a better life of employees in terms of asset building has a positive effect on their physical and mental health and is imperative for the Group and employees to grow together. Based on this belief, we are working to enhance our welfare program, including a shareholder association and defined contribution pension plan, to support their asset building.

[Indicator] Actual “Average number of paid leave days taken” (bank total)



Health management measures <ul style="list-style-type: none">• Periodic health check-up, complete medical checkup• Taking measures to prevent infectious diseases and the development of lifestyle diseases• Mental health measures• Supporting employees to return to work and helping them balance work and medical treatment• Holding of walking rally events• Implementation of non-smoking days, etc.	Initiatives for financial wellness <ul style="list-style-type: none">• Employee Shareholder Association• Employee group insurance• Corporate pension, defined contribution pension plan• Loan system (housing loan, general loan)• Property accumulation system (general property accumulation, property accumulation housing, property accumulation pension)• Life planning training, etc.
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External evaluation




The Group was awarded the 3rd level “Eruboshi” certification by the Ministry of Health, Labour and Welfare, as a general employer that conforms with the standards under the Act on the Promotion of Female Participation and Career Advancement in the Workplace. (Joyo Bank and Ashikaga Bank)



The Group was recognized as an outstanding organization under the 2025 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) by the Ministry of Economy, Trade and Industry. (Joyo Bank and Ashikaga Bank)



The Group has received “Platinum Kurumin” certification from the Ministry of Health, Labour and Welfare as a company that provides superior support for childcare to its employees and a company that proactively supports its employees in balancing work and fertility treatment based on the Act on Advancement of Measures to Support Raising Next-Generation Children. (Joyo Bank and Ashikaga Bank)



The Group was awarded the status of “Human Capital Management Quality 2024 (Silver)” for the second consecutive year in the Human Capital Survey 2024 jointly conducted by the HR Technology Consortium, HR Research Institute, MS&AD InterRisk Research & Consulting, Inc., and the Association to Confirm the Human Investment Value for Enterprise as a company practicing excellent human capital management. (Joyo Bank)

■ Increasing employee engagement

Revitalization of self-motivation type activities for helping find solutions to workplace issues

Both banks conduct engagement surveys to maximize the potential of each employee, create a workplace environment where employees can work with motivation and fulfillment, and improve organizational capabilities.

The banks periodically conduct surveys, share the results with employees, and continue improvement initiatives tailored to the actual situation in each workplace, including the hosting of meetings and formulating action plans for any issues identified. As a result of these initiatives, survey scores have also been on an upward trend.

Through these initiatives aimed at improving engagement, we will continue our efforts to create a fulfilling workplace and improve organizational capabilities by increasing the number of employees who proactively tackle problem-solving.

Changes in survey score

● **Joyo Bank (Tool used: Wevox)**

November 2022 (initial survey): **71** points ▶ February 2025: **75** points

The average for financial institutions of similar size is 68 points, with performance of the bank comparing favorably.

● **Ashikaga Bank (Tool used: Qualtrics EmployeeXM)**

Percentage of positive responses to engagement questions

November 2023 (initial survey): **52%** ▶ January 2025: **62%**

Positive response rate increased by +10%

Enhancement of dialogue between management and employees

Our Group provides opportunities for employees and executives to exchange opinions. In line with the start of the Fourth Medium-Term Group Business Plan in April 2025, Joyo Bank and Ashikaga Bank have held meetings in which officers visit various areas to exchange opinions with employees, aiming to deepen understanding and promote alignment throughout the organization. In the meetings, everybody reflected back over the Third Medium-Term Group Business Plan and the issues encountered during the plan. There were also explanations on the basic strategies of the plan and the process of creating social impact in order to help find solutions to reorganized materialities. Furthermore, the management vision for the Medium-Term Group Business Plan and the direction to be pursued by the Group was shared with all attendees. There was also a lively exchange of opinions in which the employees asked questions and offered up their opinions using specific examples on a range of topics to do with the development of strategies, including issues and requests within the workplace and how to respond to customers.

The opinions and issues raised in the meetings are shared with management and relevant Head Office divisions, and appropriate measures are taken to address them.

(Joyo Bank) Town Meeting



(Ashikaga Bank) Wing Meeting



Roundtable Discussion on Human Capital: Developing DX Personnel

**Masaki Maruoka**

Mebuki Financial Group
General Manager,
Management Group

Ryosuke Takasu

Mebuki Financial Group
Senior Manager,
DX Management Group,
Corporate Planning Department

Yuma Takada

Joyo Bank
Senior Manager
Corporate Sales Planning Group
(DX Support),
Business Planning Division

Aki Tsutsumi

Joyo Bank
Manager, DX Strategy Office,
Corporate Planning Division

Yoshiyuki Terai

Ashikaga Bank
Senior Manager,
Main Business Support Office,
Corporate Consulting Department

Yuriko Kawahara

Ashikaga Bank
Manager, DX Strategy Office

Digital Transformation Centered on Strengthening Human Resources and Customer Support

Digital transformation (DX) is accelerating in the financial industry. In its Fourth Medium-Term Group Business Plan (FY2025-FY2027), the Mebuki Financial Group has set forth the standardization of DX, and is pursuing an organizational structure that will enable all bank employees of Joyo Bank and Ashikaga Bank, the Group's key pillars, to utilize digital technology. So, what unique approaches can we adopt not only for the development of management platforms and the introduction of technologies, but also to propel human resource development? DX Strategy Office members from Joyo Bank and Ashikaga Bank get together with frontline sales personnel to discuss real-world challenges and future prospects.

Third Medium-Term Group Business Plan foundation and subsequent issues

— How do you view the achievements and issues relating to DX and AI technology strategies in the Third Medium-Term Group Business Plan (FY2022-FY2024)?

Maruoka In the first year of the third medium-term plan, we formulated the DX Strategy Roadmap with a keen focus on DX and promoted that plan centered around three key success factors (KSF) for paperless operations, greater penetration of digital channels, and enhanced data platforms.

Regarding digital channels in particular, both banks released their banking apps simultaneously. Four years

on and penetration rates, including internet banking, have risen to roughly 50% of individual customers. The development of database platforms has proceeded to plan and we have been able to create an environment that enables all bank employees to use generative AI in their daily work.

Takasu We have definitely produced results in the “defensive DX” area that focuses on operational efficiency. Now we are embarking on “offensive DX”. Recognizing the rapid development of generative AI, Ashikaga Bank held a contest for bank employees to collect ideas on specific ways of using generative AI. The Nikkei newspaper featured the contest process, which is generating multiple ideas for addressing specific frontline issues. Joyo Bank intends to develop a similar initiative. If we can invigorate efforts to utilize both banks’ resources

Ryosuke Takasu



to gather information from different perspectives and amass good practice, we should be able to strengthen our Group's reputation for multifaceted thinking.

Enhancing talent is key to transformation

— What are the most important issues when promoting DX?

Maruoka The biggest common challenge for Joyo Bank and Ashikaga Bank is human resource development. You can develop the technology and the infrastructure, but that means nothing if bank employees cannot use them. The important thing when it comes to AI and digitalization is just how effectively they can be used by ordinary people.

There were some differences between the two banks in terms of human resource development methods in the third medium-term plan, but we intend to better align our efforts and increase joint training in the fourth medium-term plan.

Tsutsumi The first step involves helping people realize they could work more efficiently if they employ digital technology in their daily work. Take me for instance. I experienced culture shock when I moved into banking mid-career. I had never used Word so much before. At first, I struggled with the large volume of text in banking documents. I seize various opportunities to communicate how something could be changed by utilizing my external perspective.

I also think it is important to increase people's contact with DX expertise in order to boost their interest. Whenever we announce a training session, we receive many applications, even if the content has not been changed from the previous year. The atmosphere among those taking part in the training is also changing, with more and more people showing a greater interest. The current challenge is not only to disseminate knowledge but to link it to practical work.

Terai I also feel that bank documents can be very wordy. However, the ability to express an idea in writing is also proof of a creative mind. Using diagrams and drawings can make the content easier to understand, and they can be an important means of inspiring different participants.

The advent of generative AI has markedly lowered the hurdles associated with new technology usage and more people are pleasantly surprised by the kind

Masaki Maruoka



of things they can actually do with those technologies in their daily work. These easy and fun experiences are probably helping to promote the spread of new technologies within the bank.

Kawahara I also feel that bank employee recognition of DX has changed significantly. When I moved to the DX Strategy Office two years ago, many people still felt that people with good DX knowledge and skills would do the DX-related jobs. They saw DX in a special light and this was a barrier to broader embracement.

However, more people than anticipated participated in the Data Analysis Beginner Course held for head office employees last year. Some asked if they could still take part if they couldn't use Excel, and we told them they were the people we wanted to attract most. We knew that many people wanted to join in but were hesitant. We recognize the importance of overcoming this skill gap and raising overall skill levels in order to promote additional DX-driven value creation.

Takada In September 2021, Joyo Bank set up a new DX Advisor System, an in-house qualification designed to foster talent who can support customers on their own DX journeys. In the early days, we had to feel our way forward because it had never been done before, but gradually, staff in branch offices started to grasp what they could achieve using IT and digital tools, and their interest grew.

SME customers have had to improve productivity to fulfill revised legal requirements such as the Invoice System and the Act on Book and Record Keeping through Electronic Methods. So, we held online briefing sessions to introduce best DX practices on various DX-related themes together with relevant organizations and IT vendors. A total of 14,000 customers participated in the 62 sessions held during the third medium-term plan period. I feel this has been a considerable help in encouraging customers to take the first steps on their own digitalization journey.

Terai I joined Ashikaga Bank in January and am currently working on customer DX support. I feel those needs are very high. The number of support cases is rising by over 30% each year and we are working to improve our skills while also increasing the number of people involved in the job.

Customer support consulting, which we had been working on for three years, was recognized as an official service from the current fiscal year. Today, local SMEs need basic IT support, such as digitizing manual tasks and paper and improving links between systems, rather

Yoshiyuki Terai



than generative AI and machine learning. However, even that is an important introduction to DX, so we provide training opportunities for branch employees on service utilization and proposition.

Practical training to foster future leaders

— Specifically, what talent development programs do you expect to pursue in the Fourth Medium-Term Group Business Plan?

Maruoka The laying of training foundations in the third medium-term plan was successful. If we look at the numbers, training has spread rapidly, with the three-year target primarily among IT passport holders being achieved in just one year.

However, the challenge was to develop leaders who could pioneer DX. With that aim in mind, in the fourth medium-term plan, the two banks have created four new specialist areas: DX and BPR planning, data science, DX infrastructure development, and DX support, and we are currently steering a course for developing leadership talent in those areas.

Takasu We developed a clear picture of the ideal DX leader when formulating the fourth medium-term plan. I hope you have noticed the side job system that Ashikaga Bank launched last year designed to help nurture leadership personnel. Bank employees with issues in their sales branches or head office operations can use data analysis to create solutions in the DX Strategy Office roughly once a week. In the past fiscal year, three people participated in this scheme and we submitted a final presentation to management.

Maruoka This side job system is an extremely good initiative that is scheduled to be introduced at Joyo Bank as well from the current fiscal year. Staff come into contact with different kinds of knowledge, environments, and ways of thinking by spending 20% of their regular work hours in the DX Strategy Office in the head office. Having adopted some new values, staff go back to their sales offices, talk to customers on a wider range of topics, and learn to grasp customers' DX support needs in a significantly different way.

Takada In terms of DX support, we are expected to generate solutions to specific problems to help bridge the gap between the current situation and a customer's ultimate goal. We have set up a training program for the 11 DX senior advisors, who are the highest qualified

Yuriko Kawahara



personnel in the bank, to implement practical activities in five areas: formulating hypotheses prior to visiting a customer, interviewing people to get a comprehensive view of an entire business, analyzing the gap between the current "As-Is" situation and the desired "To-Be" situation and discovering potential obstacles, formulating directional strategies based on a problem-oriented approach, and acquiring comprehensive IT digital knowledge.

We have introduced a new certification program for aspiring bank employees wishing to attain this highest-level qualification. The program includes e-learning, how to conduct hearings, and various consulting case studies, along with video presentations related to the five areas I just mentioned and advice from the head office. The training is designed to help staff understand customer circumstances and enable DX proposals based on problem-oriented solutions.

Tsutsumi We conduct another in-person training program throughout the year which focuses on three main topics: generative AI, business frameworks, and data analysis. We also use Tableau* for tool-specific training. This encourages the visualization and discovery of different issues through business flow design.

Kawahara I think the number of joint training sessions between the two banks will increase going forward. That would be very meaningful in terms of raising the overall level of DX literacy. Furthermore, if we consider the younger generations who will join the banks in the future, we need to program DX training content for employees according to the number of years of service, just like we do with banking training.

The driving, neutral, and escorting nature of supporting local companies on their DX journey.

— What kind of value will you provide customers and communities going forward?

Terai Customer DX support needs are increasing, but the supply is not keeping up with demand. We will gather talent from inside and outside the bank so we can consistently increase the number of cases we handle and are able to make in-depth proposals to our customers.

The challenge will be to ensure that the bank support is not restricted to business consulting. Why? Because you cannot achieve truly effective DX without introducing systems and providing operational support. I want to

Yuma Takada



build a comprehensive support system that covers all upstream and downstream players, including Group companies and regional partners, and to be recognized by local customers as the most reliable DX support desk.

Takada I agree with the comment that there is ample demand but insufficient supply.

For that reason, it is very important that our sales people, who are first in line in terms of customer contact, stimulate DX needs on a daily basis. In fact, I believe this is the role that regional financial institutions should play.

Specifically, we perform DX-related diagnostic services together with customers at our branch offices to support the creation of solutions to potential issues. As customers embark on DX in the future, we will strengthen our cooperation network with IT vendors in a broad and comprehensive way to facilitate the provision of seamless consulting with the bank and the Group company, Joyo Computer Service.

Maruoka There are three good reasons why banks should support DX. It helps drive local communities, enables neutral proposals, and facilitates escorted support from a familiar position. The driving feature involves taking the lead in promoting regional digitalization as a top regional company. The neutral feature enables us to develop a multiple-brand store-type process in which we compare all available services from a third-party perspective and select the most appropriate one for a particular company. The escort feature relates to the fact that we, as banks, cannot grow without SMEs' growth, so we are able to genuinely work alongside a company as an interested and involved party.

Terai I originally worked at an IT vendor and IT vendors inevitably want to sell their own products. By contrast, banks can start by solving management issues because their long-term goal is to facilitate customer growth. I think offering DX support as part of problem-solving proposals is an effective and healthy way for banks to gain a strong grasp of a customer's situation and get involved by developing a bird's eye view.

The depiction of future organizations through increased engagement

— How is the promotion of DX changing the way bank employees work?

Maruoka We are also focusing on infrastructure development and office automation renewal in the

Aki Tsutsumi



fourth medium-term plan. Ms. Kawahara talked about younger generations earlier. The next generation of working adults has been using the latest groupware from junior high school, high school, and university, and did their classes at home during the COVID-19 pandemic. These kinds of people will not be keen to work in a traditional banking environment. Creating digital office environments will be an important factor in encouraging employee engagement and ensuring satisfying and comfortable long-term employee retention.

Terai Developing digital office environments will be a significant factor in facilitating seamless and secure information flows. Not only will it improve operational efficiency, but I also believe it will help establish a culture that encourages autonomous DX engagement through, for instance, cross-organizational planning, a freer sharing of results, and a greater awareness and incorporation of other people's ideas. The introduction of the free address system is also having a positive effect. Having a different person sitting next to you every day facilitates the exchange of information from different perspectives.

— Finally, how do you see the future?

Maruoka Practical capabilities will be key. It is important to conduct practical business and apply expertise in tandem, so I will strive to encourage two pillars that combine both skills.

Takasu I want to encourage talent with a can-do attitude to problem solving, who are not fettered by convention and who can value the curiosity to try new tools and pioneering action.

Tsutsumi I will conduct training to boost the number of people who can offer compromise plans and operate with a flexible mind and spirit.

Kawahara I would like to plan and create training in which everyone wants to actively participate.

Takada DX is constantly evolving. It is a field that encourages people to tackle new challenges and fosters great satisfaction. I want to create many such opportunities.

Terai DX is an area that facilitates great creativity, and people feel that they can enjoy working on DX projects because they are convenient. I want all bank employees to experience that feeling.

Enhancement of the group risk management system

Strengthening cross-organizational information security and cyber security management systems

Basic policy

Positioning cyber security as an important management issue, we have built a company-wide system under the active involvement of the management team. To address the ever-evolving threat of cyber attacks, we are committed to providing safe and secure financial services by continuously strengthening our countermeasures and conducting regular training as outlined below.

Internal system for cyber security

We have been strengthening cyber security measures to respond to the threat of cyber attacks, which become increasingly advanced and sophisticated day by day. Our subsidiary banks have established specialized cyber security teams—the Joyo Computer Security Incident Response Team (CSIRT) and the Ashigin CSIRT—, and they work closely together to collect, analyze, and investigate cyber attack-related threat information.

Under our system for cyber security, in the event of a serious incident, a task force will be established with management involvement to minimize damage and achieve an early recovery through rapid response. Moreover, to ensure that the appropriate control by management is implemented, we regularly report cyber security status to management.

Management of external contractors

Upon the outsourcing of new work to an external contractor, we evaluate the security measures taken by the contractor or subcontractor in line with our Rules for Management of External Contractors. We conduct

evaluations not only at the time of consignment but also regularly in cycles according to the importance of the outsourced work.

Information leak countermeasures

We implement the following multi-layered defenses against cyber attacks to protect important information provided by our customers.

- ① The internal network and the Internet are separated to prevent unauthorized external access to the former.
- ② Anti-virus software is installed to prevent penetration by computer viruses and other unauthorized programs.
- ③ Firewalls, the Intrusion Prevention System (IPS), and the Web Application Firewall (WAF), a tool to protect against attacks that target web app vulnerabilities, are installed for the prevention and monitoring of unauthorized access.

Measures to protect customer assets

We undertake the following measures to protect our customers’ assets from fraud and unauthorized use.

- ① To combat phishing scams, which have been rapidly increasing in recent years, we have introduced a phishing site detection and closure service. When a phishing site is detected, we take immediate action to shut it down and prevent damage from spreading to our customers.
- ② We have installed a system that periodically conducts vulnerability assessments to detect and block unauthorized access with the aim of preventing unauthorized use of Internet banking and related apps. To ensure safer Internet banking for our customers, we also provide security software at no charge.
- ③ We regularly alert customers via e-mail newsletters, banking app notification functions, and other means to enable customers to gain a deeper understanding of fraud and unauthorized use that have become increasingly sophisticated. Moreover, we post information including fraud and unauthorized use techniques, suspicious e-mails, and short messages claiming to be from financial institutions on our website.

Education and training for officers and employees of the Group

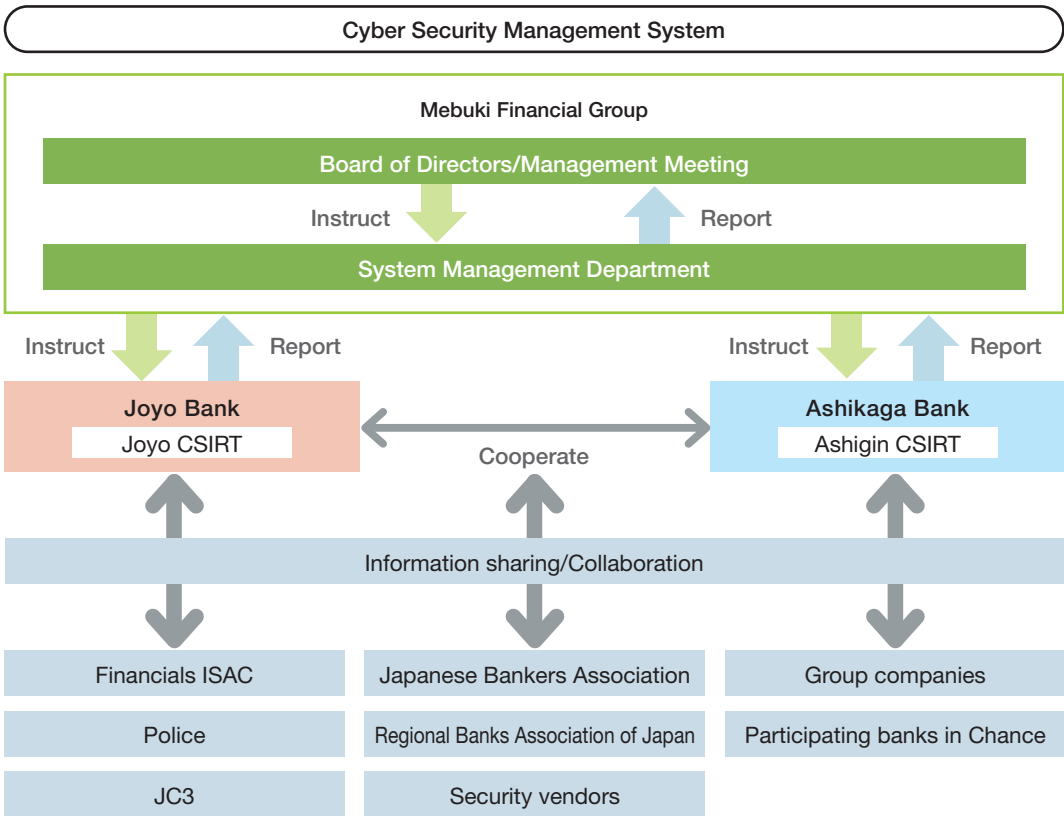
We are implementing the following measures to maintain and enhance the cyber security literacy of all Group officers and employees.

- ① For training purposes, simulated suspicious e-mails are sent to all internet e-mail address holders on an irregular basis to check whether the recipients can respond appropriately.
- ② Tests are conducted periodically to gauge the level of cyber security knowledge and understanding.
- ③ News concerning security is regularly distributed to enhance cyber security knowledge.
- ④ Cyber security training is provided for new bank employees to ensure swift acquisition of cyber security knowledge bank employees must have.

Bolstering collaboration with external institutions

We jointly operate Chance-CSIRT with banks participating in the Regional Banks’ Partnership System “Chance,” which utilizes a common banking system. In this organization, we regularly exchange information, participate in seminars, and collaborate in dealing with incidents. The Group is also a member of the Financials Information Sharing and Analysis Center (ISAC) Japan, a cyber security information collaboration organization for

financial institutions, and the Japan Cybercrime Control Center (JC3), and conducts information gathering activities. Moreover, we actively participate in training sessions organized by Japan’s Financial Services Agency (FSA), Financials ISAC Japan, and the National Cybersecurity Office (NCO) to reinforce our ability to respond in the event of an incident.



Development of systems to ensure operational resilience

We have established the framework for the continuity or early recovery of important business operations including the repayment of deposits, fund transfer and remittance upon facing a crisis such as a system failure or natural disaster, as well as limiting human and physical damage to the minimum extent possible. In addition, in order to improve the effectiveness of responses in the event of a crisis, efforts are made to conduct regular drills and review the business continuity plan based on the lessons learned from the events that occurred.

On the other hand, in recent years, the business environment of financial institutions has been changing, including increased reliance on IT systems and wider use of cloud services. In addition, the risk environment has been evolving rapidly, including the increasing complexity of cyber attacks, the intensification of wind and flood damage, and the spread of infectious diseases. In order to respond to such changes in the environment, we will continue to inspect and revise our crisis management system and strive to improve our operational resilience.

Enhancement of measures for anti-money laundering and combating the financing of terrorism

Group-wide verification of effectiveness

We acknowledge anti-money laundering, combating the financing of terrorism (AML/CFT), and preventing violations of sanctions as our key responsibility based on requests from the international community and one of the important tasks in our management strategy. Thus, we formulated the Policy for Anti-Money Laundering, Combating the Financing of Terrorism, and Preventing Violations of Sanctions to take measures for anti-money laundering, etc.

To ensure the effective implementation of AML/CFT for the companies within the Group, we appoint the director in charge of the Corporate Management Department as the Group head AML/CFT officer. In addition, each of the companies within the Group appoints, among the

directors, the head AML/CFT officer who is in charge of risk management of AML/CFT.

The companies within the Group formulate AML/CFT Programs as an annual plan to enhance the risk management of AML/CFT, based on the Group’s Basic Policy for Anti-Money Laundering formulated by the Company for each fiscal year. From the perspective of promoting the Programs on a group-wide basis, we revise the risk assessment documents based on the analyses of recent suspicious transactions and other relevant factors, and hold the Group Money Laundering Countermeasures Liaison Meeting every quarter to verify the implementation status and effectiveness of the Programs.

Enhancement of monitoring of suspicious transactions using AI

While advances in ICT technology have made financial services more convenient, money laundering and financial crimes have become more sophisticated and diverse. To leverage the latest ICT technologies

to strengthen their anti-money laundering efforts, in FY2025, Joyo Bank and Ashikaga Bank will introduce two AI systems to enhance the process of identifying suspicious transactions.

- The AI Scoring Service provided by Cooperation agency for Anti-Money Laundering (CAML)**

CAML began providing this service on April 1, 2025. This service is used in conjunction with the transaction monitoring systems used by financial institutions. By linking it with BankSaviorMonitor, the transaction monitoring system used by Joyo Bank and Ashikaga Bank, the system visualizes false positives by scoring the risks of detected transactions.
- AI model of the transaction monitoring system BankSaviorMonitor**

SCSK RegTech Edge Corporation began providing the service on July 1, 2024. Each bank’s dedicated AI model will be installed on the BankSaviorMonitor. By scoring the risk levels of all transactions separately from the predefined rules and applying machine learning to patterns of past suspicious transactions, the system enables high-precision detection of fraudulent transactions.

Strengthening measures against financial crime

Development of financial crime countermeasures through strengthened cooperation with local communities and prefectural police departments

In 2024, in addition to the traditional threat of special fraud schemes, there was a sharp rise in damages caused by investment and romance scams conducted via social media. As a result, the total amount of damages nationwide reached nearly ¥200 billion, more than double the previous year’s figure. In both Ibaraki

and Tochigi Prefectures, fraud damages have reached record-high levels.

The Group views these financial crimes as a social issue, and will further strengthen cooperation with local communities and prefectural police departments to protect customers’ assets.

Since July 2024, Joyo Bank, in cooperation with the Ibaraki Prefectural Police and financial institutions in Ibaraki Prefecture, has been implementing the following measures as “Measures to Strengthen Defenses against Crime.”

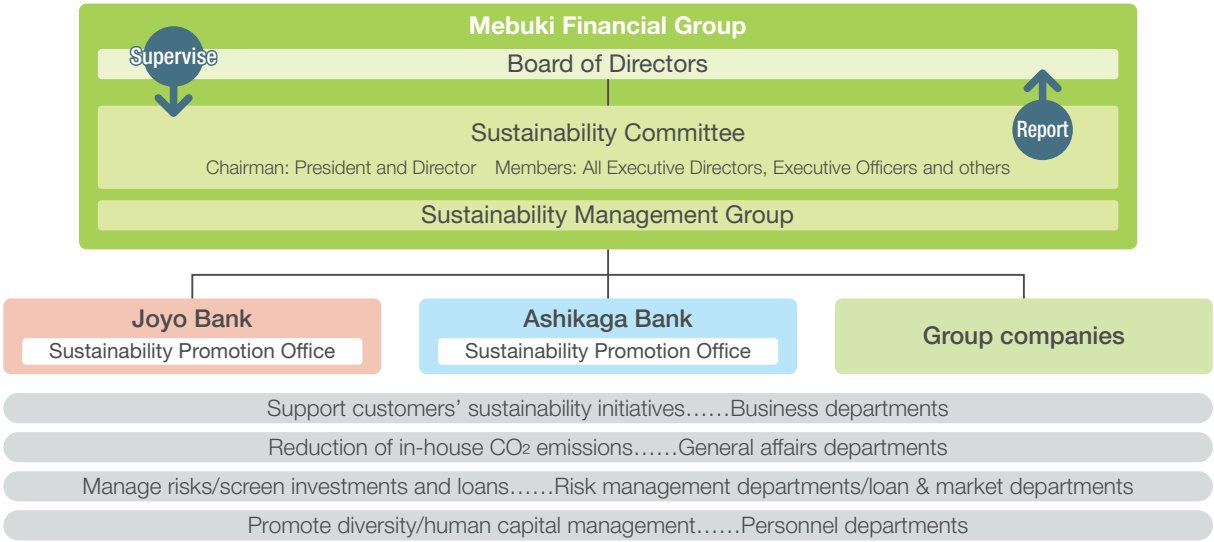
- Distribution of videos raising awareness of social media investment fraud (YouTube, etc.)
- Sharing customer information suspected to be related to fraud with the Ibaraki Prefectural Police
- Raising awareness of financial crime countermeasures through financial education for middle and high school students

Through regular exchanges of information with the Tochigi Prefectural Police and financial institutions in Tochigi Prefecture, Ashikaga Bank is developing the following financial crime countermeasures as a community-wide initiative.

- In-store broadcasting of an anti-fraud awareness video supervised by the Tochigi Prefectural Police
- Distribution of anti-fraud flyers and eco-bags in collaboration with the Tochigi Prefectural Police
- Sharing customer information suspected to be related to fraud with the Tochigi Prefectural Police

■ Governance Structure for Sustainability

Recognizing sustainability issues as important management issues, Mebuki Financial Group has established a governance structure centered on the Sustainability Committee with supervisory functions performed by the Board of Directors and others.



Supervision by the Board of Directors

The Board of Directors supervises sustainability-related agenda items (policy and target setting, progress of initiatives, and other items). We have built a structure in which the Board of Directors can supervise the Group's sustainability initiatives and assessments of risks and opportunity by discussing and reporting the details of deliberations at each meeting of the Sustainability Committee to the Board.

Roles of the management in sustainability

The President and Director is responsible for sustainability matters. As the chairman of the Sustainability Committee, the President and Director also assesses the impact of sustainability issues and responses on the business, develops countermeasures, sets targets, and controls the achievement management.

Sustainability Committee

To uniformly deliberate and manage the development of the Group's basic policy on sustainability and the progress of initiatives related to sustainability issues, as well as to promote such sustainability initiatives, the Group has set up the Sustainability Committee with the President and Director serving as its chair.

The committee comprises all Executive Directors and Executive Officers, as well as the General Managers of the Corporate Planning Department, Corporate Management Department, and Regional Revitalization Department. When necessary, the presidents of Group subsidiaries and general managers of departments in charge of subsidiary banks are invited to committee meetings. The committee discusses, on a company-wide level, environmental issues such as climate change and biodiversity, social issues such as human rights, as well as human capital and other sustainability-related matters. The committee met six times in fiscal 2024.

Sustainability-related sections

The Group has established the Sustainability Management Group to act as the secretariat of the Sustainability Committee, as well as for planning, formulating, and managing functions for sustainability strategies. It also makes suggestions to the committee on Company-wide sustainability matters.

Coordination and control within the Group

The Group has established a Sustainability Promotion Office in both Joyo Bank and Ashikaga Bank, which are our core business companies, in order to enhance the effectiveness of the matters discussed by the Sustainability Committee. In addition to both of these subsidiary banks, our other Group companies utilize their respective functional meeting bodies to collaborate with the Sustainability Committee and Sustainability Management Group in order to ensure the overall control of the Group companies.

Risk management

The Group has positioned risk management as an important initiative to enhance corporate value and has established an ALM/Risk Management Committee. The ALM/Risk Management Committee, the Risk Management Departments of the subsidiary banks work with the Sustainability Committee to monitor and reassess sustainability risks, and narrow down important risks, which are then reflected in the Group's strategies.

Status of audit

The Sustainability Committee is attended by full-time Audit and Supervisory Committee Members in an auditing capacity. The details of the discussions held are reported by the full-time Audit and Supervisory Committee Members to part-time Audit and Supervisory Committee Members at the Audit and Supervisory Committee to share information prior to the reporting of business execution at the Board of Directors. In addition to discussions at Audit and Supervisory Committee meetings, part-time Audit and Supervisory Committee members express their opinions at meetings of the Board of Directors as necessary.

■ Addressing opportunities and risks related to climate change and natural capital (TCFD, TNFD, etc.)

Economic development is dependent on social conditions such as livelihood and education, and society is supported by the natural environment. Therefore, the maintenance and conservation of the environment is a prerequisite for realizing sustainable local communities and achieving the sustainable growth of both local communities and the Group.

We recognize that responding to climate change and environmental conservation is one of the key factors in our business strategy. For this reason, we expressed our support for the TCFD Recommendations in March 2021,

participated in the TNFD Forum in January 2024, and registered as a TNFD Adopter in July 2025.

Going forward, we will continue to strive to reduce the environmental burden of our corporate activities and strengthen our efforts for environmental conservation through our business activities, such as by providing services that contribute to environmental conservation and motivating the supply chain.

We will also proactively disclose information based on the TCFD/TNFD Recommendations, thereby further enhancing our position through stakeholder engagement.

Governance

Climate change-related (TCFD) Natural capital-related (TNFD)

The Group shows its stance on initiatives to address environmental issues in its Corporate Ethics, the basic policy in conducting its business activities, and engages proactively in environmental conservation activities through its group companies.

We recognize that responding to climate change and environmental conservation are important social issues related to sustainability, and have identified “Contribute to Realizing a Decarbonized Society and Environment Conservation” as a materiality, which we manage and supervise as part of our governance structure for sustainability (please see page 99).

(Excerpt from Article 10 of Mebuki Financial Group's Corporate Ethics)

“The Group will proactively act towards building a sustainable environment and society that is resilient to changes in the global environment and social conditions”.

Formulation of policies

As group-wide policies for initiatives for sustainability* issues including response to climate change and environmental conservation, Mebuki Financial Group has formulated Group Sustainability Policy, Group Environmental Policy, Group Human Rights Policy, Environmentally and Socially Friendly Investments and Loans Policy, and Procurement and Purchasing Guidelines. Positioning the sustainability issues as important management agendas, the Group operates its business based on these policies.

*Initiatives for achieving both the sustainable growth of the Group and the resolution of environmental/social issues in local regions

Human rights policy and engagement activities

In accordance with the Group Human Rights Policy, in order to respect the basic human rights of all stakeholders, we are committed to respecting human rights by paying attention to the negative impacts on human rights from the corporate activities of our borrowers and suppliers (supply chain).

For more details about the Group Human Rights Policy, please see <https://www.mebuki-fg.co.jp/sustainability/sdgs/pdf/policy-human-rights.pdf> (in Japanese).

Main matters related to response to climate change and environmental conservation discussed by the Sustainability Committee in FY2024

- Disclosure related to the TNFD Recommendations
- Status of climate change-related risks
- Information disclosure related to sustainability
- Status of investments and loans under the Environmentally and Socially Friendly Investments and Loans Policy
- Revision of Environmentally and Socially Friendly Investments and Loans Policy
- Reorganization of materiality and revision of the Group Sustainability Policy

StrategyClimate change-related (TCFD)

The Group conducts financial impact assessments based on the identification of climate change risks and opportunities that are expected to impact its business activities. Based on the assessment results, we are taking actions to mitigate risks and capture opportunities, such as reducing CO₂ emissions from the Group's business activities, participating in renewable energy power businesses through group companies, and proactively supporting climate change measures by providing funds and consulting services to customers.

1. Risks

(1) Awareness of risks

We are aware of climate change-related risks as follows:

	Risks	Details	Time frames
Physical risks	● Increased severity of extreme natural disasters such as typhoons and flooding and chronic changes to the climate such as increased rainfall, both of which are triggered by the progress of global warming	● Harmed customers' earnings and collateral properties, which result in increases in credit-related costs of the Group ● In the event of the Group's business locations being hit by natural disasters, risk of being difficult to continue business and additional costs for continuing/restoring business operations	Short- to long-term
Transition risks	● Tightening of laws and regulations, such as the setting of stricter CO ₂ emissions reduction targets and the introduction/hike of carbon taxes, and changes in the industrial structure	● Deteriorated earnings at customers and increased credit-related costs at the Group, which may lead the Group to review/revise its business strategies, including the Investments and Loans Policy (a sector-specific policy)	Medium- to long-term
	● Deteriorated Group's reputation due to shortcomings, including the failure to sufficiently address climate change and disclose related information	● Greater difficulty in funding for the Group	Short- to long-term

*Short-term: approx. 5 years; medium-term: approx. 10 years; long-term: approx. 30 years

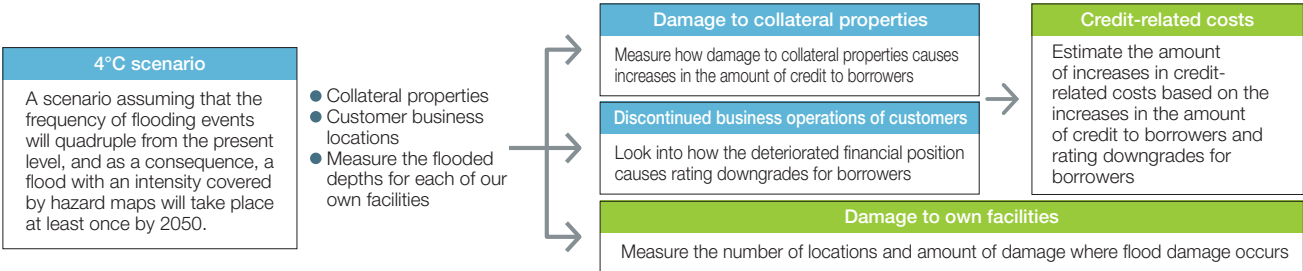
(2) Scenario analysis

The Group conducts the scenario analysis of physical risks and transition risks to assess the resilience of the Group while taking into consideration climate change scenarios and to enhance dialogue (engagement) with its corporate customers. In the ongoing scenario analysis, the Group pursues the sophistication of analytical methods and the expansion of the scope of analysis. Here is the overview of the scenario analysis in FY2024.

<Physical risks>

[Procedures for analysis]

We have analyzed how damage to collateral properties and the deteriorated financial position of customers due to the discontinued business operations will affect the Group's credit-related costs over time. We made the analysis based on materials published by the Ministry of Land, Infrastructure, Transport and Tourism and other information, assuming the 4°C scenario in which the level of flood falling under the natural disasters on hazard maps takes place. We have also analyzed the damage to our own facilities within the Group in similar situations. Furthermore, based on this analysis, we have conducted a more detailed analysis of customer information than ever before, utilizing data from Green Page and by expanding the number of our business locations we draw on for information.



[Overview of analysis]

Risk events	From flooding	
	● Damage to collateral properties ● Deteriorated financial position of customers due to discontinued business operations	● Damage to own facilities
Scenarios	RCP8.5 scenario* according to IPCC (4°C scenario)	
Subject of the analysis	Customers with their business locations in Japan	All own buildings in Japan
Period of analysis	Until 2050	
Risk metrics	Credit-related costs (credit costs) that will likely increase	The number of locations and amount of damage where flood damage occurs
Amount of risk	Increase in credit-related costs: Up to ¥15.7 bn	The number of locations: 102 (16.6% of all locations) Amount of damage: Up to ¥1.4 bn

*A scenario developed by IPCC

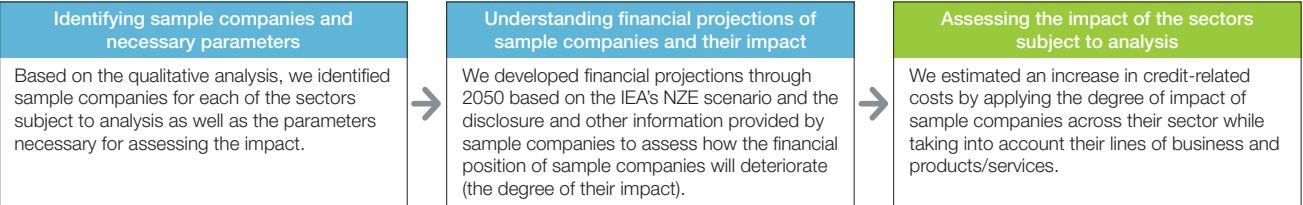
<Transition risks>

Selection of sectors subject to the analysis

In view of transition risks (Policy and Legal, Industry and Market, Technology, and Reputation), we picked out Electricity, Petrochemical, Automobile, and Metals and Mining from our investments and loans portfolio as the four sectors that will be affected most by transition risks, and have analyzed the potential risks customers will face in these sectors.

[Procedures for analysis]

We have conducted quantitative analyses on the impacts of the introduction of carbon tax, customers' initiatives, changes in the markets, and others, which are all aimed at the transition to a decarbonized society. Specifically, we have analyzed how the deteriorated financial position of customers, as a consequence of the transition to a decarbonized society, will affect the Group's credit-related costs over time based on the projections under the International Energy Agency (IEA)'s Net Zero Emissions by 2050 Scenario and the disclosure and other information provided by sample companies.



[Overview of analysis]

Risk events	Deteriorated financial position of customers as a result of the transition to a decarbonized society
Scenarios	NZE scenario* ¹ (1.5°C scenario), RCP2.6 scenario* ² (2°C scenario)
Subject of the analysis	Electricity, Petrochemical, Automobile, and Metals and Mining
Period of analysis	Until 2050
Risk metrics	Credit-related costs (credit costs) that will likely increase
Amount of risk	Increase in credit-related costs: Up to ¥19.2 bn

*¹ A scenario developed by IEA

*² A scenario developed by IPCC

(3) Results of the scenario analysis

This analysis approach found that both physical risks and transition risks have limited impacts on the Group. We will use analysis results for our customer engagement and support our customers in making efforts to address climate change and toward decarbonization, thereby aiming to maximize opportunities and minimize risks for the Group and customers as we continue to strive to evolve our analysis.

(4) Status of carbon-related assets

As one of our efforts to understand climate change-related risks, the Group is working to understand the status of transactions with carbon-related sectors, which are considered to be more susceptible to financial impacts from climate change-related risks than other sectors. The amount of credit for carbon-related sectors*¹ in the Company's total amount of credit*² and the percentage of loans to these sectors of the Company's total loans are indicated below.

Sector	Energy	Transportation	Materials and Buildings	Agriculture, Food, and Forest Products	Total
Amount of credit	¥180.5 bn	¥497.0 bn	¥3,258.3 bn	¥302.3 bn	¥4,238.0 bn
Percentage	1.4%	3.9%	25.7%	2.4%	33.5%

*¹ The sum of loans, acceptances and guarantees, foreign exchanges, private placement bonds, unused portions of commitment lines, etc. Excluding the water supply and renewable energy power generation businesses.

*² The sectors suggested in the TCFD Recommendations are the Global Industry Classification Standard (GICS) sectors; however, the Company used the Bank of Japan's sector classification to calculate the amounts and percentages. Therefore, there may be differences between those calculated based on the GICS sectors and those calculated based on the BoJ's sector classification.

2. Opportunities

(1) Awareness of opportunities

We are aware of climate change-related opportunities as follows:

	Details	Time frames
Increased business opportunities	● Increased demand for climate change-related businesses toward decarbonization (e.g., provision of consulting services, products, and services) ● Increased sustainable finance and related transactions, including renewable energy-related loans ● Increased demand for funds to invest in infrastructure and make other capital investments, both of which are aimed at minimizing damage from natural disasters triggered by abnormal weather (e.g., damage to offices and residences)	Short- to long-term
Cost reduction	● Reduced business costs at the Group through measures such as saving resources and energy	Short- to long-term
Enhanced social reputation	● Enhanced corporate value and social reputation through strengthened responses to climate change and proactive information disclosure	Medium- to long-term

*Short-term: approx. 5 years; medium-term: approx. 10 years; long-term: approx. 30 years

(2)Efforts to seize the opportunities we are aware of

Making efforts to achieve carbon neutrality and preparing for natural disasters, which are becoming increasingly severe and ever more frequent as the planet heats up, are essential for business continuity and sustainable growth and have become important management issues, not just for listed and larger companies, but also for small and medium-sized local enterprises. In light of such circumstances, the Group actively supports its corporate customers in taking climate change measures by providing funds and consulting services. (Please see page 60 for details.)

Strategy Natural capital-related (TNFD)

The Group has analyzed the dependence and impact of its business activities on nature, as well as the risks and opportunities, with reference to the TNFD Recommendations. We will continue to conduct more surveys and research and work to increase the sophistication of our analysis.

1. Dependencies and impacts

Many companies, including those within the Group, conduct business in connection with nature. As a financial services company with the banking business at the core, the Group believes it is necessary to understand not only the direct dependencies and impacts of its business activities on nature but also the indirect dependencies and impacts on nature through its investment and loan activities. Therefore, we utilized ENCORE* data to analyze and organize the dependence and impact on nature for the top sectors of the Group in terms of investments and loans.

*ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) is an analytical tool developed by the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC) and the Natural Capital Finance Alliance (NCFA). It enables analysis of dependence on and impact on nature by sector.

(1) Results of analysis

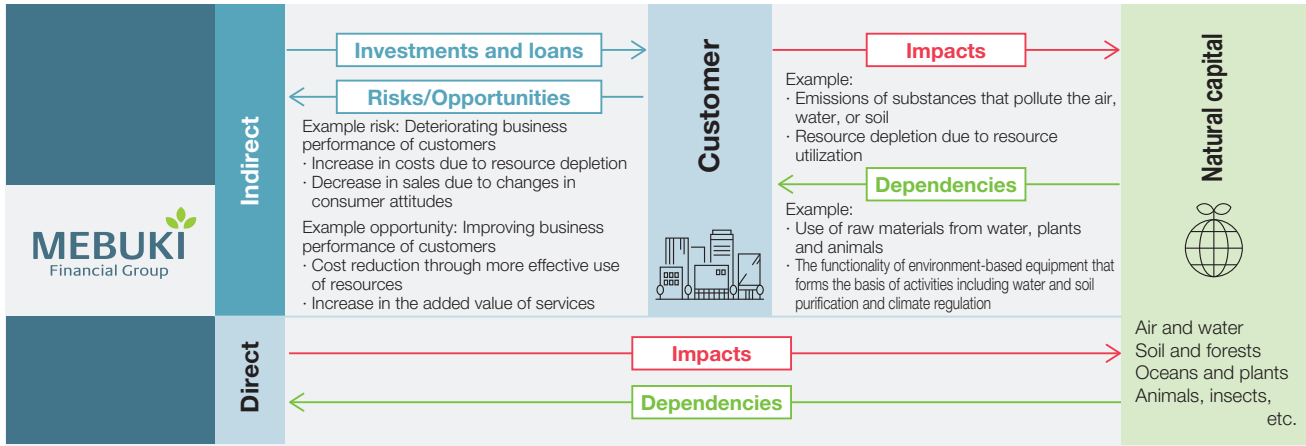
As a result of this analysis and organization, it was found that the ecosystem services with a high dependency across sectors are “Conservation of soil and sediment,” “Protection from storms,” and “Protection from floods.” We also identified “Construction and civil engineering” and “Foods” as sectors with a high relevancy to nature, and organized their characteristic relationships with nature for each sector. (For details, please refer to “Heat Map Analysis” on the next page.)

In order to maintain such ecosystem services, it is important to maintain and bolster natural assets such as forests, as well as to restrict emissions of greenhouse gases and other sources of emissions that can have a negative impact on the natural environment, protect against overconsumption of natural resources, and effectively utilize recyclable resources.

(2) Response based on analysis results

Based on analysis results, the Group will continue to support customers’ decarbonization efforts, promote the sales of forest-derived carbon credits, actively engage in tree planting and other nature conservation activities, and enhance the sophistication of the analysis.

Group’s Relationship with Natural Capital



Mebuki Financial Group’s initiatives to conserve and restore natural capital

Forest conservation and tree planting activities

In addition to subsidizing groups working to conserve the environment and planting trees in the mountains of Ashio, we are also engaged in forest maintenance through regular forest thinning and tree planting activities in the Joyo Furusato no Mori and Ashigin Forest, managed by our subsidiary banks.

We will continue our efforts to aid the maintenance and restoration of lush forests.

Joyo Furusato no Mori Ashigin Forest

Environmental beautification and extermination of invasive alien species

In addition to beautification activities around each location, the Group actively participates in local beautification activities and extermination of invasive alien species, contributing to the conservation of local natural capital and biodiversity.

We will continue to work with local communities to create a rich environment.

Beautification activities Extermination of invasive alien species

[Heat Map Analysis]

Sector name	Dependencies																							Impacts														
	Supply services			Regulation and maintenance services																	Cultural services																	
	Supply biomass	Gene samples	Water supply	Animal-derived energy	Global climate regulation	Water level regulation	Sensory impact regulation (other than noise)	Filter air	Soil quality regulation	① Conservation of soil and sediment	Purify solid waste	Purify water	① Protection from storms	① Protection from floods	Pollination	Maintenance of nursery populations and habitats	Regional climate regulation	Biological control	Rainfall pattern regulation	Atmospheric and ecological dilution	Noise reduction	Recreation-related services	Visual amenity services	Education, science, and research services	Spiritual, artistic, and symbolic services	Disturbances (noise, light, etc.)	Freshwater utilization area	GHG emissions	Seafloor utilization area	Emissions of air pollutants other than GHGs	Collection of biological resources	Collection of non-biological resources	Discharge of toxic substances into water and soil	Discharge of eutrophication substances into water and soil	Generation and release of solid waste	Land utilization area	Water consumption amount	Invasion of alien species
Real estate management and development			VL		VL	VL	VL	VL	M			L	VL				L		VL		VL	VH				L		VL		VL			L		VL	L	L	
Trading companies and logistics			M	VL	VL	M			L			M	M				L	VL	VL		VL	L	L	L		L	VL	M	VL	L			L	VL	VL	L	M	L
② Construction and civil engineering			M		L	M	VL	VL	H	VL	M	H	H				L		H	L	VL					VH	M	M	M	L			H		M	L	M	L
Machinery			M		VL	M	VL	VL	M	L	M	M	M				L		VL	L	VL					H		L		L			H		L	L	M	
Healthcare			M	VL	VL	M	VL	VL	L	M	H	M	M				L	L			VL		VH	L	VH		L	VL		L			L		M	L	L	VL
Electricity	VL		M		M	H		VL	H	L	L	M	H				M		VL	VL	VL					H	L	L	VL	L	VL		M	VL	M	M	M	
Specialty retail			L		VL	M	VL	VL	M	VL		M	M				L	VL	VL		VL	VL	VL			L	VL	M	VL	M			L		L	L	M	
Transportation over land			VL	VL	M	L		VL	M			M	M				L	VL	M	VL	VL	L	VH			M		M		L			L	M	L	M	M	M
③ Foods	H	M	H	L	M	H	VL	M	M	H	M	VH	H	H	L	L	M	M	H	M	VL	VL		L	L	M	L	H	VL	H	VL		H	M	H	H	H	M
Bank (Mebuki FG)			VL		VL	VL			VL			VL	VL				L									L		L		VL			L		VL	L	VL	

VeryHighHighMiddleLowVeryLow

VeryHigh High Middle Low VeryLow

Sector name	Highly dependent and impactful relationships with nature	Remarks
① Common across sectors	Dependencies Conservation of soil and sediment Protection from storms Protection from floods	Localized disasters such as storms, floods, and landslide pose a significant threat to the lives and health of people, as well as to property, and may impact a large number of business activities. Forests, coral reefs, seagrasses, wetlands, and other natural barriers and buffer zones serve to mitigate the effects of natural disasters.
	Dependencies Rainfall pattern regulation: H	Forests and other vegetation maintain rainfall through evapotranspiration and recycle water back into the atmosphere. In addition to maintaining ecosystems such as wetlands and rivers, and supplying the water necessary for the stable growth of agricultural crops, the appropriate regulation of rainfall patterns also has the function of preventing rivers from rising rapidly. In particular, construction, demolition, and civil engineering all depend on being able to mitigate the risk of damage onsite from flooding, etc.
	Impacts Disturbances (noise, light, etc.): VH Discharge of toxic substances: H	Noise and light emissions during the construction, dismantling and waste treatment processes, as well as spills of toxic chemicals (in paints and solvents, etc.) can contaminate water and soil, adversely affecting species populations and habitats.
③ Foods	Dependencies Water purification: VH Water supply: H Water level regulation: H	Agriculture, livestock and dairy, fisheries and food production activities require large quantities of high-quality water for crop cultivation, cleaning and hygiene management. For this reason, we depend on the ecosystem services provided by the forests, soils and microorganisms that purify the water, and the wetlands and rivers that appropriately regulate the level of water.
	Impacts Water consumption amount: H	On the other hand, the use of large amounts of water makes it difficult for residents and other industries to secure the water they need, especially in areas with limited water resources, seriously affecting quality of life and economic activity.

2. Risks and opportunities

(1) Awareness of risks

The TNFD classifies nature-related risks as potential threats to the organization arising from its dependencies on and impacts on nature into three categories: physical risks, transition risks, and systemic risks.

The risks that the Group is currently aware of are as follows:

Risk categories		Example events	Example social and economic impacts	Risks associated with the Group's business activities	Time frames	Major measures taken by the Group (risk mitigation measures)
Physical risks	Acute	<ul style="list-style-type: none">· Increase in natural disasters· Weather changes such as low rainfall and drought· Outbreak of disease and insect damage	<ul style="list-style-type: none">· Discontinued business operations and increased administrative costs due to increased damage from natural disasters· Decline in agricultural, forestry, and fishery product yields· Outbreak of infectious diseases	<ul style="list-style-type: none">· Increase in credit costs due to deteriorating business performance of customers· Deterioration of reputation in the event of natural capital damage by investees	Short-term	<ul style="list-style-type: none">· Provision of information, raising awareness, and consulting with customers· Enhancement of solution menu through expansion of business partners, etc.
	Chronic	<ul style="list-style-type: none">· Changes in land and marine use· Degradation of wetlands and forests· Changes in the ecosystem· Pollution· Depletion of agriculture, forestry, and fishery resources· Decrease in water and other resource supplies· Changes in habitats for infectious disease vectors· Increase in invasive alien species	<ul style="list-style-type: none">· Damage to production processes and value chains· Suspension of operations due to drought· Relocation and adjustment of businesses· Increase in procurement costs of raw materials, etc.· Decline in ecosystem services such as pollination and water resource recharge		Medium- to long-term	
Transition risks	Policy and legal	<ul style="list-style-type: none">· Introduction and strengthening of regulations and standards· Changes in production volume regulations· Increase in litigation	<ul style="list-style-type: none">· Incurred/increased costs of complying with regulations and standards· Decrease in procurement volume and increase in costs due to higher prices· Increase in litigation response costs	<ul style="list-style-type: none">· Increase in credit costs due to deteriorating business performance of customers· Loss of revenue opportunities due to failure to adapt to change· Decline in competitiveness	Medium-term	<ul style="list-style-type: none">· Formulation of response measures based on continuous information gathering and trend identification· Provision of information, raising awareness, and consulting with customers· Enhancement of solution menu through expansion of business partners, etc.
	Market and industry	<ul style="list-style-type: none">· Changes in consumer behavior· Changes in demand for and supply of goods and services· Expansion in requirements from the supply chain (traceability, certification, etc.)	<ul style="list-style-type: none">· Loss of sales opportunities and customers· Increase in response costs (ex: certification acquisition expenses)· Increase in costs associated with procurement in consideration of natural capital and biodiversity· Changes in industry power structure		Short- to medium-term	
	Technology	<ul style="list-style-type: none">· Development and diffusion of technologies in consideration of natural capital and biodiversity	<ul style="list-style-type: none">· Changes in industrial structure and business competitiveness· Increase in technology development and introduction costs		Medium- to long-term	
	Reputation	<ul style="list-style-type: none">· Criticism and decline in valuations for delayed or inadequate involvement in and/or response to damage to natural capital	<ul style="list-style-type: none">· Damage to brand value, protests, and boycotts· Difficulty in raising funds due to declining valuations from investors and financial institutions· Decrease in employee engagement	<ul style="list-style-type: none">· Deterioration in reputation· Customer churn and deterioration of corporate image and ESG reputation	Medium- to long-term	<ul style="list-style-type: none">· Appropriate information disclosure and dialogue with stakeholders
	Litigation and liability	<ul style="list-style-type: none">· Liability arising from developments in legislation and case law· Liability and administrative penalties due to strengthening of existing laws and regulations or introduction of new laws and regulations· Liability for damages caused by opposition actions against ecological impact	<ul style="list-style-type: none">· There is an increasing awareness of natural capital and biodiversity, the scope of what constitutes corporate activities has broadened, and the securing of skilled human resources is becoming a problem.	<ul style="list-style-type: none">· Securing human resources with knowledge of natural capital and biodiversity· Deterioration of reputation in the event of natural capital damage by investees	Short- to medium-term	<ul style="list-style-type: none">· Formulation of response measures based on continuous information gathering and trend identification
Systemic risks	Ecosystem stability risks	<ul style="list-style-type: none">· Cascading destruction of nature due to loss of nature's ability to provide important ecosystem services· Outbreak of zoonotic diseases (ex: COVID-19)	<ul style="list-style-type: none">· Enormous simultaneous financial losses in multiple industries (ex: the collapse of the fishing industry due to overfishing, making it more difficult to procure raw materials)· Outbreak of pandemics causing stagnation of social and economic activities	<ul style="list-style-type: none">· Increase in credit costs due to deteriorating business performance of customers· Loss of revenue opportunities due to stagnation of sales activities	Short- to long-term	<ul style="list-style-type: none">· Evolution of scenario analysis· Regulation revision of contingency plans
	Financial stability risks	<ul style="list-style-type: none">· Simultaneous occurrence of multiple policy, legal, technological, and social responses	<ul style="list-style-type: none">· Occurrence of financial and social impacts on many sectors and individual lives			

*Short-term: approx. 5 years; medium-term: approx. 10 years; long-term: approx. 30 years

(2) Awareness of opportunities

The TNFD divides nature-related opportunities into those related to business performance and those related to sustainability performance and states that the two categories are not mutually exclusive.

The opportunities that the Group is currently aware of are as follows:

Opportunity categories		Example events	Opportunities associated with the Group's business activities	Time frames
Opportunities related to business performance	Products and services	<ul style="list-style-type: none">· Development and expansion of products and services with positive or negative impact mitigation effects on nature· Development and diffusion of new technologies that promote the conservation and sustainable use of biodiversity· Establishing competitive advantage	<ul style="list-style-type: none">· Increase in consulting opportunities to support analysis of nature-related risks and opportunities and development of business strategies· Increase in new investment and loan opportunities	Short- to medium-term
	Market	<ul style="list-style-type: none">· Expansion of new and emerging markets· Change in consumer behaviors (increase in demand for sustainability-conscious products and services)	<ul style="list-style-type: none">· Development of nature-related businesses, products, and services	Medium- to long-term
	Resource efficiency	<ul style="list-style-type: none">· Shift in production processes, such as switching to raw materials with lower environmental impact· Spread of certification programs for nature-conscious raw materials· Spread of the utilization of recycled materials and recycling· Reduction of water use and consumption· Utilization of diverse raw materials (utilization of unused resources)· Prevention of pollution and reduction of waste	<ul style="list-style-type: none">· Increase in consulting and business matching opportunities· Increase in new investment and loan opportunities	Medium- to long-term
	Funding flow and procurement	<ul style="list-style-type: none">· Spread of nature-related green finance· Protection of the environment through public incentives	<ul style="list-style-type: none">· Increase in new investment and loan opportunities	Short- to medium-term
Opportunities related to sustainability performance	Reputation	<ul style="list-style-type: none">· Promoting understanding and strengthening relationships with stakeholders and spreading collaboration· Improving brand image and differentiating from competitors	<ul style="list-style-type: none">· Improving reputation by addressing nature-related risks and developing solutions· Improvement in reputation and corporate value through nature-positive contributions	Medium- to long-term
	Sustainable use of natural resources	(Same as resource efficiency)	(Same as resource efficiency)	Medium- to long-term
	Protection, restoration, and regeneration of ecosystems	<ul style="list-style-type: none">· Nature conservation and restoration activities· Implementation of local green infrastructure· Protection of rare species	<ul style="list-style-type: none">· Increase in consulting needs and investment and loan opportunities	Medium- to long-term

*Short-term: approx. 5 years; medium-term: approx. 10 years; long-term: approx. 30 years

(3) Efforts to address the risks and seize the opportunities we are aware of

Although the qualitative analysis has organized the Group's relationship with nature, we believe that we need to further evolve our analysis in order to implement specific strategies.

Going forward, we will strive to evolve our analysis, including quantitative analysis that takes into account geographical characteristics and the characteristics of each sector, in order to minimize risk and maximize opportunities for the Group, local communities, and our customers.

Examples of nature in Ibaraki and Tochigi Prefectures

Kasumigaura Bay

A freshwater lake with the second largest lake area in Japan. It is home to many plants, including wetland plants, emergent plants, and floating leaf plants, while also serving as a breeding ground for aquatic organisms. It also contributes to ensuring a stable supply of water resources, including tap water, and to the supply of marine products and agricultural products.



Oku-Nikko, Nikko National Park

Famous for the Oku-Nikko-shitsugen—a wetland under the Ramsar Convention—and the Kegon Falls, one of the three most famous waterfalls in Japan. In addition to its role as a tourist attraction, the forest is home to many valuable alpine plants and is one of the most important habitats for Japanese wildlife.



Risk management

Climate change-related (TCFD)

Natural capital-related (TNFD)

The Group has worked to have a more sophisticated risk management system based on the recognition that one of its most important management issues is to appropriately control risks according to the characteristics of business operations and risks in order to enhance its corporate value while ensuring its sound and safe corporate management.

We will continue to work to improve our risk management system, and at the same time, we will develop and provide optimal solutions to the issues and needs we have identified through engagement with our customers, and we will strive to create business opportunities while reducing and avoiding risks.

1. Top risk management

Of the risk events that have an impact on the Group's management and strategies, those deemed particularly significant in terms of likelihood, potential impact, or public attention are designated as top risks by the Board of Directors. For these top risks, we implement predictive management and risk control measures based on risk scenarios.

With regard to climate change and natural capital, the Group has identified the “delayed response to climate change and environmental issues” and the “occurrence of large-scale earthquakes and storm damage, etc.” as top risks, and is managing these risks accordingly.

2. Integrated risk management

The Group undertakes integrated risk management which quantitatively measures various types of risk including credit risk and market risk, using statistical methods, such as VaR, in order to individually manage increasingly diversified and complicated types of risk relevant to financial services, and at the same time, to comprehensively capture said risks.

3. Formulation of “Environmentally and Socially Friendly Investments and Loans Policy”

In March 2021, the Group established the Environmentally and Socially Friendly Investments and Loans Policy based on which we sought to reduce or avoid investments on sectors that may have a negative impact on the environment and society.

In conjunction with the launch of the Fourth Medium-Term Group Business Plan, the Group revised* this Environmentally and Socially Friendly Investments and Loans Policy in order to further strengthen its efforts to realize sustainable local communities through more active support for initiatives aimed at finding solutions to environmental and social issues, as well as by responding more prudently to investments and loans that may have a negative impact on the environment and society.

We will continue to engage in investment and loan activities in accordance with the said investment and loans policy, and regularly monitor whether or not the operations being conducted are appropriate.

*For more information on the Environmentally and Socially Friendly Investments and Loans Policy as well the details of the revisions made to it, please see the Company website. (in Japanese)
Policy details: <https://www.mebuki-fg.co.jp/sustainability/pdf/policy-investment.pdf>; Details of policy revisions: <https://pdf.irpocket.com/C7167/KHnJ/xStZ/JHZF.pdf> (in Japanese)

4. Spread of climate change risks

Given the results of the scenario analysis and qualitative analyses, we recognize that climate change risks could permeate and materially affect the Group's business operations, strategies, and financial planning by way of credit risks, operational risks, and a broad range of complex pathways over a variety of time frames.

In order to understand and assess the impact of climate change on the Group's business, we consider the ripple effects of potential climate change risks. Based on this, we conduct a scenario analysis to identify the current risks and opportunities associated with climate change.

	Physical risks	Transition risks
Credit risk	● Increase in credit risk due to damage to customers' assets, caused by the increased severity of natural disasters and the subsequent impairment of collateral values, and to the slow-down/deteriorated earnings of customers' businesses	● Deterioration in earnings of customers and subsequent increase in credit risk for reasons including their insufficient responses to changes associated with the transition to a decarbonized society, such as the changes in policies/regulations, markets, and technological development
Market risk	● Increase in market risk with the declining values of securities, etc., caused by the increased severity of natural disasters	● Deterioration in earnings of investees on the back of the transition to a decarbonized society, increase in market risk coupled with a decline in the values of securities and other instruments caused by changes in investor behavior
Liquidity risk	● Increase in liquidity risk coupled with increased outflow of funds due in part to the withdrawal of deposits by customers who were affected by the increased severity of natural disasters, and as a consequence, are cash-strapped	● Increase in liquidity risk coupled with increased funding costs on the back of a rating downgrade of the Group due in part to its insufficient response to climate change risks and the outflow of deposits
Operational risks	● Increase in tangible asset risk, discontinued business operations, and increase in disaster prevention costs as a consequence of damage to the Group's business locations by natural disasters	● Increase in reputational risk due to insufficient responses to the transition to a decarbonized society (e.g., insufficient disclosure, holding of carbon-related business assets)

5. Natural capital-related risk and impact management

The analysis of natural capital is limited to qualitative analysis, including analysis through the preparation of heat maps using ENCORE. In order that we are able to better manage risk and impact, the Group recognizes that it is necessary to further enhance its analysis processes, including through the identification of priority sectors and regions and the conducting of quantitative analysis.

Moving forward, we will work to improve our analysis of risks and opportunities by conducting analyses of natural capital and using scenario analysis that takes into account geographical characteristics. At the same time, we will deepen our analysis of the impact and timeframe for each risk category, including credit, market, and operational risks, as we strive to build a comprehensive risk management system.

Metrics and targets

Climate change-related (TCFD)

Natural capital-related (TNFD)

The Group has set the targets and created a roadmap for the realization of a decarbonized society and nature positivity, and monitors them with various metrics. We regularly report the progress made

toward the targets and the use of metrics to the Sustainability Committee and the Board of Directors, reflect them in the strategy, and receive supervision.

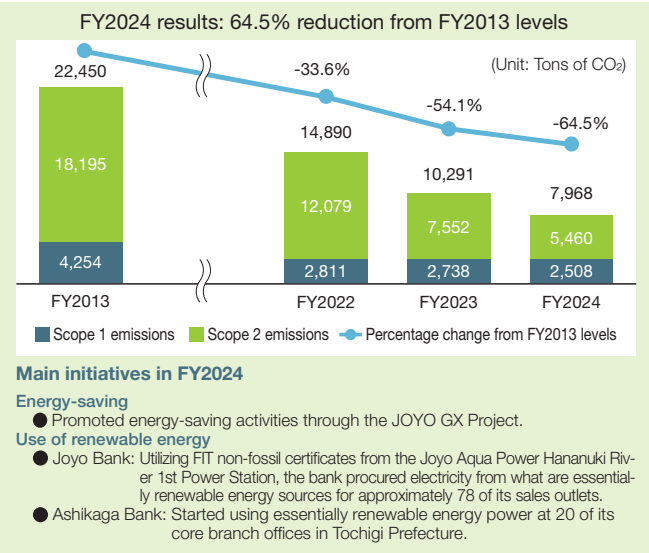
1. Sustainable finance

We have set targets to execute sustainable finance for a cumulative total of ¥3 trillion over the period from FY2021 to FY2030 (of which, ¥2 trillion is for environmental sectors), and are proactively working to achieve these targets. (Please see page 61 for details of this initiative.)

2. CO₂ emissions

Scope1, Scope2

We have set a target of achieving net zero CO₂ emissions (Scope 1 and Scope 2) across the entire Company Group by FY2030, and we are working to achieve this goal.



Scope 3

The sum of Scope 3 emissions of Joyo Bank and Ashikaga Bank for FY2024 is as follows:

Category	Emissions (tons of CO ₂ eq)
① Products and services purchased	13,981
② Capital goods	9,328
③ Fuels and energy activities not included in Scope 1 and Scope 2	2,533
④ Transportation and delivery (upstream)	468
⑤ Waste generated through business	27
⑥ Business trips	1,081
⑦ Commuting of employees	3,248
⑮ Investments and loans	29,452,756
Total	29,483,426

*No emissions were measured for Categories 8 through 14.
*Categories 1 to 7 are calculated with reference to the “Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.7)” (March 2025, Ministry of the Environment and Ministry of Economy, Trade and Industry) and the “Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations through Supply Chains (ver. 3.5)” (March 2025, Ministry of the Environment).
*Category 15 is calculated in accordance with the calculation standards of Partnership for Carbon Accounting Financials (PCAF), an international initiative to develop methods for measuring and disclosing GHG emissions in investment and loan portfolios

Scope 3, Category 15 (investments and loans)

In this fiscal year, we began using Persefoni, a PCAF-approved carbon accounting platform, through which we have worked to expand the scope of our calculations and to increase the sophistication of our calculation methods (including calculations using DQ5).

In addition to the aforementioned expansion of the scope and refinements of our calculations, moving forward, we will also use these calculation results for our customer engagement and to contribute to the realization of a decarbonized society.

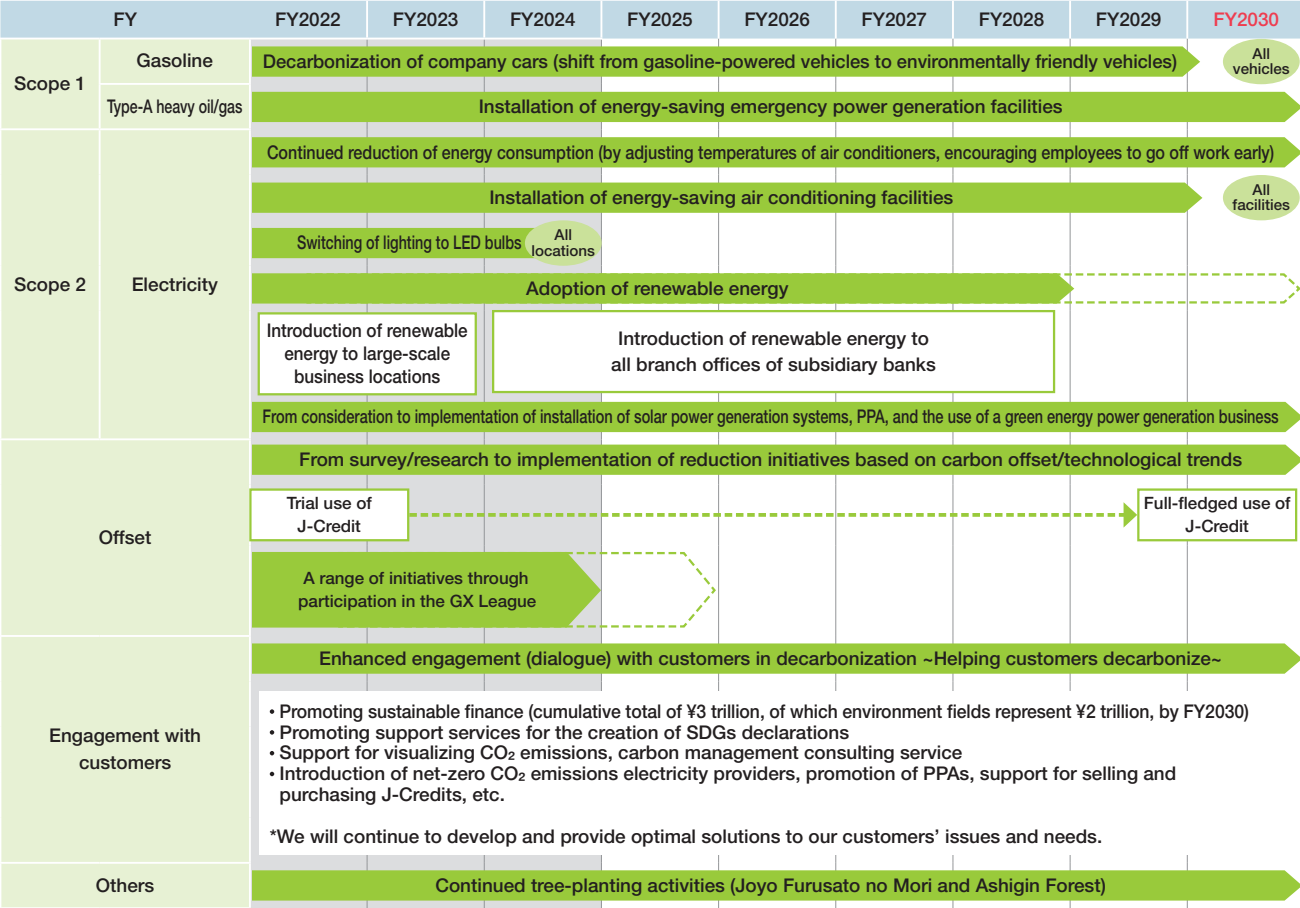
Sector	Emissions (tons of CO ₂)*1				DQ*2		Carbon intensity*3 (tons of CO ₂ eq/million yen)
	Total	Scope 1	Scope 2	Scope 3	Scope 1 and 2	Scope 3	
Energy	Oil and gas	1,872,800	449,883	52,873	1,370,043	3.0	16.90
	Coal	1,515	1,163	53	299	4.0	22.28
	Electric utilities	817,141	523,748	22,754	270,638	3.8	6.37
Transportation	Automobiles and parts	923,194	12,612	40,457	870,125	3.1	10.46
	Truck services	302,597	2,323	8,649	291,625	4.0	1.76
	Rail-based transportation	83,863	9,222	18,174	56,467	2.3	0.88
	Marine transportation	113,311	60,427	240	52,643	3.3	5.96
	Air transportation	44,374	34,129	216	10,029	2.4	4.74
	Air freight	141,300	105,203	705	35,393	4.0	5.77
Materials and buildings	Metals and mining	1,362,876	447,283	103,306	812,287	3.3	10.02
	Chemicals	1,521,230	282,192	150,275	1,088,762	2.8	6.46
	Construction materials	2,441,691	2,016,752	151,334	273,605	3.5	47.90
	Capital goods	7,379,525	326,810	218,411	6,834,304	3.5	5.33
	Real estate management and development	363,137	36,187	21,054	305,896	3.5	0.46
	Agriculture	94,342	39,407	4,413	50,521	4.1	3.13
Agriculture, Food, and Forest Products	Beverages	15,280	1,478	1,590	12,212	3.4	1.83
	Processed food and processed meat	2,404,131	1,295,764	71,684	1,036,683	3.7	13.00
	Paper manufacturing and forestry products	466,287	134,665	62,026	269,596	3.0	7.58
Others		9,104,164	1,146,262	1,972,766	5,985,137	4.2	2.39
Total		29,452,756	6,925,511	2,900,979	19,626,266	–	–

*1 Emissions: Of the GHG emissions of the lenders, those attributable to the business loans provided by the Company. We measured Scope 3 emissions of all the businesses to which Joyo Bank and Ashikaga Bank provided loans.
The formula for calculating emissions: Emissions = Σ (Borrower GHG emissions x Attribution coefficient (Amount of loans from Joyo Bank and Ashikaga Bank / Total amount of funds raised by borrowers))
*2 DQ (Data Quality Score): A number indicating the quality of the GHG emissions data using a five-point scale. The closer the value is to 1, the higher the quality. The closer the value is to 5, the higher the number of estimates used.
For emissions data, we use the “bottom-up method,” which utilizes actual GHG emissions data (see corporate disclosure data and GDP data). For companies for which data are not available, we use the “top-down method,” which uses emission factors, etc.
*3 Carbon intensity: “Emissions”/“ per million yen of loan amount
Sector-specific carbon intensity = Σ (Emissions*1 by borrowers of each sector) / Σ (Loan amount by borrowers of each sector)

Roadmap for reducing CO2 emissions

In order to achieve the Group's long-term sustainability KPI of net zero CO₂ emissions by FY2030 (Scope 1 and Scope 2), we are working to reduce emissions from the Group's business activities based on the roadmap (created in June 2022), and we also support our customers' decarbonization efforts through engagement activities.

We will continue to work at achieving the target by reviewing and revising the roadmap, as needed, in light of factors such as technological trends and changes in environment.



3. Internal Carbon Pricing (ICP) system

In order to further strengthen its decarbonization efforts, the Group introduced Internal Carbon Pricing (ICP)* system.

Currently, when considering the introduction of equipment, we calculate the CO₂ emissions from that equipment in monetary terms and incorporate them into investment decisions, which is used to reduce CO₂ emissions and raise awareness within the Group.

The price was set with reference to the NZE Scenario (assuming the achievement of net zero CO₂ emissions by 2050) by IEA, a public organization that publishes long-term carbon price forecasts. We will continue to monitor trends and review as appropriate.

*An initiative in which companies voluntarily assign a price to the amount of carbon dioxide they emit in the course of their business.

JOYO GX Project

Joyo Bank implemented the JOYO GX Project to reduce the environmental impact of its business activities. This initiative aims to promote sustainability initiatives at all Joyo Bank branches and Head Office by setting targets for reducing electricity, paper consumption, etc. in business activities.

A portion of the reduction in CO₂ emissions resulting from this initiative was provided as support for the GX Project* of MITO HOLLYHOCK, a professional soccer club, to support local decarbonization initiatives.

*This is a project launched to support the J.LEAGUE Climate Action program. It aims to help find solutions to regional issues and to revitalize the economy by taking on the challenge of solar sharing (agrivoltaics), which involves the production of environmentally friendly agricultural produce and solar power generation using deserted arable farmland.




Image of the opening ceremony of the solar sharing farm at by MITO HOLLYHOCK

Initiatives for environmental conservation

Mebuki Financial Group, as a comprehensive financial services group working together with local communities, is engaged in environmental initiatives to maintain the bountiful and beautiful natural environment and pass on it in a healthy state to the future. Specifically, the Group supports businesses related to greening and environmental conservation and provides services that support climate change measures. Its employees also have participated in forest development activities.

Group Environmental Policy

Mebuki Financial Group has a Group Environmental Policy based on the belief that enhancing the sustainability of society requires revitalizing economies through coexistence with nature while preserving the global environment such as efforts to address climate change and conserve and restore natural capital and biodiversity.

Recognizing that initiatives for addressing climate change and environment conservation comprise a key issue for the global environment, we have worked to reduce the environmental burden in our corporate activities and supported efforts within local communities.

*For more details about the Group Environmental Policy, see https://www.mebuki-fg.co.jp/eng/esg/environment/pdf/group_environmental_policy.pdf.

Procurement and Purchasing Guidelines

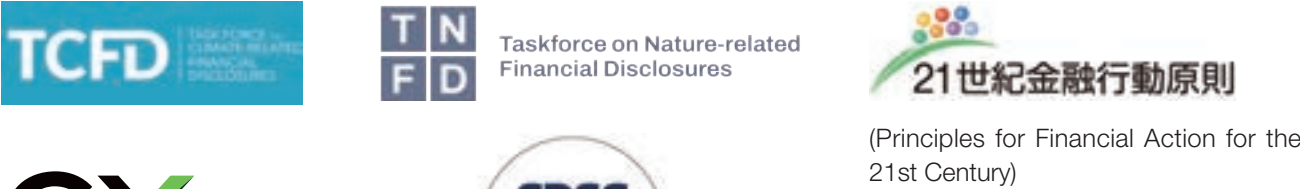
Mebuki Financial Group has established Procurement and Purchasing Guidelines to engage in responsible purchasing activities in consideration of the environment and society when procuring and purchasing goods and services necessary for its business activities.

The Group also works together with suppliers to realize a sustainable social impact.

*For more details about the Procurement and Purchasing Guidelines, see https://www.mebuki-fg.co.jp/eng/esg/environment/pdf/procurement_and*_purchasing_guidelines.pdf


Support for and participation in initiatives

The Group considers cooperating with international organizations, the government, and other companies to be important for accelerating sustainability initiatives, including response to climate change and environmental conservation. The Group therefore endeavors to actively support and participate in initiatives by these organizations.



External evaluation

In FY2024, CDP, an international environmental non-profit organization, gave the Group a “B” rating for the second time in a row for its efforts to reduce CO₂ emissions and combat climate change.



Management Base Resilience Strategy

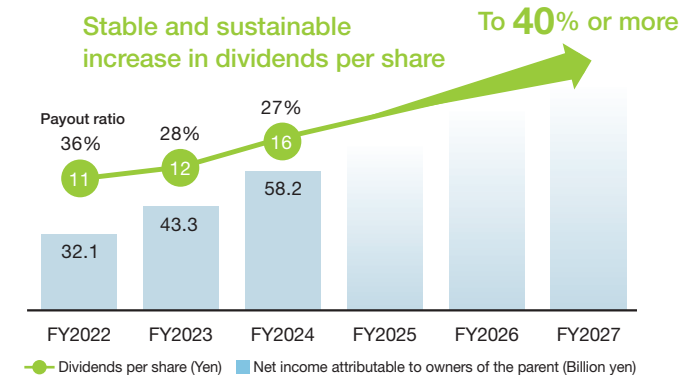
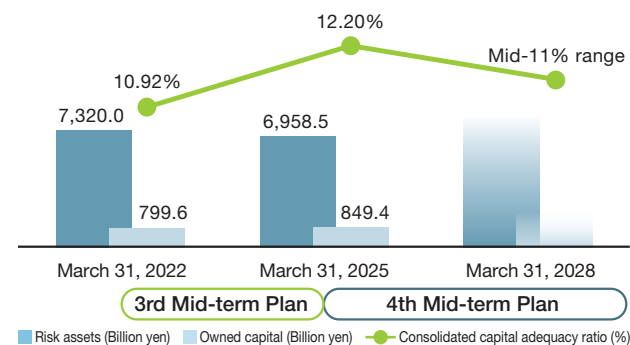
Capital management aimed at enhancing corporate value

Shareholder return policy

Starting in FY2025, we revised our shareholder return policy. Instead of the previous policy of targeting a total return ratio of 40% or more, we have adopted a new approach that focuses on the stable and sustainable growth of dividends per share through profit growth, with the aim of achieving a dividend payout ratio of 40% or more during the period covered by the Fourth Medium-Term Group Business Plan.

Additionally, the acquisition of own shares will be dynamically managed based on capital management that considers market trends, performance forecasts, and the strategic use of capital to capture growth opportunities.

Capital management



Capital management

Capital to support sustainable growth of the region and the Company

Identifying investment and financing opportunities for growth

- Accumulation of risk assets
- Identifying new investment and financing fields

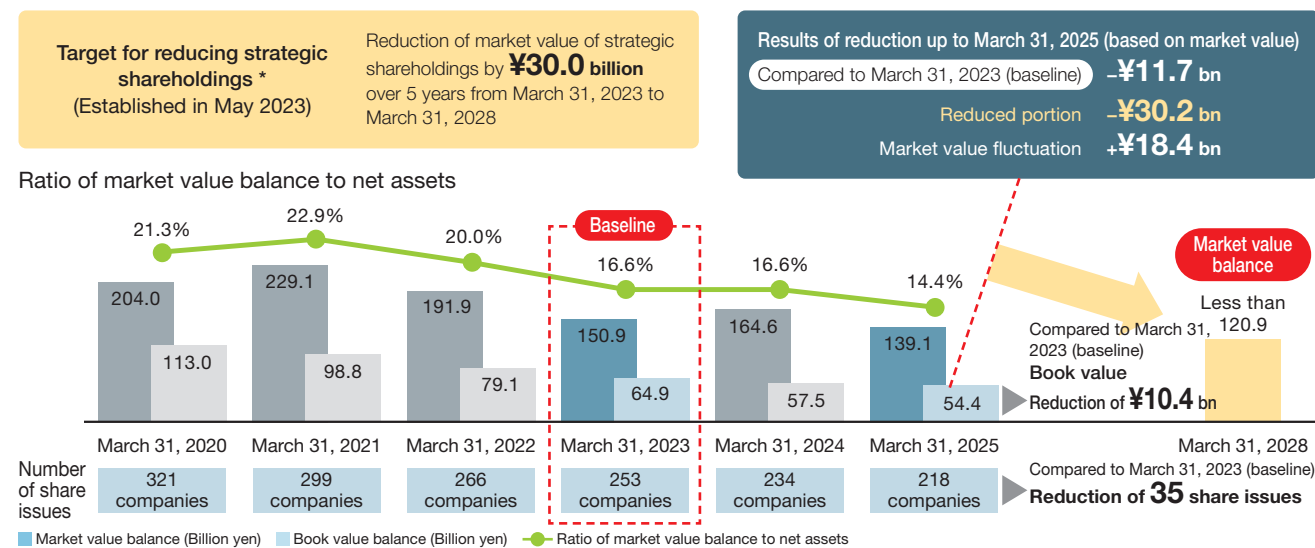
Additional return to shareholders

Consolidated capital adequacy ratio controlled at mid-11% range

Reduction of strategic shareholdings

Subsidiary banks that have strategic shareholdings are making efforts to reduce strategic shareholdings, taking into consideration risk reduction and capital efficiency based on economic rationality. The Company has announced its aim to achieve its reduction target of ¥30.0 billion by March 31, 2028 compared to March 31, 2023.

In the fiscal year ended March 31, 2025, the market value of strategic shareholdings increased by ¥18.4 billion due to stock price increases. At the same time, we have been steadily reducing such holdings, divesting 35 stocks with a total market value of ¥30.2 billion over the two years since setting the reduction target, resulting in a reduction of ¥11.7 billion compared to March 31, 2023. Going forward, we will maintain sufficient dialogue with our customers as we continue to reduce strategic shareholdings.

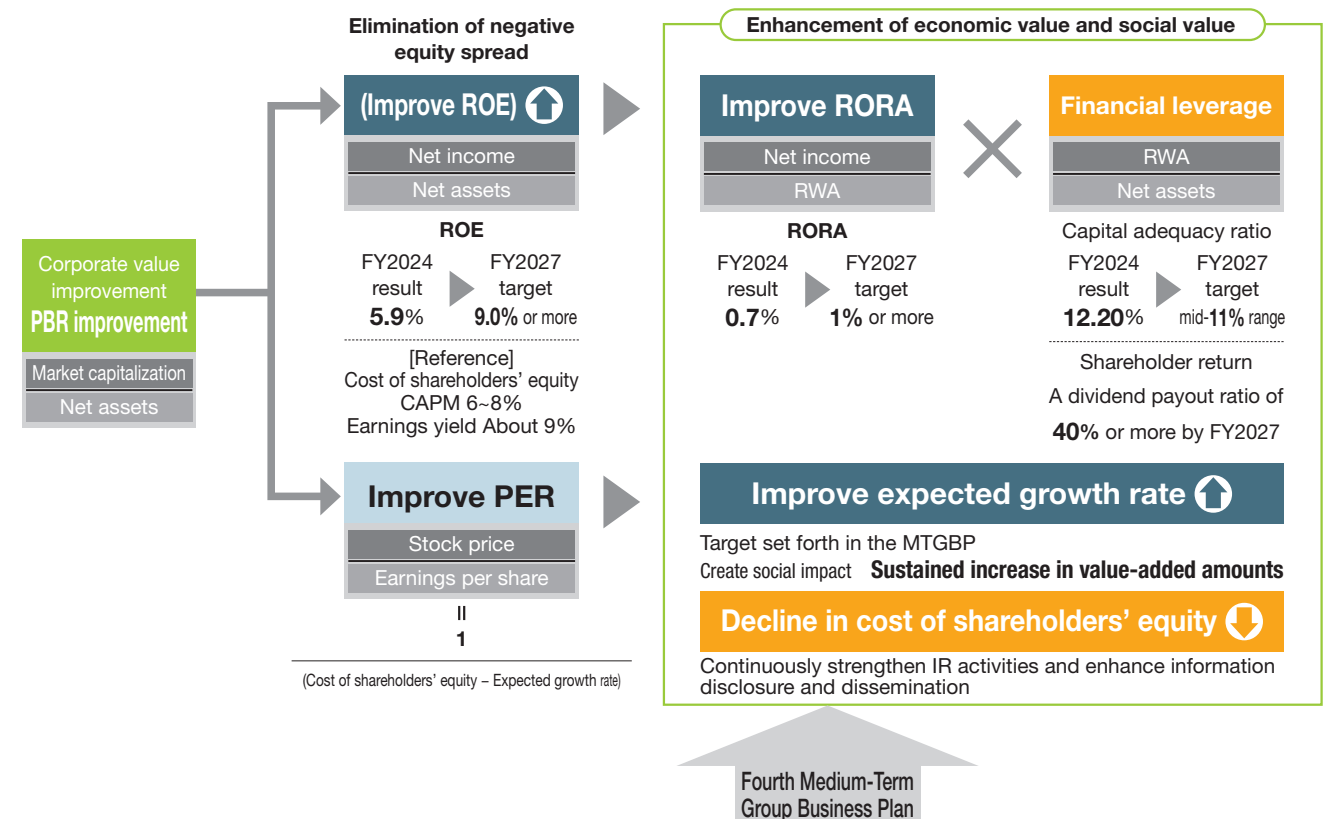


* Figures are fair value of strategic shareholdings (including listed or non-listed stocks as well as deemed holdings of stocks) held by Joyo Bank, which owns more than two-thirds of the market value of such shares owned by Mebuki FG and consolidated subsidiaries.

Developing Strategies to Enhance Corporate Value (Improving PBR)

Through the strategic development of the Fourth Medium-Term Group Business Plan, we aim to improve both economic value and social value, eliminate the negative equity spread*, and improve our PBR.

* Negative equity spread refers to a situation where ROE falls below the cost of shareholders' equity (6~8%).



Business Portfolio Strategy (strengthening high RORA areas and improving RORA)

- Strengthening individual and local corporate loans (focusing on risk taking in high RORA areas)
- Continuing to expand fees income from customers
- Improving profitability of urban corporations and structured finance (focusing on RORA)
- Securing stable securities carry trades through the core portfolio (risk control)
- Appropriate cost control with increased gross business profit (OHR reduction)

Enhancing Shareholder Returns and Capital Management

- Review of shareholder return policy (stable and sustainable increase in dividends per share)
- Identifying further growth opportunities and implementing capital management aiming at target capital adequacy ratio
- Steady reduction of strategic shareholdings (¥30.0 billion reduction from FY2022 level by the end of FY2027)

Social Issues Solution Strategy

- Support for the growth of local industries (accompanying support to local businesses)
- Contribution to secure and affluent lifestyles (support for 100-year life)
- Contribution to a decarbonized society and environmental conservation (supporting the transition to a decarbonized society and contributing to solving energy problems)

Strategy for Strengthening Management Base

- Add value through DX (strategic use of data and AI)
- Promote alliances (wide-area cooperation, regional cooperation, external business cooperation and utilization of capital)
- Strengthen human capital and promote DE&I (increase human capital investment)
- Advance risk management (advancement of RAF)

Corporate Governance

Basic approach to corporate governance

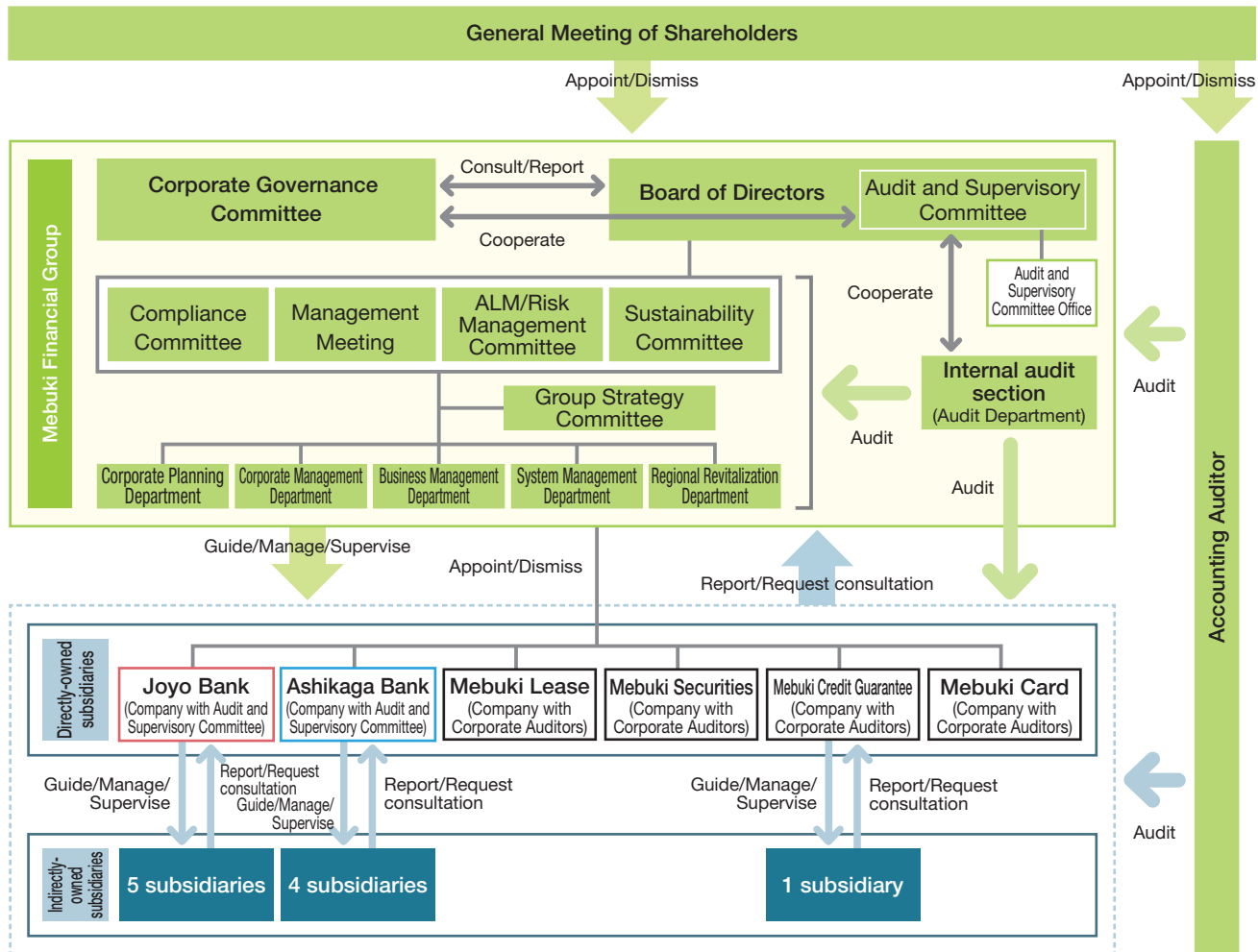
A commitment to management characterized by responsibility, and sound, appropriate business operations will earn greater trust for the Group from all stakeholders—customers, shareholders, local communities, and employees—and boost corporate value. By following the approaches listed below, we are working to strengthen and improve corporate governance.

- We respect shareholders' rights and ensure equality.
- We consider the benefits of stakeholders, including shareholders, and cooperate appropriately with stakeholders.
- We disclose company information appropriately and ensure transparency.
- We ensure the effectiveness of a transparent, fair, prompt, and decisive decision-making function and supervisory function of the Board of Directors on business operations by utilizing independent outside directors.
- We work to communicate with shareholders constructively about the continuous growth and improvement of medium- to long-term corporate values.

For the basic corporate governance policy, please refer to the Company's website at <https://www.mebuki-fg.co.jp/eng/company/governance/governance.html>.

Corporate governance structure

The Company has adopted a company with an Audit and Supervisory Committee as a corporate governance system, which allows us to realize prompt and decisive decision-making and business execution by entrusting many of the decision-making authorities relevant to business execution to directors as constituent members of the Board of Directors in which the Group's knowledge and expertise are concentrated while ensuring the transparent and fair decision-making function and the solid audit and supervisory function through the appointment of multiple outside directors.

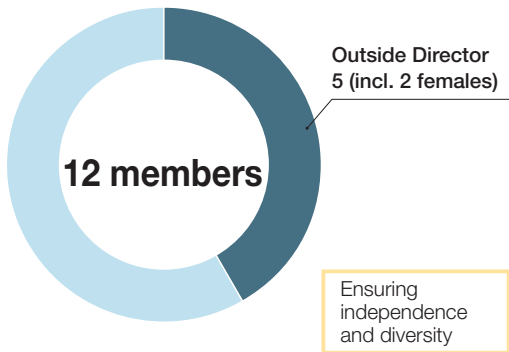


Board of Directors

Composition of the Board of Directors

Composition of the Board of Directors

The Board of Directors decides basic corporate policies and important business matters and supervises the execution of duties by directors. We aim to realize prompt and decisive decision-making and business execution by entrusting most decision-making authorities relevant to business execution to directors as constituent members of the Board of Directors in which our Group's knowledge and expertise are concentrated while ensuring a transparent and fair decision-making function and a solid supervisory function through the appointment of multiple outside directors that have experience as corporate managers, lawyers, and academic experts.



Activities of the Board of Directors and FY2024 achievements

The Board of Directors meets monthly in principle.

In FY2024, the Board of Directors met twelve times, and the attendance record of each director was as follows.

Directors (excluding Audit and Supervisory Committee Members)		Directors (Audit and Supervisory Committee Members)	
Tetsuya Akino	Attended all 12 meetings	Hitoshi Takenouchi	Attended all 10 meetings after the appointment
Kazuyuki Shimizu	Attended all 12 meetings	Yoshinori Tasaki	Attended all 12 meetings
Yoshitsugu Toba	Attended all 10 meetings after the appointment	Hiromichi Yoshitake (outside director)	Attended all 12 meetings
Yoshihiro Naito	Attended all 12 meetings	Toru Nagasawa (outside director)	Attended all 12 meetings
Toshihiko Ono	Attended all 12 meetings	Tomomi Nakano (outside director)	Attended all 10 meetings after the appointment
Hiromichi Ono (outside director)	Attended all 12 meetings		
Yoshimi Shu (outside director)	Attended all 12 meetings		

As part of our commitment to enhancing the activities and deliberations of the Board of Directors, we distribute materials and provide advance explanations of agenda items prior to each Board meeting.

The main matters deliberated on and reported by the Board of Directors in FY2024 were as follows:

Main matters deliberated on and reported

- Formulation of the Fourth Medium-Term Group Business Plan
- Selection of top risks
- Formulation of comprehensive budget for FY2025
- Approval of Basic Plan for Construction of New Head Office of Joyo Bank
- Revision of Environmentally and Socially Friendly Investments and Loans Policy
- Change in Shareholder Return Policy
- Revision of Group Sustainability Policy
- Progress of the initiatives based on the Third Medium-Term Group Business Plan and comprehensive budget and business operation policy for FY2024
- Evaluation results of the effectiveness of the Board of Directors
- Details of deliberations and reporting at the decision-making bodies (Management Meeting, ALM/Risk Management Committee, Compliance Committee, and Sustainability Committee)

Evaluation of the effectiveness of the Board of Directors

The Board of Directors of the Company conducts analysis and evaluation of its effectiveness as a whole each year, in order to utilize the results of such evaluation to improve the operations of the Board of Directors, by confirming the opinions of each director on such matters as the composition and operation of the Board of Directors.

Evaluation method
Regarding the FY2024 evaluation, opinions were exchanged on the evaluation method and the contents of a questionnaire at the executive session comprising all outside directors of the Company and its subsidiary banks, as was the case in the previous fiscal year.
Based on this discussion, the questionnaire on the composition and operations of the Board of Directors and other matters was distributed to all directors, and replies and comments were obtained. With regard to the results of the evaluations based on these replies and comments, the Board of Directors of the Company, upon deliberation by the Corporate Governance Committee (with outside directors accounting for the majority of its members), finalized and determined the results of analysis and evaluation of the effectiveness of the Board of Directors as a whole.

Evaluation results
The Board of Directors of the Company has confirmed that directors with diverse knowledge and experience have been elected and the composition is well balanced; all directors, upon sharing the roles and responsibilities of the Board of Directors, have successfully fulfilled both decision-making and supervising functions while taking advantage of the perspective of independent outside directors; and thus the effectiveness of the Board of Directors as a whole has been mostly assured.

The issues identified in the previous evaluation and main efforts for improvement are as follows:
(1) Enhancement of discussions regarding medium- to long-term management issues and strengthening external communications
• Review and organization of medium- to long-term issues in line with the formulation of the next Medium-Term Group Business Plan, and reevaluation of materiality
(2) Continuation of initiatives to further share information among Directors
• Sharing the status of important meetings of directly-owned subsidiaries and providing opportunities for Outside Directors to conduct on-site inspection and to engage in dialogue with institutional investors, etc.
Based on each director's evaluation and opinions, we also recognized the need to continue our efforts for further improvement concerning the matters listed on the right in FY2025.

Audit and Supervisory Committee

The Audit and Supervisory Committee audits the execution of duties by directors and determines the details of proposals related to the appointment, dismissal, and non-reappointment of accounting auditors to be submitted to the General Meeting of Shareholders.
The Audit and Supervisory Committee meets monthly in principle. In FY2024, the Audit and Supervisory Committee met twelve times.

Corporate Governance Committee

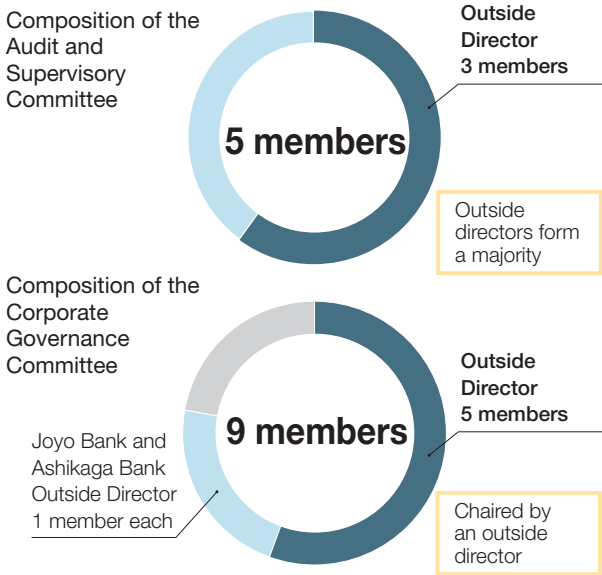
We have established the Corporate Governance Committee as an advisory board to the Board of Directors to ensure the objectivity and transparency of matters regarding the compensation for and the appointment of directors. Matters regarding the nomination of director candidates and the compensation for directors are decided by the Board of Directors upon deliberation by the Corporate Governance Committee.
The Corporate Governance Committee is chaired by an outside director, and the majority of its members are also outside directors including the outside directors of subsidiary banks.
In FY2024, the Committee held five meetings, with the following main matters deliberated on and reported:

Main items of the questionnaire

- 1. Roles and responsibilities of the (Board of) directors
- 2. Composition or other qualities of the Board of Directors
- 3. Operation or other matters of the Board of Directors
- 4. Execution of functions of the Board of Directors

Matters to be addressed for continuous improvement

- 1. **“Further enhancement of discussions leveraging the diverse insights and expertise of directors”**
• Conducting discussions regarding governance systems aimed at management practice based on diverse values and perspectives
- 2. **Continuation of initiatives to further share information among Directors**
• Further enhancement of opportunities for sharing management information among Group companies
• Enhancing opportunities for information exchange between directors who are members of the Audit and Supervisory Committee and those who are not.



Main matters deliberated on and reported

- Matter regarding the amount of compensation for each director (excluding Audit and Supervisory Committee Members)
- Status of dialogue with shareholders and analysis of opinions of shareholders
- Matter regarding election of director candidates
- Matter regarding the evaluation of the effectiveness of the Board of Directors as a whole
- Matter regarding the revision of directors' compensation system

Decision-making bodies

We have established the Management Meeting, the ALM/Risk Management Committee, the Compliance Committee, and the Sustainability Committee as bodies to discuss and decide important matters regarding business execution based on the decisions made by the Board of Directors. Each decision-making body reports the status of deliberation and decisions regarding business execution to the Board of Directors and is supervised by the Board of Directors.

Decision-making bodies	Overview	Main matters deliberated on and reported
Management Meeting	The Management Meeting is responsible for making decisions on business execution to the extent of the authorities delegated by the Board of Directors, as well as discussion on important matters regarding business execution.	<ul style="list-style-type: none">● Status of Consideration and Formulation of the Fourth Medium-Term Group Business Plan● Selection of top risks● Revision of Roadmap for DX Strategy● Progress of the initiatives based on the Third Medium-Term Group Business Plan and comprehensive budget and business operation policy for FY2024● Basic Plan for Construction of New Head Office of Joyo Bank● Formulation of comprehensive budget for FY2025● Determination of risk appetite statement● Status of the restructuring of the business model of Mebuki Securities● Status of progress of action to implement management that is conscious of the cost of capital and stock price● Formulation of system development projects for FY2025 and monitoring of IT investment projects● Status of the customer-oriented business operations at directly-owned subsidiaries
ALM/Risk Management Committee	The ALM/Risk Management Committee is responsible for making decisions on business execution relevant to group risk management and ALM to the extent of the authorities delegated by the Board of Directors and for considering and discussing important matters on business execution.	<ul style="list-style-type: none">● Report on updating of estimated values of Basel parameters and partial revision of estimated values● Initiatives for operational resilience● Revision of the Group's rules for internal credit ratings● Establishment of "Alarm Line by Industry"● Addition of assets subject to the risk measurement defined in the Group's Rules for the Operation of the Internal Credit Risk Model
Compliance Committee	The Compliance Committee is responsible for making decisions on business execution regarding compliance to the extent of the authorities delegated by the Board of Directors and considering and discussing important matters relevant to the practice of compliance.	<ul style="list-style-type: none">● Status of AML/CFT system● Status of management of compliance, complaints, etc.● FY2025 Basic Policy on Group Compliance Program and Group's Basic Policy for Anti-Money Laundering● Review of internal rules in light of legal revisions, etc.● Deliberations and discussions in the committees of directly-owned subsidiaries
Sustainability Committee	The Sustainability Committee is responsible for making decisions on business execution regarding the promotion of sustainability to the extent of the authorities delegated by the Board of Directors and considering and discussing important matters relevant to the promotion of sustainability.	<ul style="list-style-type: none">● Disclosure related to the TNFD Recommendations● Status of climate change-related risks● Disclosure related to human capital● Information disclosure related to sustainability● Status of investments and loans under the Environmentally and Socially Friendly Investments and Loans Policy● Revision of Environmentally and Socially Friendly Investments and Loans Policy● Comparison of sustainability-related disclosure among other banks and future measures● Reorganization of materiality and revision of the Group Sustainability Policy● Initiatives for sustainability for FY2025

Attendance of members of bodies

	Board of Directors	Corporate Governance Committee	Management Meeting	ALM/Risk Management Committee	Compliance Committee	Sustainability Committee
Number of meetings held (FY2024)	12	5	12	12	10	6
Members (◎ represents Chairman)						
President and Director	◎	○	◎	◎	◎	◎
Executive Vice President and Director	○	○	○	○	○	○
Directors (Internal)	○		○	○	○	○
Outside Director	○	◎				
Executive Officers			○	○	○	○
General Managers				○ (Corporate Planning Department, Corporate Management Department, Basel Unit)	○ (Corporate Planning Department, Corporate Management Department, Audit Department)	○ (Corporate Planning Department, Corporate Management Department, Regional Revitalization Department)
Outside Director, The Joyo Bank, Ltd.		○ (Audit and Supervisory Committee Member)				
Outside Director, The Ashikaga Bank, Ltd.		○ (Audit and Supervisory Committee Member)				
Attendance rate of all members	100%	95.3%	100%	100%	100%	98.2%
Attendance rate of outside directors	100%	93.9%	—	—	—	—

Director

Appointment of Directors

In appointing directors, the Board of Directors ensures a balanced composition that provides a wealth of knowledge and expertise in a wide range of fields and appoints two or more independent outside directors, and the Company has appointed five independent outside directors (Independent outside director ratio of all directors: 41.7%).

Furthermore, the Company has introduced an executive officer system to enhance the decision-making and supervisory functions of the Board of Directors and to reinforce the business execution function.

The selection criteria for directors are set forth in the Corporate Governance Policy as follows:

Selection criteria for internal directors	Selection criteria for outside directors
<p>The Board of Directors selects candidates for internal directors who satisfy the selection criteria for directors based on the deliberation at the Corporate Governance Committee.</p> <p>1. Shall have high knowledge and expertise about the Company's business activities.</p> <p>2. Shall have superior ability in managerial decision-making and execution.</p> <p>3. Shall have superior leadership, decisiveness, foresight, and creativity.</p> <p>4. Shall have high integrity and deep insight to be suitable for a director.</p> <p>5. Shall have no health problems in performing the duties as a director.</p>	<p>The Board of Directors selects candidates for outside directors who meet the following selection criteria, in addition to meeting the legal requisites for outside directors.</p> <p>Two or more of such outside directors shall be the persons who fulfill the independence standards for outside directors of the Company.</p> <p>1. Shall have extensive experience in overall management or be in positions as professionals in laws, accounting, finance, and others to be suitable as a supervisor that has high knowledge and experience similarly.</p> <p>2. Shall have high integrity and deep insight as an outside director.</p> <p>3. Shall have sufficient time for performing his/her duties as a director.</p> <p>4. Shall have no health or job-related problems in performing the duties as an outside director.</p>

Reasons for selection as outside directors

Reasons for being selected as an outside director, concurrent positions, and other statuses for each outside director are as follows. The Group registered all of the five directors with the Tokyo Stock Exchange as independent directors who do not have conflicts of interest with general shareholders.

Name	Reasons for selection	Concurrent positions and other statuses
Shoichiro Tozuka	Mr. Shoichiro Tozuka has accumulated abundant work experience as well as experience and achievements as a senior manager at a major company. He has thus been appointed as an Outside Director to provide appropriate guidance and advice for the overall business operation of the Company by utilizing his insight and past experience.	Advisor, SUBARU CORPORATION
Yoshimi Shu	Ms. Yoshimi Shu has accumulated abundant work experience as well as experience and achievements as a senior manager at a global financial institution. She also has insight and experience in various aspects towards the development of corporate leaders. She has been appointed as an Outside Director to provide appropriate guidance and advice for the overall business operation of the Company from a professional perspective.	President & Representative Director, Core Value Management, Co., Ltd. Outside Director, Japan Business Systems, Inc. Outside Director, Mitsubishi Paper Mills Limited
Hiromichi Yoshitake	Mr. Hiromichi Yoshitake has abundant work experience at a major company with achievements as a senior executive and also has academic expertise and management experience as well as a broad insight through his career at multiple universities. He has been appointed as an Outside Director who is an Audit and Supervisory Committee Member to provide appropriate guidance and advice for the overall business operation of the Company by utilizing his broad insight, academic expertise, and management experience at universities.	Chairperson of the Board of Trustees, Tokyo Kasei Gakuin University
Toru Nagasawa	Mr. Toru Nagasawa has specialized knowledge and experience in corporate legal affairs as an attorney. He has been appointed as an Outside Director who is an Audit and Supervisory Committee Member to provide appropriate guidance and advice from a specialist's perspective, especially corporate legal affairs in relation to the overall business management of the Company.	Representative Attorney, Nagasawa Law Offices Outside Corporate Auditor, LANCERS, INC. Outside Director, Weins Toyota Kanagawa Co., Ltd.
Tomomi Nakano	Ms. Tomomi Nakano has experience as an outside officer of listed companies and listed group companies and has specialized knowledge and experience as a certified public accountant and tax accountant. She has been appointed as an Outside Director who is an Audit and Supervisory Committee Member to provide appropriate guidance and advice from a specialist's perspective in relation to the overall business management of the Company.	Representative, Nakano Tomomi Certified Public Accountant and Tax Accountant Office Outside Director (Audit and Supervisory Committee Member), NIHON CHOUZAI Co., Ltd. Supervisory Officer, Healthcare & Medical Investment Corporation Outside Director, NIPPON CHEMI-CON CORPORATION

Areas in which directors are expected to fulfill their roles

The expertise and experience the Company expects from its directors are Corporate Management/Strategy and Finance/Accounting, which are essential for corporate management; Market Investment/Global and IT/DX, which demand a high level of expertise to navigate changes in the business environment; and Sales/Marketing and Consulting, which are indispensable for promoting the Group's philosophy to deliver comprehensive financial services. The skills matrix, which contains a list of expertise and experience that each director and executive officer possesses, is presented below.

Expertise and Experience of Directors and Executive Officers (Skills Matrix)

Name		Outside Director	Independent Officer	Expertise and Experience						
				Corporate Management/ Strategy	Business Management/ Law	Finance/ Accounting	Sales/ Marketing	Consulting	Market Investment/ Global	IT/DX
Directors who are not Audit and Supervisory Committee Members	Tetsuya Akino			●	●	●	●	●		
	Kazuyuki Shimizu			●	●	●	●	●	●	
	Toshihiko Ono			●		●	●	●		●
	Hiroki Otsuka			●	●	●		●	●	
	Yoshitsugu Toba			●	●	●	●	●	●	
	Shoichiro Tozuka	○	○	●		●	●	●	●	
	Yoshimi Shu	○	○		●			●	●	
Directors who are Audit and Supervisory Committee Members	Hitoshi Takenouchi			●	●			●		
	Yoshinori Tasaki			●			●	●		
	Hiromichi Yoshitake	○	○	●	●	●	●			
	Toru Nagasawa	○	○	●	●	●		●	●	
	Tomomi Nakano	○	○			●		●		
Executive Officers	Satoshi Komatsu			●	●		●	●		●
	Koichi Yamakawa			●		●		●		●

Details of expertise and experience

Corporate Management/Strategy	Experience in corporate management, expertise in planning of corporate strategy and execution
Business Management/Law	Expertise in business management including personnel and labor management, risk management, etc. and law
Finance/Accounting	Expertise in finance and accounting
Sales/Marketing	Expertise in business planning, marketing, and new business development
Consulting	Expertise in a consulting business, SDGs/ESG, environmental field, regional revitalization, and corporate restructuring/support
Market Investment/Global	Expertise in the field of market investment and global businesses
IT/DX	Expertise in IT and DX (digital transformation)

Succession plan

In order for the Group to achieve sustainable growth and enhance corporate value over the medium to long term, the Corporate Governance Committee of the Company, chaired by an outside director and composed of a majority of outside directors, including those from subsidiary banks, deliberates on matters regarding the nomination of president and director candidates, reappointment and dismissal of directors, as well as succession plans and the development of director candidates.

The Corporate Governance Committee deliberates on the qualities, abilities, and career backgrounds required for corporate managers, as well as on an ideal candidate profile that aligns with the Group's management environment and future strategic direction. The election of president and director candidates follows a process where the Representative Director proposes candidates, the Corporate Governance Committee deliberates on their consistency with the desired candidate profile and other relevant factors, and subsequently, the Board of Directors approves them.

Compensation system for directors

Policy for determining directors' compensation

Under the Corporate Governance Policy set by the Board of Directors, the director's compensation amount is determined separately for "directors (excluding Audit and Supervisory Committee Members)" and "directors (who are Audit and Supervisory Committee Members)" as follows.

Furthermore, the Company resolved the maximum amount of compensation for directors (excluding Audit and Supervisory Committee Members) at 200 million yen per year (the number of eligible directors: 7 persons) and for Audit and Supervisory Committee Members at 80 million yen per year (the number of eligible directors: 5 persons), at the Ordinary General Meeting of the Shareholders held on June 28, 2016.

Directors (excluding Audit and Supervisory Committee Members)

- The compensation for directors (excluding Audit and Supervisory Committee Members) is determined appropriately in consideration to their transparency, fairness, objectivity and incentives toward improving results by enhancing the linkage of compensation with the Group's performance and shareholders' benefits.
- The amount for each director (excluding Audit and Supervisory Committee Members) is determined by the Board of Directors within the maximum amount of compensation per year resolved at the General Meeting of the Shareholders, while ensuring the objectivity and transparency after deliberation regarding their adequacy and validity in the Corporate Governance Committee.

Directors (Audit and Supervisory Committee Members)

- The compensation for directors (who are Audit and Supervisory Committee Members) is determined without the factor of incentive to ensure the transparency of their duties as auditor and supervisor.
- The amount for each director (the Audit and Supervisory Committee Member) is determined through discussion among all Audit and Supervisory Committee Members and within the maximum amount of compensation per year resolved at the General Meeting of the Shareholders.

Procedure for determining directors' compensation

In order to ensure the objectivity and transparency of directors' compensation, the compensation for directors (excluding Audit and Supervisory Committee Members) is determined by the Board of Directors, and the compensation for directors (who are Audit and Supervisory Committee Members) is determined by the Audit and Supervisory Committee upon deliberation by the Corporate Governance Committee.

In determining the details of compensation for each director, the decision of the specific amount for each director is delegated to the President and Director (Representative Director) by resolution of the Board of Directors. This authority is the decision regarding the specific amount of bonuses distributed to each director. The reason for the delegation is that he or she is in a position to judge the degree of contribution to the performance of each director from a company-wide perspective.

Regarding this decision, the Corporate Governance Committee shall deliberate including the confirmation of the integrity with the above policy and the validity. Therefore, the Board of Directors shall in general respect his or her proposal and judge it to be in line with policy.

In addition, as of June 24, 2025, the Company revised the directors' compensation system and increased the ratio of the restricted stock compensation plan in the compensation, in order to sustainably increase the corporate value of the Group and to further share value with our shareholders.

Matters discussed by the Corporate Governance Committee and the Board of Directors in determining directors' compensation (FY2024)

Corporate Governance Committee

- April 26, 2024 Matters regarding directors' bonuses and the amount of compensation for each director (excluding Audit and Supervisory Committee Members)

Board of Directors

- May 10, 2024 Matters regarding directors' bonuses, and planned disposal of treasury shares as restricted stock compensation
- June 26, 2024 Matters regarding determining monthly compensation amount for directors (excluding Audit and Supervisory Committee Members), and provision of monetary compensation claims and disposition of treasury shares for the restricted stock

Directors' compensation system

Executive Directors among the Directors (excluding Audit and Supervisory Committee Members)

(1) Composition of compensation

The compensation comprises a monthly compensation as a basic compensation, bonuses as a performance-linked compensation, and a restricted stock compensation plan as a non-monetary compensation.

The compensation of the Company alone comprises 86% of monthly compensation, 7% of bonus, and 7% of restricted stock compensation plan, and when combined with the compensation paid by subsidiary banks (Joyo Bank and Ashikaga Bank), where Directors concurrently serve, the overall composition is approximately 70% of monthly compensation, 18% of bonus, and 12% of restricted stock compensation plan (all assuming standard bonus amounts).

(2) Details of each compensation

● Monthly compensation

The basic amount of monthly compensation is determined by the director's position.

● Bonuses

The basic amount of bonuses is determined in accordance with the director's position and the total amount of bonus payment is determined within a maximum amount which fluctuates each year in the range of 0% to 150% according to the Company's consolidated target achievement rate and consolidated ROE (net income ÷ total shareholders' equity). The amount for each executive director is determined based on the basic amount for the director's position, which is adjusted according to the degree of contribution to business performance by each executive director.

The percentage of the total bonuses is composed of 80% linked to the Company's consolidated target achievement rate and 20% linked to consolidated ROE, each of which increases or decreases in the range of 0% to 150%, depending on the fiscal year's performance.

● Restricted stock compensation plan

Under this plan, the Company's Directors (excluding Audit and Supervisory Committee members; the "Eligible Directors") shall make payments in kind as contributed assets using all of the monetary compensation claims provided to them by the Company and receive the issuance or disposal of the Company's common shares and the Company and each of the Eligible Directors shall enter into a restricted stock allocation agreement. The compensation to be paid to the Eligible Directors for the granting of restricted stock is monetary compensation claims and the total amount of such claims is set at 20 million yen or less per year within the maximum amount of compensation for the Company's Directors (excluding Audit and Supervisory Committee Members), and the total number of common shares newly issued by the Company is set at 200 thousand shares or less per year, as resolved (the number of eligible directors : 5 persons) at the Ordinary General Meeting of the Shareholders held on June 24, 2020. The allocation of payment to each Eligible Director is determined by the director's position.

Outside Directors among the Directors (excluding Audit and Supervisory Committee Members)

(1) Composition of compensation

- The compensation for directors (excluding Audit and Supervisory Committee Members) is comprised only of monthly compensation, which is a basic compensation.

(2) Details of each compensation

● Monthly compensation

The amount of monthly compensation as a basic compensation is fixed by the director's position.

Directors (Audit and Supervisory Committee Members)

(1) Composition of compensation

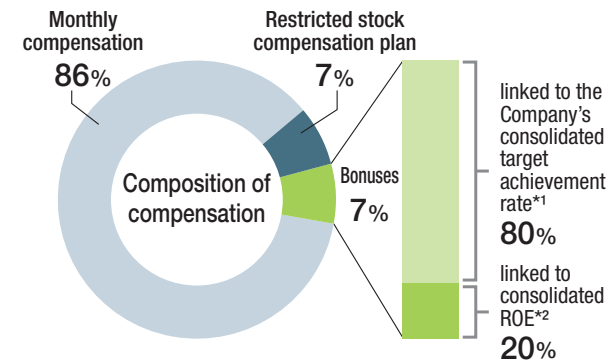
- The compensation for directors is comprised only of monthly compensation, which is a basic compensation.

(2) Details of each compensation

● Monthly compensation

The amount of monthly compensation is determined separately for full-time and part-time directors.

The composition of the Company's compensation (non-consolidated)



Rationale for the indicators and results (FY2024)

*1 Target achievement rate

This indicator has been adopted in order to give stronger incentives to achieve an annual business plan. In FY2024, the targets were set at 75.1 billion yen of ordinary profit and 52.1 billion yen of net income, and the achievement rates of each indicator, weighted by the ratio of ordinary profit: net income = 70%: 30%, was 110.7%.

*2 Consolidated ROE (Net income ÷ total shareholders' equity)

The indicator has been adopted in order to give stronger incentives to the directors to improve the Group's corporate value. Under the Third Medium-Term Group Business Plan (period: April 1, 2022 to March 31, 2025), the Company's consolidated ROE (net income ÷ total shareholders' equity) of 5.5% or more was targeted, and in FY2024, the ROE of 6.6% was achieved.

List of Directors

Director



President and Director (Representative Director)

Tetsuya Akino

June 2016 Executive Officer and General Manager, Personnel Division, The Joyo Bank, Ltd.
October 2016 General Manager, Corporate Management Department, the Company
June 2017 General Manager, Corporate Planning Department, the Company
Executive Officer and General Manager, Corporate Planning Division, The Joyo Bank, Ltd.
June 2018 Director, in charge of Corporate Planning, the Company
Managing Director, The Joyo Bank, Ltd.
June 2020 Director and Managing Executive Officer, The Joyo Bank, Ltd.
April 2022 President, The Joyo Bank, Ltd. (current position)
June 2022 President, the Company (current position)



Executive Vice President and Director (Representative Director)

Kazuyuki Shimizu

April 2012 Executive Officer, The Ashikaga Bank, Ltd.
April 2014 Executive Officer, Ashikaga Holdings Co., Ltd., Executive Officer, The Ashikaga Bank, Ltd.
April 2015 Managing Executive Officer, The Ashikaga Bank, Ltd.
June 2016 Managing Director, The Ashikaga Bank, Ltd.
October 2016 Director, the Company
June 2018 Senior Managing Director, The Ashikaga Bank, Ltd.
June 2019 Executive Officer, the Company
June 2020 Executive Vice President, the Company (current position)
President, The Ashikaga Bank, Ltd. (current position)



Director

Toshihiko Ono

June 2016 Senior Deputy General Manager, Corporate Planning Division, The Joyo Bank, Ltd.
October 2016 General Manager, in charge of Corporate Planning Department, the Company
June 2018 General Manager, Corporate Management Department, the Company
General Manager, Corporate Planning Division, The Joyo Bank, Ltd.
June 2020 Executive Officer and General Manager, Business Planning Division, The Joyo Bank, Ltd.
Director (part-time), The Ashikaga Bank, Ltd.
April 2022 Managing Executive Officer, The Joyo Bank, Ltd.
June 2022 Director, in charge of Corporate Planning, the Company (current position)
Director, Managing Executive Officer, The Joyo Bank, Ltd.
April 2025 Director, Senior Managing Executive Officer, The Joyo Bank, Ltd. (current position)



Director

Hiroki Otsuka

June 2017 General Manager, in charge of Corporate Planning Department, the Company
General Manager, in charge of Management Planning Division, The Ashikaga Bank, Ltd.
June 2019 General Manager, Corporate Management Department, the Company
General Manager, Corporate Risk Management Division, The Ashikaga Bank, Ltd.
June 2020 General Manager, Corporate Planning Department, the Company
Executive Officer and General Manager, Management Planning Division, The Ashikaga Bank, Ltd.
April 2022 Managing Executive Officer, The Ashikaga Bank, Ltd.
June 2024 Director, Managing Executive Officer, The Ashikaga Bank, Ltd. (current position)
June 2025 Director, in charge of Corporate Management, Risk Management and Information Security, the Company (current position)



Director

Yoshitsugu Toba

June 2018 Executive Officer and General Manager, Treasury and Securities Division, The Joyo Bank, Ltd.
June 2019 Executive Officer and General Manager, Business Planning Division, The Joyo Bank, Ltd.
June 2020 Managing Executive Officer and Chief Officer, Kennari/Rokko Area Hub, The Joyo Bank, Ltd.
April 2022 Managing Executive Officer, The Joyo Bank, Ltd.
June 2022 Director, Managing Executive Officer, The Joyo Bank, Ltd. (current position)
June 2024 Director, the Company (current position)



Outside Director

Shoichiro Tozuka

April 1983 Joined Fuji Heavy Industries Ltd. (currently SUBARU CORPORATION)
April 2013 Corporate Vice President and Vice President, General Manager, Production Planning Department, Aerospace Company, Fuji Heavy Industries Ltd.
April 2015 Corporate Vice President and Vice President, Aerospace Company, Fuji Heavy Industries Ltd.
April 2017 Senior Vice President, President, Aerospace Company, and General Manager, Utsunomiya Plant, SUBARU CORPORATION
April 2024 Advisor, SUBARU CORPORATION (current position)
June 2025 Outside Director, the Company (current position)



Outside Director

Yoshimi Shu

August 2000 Joined JPMorgan Securities Japan Co., Ltd.
October 2012 Head of Japan Controls & Oversight Department, JPMorgan Securities Japan Co., Ltd.
January 2014 Resigned from JPMorgan Securities Japan Co., Ltd.
February 2014 Joined Core Value Management, Co., Ltd.
November 2016 Deputy President & Representative Director, Core Value Management, Co., Ltd.
June 2019 Outside Director, the Company (current position)
March 2022 President & Representative Director, Core Value Management, Co., Ltd. (current position)
December 2024 Outside Director, Japan Business Systems, Inc. (current position)
June 2025 Outside Director, Mitsubishi Paper Mills Limited (current position)

(Audit and Supervisory Committee Member)



Director (Audit and Supervisory Committee Member)

Hitoshi Takenouchi

June 2013 Executive Officer and General Manager, Credit Examination Division, The Joyo Bank, Ltd.
June 2016 Managing Executive Officer and General Manager, Credit Examination Division, The Joyo Bank, Ltd.
June 2017 Managing Director, The Joyo Bank, Ltd.
June 2020 Director and Managing Executive Officer, The Joyo Bank, Ltd.
June 2022 Director (Audit and Supervisory Committee Member), The Joyo Bank, Ltd.
June 2024 Retired from Director (Audit and Supervisory Committee Member), The Joyo Bank, Ltd.
Director (Audit and Supervisory Committee Member), the Company (current position)
Corporate Auditor, Mebuki Securities Co., Ltd. (current position)
Corporate Auditor, Mebuki Card Co., Ltd. (current position)



Director (Audit and Supervisory Committee Member)

Yoshinori Tasaki

October 2012 General Manager, in charge of Business Planning Division, The Ashikaga Bank, Ltd.
April 2013 General Manager, Karasuyama Branch, The Ashikaga Bank, Ltd.
April 2015 General Manager, Kumagaya Branch, The Ashikaga Bank, Ltd.
October 2016 General Manager, Moka Branch, The Ashikaga Bank, Ltd.
June 2019 General Manager, Audit Department, the Company
Executive Officer, General Manager, Auditing Department, The Ashikaga Bank, Ltd.
June 2020 Executive Officer, Chief Officer, Saitama Area Hub, The Ashikaga Bank, Ltd.
April 2021 Executive Officer, Chief Officer, Ryomo/Gunma Area Hub, The Ashikaga Bank, Ltd.
April 2022 Executive Officer, attached to Audit and Supervisory Committee, The Ashikaga Bank, Ltd.
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)
Corporate Auditor, Mebuki Lease Co., Ltd. (current position)
Corporate Auditor, Mebuki Credit Guarantee Co., Ltd. (current position)



Outside Director (Audit and Supervisory Committee Member)

Hiromichi Yoshitake

April 1977 Joined Nippon Steel Corporation
June 2000 General Manager, Administration Department, Hikari Works, Stainless Steel Division, Nippon Steel Corporation
March 2003 Resigned from Nippon Steel Corporation
April 2003 Professor and Researcher, Institute of Policy and Planning Sciences, University of Tsukuba
April 2006 Executive Director and Vice President, University of Tsukuba
April 2009 Professor, Graduate School of Business Sciences, Director, Research Center for University Studies, University of Tsukuba (until Mar. 2015)
April 2017 Professor Emeritus, University of Tsukuba (current position)
July 2020 Chairperson of the Board of Trustees, Tokyo Kasei Gakuin University (current position)
June 2023 Outside Director (Audit and Supervisory Committee Member), the Company (current position)



Outside Director (Audit and Supervisory Committee Member)

Toru Nagasawa

April 1984 Registered as an attorney
April 1995 Nagasawa Law Office (currently, Nagasawa Law Offices) opened, Representative Attorney (current position)
October 2014 Outside Corporate Auditor, LANCERS, INC. (current position)
June 2016 Outside Director, Ashikaga Holdings Co., Ltd.
October 2016 Outside Director (Audit and Supervisory Committee Member), the Company (current position)
June 2022 Outside Director, Weins Toyota Kanagawa Co., Ltd. (current position)



Outside Director (Audit and Supervisory Committee Member)

Tomomi Nakano

April 1992 Joined Chuo Trust & Banking Co., Ltd. (currently Sumitomo Mitsui Trust Bank, Ltd.)
March 1996 Resigned from Chuo Trust & Banking Co., Ltd.
March 2003 Registered as a Certified Public Accountant
August 2013 Registered as a Certified Public Tax Accountant
Nakano Tomomi Certified Public Accountant and Tax Accountant Office opened, Representative (current position)
August 2023 Auditor, Northern Territories Issue Association (current position)
June 2024 Outside Director (Audit Committee member), NIHON CHOUZAI Co., Ltd. (current position)
June 2024 Outside Director (Audit and Supervisory Committee Member), the Company (current position)
November 2024 Supervisory Officer, Healthcare & Medical Investment Corporation (current position)
June 2025 Outside Director, NIPPON CHEMI-CON CORPORATION (current position)

Executive Officers

Satoshi Komatsu (In charge of systems)

Koichi Yamakawa (In charge of administration)

Roundtable Discussion of Outside Directors



*Hiromichi Ono retired from his outside director post on June 24, 2025.

Realizing sustainable local communities

Our outside directors discuss previous medium-term business plan achievements and challenges, and their expectations for the new medium-term plan

How should the Mebuki Financial Group progress its goal of becoming “A Value Creation Group Working Together with Local Communities?” Our five outside directors evaluate the Third Medium-Term Group Business Plan, the process of formulating the Fourth Medium-Term Group Business Plan, and the significance of establishing the Group’s first social impact indicator.

— How do you evaluate the initiatives and achievements of the Third Medium-Term Group Business Plan, which was designed as a “period for taking on challenges for sustainable growth?”

Ono I was involved in the third medium-term plan from its formulation. The business environment was tough with the impact of the COVID-19 pandemic, the situation in Ukraine, rising interest rates in the United States, and high prices. Against that background, the Group (1) worked to expand fees and commissions from customers in an era of basically zero interest rates, (2) managed to keep credit costs extremely low in the post-COVID 19 period, and (3) worked steadily on the eternal theme of improving

administrative efficiency and successfully built a solid management structure. I feel that these three initiatives helped lay the foundations for the next level of growth.

Shu At one point, the response to the sale of structured bonds and losses on securities operations impacted profit growth, and that proved a great opportunity for reaffirming the importance of risk culture. However, steady progress has been made on the plan’s goals as consulting sales were expanded, new business challenges tackled, and DX investment increased. I think it proved to be the period for formulating a long-term vision and clarifying key issues. Going forward, I would like to see the Group maximize its capabilities based on this progress and strive to solve issues with a greater sense of speed.

Yoshitake I have served as an outside director from the second year of the third medium-term plan, and I note a growing commitment to developing a shareholder- and investor-focused management stance. Furthermore, I believe that a successful linkage has been formed between the indicators in the medium-term plan and the Group’s overall business. I can clearly see how the Joyo Bank and Ashikaga Bank business integration is enabling the two banks to learn from each other and

demonstrate useful synergies. In my opinion, the issues requiring in-depth exploration have been unearthed and efforts to solve these issues are being reflected in the financial results.

Nagasawa As the vision for “a value creation group working together with local communities” suggests, the relationship with local communities and the quest to create value were major themes. Although financial indicators are nearing their 2030 numerical targets, business performance has been boosted to a considerable extent by the external environment. While we have made some progress in ensuring stable earnings, streamlining operations, and reviewing existing businesses, there is still some way to go. The seeds for challenging and evolving new business areas have been sown. How to cultivate and nurture those seeds will be a key issue going forward.

Nakano I have been involved for roughly a year now and I think attaining all three of the plan’s management goals in the final year was a great achievement. Some aspects have been boosted by external factors, but I think the synergy benefits of business integration are also showing through in the figures. This is a good starting point for the fourth medium-term plan.

— What was your involvement as an outside director in the formulation of the Fourth Medium-Term Group Business Plan and what points did you emphasize in discussions with management?

Ono I think the fact that outside directors got to have monthly discussions from the early stages was a very good thing. We were able to discuss the foundation of the medium-term plan from a medium- to long-term perspective. In particular, we focused on how to achieve business growth in areas such as fees and commissions from customers that do not rely on interest rate environments, administrative efficiency, new business areas, and comprehensive financial services.

Shu We had detailed discussions about the formulation of the new plan over a period of roughly 10 months. During the formulation process, we focused on (1) helping improve ROE through financial and non-financial capital, (2) areas where we should take some risks and invest to help further regional sustainability, and (3) whether there were any conflicts between these aims

and the Group’s philosophy or stakeholder relationships.

Nagasawa I have been involved in the fourth medium-term plan, starting with the drawing up of the grand design. The fourth

medium-term plan used the achievements of the third medium-term plan as the starting point and focused on how to leverage the strong sales foundation to link into local issues, based on the philosophy of “a value creation group working together with local communities.” I have a strong memory of extremely in-depth discussions not only relating to numerical targets but also on how to shape and realize the measures that needed to be achieved.

Yoshitake I feel that the two Mebuki Financial Group representative directors listened attentively to the opinions of outside directors and strove to reflect those ideas in Group management. We enjoyed some rich and frank discussions. Many factors are improving from an earnings perspective, including the enhanced management structure achieved during the third medium-term plan and the emergence of an environment with positive interest rates. However, the sustainability of local economies may still be shaken by future population decline. I believe it is important to create a compelling story that looks to the future and helps determine the role that financial institutions will play.

Nakano I focused on how an ROE and PRB of below 1.0 would be viewed from an analyst perspective. I think it is important to clearly explain the mission of regional financial institutions which are not purely focused on efficiency. Investor perspectives can be altered by a single effective communication, so I asked to consider improving explanations of areas that had not been adequately expressed to date, such as how to detail the synergies generated through business integration.

— The Group will be incorporating social impact indicators into management goals for the first time in the fourth medium-term plan. How do you evaluate the established metrics?

Ono The fourth medium-term plan has formulated three basic strategies relating to the solution of social issues, business portfolios, and strengthening management base. In addition to these strategies, the plan also incorporates a social impact indicator that focuses on the kind of change and impact the Group might have on stakeholders and society. Regarding social impact indicators, my view has always been that indicators that reflect the industrial landscape and regional characteristics of both prefectures should be considered. This time, we discussed this perspective





and decided to create an index measuring the added value of local customers. I think the Group has established meaningful indicators in terms of regional contribution, including achieving affluent living

for local residents and reducing CO₂ emissions not only within the Group, but across the region.

Yoshitake I have been involved in administrative evaluations to date. KPIs are used extensively in this arena as well. However, when you actually evaluate the progress, many elements make you question why a particular indicator is being used. I did have my doubts at first about the necessity and significance of using social impact indicators here, but the more we discussed it, the more convinced I became regarding the merits of reconsidering the change and impact the Group's activities will have on society and reaffirming the mission and role of financial institutions.

Shu We went through a very complex process to reach this point, but I believe that, in presenting a long-term vision, we ascertained a clear direction for solving regional issues from a financial perspective. Establishing indicators that quantitatively grasp ESG-related outcomes is not easy, so executive managers repeatedly discussed their validity. I think it is appropriate for a regional banking group to select the amount of added value of local clients as a social indicator.

Nagasawa I think the important perspectives are how the expansion of total added value will enrich local community living and how corporate value will improve as a regional financial institution. Increases in custodial assets and fees and commissions are some of the specific outputs, but we also need to grasp how these outputs connect with social change. Achieving optimal regional resource allocation through business is a big challenge for regional financial institutions. They will be expected to support the entire region through the tandem pursuit of traditional banking functions and new functions such as encouraging open innovation among local businesses.

Nakano During the early stages of the social impact debate, I felt there were limitations when trying to incorporate abstract concepts into management goals and everyone else agreed. In the end, we decided on measuring the degree of contribution to the local economy using monetary figures for added value, so we were able to select a convincing quantitative indicator.

— How do you evaluate the current governance framework in terms of promoting responsible board management and exercising supervisory functions?

Ono Currently, the Board of Directors consists of 12 members, including seven internal directors and five outside directors, which I think is an extremely good balance. All outside directors, with the exception of myself, are based in Tokyo, but we are able to have diverse discussions by viewing businesses with deep local community roots. I believe these multifaceted perspectives serve as a strength in the Group's governance cycle. Having said that, in order to deepen discussions from a medium-term perspective, I think we should set three or four priority themes for thorough discussion each year.

Shu Rather than keeping things in check, as an outside director, I feel it is important to objectively and attentively ascertain whether management efforts are actually increasing corporate value. It is our job to actively support and propel initiatives that illustrate a link with improved corporate value, and to urge management to reconsider those that do not. Furthermore, the executive department provides thorough advance explanations before we attend Board of Directors meetings, which is a strong foundation for supporting constructive dialogue. The quality and the depth of the staff that manage these arrangements is another major Mebuki Financial Group strength.

Yoshitake I am conscious of our role to support executive managers in their endeavor to improve corporate value and fulfil their social duty, sometimes in a strict and sometimes in a warm and friendly manner. Having too many outside directors tends to lead to deviations from the actual business situation at hand. I feel the dialogue between the seven internal directors and the five outside directors successfully fuels rich discussion on actual regional finance conditions. Furthermore, the three outside directors who also serve as Audit and Supervisory Committee members hold discussions from an auditing perspective beforehand, which provides the necessary preparation for attending the Board of Directors meetings. The management side does take our opinions seriously.

Nagasawa I have served as an outside director since the Mebuki Financial Group was founded. The time spent on explanations at Board of Directors meetings has been greatly reduced, making way for a significant increase in discussion time. I think directors from diverse backgrounds are able to express various opinions, and we are getting closer to the ideal management system by seeking to balance constructive support and supervision of management.

Nakano I feel we are able to effectively monitor operations even though we are outside the company thanks to solid information sharing. There are systems in place that enable us to obtain sufficient information in advance to fulfil our role as Audit and Supervisory Committee members.

— On the topic of promoting human capital strategies and diversity, how should talent at regional financial institutions be developed and diverse human resources utilized?

Nagasawa The number of female managers and executives has increased compared to a decade ago and more women will likely be promoted over the medium term, but there is still some way to go in terms of promoting greater diversity. I want to watch over the seeds that we have worked so hard to sow, and see them grow. In addition, in order to evolve as a comprehensive financial services provider, it is essential to enhance the skills of internal human resources. Recruiting external talent is also very important.

Yoshitake Having served for many years on committees designed to increase the number of female researchers, I feel very strongly that Japan as a whole is lagging way behind from a diversity perspective. More women are being employed but they are not serving in leadership roles, which is a big issue. This issue cannot be solved overnight but it is important for financial institutions to play a leading role in the community in promoting solutions.

Shu It has already been pointed out that we should serve as a model case for the region, and I think that is correct. Promoting diversity-focused management is very important and long-term initiatives are vital, particularly in the areas of gender equity and diversity. The key to continuous action is management commitment. I believe in the positive effect that outside directors can have by inspiring and encouraging forceful action from the sidelines. This year, we are planning the Mebuki Gender Diversity Conference. I hope this will serve both as a catalyst and an opportunity for employees to build equal cooperative relationships within the Group based on gender diversity that enable

everyone to demonstrate their full capabilities and play an active role.

Nakano A bank's biggest asset is its people, so human capital strategies are very important. The medium-term business plan incorporates targets for increasing the ratio of women in manager positions or higher to 27%, and I would like to confirm further efforts to empower women. The challenge going forward will be to ensure that the human capital strategy envisaged by management is firmly passed down to the sales branch level and actually implemented.

Ono Personally, I feel that, even in my hometowns of Tochigi and Ibaraki, many people tend to move to Tokyo to work after graduating from university. Securing highly motivated and capable talent is a major issue for regional banks. I live in both Tokyo and Tochigi and I feel that it is much easier to live in a rural area. I really want to see management enhance their efforts to secure excellent talent by, for instance, devising recruitment strategies for the modern era that emphasize life's rich opportunities and work-life balance.



A message from New Outside Director

My name is Shoichiro Tozuka, the newly appointed outside director.

I have worked for a transportation equipment manufacturer for 42 years, where I was involved in the design and development of passenger and defense aircraft, as well as department management. During that time, I cooperated with different industries and relevant ministries and government agencies through various international joint development and Japan's nationwide projects, while deepening my engagement with a wide range of supply chains.

Mebuki Financial Group is the largest regional banking group in the Northern Kanto region, which is one of Japan's leading industrial and economic bases. I think the Group's mission is to provide timely feedback to stakeholders on global trends and to provide high-value-added services to help create a prosperous future for the whole region, even in an era of rapidly evolving domestic and international landscapes.

I intend to prize frontline perspectives and to strive to ensure the Group deals sincerely with customer issues and contribute even in some small way to effective management decision-making based on solid governance.



Shoichiro Tozuka
Outside Director

Risk management system

The Group aims to enhance the risk management system by positioning it as an important management task from the perspective of the maintenance and improvement of sound corporate management.

Risk management system

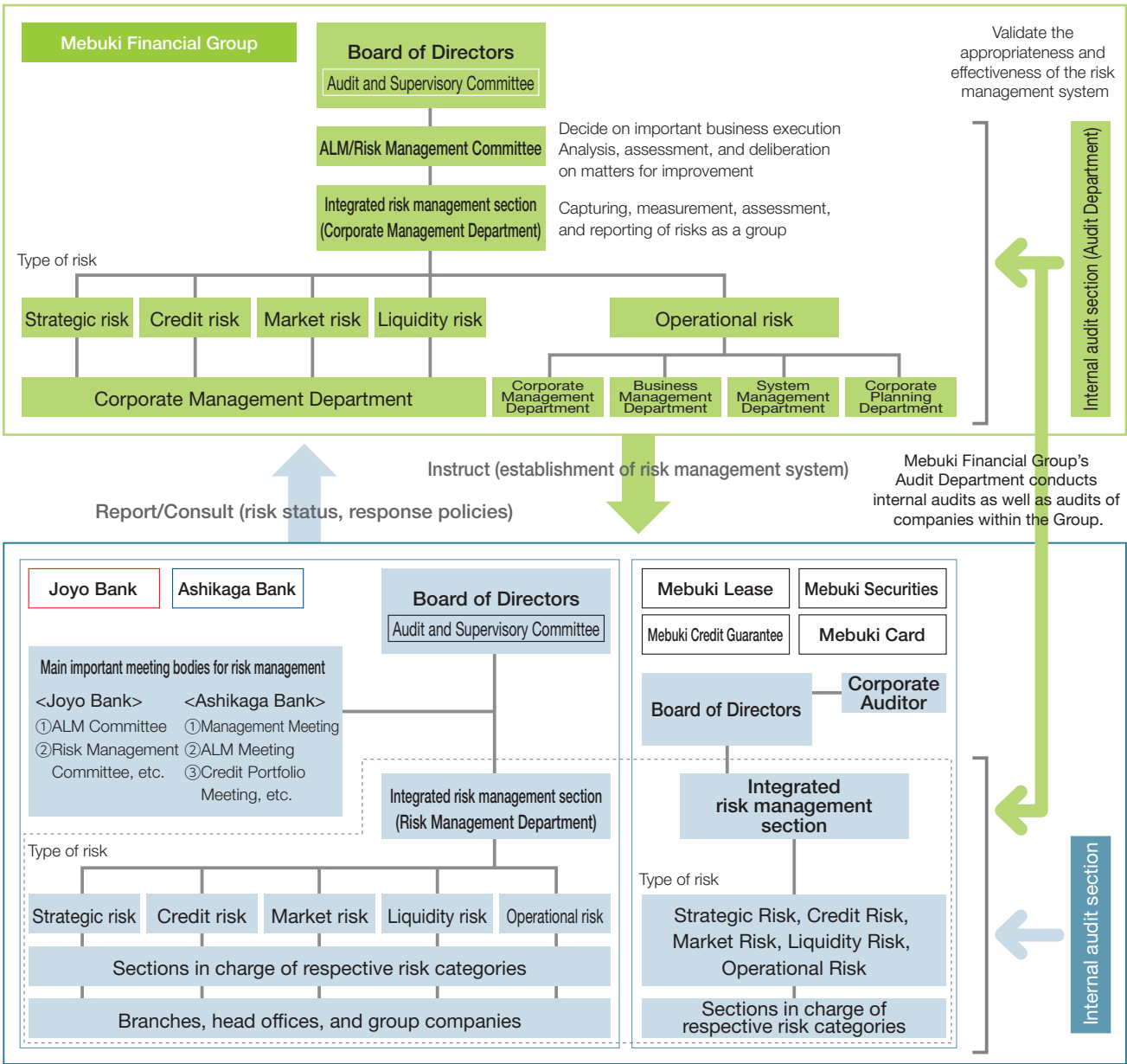
The Group undertakes its risk management based on the Basic Rules on Group Risk Management determined by the Board of Directors of the Company.

In order to perform the matters set forth in the Basic Rules on Group Risk Management, the Company has established the ALM/Risk Management Committee, which makes decisions on important business execution regarding the Group's risk management and performs analysis, assessment, and improvement of the matters relevant to the risk management of the overall Group. The said committee ensures corporate management emphasizing the risk and return relationship through consideration and discussion focused on closer

coordination between risk management and profit management while controlling risks appropriately, and facilitates prompt and efficient decision-making by management.

Furthermore, we have organized the integrated risk management section responsible for the supervision and integrated management of various risks, and at the same time, established the framework under which the audit section independent from business execution sections performs internal auditing and validates the appropriateness and effectiveness of the respective risk management status.

(As of March 31, 2025)



Top risk

Of the risk events that have an impact on the Group's management and strategies, those deemed particularly significant in terms of likelihood, potential impact, or public attention are designated as top risks by the Board of Directors. For these top risks, we implement predictive management and risk control measures based on risk scenarios. The top risks selected at the Board of Directors meeting held in March 2025 are as follows.

Risk events	Risk scenario
Intensification of competition for recruitment of human resources and decline in employee satisfaction	<ul style="list-style-type: none">● Failure to secure necessary human resources due to factors such as increased competition in the recruitment environment and outflows resulting from increased employment mobility, resulting in dysfunctional strategies● Failure to achieve the expected effects of investing in human capital (such as autonomous employee growth and increased engagement) and stagnation of the recruitment and development of human resources capable of value creation, leading to a decline in competitiveness
Decline of the Regional Economy and Local Communities	<ul style="list-style-type: none">● The decline of the regional economy resulting in decreases in balances of deposits and loans and a decline in the profit ability of the Group● The decline of local industries resulting in deterioration of the performance of local customer companies and an increase in credit costs● The shrinking GDP within the region weakening the management foundation, making business continuity difficult
Progress of digital society and intensifying competition in banking services	<ul style="list-style-type: none">● Intensification of competition due to the rapid innovation in digital technology and due also to more companies from other industries entering into banking and expanding their businesses. Delays in adopting DX resulting in a decline in competitiveness● Benefits expected from digital investment (such as operational efficiency) not materializing, leading to a decline in profitability
Delay in response to climate change and environmental issues	<ul style="list-style-type: none">● Delays in establishing support systems for customer companies resulting in missed opportunities to address their climate change response needs● Increased credit costs due to delays in customer companies' responses to a low-carbon society● Delay in response to climate change and environmental issues leading to a deterioration in evaluations by stakeholders and damage to corporate value
Emergence of political instability and geopolitical risks across countries	<ul style="list-style-type: none">● Increased political instability and uncertainty in various countries causing turmoil in the financial markets. Falling stock and bond prices causing deterioration in the valuations of securities● A policy shift forcing customer companies to review their business models, resulting in deteriorating performance and increased credit costs● The materialization of geopolitical risks disrupting the supply chain and driving up commodity market prices. Deterioration of the performance of local customer companies causing an increase in credit costs
Rapid economic downturns and large fluctuations in market interest rates	<ul style="list-style-type: none">● A rapid economic downturn at home and abroad causing weaker customer performance, more bankruptcies, and, consequently, higher credit costs● A significant rise in interest rates worsening the valuations of securities. A sharp increase in deposit interest rates increasing funding costs● Concerns about an economic recession creating a deflationary, low-interest environment, leading to reduced profitability and failure to meet business plans
Occurrence of cyber attacks and large-scale system failure	<ul style="list-style-type: none">● Cyber attacks and large-scale system failure hindering business continuity● Costs for responding to customer information leaks and system failures, and damage to the Group's credibility
Occurrence of large-scale earthquakes and wind- and water-related disasters	<ul style="list-style-type: none">● Severe damage to stores, ATMs, or employees caused by disasters or other incidents leading to interruption of operations● Recovery costs incurred due to damages to the Group's stores and ATMs● Earthquakes, floods, or other incidents weakening the performance of local customer companies, causing an increase in credit costs
Occurrence of business activities that run counter to customer-oriented business operations	<ul style="list-style-type: none">● Damage to the credibility of the Group arising from business activities that run counter to customer-oriented business operations
Delay in measures against financial crime, occurrence of misconduct, etc.	<ul style="list-style-type: none">● Delays or deficiencies in financial crime countermeasures adversely affecting customers and damaging the Group's credibility● The occurrence of misconduct, etc. resulting in costs such as compensation for damages and reputational harm to the Group

Integrated risk management

The Group undertakes “integrated risk management” which quantitatively measures various types of risk including credit risk and market risk, using statistical methods, such as VaR (value at risk), in order to individually manage various types of risk relevant to financial services, and at the same time, to comprehensively capture said risks. We strive to maintain an appropriate level of our capital reserves by comparing and contrasting the total amount of risk with our financial soundness (our capital reserves).

Specifically, we allocate capital to each type of risk (credit risk, interest rate risk, price fluctuation risk, and operational risk) in advance to the extent of our capital reserves and monitor whether the amount of each risk quantified (risk capital used) stays within the extent of allocated capital. Upon the allocation of capital, we secure a risk buffer to cover losses larger than those expected in the statistical methods or risks unable to be captured by the statistical methods. We confirm the sufficiency of our capital reserves, including the capital to cover the aforementioned risks, by performing stress tests by which we capture the impact on our capital reserves under assumed scenarios such as a sudden economic downturn. Furthermore, we confirm the reasonableness and effectiveness of the statistical methods through backtests in which the risk amount calculated by VaR (value at risk) is compared with actual profit or loss.

Credit risk management

Credit risk refers to the risk of incurring losses as a result of customers becoming unable to pay the principal and interest of loans as promised primarily due to the deterioration of their financial conditions.

Recognizing credit risk as a material risk in our business operations, the Group aims to enhance the management system to prevent the emergence of new non-performing loans and to improve asset soundness.

Credit risk management system

The Group has established the Group Guidelines for Credit Risk Management, which set forth, as our basic policy for credit risk management, the appropriate management of credit risk on individual loans and the management of the credit portfolio focusing on risk diversification.

The section in charge of credit risk management, which is organizationally and functionally independent from the business promotion sections, is responsible for the planning and operational management of the internal credit rating system, self-assessment systems, write-offs and provisions to the reserve for loan losses, as well as for the monitoring of loan assets as the specialized organization for the comprehensive supervision and management of the credit portfolio.

Asset self-assessment systems

Companies within the Group strictly implement asset self-assessment systems based on common standards and provide appropriate reserves or write down problem loans based on such assessment. In addition, the reasonableness of such assessment is validated and audited by the sections in charge of validation and auditing, respectively, and is also subject to external audits by accounting auditors.

Quantification of credit risk

The quantification of credit risk refers to the statistical forecasting of future losses (amount of credit risk) that can be expected due to bankruptcies or the deterioration of financial conditions of customers. The Group calculates the amount of credit risk for each customer based on “internal credit ratings” with collateral and other factors taken into account.

Credit portfolio management

We capture loan assets in their entirety as a single portfolio and conduct credit risk management from a macro perspective. Based on the quantification of credit risk, we carry out periodic monitoring such as whether the credit risk is concentrated in specific sectors or corporate groups, and analysis and evaluation of credit situations by rating and region, or based on composition by industry.

Management of credit risk on individual loans

We separate the credit-screening sections of companies within the Group from the business promotion sections to ensure strict screening while also focusing on credit management during repayment to prevent the status of a claim from deteriorating.

Internal credit ratings

We categorize our customers into 12-grade rating levels by adding qualitative assessment to the data on their financial condition and cash flow status. In addition to serving as the basis for self-assessment systems, internal credit ratings are used across the full range of credit risk management, including capturing credit risk exposure, setting lending rates, and the allocation of lending authority.

Market risk management

Market risk refers to the risk of incurring losses due to changes in the value of financial assets and liabilities of the Group caused by fluctuations in interest rates, foreign exchange rates, and stock prices.

Our subsidiaries are engaged in investment activities based on their understanding of risk supported by sufficient advance research and analysis of market transactions.

For the appropriate control of market risk, we also perform and report to the ALM/Risk Management Committee of the Company held periodically the quantitative management and measurement under the ALM (asset and liability management) framework to take action according to the situation.

Liquidity risk management

Liquidity risk refers to the risk of incurring losses primarily due to difficulty in securing necessary funds caused by an unexpected outflow of funds or similar events, or a sharp rise in funding costs.

The Group has established the Group Liquidity Risk Management Rules to set up the framework under which action plans according to respective situations ranging from a normal state to urgent cases are defined to promptly respond thereto.

Operational risk management

Operational risk refers to the risk of incurring losses caused by inappropriateness in the Group’s business processes, activities of directors and employees or system operations, or by external events. The Group classifies and manages such risk according to the following six categories: administrative risk, system risk, compliance (legal) risk, personnel management risk, tangible asset risk, and reputational risk.

Furthermore, the Group designates the sections responsible for each risk of these six categories and has a comprehensive risk management section that manages overall operational risk.

Administrative risk

Administrative risk refers to the risk of incurring losses due to directors, employees, or external contractors neglecting precise administration, causing incidents, or committing acts of fraud.

In the Group, the sections responsible for administrative risk and the comprehensive risk management section responsible for operational risk gather information on and analyze the causes of administrative incidents occurring inside or outside the Group to establish or revise administrative rules or enhance the efficiency of administrative processes through the information system based on the results of such analysis. In addition, the Group has established the framework to detect or prevent administrative incidents through validation of the effectiveness conducted by the internal audit section.

System risk

System risk is the risk of incurring losses primarily due to the failure of computer systems, erroneous computer operation, or inappropriate computer use.

The Group has taken necessary measures to ensure the safety and reliability of computer systems including failure response exercises aiming to establish the framework for early recovery from system failure, in addition to sufficient advance testing upon the development or operation of systems, the continuous monitoring of operational status, and duplexing facilities.

Compliance (legal) risk, personnel management risk, tangible asset risk, and reputational risk

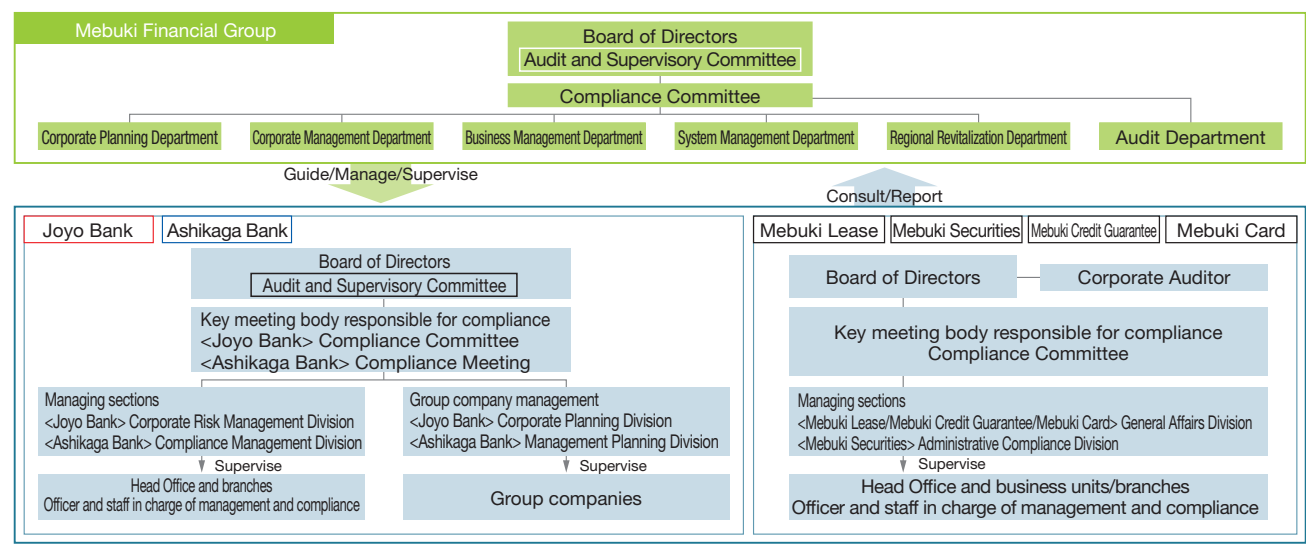
We also identify and assess risk through methods in line with risk characteristics and take appropriate actions for: compliance (legal) risk, the risk of incurring losses mainly due to an illegal act committed by directors and employees; personnel management risk, the risk of incurring losses mainly due to an act in violation of laws, regulations or agreements relevant to employment, health or safety; tangible asset risk, the risk of incurring losses due to damage to tangible assets caused by disasters or defective management of buildings; and reputational risk, the risk of incurring losses due to the deterioration of creditworthiness mainly attributable to reputational damage caused by inappropriate actions taken by the Group or the circulation of unfounded rumors.

Crisis management and business continuity management

We have established the framework for the continuity or early recovery of important business operations including the repayment of deposits, fund transfer and remittance upon facing a crisis such as a natural disaster, system failure, or pandemic, as well as limiting human and physical damage to the minimum extent possible.

Upon the occurrence of a crisis, we will establish emergency response headquarters at the Company and directly-owned subsidiaries to respond to such emergencies in cooperation with each other. Furthermore, we continuously perform crisis management exercises and review the business continuity plan to enhance the effectiveness thereof upon facing a crisis.

Initiatives for Compliance



We have established a management system aimed at group-wide comprehensive management which enables the Group to perform business operations under the appropriate compliance framework. We aim to enhance the compliance framework by positioning compliance as one of the most material management tasks.

Organization and structure

We have established the Basic Rules on Group Compliance as the Group’s highest standards for compliance, and thereunder, other relevant rules and regulations systematically.

The Compliance Committee established within the Company is responsible for decisions on compliance-related important business execution of the Company and the Group, and for analysis, assessment, and deliberation on matters for improvement relevant to group-wide compliance.

Furthermore, we put compliance into practice through, among other factors, the establishment of the Legal

and Compliance Group of the Corporate Management Department as the managing and supervising section in charge of group-wide compliance, the designation of the officer responsible for the Corporate Management Department, and the assignment of compliance staff at each management organization within the Group. Important matters regarding compliance at directly-owned subsidiaries are consulted on and reported to the Corporate Management Department, which is responsible for the guidance, management, and supervision thereof, pursuant to the Rules for Management of Companies within the Group.

Compliance program

We establish a compliance program as the action plan to realize compliance. The companies within the Group establish a program based on the Basic Policy on Group Compliance Program developed annually by the Company.

The status of the compliance program performed by companies within the Group is reported to and validated by the Compliance Committee quarterly and is also subject to the annual overall assessment which is reflected in the next year’s program.

Measures for anti-money laundering, etc.

We acknowledge anti-money laundering, combating the financing of terrorism (AML/CFT), and preventing violations of sanctions as our key responsibility based on requests from the international community and one of the important tasks in our management strategy. Thus, we formulated the Policy for Anti-Money Laundering,

Combating the Financing of Terrorism, and Preventing Violations of Sanctions to take measures for anti-money laundering, etc.

To ensure the effective implementation of AML/CFT for the companies within the Group, we appoint the director in charge of the Corporate Management Department as

the Group head AML/CFT officer. In addition, each of the companies within the Group appoints, among the directors, the head AML/CFT officer who is in charge of risk management of AML/CFT.

The companies within the Group formulate AML/CFT Programs as an annual plan to enhance the risk management of AML/CFT, based on the Group’s Basic Policy for Anti-Money Laundering formulated by the

Company for each fiscal year. From the perspective of promoting the Programs on a group-wide basis, we revise the risk assessment document based on the analyses of recent suspicious transactions and other relevant factors, and hold the Group Money Laundering Countermeasures Liaison Meeting every quarter to verify the implementation status and effectiveness of the Programs.

Severing connections with antisocial forces

We have established the basic policy against antisocial forces to stand firmly against and sever any connections with antisocial forces which threaten the order and safety of civil society and hinder sound economic and social development.

Regarding severing connections with antisocial forces

- Mebuki Financial Group, Inc. and its group companies will take the following initiatives to sever all connections with antisocial forces.
1. We will respond to antisocial forces as an organization with a strong recognition of our social responsibility.
 2. We will maintain close relationships with the police, the Center for Removal of Criminal Organizations, and external expert organizations including lawyers.
 3. We will sever all connections with antisocial forces, including any transactions therewith.
 4. We will decisively reject any and all unreasonable demands from antisocial forces and take legal action from both civil and criminal perspectives.
 5. We will never provide any funding or benefits to antisocial forces.

Whistle-blowing system

For compliance-oriented management to be achieved by early detection and correction of violations of laws and regulations, we have established a whistle-blowing system that is compliant with the Whistleblower Protection Act. An internal contact office has been established in each Compliance Management Division of Joyo Bank and Ashikaga Bank. In addition, full-time members of the Audit and Supervisory Committee at the Company, Joyo Bank, and Ashikaga Bank serve

as whistle-blowing contact points independent of management. Moreover, an external contact point has been established in an attorney’s office, which is available for the officers and employees in the Group even after their resignation or retirement. For accessibility to these contacts by eligible users, we will gather opinions from them and strive to operate and improve the whistle-blowing system.

Customer protection management system (measures for customer protection)

We have established the Group Management Policy for Customer Protection to organize and ensure the appropriate management system for customer protection from the perspective of the protection and improvement of convenience for all existing and future customers of the Group, as well as for facilitating finance.

Joyo Bank and Ashikaga Bank have established a supervising section in charge of consultation, complaints, and other communication from customers, and have also entered into a basic contract for the implementation of dispute resolution procedures with the Japanese Bankers Association, the designated dispute resolution organization under the Banking Act, and with the Trust Companies Association of Japan, the designated dispute resolution organization under the Trust Business Act and the Act on Engagement in Trust Business by Financial Institutions, to utilize

the financial ADR system for dispute resolution with customers through the involvement of third parties. The Company has defined the Declaration on Personal Information Protection and various regulations with regard to the handling of personal information, individual numbers, and specific personal information received from customers (“Personal Information, etc.”) and thereby takes proper measures for security control of Personal Information, etc. The Company, Joyo Bank, and Ashikaga Bank have also set up customer inquiry windows for consultation and complaints regarding Personal Information, etc. in their custody. In addition, they are members of the All Banks Personal Data Protection Council, an authorized organization for the protection of personal information under the Act on the Protection of Personal Information. The Council also accepts complaints, and provides consultation on the handling of Personal Information, etc.

Internal Audit

Status of internal audit

The Company has established the Audit Department as the section in charge of internal audits under the Board of Directors, independent of the business execution and risk management departments.

The Audit Department supervises internal audit functions across the Group. In order to ensure the appropriateness of the Group's business operations and the health of assets, the Audit Department inspects the appropriateness and effectiveness of the internal audit system by conducting internal audits on the Group in accordance with the Internal Audit Rules and the Group's Audit Plans defined by the Board of Directors.

The audit results are reported to the Audit and Supervisory Committee and the Representative Director monthly and to the Board of Directors every three

months. In order to conduct appropriate audits, the Group is making efforts to strengthen the cooperation among the Audit and Supervisory Committee (including corporate auditors of companies within the Group), the internal audit section of the Company, and the accounting auditor through close exchanges of views.

The Group strives to further improve its audit methods by conducting risk-based audits in accordance with the international standards of internal audit established by the Institute of Internal Auditors (IIA), improving the expertise of auditors by encouraging them to acquire an international qualification of internal audit, and undergoing quality assessment of audit by external institutions.

Status of cooperation among the internal audit section, the Audit and Supervisory Committee, and the accounting auditor

Cooperation between the internal audit section and the Audit and Supervisory Committee

Full-time members of the Audit and Supervisory Committee are expected to exchange opinions with the Audit Department that functions as an internal audit section regarding the audit system and policy (internal audit plan). During the internal audit planning phase, the members express their views on behalf of the Audit and Supervisory Committee. The audit results, along with monthly reports from the business execution section, are directly reported from the Audit Department to the Audit and Supervisory Committee. Through this dual reporting system, the Committee aims to strengthen mutual cooperation.

Cooperation between the Audit and Supervisory Committee and the accounting auditor

The Audit and Supervisory Committee receives the audit plan with explanation about significant matters, given by the accounting auditor. In addition, the full-time members of the Committee hold opinion exchange sessions (six times a year together with the full-time members of the Audit and Supervisory Committees of subsidiary banks) and are reported on the status of the audit every month (twelve times a year). By this, the Audit and Supervisory Committee exercises effective and efficient audit through close cooperation with the accounting auditor.

Furthermore, the Committee discussed the rationality of assumptions selected by the Company in determining the debtor classification for debtors with significant unsecured amounts as a key audit matter (KAM) and received a briefing on the progress of the audit implementation.

Details of cooperation between the Audit and Supervisory Committee and the accounting auditor

Details of cooperation	Number of sessions held	Overview
Audit briefings (year-end and interim)	4 times	Explanations of audit opinions, audit status, individual reporting matters, etc.
Audit plan briefings	2 times	Explanations of the audit plan, timeline, and compensation proposal
Opinion exchange sessions	8 times (including 2 three-pillar audits)	Sharing of audit activities, exchange of opinions, etc.

Cooperation between the internal audit section and the accounting auditor

The Audit Department engages in exchanging opinions with the accounting auditor regarding an audit policy (internal audit plan) and the audit system as necessary, for securing the effectiveness of the internal audit system.

Dialogue with Stakeholders

Dialogue with local communities

As a regional financial institution, we prioritize connecting with local communities in our business area, acknowledging the responsibility we have as a company. We are actively engaged in social contribution activities that we believe our Group should fulfill, such as financial education initiatives, employee volunteer participation in community events, and support through donations.

Efforts to improve financial literacy

Joyo Bank and Ashikaga Bank are committed to financial education for all age groups, from elementary school, middle school, and high school to university students, working adults, and retirees, to contribute to sustainable growth in local communities.

For the next generation, in response to the lowering of the age of majority, we conduct financial education at schools and have created educational videos on money, credit cards, and financial products to use in schools. For working adults, we hold free financial seminars for corporate customers and asset-building seminars targeted at local government and corporate general affairs managers. (See pages 52 and 54 for details.)

Dedication from the Donation Course of Shareholder Benefit Program

Funds from the Donation Course of the Shareholder Benefit Program are dedicated to environmental protection organizations. The donations support global environmental conservation activities, greening promotion in Ibaraki Prefecture, and environmental conservation projects in Tochigi Prefecture.

Employees' efforts to contribute to local communities

We support community activities through volunteer activities including cleanup in the communities, participating in events such as sports meets and festivals, and collecting recyclable resources. In addition, we have conducted tree-planting and other activities in order to pass our communities' beautiful and sound forests on to the next generation. In our commitment to protecting and nurturing the greenery, Joyo Bank actively engages in forest thinning and tree-planting activities in woodlands called Joyo Furusato no Mori in Naka City and at Mt. Tsukuba in Ibaraki Prefecture, whereas Ashikaga Bank focuses on the development of walkways and the removal of obstructive underbrush in Ashigin Forest situated in Yaita City, Tochigi Prefecture.



Participation in local festivals



Local volunteer activities

Dialogue with customers

Our Group conducts regular customer surveys to assess customer satisfaction. Additionally, we collect valuable feedback from customers through phone calls and customer feedback postcards available at bank counters. Incorporating feedback from our customers, we endeavor to enhance our products, services, and storefront environment, in order to make our Group more comfortable and convenient for our customers.

Dialogue with employees

Our Group provides opportunities for employees and executives to exchange opinions.

In line with the launch of the Fourth Medium-Term Group Business Plan, Joyo Bank and Ashikaga Bank hold meetings in which officers visit various areas to exchange opinions with employees, aiming to deepen understanding and promote alignment throughout the organization.

The opinions and issues raised in the meetings are shared with management and relevant Head Office divisions, and appropriate measures are taken to address them. (See page 88 for details.)

Dialogue with shareholders and investors

We endeavor to disclose corporate information in a timely and appropriate manner. Our focus extends to ensuring highly transparent corporate management through proactive IR activities and constructive dialogues with shareholders and investors in Japan and overseas.

Specifically, in addition to disclosing corporate information in a timely, fair, and accurate manner, our top management actively holds briefings on our business performance, conditions, strategies, and other pertinent factors to provide shareholders and investors with a deeper understanding of the Company.

In FY2024, we resumed face-to-face company briefings for individuals, and strengthened IR activities for foreign investors. As a result, points of contact with shareholders and investors recovered to the pre-pandemic level. Going forward, we will continue face-to-face meetings as well as web-based platforms and a hybrid dialogue format in our efforts to enhance convenience for shareholders and investors and to encourage active participation in dialogue.

Information disclosure to shareholders and investors

As a basic principle, we disseminate information to all shareholders in a fair and equal manner. Upon approval by the Board of Directors and other bodies, we promptly present details of our Medium-Term Business Plans and financial results on TDnet and the Company's website.

Furthermore, we take a proactive approach to information disclosure through publishing integrated reports, conducting various briefings, and employing other means to foster a deeper understanding of our philosophy, long-term vision, sustainability initiatives, business activities and models, among other aspects.

Measures for invigorating general meeting of shareholders and facilitating exercise of voting rights

We send out the convocation notice of the ordinary general meeting of shareholders that is held in June every year as early as possible. Additionally, we post the convocation notice (including the English version) on the Tokyo Stock Exchange and the Company's websites prior to the mailing of the convocation notice.

Furthermore, we are committed to enhancing the environment for shareholders to exercise their voting rights through the internet and cell phones (including smartphones), as well as utilizing the electronic voting rights exercise platform.

After the conclusion of the meeting, we post a video of the meeting on our website for shareholders who could not attend the meeting. We also promptly announce the notice of resolutions and the results of the voting rights exercise on our website.

Prompt disclosure of important corporate information

Starting in FY2025, the Company has disclosed important corporate information more promptly for the decision-making of shareholders and investors by shortening the time for the announcement of financial results and submitting securities reports earlier, thus responding to requests from the FSA and TSE for the disclosure of important corporate information, etc.

Primary participants in dialogue with shareholders and investors

Participants are selected based on the specific dialogue theme, to ensure appropriate individuals, such as Representative Director and Director in charge of Corporate Planning, participate accordingly.

The IR staff in the Corporate Planning Department serves as the contact point for dialogue with shareholders and investors.

Primary dialogues and participants (past engagements)

	Primary participants
Large meetings	Representative Director (President, Executive Vice President)
Small meetings	
Theme-based meetings	Representative Director (President, Executive Vice President), Outside Director, the sections in charge of the two subsidiary banks (Attend meetings according to the theme)
Corporate information sessions for individual shareholders and investors	Representative Director (Executive Vice President), Director (in charge of Corporate Planning)
One-on-one meetings	Director (in charge of Corporate Planning), General Manager in charge of Corporate Planning Department, Senior Manager, IR staff

(Note) Large meetings: Twice a year (May and November), Small meetings: Twice a year (August and February), One-on-one meetings: Quarterly

Overview of shareholders and investors in past dialogues

Dialogue partner	Dialogue meeting	FY2022	FY2023	FY2024
Individual investors and individual shareholders	Corporate information sessions for individual shareholders and investors	144 participants for one session*1	525 participants for two sessions*2	444 participants for five sessions*3 <small>(Including 333 on-site participants for four sessions)</small>
Institutional investors and analysts in Japan	Large meetings	232 participants for two sessions	234 participants for two sessions	259 participants for two sessions
	Small meetings	39 participants for two sessions	44 participants for two sessions	60 participants for two sessions
	Theme-based meetings	21 participants for one session	15 participants for two sessions	76 participants for four sessions
	One-on-one meetings	50 companies	62 companies	71 companies
Foreign investors and foreign shareholders	On-site visits	—	3 companies for one session	1 company for one session
	Conferences in Japan	5 companies for one session	—	18 companies for three sessions
	One-on-one meetings	10 companies	13 companies	16 companies
Total	Individual investors and shareholders	144 participants	525 participants	444 participants
	Institutional investors and analysts in Japan	292 participants, 50 companies	293 participants, 62 companies	395 participants, 71 companies
	Foreign investors and shareholders	15 companies	16 companies	35 companies

*1 The number of participants represents the number of participants in the online live streaming plus the view count of the archived video.
*2 The number of participants represents the number of participants in the online live-streaming.
*3 The number of participants includes the number of on-site participants and the number of participants in the online live-streaming.

Main themes and contents of dialogues (from April 2024 onwards)

Category	Main contents
Management strategies	<ul style="list-style-type: none">● Intent and significance of setting “consolidated ROE of 9% or higher” as one of the business objectives of the Fourth Medium-Term Group Business Plan● Strategies and measures under the Fourth Medium-Term Group Business Plan● Possibility of achieving net income attributable to owners of the parent of more than 100 billion yen in the mid to long term● The interest rate sensitivity of net interest income to domestic policy interest rates and its relationship with ROE● Approach to inorganic strategy and areas to be considered● Approach to human capital investment
Financial and business results	<ul style="list-style-type: none">● Demand for loans by region and industry and future outlook● Factors behind the increase in loan balance (borrower type, industry, purpose, etc.) and yield changes● Status of deposit initiatives and future measures for acquiring deposits● Issues and direction of corporate consulting sales● Future prospects for individual customers● Future outlook of the Group companies● Status of alignment of the DX policy within the organization● Status of maintenance of securities portfolio● Securities investment policy● Status of reducing strategic shareholdings● Outlook for expenses in the future with expenses transitioning from a decrease phase to an increase phase● Outlook for credit costs, including the impact of U.S. tariff measures
Corporate value improvement	<ul style="list-style-type: none">● Changes in management’s awareness of the market, such as setting high targets (consolidated ROE, etc.) and reviewing the shareholder return policy● Status of initiatives to improve corporate value● The perception and evaluation of current ROE, PBR, and share price within the Company
Capital policy and capital efficiency	<ul style="list-style-type: none">● Context behind the revision of shareholder return policy from “total return ratio” to “payout ratio”● Timing of achieving the “payout ratio of 40% or more” as stated in the shareholder return policy● Balance between risk-taking and shareholder returns while controlling the capital adequacy ratio in the mid-11% range● Utilization of surplus capital such as dividend increase, acquisition of treasury stock, and in-organic investment
Others	<ul style="list-style-type: none">● Status and issues concerning synergies from the business integration of Joyo Bank and Ashikaga Bank● The Company’s approach to the reorganization of regional banks, with regional banks in the Kanto region being actively reorganized

Actions taken based on input and subsequent feedback from dialogue

In response to the request for disclosure of the impact of higher domestic policy interest rates, the status of the Company's balance sheets, including the interest rate composition, and the amount of impact on net interest income in the event of a rise in policy interest rate are disclosed in the financial results briefing materials. The status of improvement in the yield on loans due to increases in market interest rates and short-term prime interest rates is also disclosed in an easy-to-understand manner by showing the monthly trend of the yield on domestic loans. The content of the disclosure has been further enhanced by clarifying the investment policy for securities and the status of risks during a phase of rising interest rates.

Going forward, we will continue to improve and expand the contents of disclosures based on the opinions of shareholders and investors.

Status of Customer-Oriented Business Operations Initiatives

[Basic Policy on Customer-Oriented Business Operations]

Our Group has formulated and announced the Basic Policy on Customer-Oriented Business Operations to realize the Group's philosophy, "Together with local communities, we will continue to build a more prosperous future by providing high-quality, comprehensive financial services." Each Group company upholds this policy, dedicating itself to

honest and fair business operations to prioritize the best interests of our customers. We regularly release the status of our Group's achievements. We monitor the progress of initiatives aligned with this policy and conduct regular reviews of the policy to realize and entrench our customer-oriented business operations.

Basic Policy on Customer-Oriented Business Operations

1. Pursuit of the customer's best interests

2. Appropriate management of conflicts of interest

3. Clarification of fees

4. Customer-oriented information provision
5. Providing products and services that serve the best interests of customers (ensuring product governance)

6. Practice of customer-oriented consulting

7. Establishment of customer-oriented sales systems

For more information on the Basic Policy on Customer-Oriented Business Operations, please visit <https://www.mebuki-fg.co.jp/company/fd/> [in Japanese].

Pursuit of the customer's best interests

Efforts to establish a corporate culture that supports the realization of customers' best interests

Mebuki Financial Group believes that it is in the best interests of its customers to "realize stable asset formation of our customers," as stated in its Basic Policy for Customer-Oriented Business Operations, and always acts in a customer-oriented manner.

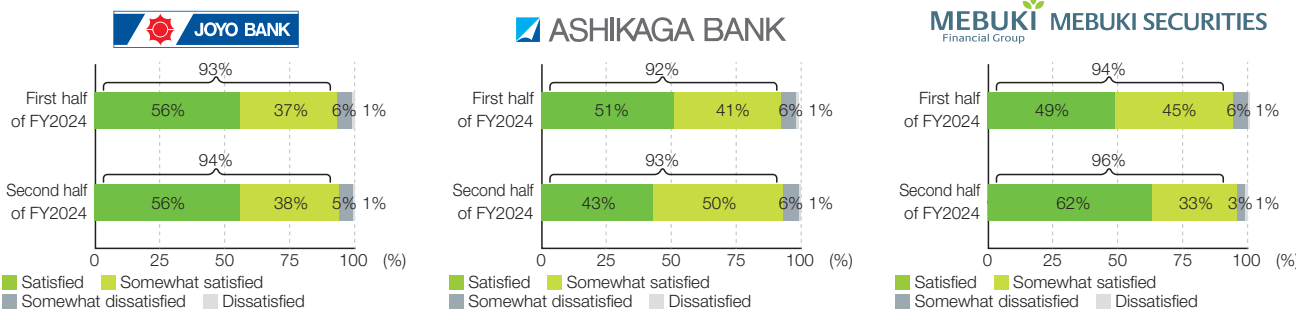
To ensure the thorough understanding and implementation of our basic policy, we are promoting customer-oriented business operations through communications from management, regular meetings for sales representatives, and training sessions for internal control officers.

Customer satisfaction

The Company regularly conducts customer questionnaires to gauge customer satisfaction. According to the most recent questionnaire for in-store purchasers (including those reached via sales representatives), more than 90% of customers answered that they were "satisfied" or "somewhat satisfied" with the ability of the person in charge to explain products and make proposals.

*Target: Randomly selected from individual customers who purchased investment trust or insurance products during the six months prior to the period (first half or second half of FY2024) in which the questionnaire was conducted.

- <Outline of the questionnaire conducted in the second half of FY2024>
- Joyo Bank ...In-store purchasers (including those reached via sales representatives): 2,100; of these, 917 responded (a response rate of 43.6%)
 - Ashikaga Bank ...In-store purchasers (including those reached via sales representatives): 2,100; of these, 593 responded (a response rate of 28.2%)
 - Mebuki Securities...In-store purchasers (including those reached via sales representatives): 663; of these, 274 responded (a response rate of 41.3%)



Customer-oriented information provision

The use of "Important Information Sheets" to explain information thoroughly according to the customer's level of understanding, with the aim of providing clear information about product characteristics, risks, fees, and other important information

To provide clear information about product characteristics, risks, fees, and other important information, we use "Important Information Sheets"

to explain information thoroughly according to the customer's level of understanding.

Important information about financial products and services, such as content, fees, risks, and transaction conditions, are carefully explained to customers according to their level of understanding using legally required documents containing the information.

In addition to the Important Information Sheet (for Financial Business Operators), we formulate and utilize the Important Information Sheet (for Individual Products) for financial products that we believe need to be explained in more detail to customers.

Important Information Sheets (For Financial Business Operators)



Providing sufficient information on economic environments and market trends

JOYO BANK

Comparison Sheet for Overviews of Investment Products

The Comparison Sheet enhances the provision of information on product comparisons and supports product selection.

ASHIKAGA BANK

Money Reference Book for the 100-Year Life Era

The Money Reference Book for the 100-Year Life Era consists of 5 parts (4 books + a simple flyer), covering comprehensive information about money throughout the customer's life.

MEBUKI MEBUKI SECURITIES

Wealth Advisor

Wealth Advisor offers simulations for life planning and investment trust replacements, performance comparisons of investment trusts, and transaction fee simulations.

Establishment of customer-oriented sales systems

Commitment to developing professional human resources to meet our customers' increasingly diverse and sophisticated needs

We are committed to developing professional human resources to meet our customers' increasingly diverse and sophisticated needs. Our Group conducts various

training sessions and promotes the acquisition of external qualifications to cultivate professional talent.

JOYO BANK

	March 2023	March 2024	March 2025
1st grade FP	177	187	187
2nd grade FP	2,185	2,226	2,234

MEBUKI MEBUKI SECURITIES

	March 2023	March 2024	March 2025
1st grade FP	6	6	9
2nd grade FP	27	29	29

ASHIKAGA BANK

	March 2023	March 2024	March 2025
1st grade FP	165	170	175
2nd grade FP	1,453	1,530	1,565

3 companies

	March 2023	March 2024	March 2025
1st grade FP	348	363	371
2nd grade FP	3,665	3,785	3,828

Establishing a governance system to ensure customer-oriented business operations

The Basic Policy on Customer-Oriented Business Operations is communicated to employees at each Group company through internal notices and other means.

Additionally, we conduct semi-annual monitoring of the implementation status to confirm the execution and entrenchment of these initiatives.

Group Non-financial Data

Environment

Data on Energy Consumption (Joyo Bank + Ashikaga Bank)

Items (unit)		FY2022			FY2023			FY2024		
		Total of two banking subsidiaries	The Joyo Bank, Ltd.	The Ashikaga Bank, Ltd.	Total of two banking subsidiaries	The Joyo Bank, Ltd.	The Ashikaga Bank, Ltd.	Total of two banking subsidiaries	The Joyo Bank, Ltd.	The Ashikaga Bank, Ltd.
Target: Energy consumption per 1 square meter : Total energy consumption (KL)/Area (square meter)		0.0264	0.0263	0.0265	0.0248	0.0248	0.0247	0.0205	0.0206	0.0204
Energy consumption per 1 square meter: Total energy consumption (KL)/Area (square meter)		0.0250	0.0251	0.0249	0.0208	0.0209	0.0206	0.0203	0.0201	0.0205
Direct Energy Consumption	Kerosene (KL)	0	0	0	0	0	0	0	0	0
	Light Oil (KL)	0	0	0	1	1	0	0	0	0
	Heavy Oil (KL)	116	4	112	119	8	111	98	4	94
	LPG (t)	35	31	4	36	31	4	30	27	3
	City Gas (thousand cubic meter)	120	89	31	99	70	29	108	78	29
Indirect Energy Consumption	Electric Power (MWh)	32,005	18,446	13,559	29,962	17,320	12,642	29,164	16,635	12,529
	Steam (Gj)	2,074	2,074	0	2,111	2,111	0	2,007	2,007	0
	Hot Water (Gj)	0	0	0	0	0	0	0	0	0
	Cold Water (Gj)	0	0	0	0	0	0	0	0	0
Area (square meter: m²)		338,909	195,012	143,897	337,658	194,358	143,300	335,932	193,738	142,194
Total energy consumption (KL)		8,477	4,893	3,584	7,008	4,053	2,955	6,807	3,895	2,912

Greenhouse Gas (GHG) Emission (from the entire Group, but for Scope 3, total of two banking subsidiaries) (t-CO₂)

Items	FY2021	FY2022	FY2023	FY2024
GHG emission Scope 1 (Direct emission)	2,805	2,811	2,738	2,508
GHG emission Scope 2 (Indirect emission)	15,920	12,079	7,552	5,460
GHG emission Scope 3 (Category 1 - 15)	3,441	20,519,939	19,366,652	29,483,426
o/w Category 1 (products/services purchased)	Not measured	6,267	8,147	13,981
o/w Category 2 (capital goods)	Not measured	8,146	13,833	9,328
o/w Category 3 (fuels and energy-related activities not included in Scope 1 and 2)	Not measured	2,237	2,106	2,533
o/w Category 4 (transportation, delivery/upstream)	Not measured	534	542	468
o/w Category 5 (wastes generated through business)	Not measured	29	26	27
o/w Category 6 (business trip)	776	1,128	1,089	1,081
o/w Category 7 (commuting)	2,665	3,398	3,264	3,248
o/w Category 8 (lease assets/upstream)	Not measured	0	0	0
o/w Category 9 (transportation, delivery/downstream)	Not measured	0	0	0
o/w Category 10 (processing of products sold)	Not measured	0	0	0
o/w Category 11 (use of products sold)	Not measured	0	0	0
o/w Category 12 (disposal of products sold)	Not measured	0	0	0
o/w Category 13 (lease assets/downstream)	Not measured	0	0	0
o/w Category 14 (franchise)	Not measured	0	0	0
o/w Category 15 (investment and loan)*	Not measured	20,498,197	19,337,643	29,452,756
Total GHG emission (Scope 1 and 2)	18,725	14,890	10,291	7,968
Total GHG emission (Scope 1, 2, and 3)	22,166	20,534,830	19,376,943	29,491,394

*The increase in emissions for Category 15 (investment and loan) in FY2024 compared to the previous year is due to an expansion of the calculation scope.

About Mebuki Financial Group

Mebuki Financial Group's Value Creation

Management Strategies for Value Creation

Governance Supporting Value Creation

Corporate Data

Social (Human Capital)

Category	Index	Unit	FY2022			FY2023			FY2024		
			Total of two banking subsidiaries	The Joyo Bank, Ltd.	The Ashikaga Bank, Ltd.	Total of two banking subsidiaries	The Joyo Bank, Ltd.	The Ashikaga Bank, Ltd.	Total of two banking subsidiaries	The Joyo Bank, Ltd.	The Ashikaga Bank, Ltd.
Basic Information	Number of employees	people	5,589	3,093	2,496	5,474	3,023	2,451	5,453	3,007	2,446
	Number of female employees	people	2,629	1,474	1,155	2,631	1,466	1,165	2,657	1,459	1,198
	(Ratio of female employees)	%	47.0	47.7	46.3	48.1	48.5	47.5	48.7	48.5	49.0
	Average age	years old	40.6	40.9	40.4	40.6	40.9	40.2	40.5	41.0	39.8
	(Average age of men)	years old	43.0	44.0	41.8	42.8	43.8	41.4	42.4	43.6	41.0
	(Average age of women)	years old	38.0	37.5	38.7	38.3	37.8	38.8	38.4	38.3	38.6
	Average service years	years	17.2	17.7	16.6	17.0	17.7	16.2	16.6	17.4	15.7
	(Average service years of men)	years	19.7	20.8	18.3	19.3	20.6	17.7	18.7	20.0	17.1
	(Average service years of women)	years	14.5	14.3	14.7	14.6	14.6	14.6	14.4	14.7	14.2
	New graduate recruitment	people	178	90	88	213	122	91	243	113	130
	o/w Number of women	people	88	49	39	106	59	47	118	46	72
	(Ratio of women)	%	49.4	54.4	44.3	49.8	48.4	51.6	48.6	40.7	55.4
	Mid-career recruitment	people	30	12	18	68	12	56	106	46	60
	o/w Number of women	people	19	9	10	39	8	31	54	24	30
	(Ratio of women)	%	63.3	75.0	55.6	57.4	66.7	55.4	50.9	52.2	50.0
	o/w Employees promoted from part-timer	people	10	2	8	21	2	19	12	11	1
Diversity	Number of foreign employees	people	5	4	1	5	4	1	6	5	1
	Employment rate for persons with disabilities	%	2.34	2.40	2.28	2.55	2.56	2.52	2.65	2.51	2.79
	Number of employees who took childcare leave	people	286	155	131	262	138	124	247	126	121
	o/w Number of men	people	146	69	77	115	44	71	119	49	70
	o/w Number of women	people	140	86	54	147	94	53	128	77	51
	Childcare leave taking ratio	%	112.6	110.0	115.9	103.6	100.7	106.9	109.3	105.9	113.1
	(The ratio for men)	%	130.4	130.2	130.5	105.5	89.8	118.3	114.4	108.9	118.6
	(The ratio for women)	%	98.6	97.7	100.0	102.1	106.8	94.6	104.9	104.1	106.3
Engagement	Retention rate* ¹	%	96.7	97.0	96.4	96.5	96.5	96.6	96.8	97.4	96.0
	(Retention rate for men)	%	97.7	97.8	97.7	96.9	97.2	96.5	96.9	97.9	95.7
	(Retention rate for women)	%	95.5	96.0	95.0	96.1	95.6	96.6	96.7	96.9	96.4
Health	Number of employees who had health checkups* ²	people	8,650	4,731	3,919	8,627	4,703	3,924	8,543	4,605	3,938
	Rate of employees who had health checkups	%	99.6	99.5	99.8	99.9	99.9	99.9	99.9	99.9	99.9
	Number of employees subject to specific health guidance	people	754	414	340	684	366	318	673	362	311
	Rate of employees subject to specific health guidance	%	8.7	8.7	8.7	7.9	7.8	8.1	7.9	7.9	7.9


*1 Retention Rate: (No. of employees at the beginning of fiscal year [Apr. 1] - No. of voluntary retired employees during fiscal year)/No. of employees as of Apr. 1
The number of voluntary retired employees is the number of retired employees during a fiscal year from which retirement due to involuntary reasons such as mandatory retirement is excluded.
*2 Number of employees who had health checkups: including people who had a complete medical checkup

Governance

Items	Unit	FY2021	FY2022	FY2023	FY2024
Number of directors	people	12	12	12	12
o/w Number of outside directors	people	5	5	5	5
Number of female directors	people	1	1	1	2
Female ratio in the Board of Directors	%	8.3	8.3	8.3	16.6


Group Structure and Corporate Data

Mebuki Financial Group is committed to leases, securities, credit guarantees, credit cards, and other business activities, providing local customers with a variety of financial services and products. The businesses are conducted primarily by The Joyo Bank, Ltd. and The Ashikaga Bank, Ltd., which are engaged in the banking business. Making full use of a variety of expertise in our group, we provide comprehensive, quality financial services.



MEBUKI
Financial Group
Mebuki Financial Group, Inc.

Address	2-1-1, Nihonbashi Muromachi, Chuo-ku, Tokyo
Head Office address	(Mito Head Office) 5-5, Minami-machi 2-chome, Mito, Ibaraki Prefecture (Utsunomiya Head Office) 1-25, Sakura 4-chome, Utsunomiya, Tochigi Prefecture
Paid in capital	117.4 billion yen
Establishment	April 1, 2008 (Change of tradename: October 1, 2016)
Stock exchange listing	Tokyo Stock Exchange
Credit ratings	A+ (R&I)



JOYO BANK

Founded	July 30, 1935
Head Office	5-5, Minami-machi 2-chome, Mito, Ibaraki Prefecture
Paid in capital	85.1 billion yen
Network	Domestic: 181 offices (153 branches, 28 sub-branches) Overseas: 4 Representative Offices (Shanghai, Singapore, New York, Hanoi)
Number of employees*	3,007
Credit ratings	A+ (R&I) A3 (Moody's)



ASHIKAGA BANK

Founded	October 1, 1895
Head Office	1-25, Sakura 4-chome, Utsunomiya, Tochigi Prefecture
Paid in capital	135 billion yen
Network	Domestic: 134 offices (107 branches, 27 sub-branches) Overseas: 2 Representative Offices (Hong Kong, Bangkok)
Number of employees*	2,446
Credit ratings	A+ (R&I)




MEBUKI **MEBUKI LEASE**
Financial Group

Founded	September 25, 1974
Head Office	4-12, Minami-machi 3-chome, Mito, Ibaraki Prefecture
Paid in capital	100 million yen




MEBUKI **MEBUKI SECURITIES**
Financial Group

Founded	November 30, 2007
Head Office	4-12, Minami-machi 3-chome, Mito, Ibaraki Prefecture
Paid in capital	3 billion yen



MEBUKI **MEBUKI CREDIT GUARANTEE**
Financial Group

Founded	December 21, 1978
Head Office	1-25, Sakura 4-chome, Utsunomiya, Tochigi Prefecture
Paid in capital	50 million yen



MEBUKI **MEBUKI CARD**
Financial Group

Founded	August 30, 1982
Head Office	4-12, Minami-machi 3-chome, Mito, Ibaraki Prefecture
Paid in capital	100 million yen

Other businesses 10 consolidated subsidiaries (Research, consulting, investment, real estate leasing, renewable energy-related, and regional trading, etc.)

*Number of employees excludes employees seconded.

Overseas Representative Offices


(as of July 31,2025)



**Shanghai Representative Office,
Joyo Bank**



Address	Room 1901, Shanghai International Trade Centre, 2201 Yan An Road (West), Shanghai 200336 P. R. China
Phone	+86-21-6209-0258





**New York Representative Office,
Joyo Bank**

Address	1270 Avenue of the Americas, Suite#555, New York, NY 10020
Phone	+1-917-388-2400






**Hanoi Representative Office,
Joyo Bank**



Address	5 th Floor, Sun Red River, 23 Phan Chu Trinh Street, Cua Nam Ward, Hanoi, Vietnam
Phone	+84-24-3218-1668






**Representative Office Registered
in Singapore, Joyo Bank**



Address	10 Collyer Quay, #09-07A, Ocean Financial Centre, Singapore, 049315
Phone	+65-6225-6543






**Bangkok Representative Office,
Ashikaga Bank**



Address	689, Bhiraj Tower at EmQuartier, 27 th Floor, Room No.2714, Sukhumvit Road, Klongton-nue, Wattana, Bangkok 10110 Thailand
Phone	+66-2-261-2852



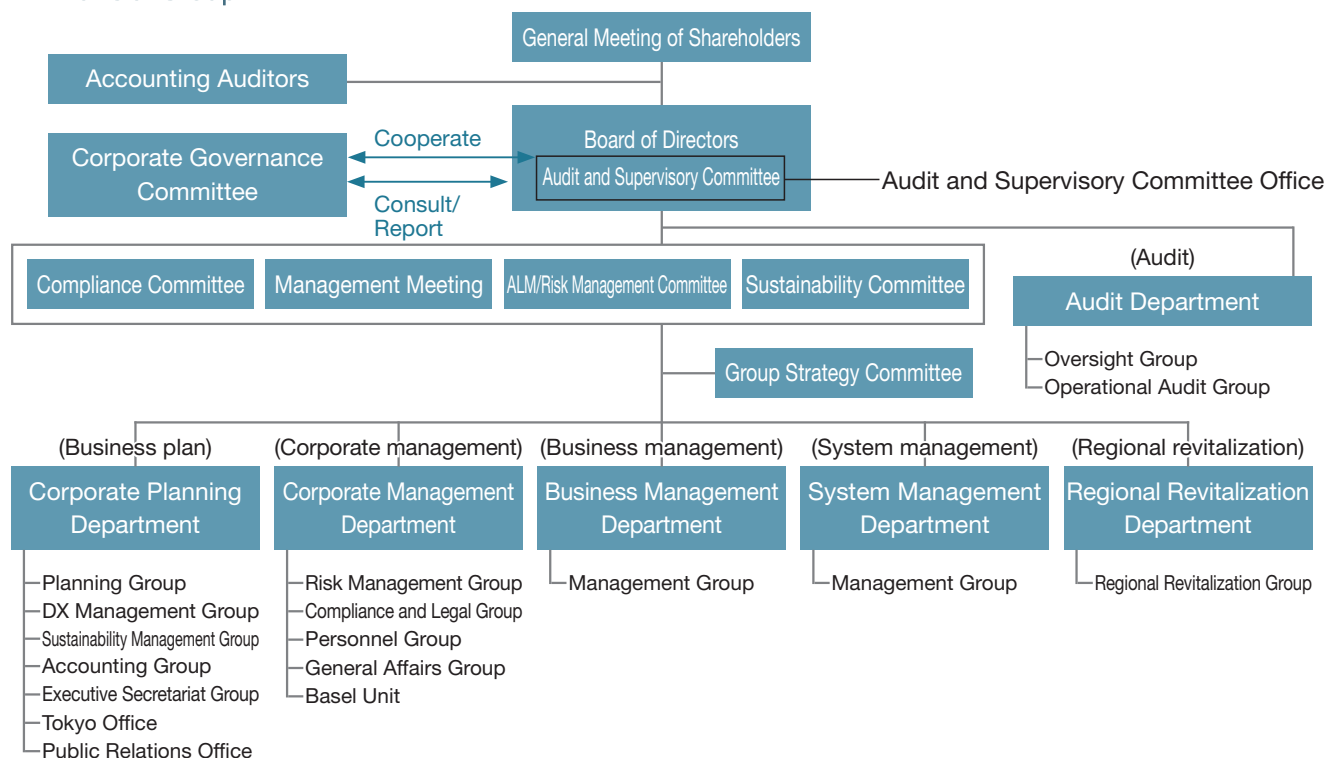


**Hong Kong Representative Office,
Ashikaga Bank**

Address	Suite 1601, 16th Floor, Tower2, The Gateway, Harbour City, Kowloon, Hong Kong
Phone	+852-2251-9475



Organization (as of March 31, 2025)



Stock Information (as of March 31, 2025)

Capital and number of issued shares

Common stock	117,495,550,000 yen
Number of issued stock	987,055,218 shares
of which, common stock	987,055,218 shares

Major shareholders

Mebuki Financial Group

Name	Number of shares held (thousand shares)	Shareholding ratio to the total number of issued stock (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	138,637	14.08
Custody Bank of Japan, Ltd. (Trust Account)	61,783	6.27
Nippon Life Insurance Company	27,590	2.80
Sumitomo Life Insurance Company	21,659	2.20
Sompo Japan Insurance Inc.	19,261	1.95
STATE STREET BANK AND TRUST COMPANY 505001	18,303	1.85
STATE STREET BANK AND TRUST COMPANY 505103	16,325	1.65
Meiji Yasuda Life Insurance Company	15,864	1.61
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	14,991	1.52
STATE STREET BANK AND TRUST COMPANY 505223	14,419	1.46
Total	348,836	35.43

Joyo Bank

Name	Number of shares held (thousand shares)	Shareholding ratio to the total number of issued stock (%)
Mebuki Financial Group, Inc.	722,910	100.00

Ashikaga Bank

Name	Number of shares held (thousand shares)	Shareholding ratio to the total number of issued stock (%)
Mebuki Financial Group, Inc.	1,340,520	100.00