

FY2023 Earnings Results Briefing

June 3, 2024



Our challenges build our future.

Chugin Financial Group, Inc.

I. Earnings Results for FY2023 and Forecasts for FY2024

- Summary
 - Consolidated for the FG 4
 - Status of the Group Companies (Non-consolidated for the Bank) 5
 - Status of the Group Companies (Excluding the Bank) 6
 - Shareholder Returns 7
 - Cross-shareholdings 8
- Earnings Forecasts 9

II. Management Plan (toward enhancement of corporate value)

- Awareness of the Current Situation and Enhancement of Corporate Value through the Medium-term Management Plan 11
- Overview of the Medium-term Management Plan 12
- **Point** Evolution of the Medium-term Management Plan 14

III. Initiatives toward Improvement of ROE

- Initiatives toward Improvement of ROE (logic tree) 16
- **Point** Chugin DX Strategy 17
- **Point** Capital Management 26
- **Point** Enhancement of FG Functions 28
- Conclusion 29

IV. Appendix

- Initiatives toward Improvement of ROE 32
- Initiatives toward Improvement of PER 38
- Major Numerical Figures 46



Section I

Earnings Results for FY2023 and Forecasts for FY2024

Earnings Results - Summary (Consolidated for the FC)

Consolidated financial results for the Chugin Financial Group

* Forecast published on May 12, 2023

(billion yen)	FY2020	FY2021	FY2022	FY2023		
					YoY	vs. Initial plan*
Consolidated gross profit	81.9	83.7	73.2	91.7	18.5	—
(excluding profits and losses related to bonds)	82.4	86.6	93.0	92.5	-0.5	—
Net interest income	58.5	61.1	65.0	62.2	-2.8	—
Fees and commissions income	14.3	15.7	17.1	18.5	1.4	—
Net other operating profits	9.0	6.8	-8.8	10.9	19.7	—
Of which, profits and losses related to bonds	-0.5	-2.9	-19.7	-0.7	19.0	—
Expenses (-)	57.2	56.1	55.6	57.8	2.2	—
Credit cost (-)	8.7	8.4	5.7	8.9	3.2	—
Profits and losses related to equity	5.5	6.0	18.0	5.9	-12.1	—
Other	-0.2	0.6	-0.3	0.2	0.5	—
Ordinary profit	21.2	25.8	29.6	31.1	1.5	9.6
Extraordinary profits and losses	-0.3	-0.3	-0.0	-0.2	-0.2	—
Profit attributable to owners of parent	14.4	18.3	20.4	21.3	0.9	6.3

Profit attributable to owners of parent was 21.3 billion yen (an increase for the fourth consecutive year, up 900 million yen year on year, up 6.3 billion yen from the initial plan)

- The Chugoku Bank
An increase in net fee income through consulting sales, improvement of profits and losses related to securities, etc.
- Lease, securities, etc.
An increase in net sales through the enhancement of Group-wide sales

Summary — Status of the Group Companies (Non-consolidated for the Bank) —

Non-consolidated for The Chugoku Bank

(billion yen)	FY2023		
		YoY	vs. Initial plan*
Core business gross profit	84.3	-2.4	6.9
Net interest income	62.2	-3.3	4.2
Net fee income	20.1	1.9	2.1
Net other operating profits	1.9	-1.0	0.6
Expenses (-)	52.8	1.5	-1.4
OHR	62.7%	3.6 p t	-
Core business net profit	31.4	-4.0	8.2
Excl. gains or losses on cancellation of investment trusts	31.4	-0.5	8.2
Credit cost (-)	8.5	3.5	1.6
Profits and losses related to securities	4.8	6.5	2.5
Other	-1.0	0.0	-
Ordinary profit	26.6	-0.9	8.2
Net income	18.4	-0.9	5.6

YoY

[Net interest income] Down 3.3 billion yen (excluding gains on cancellation of investment trusts, up 0.2 billion yen)

- Yen loan interest increased significantly.
- Increase in foreign-currency procurement costs, and an absence of gains on cancellation of investment trusts (3.5 billion yen) recorded in the previous year

[Net fee income] Up 1.9 billion yen

- Stable for both retail (assets in custody) and corporate (investment banking, etc.) clients

[Credit cost] Up 3.5 billion yen

- Increase in general allowance for loan losses due to strategic expansion of loans

[Profits and losses related to securities] Up 6.5 billion yen

- Rebound from the portfolio improvement (recording of a loss on sale of foreign bonds) in the previous year
- Recording of gains on sale due to a reduction of cross-held shares

vs. Initial plan

- Increase in net interest income due to expansion of loans
- Bottoming out of decline in foreign bond revenues due to improvement of securities portfolio
- Increase in general allowance for loan losses, etc.

* Forecast published on May 12, 2023

Summary — Status of the Group Companies (Excluding the Bank) —

Group companies (billion yen)	Ordinary profit	YoY	Net income	YoY
* Lease	0.82	0.35	0.53	0.19
* Card	0.28	-0.16	0.18	-0.13
Human Innovations (Employment placement)	0.04	0.02	0.03	0.02
Capital Partners (Fund management and administration)	0.06	0.04	0.04	0.02
C Cube Consulting (DX, SX and other consulting services)	0.03	0.25	0.03	0.24
Energy (Decarbonization support such as renewable energy power generation) Commenced in Apr. 2023	-0.04	-0.04	-0.04	-0.04
Securities	0.80	0.56	0.58	0.42
* Asset management	0.16	-0.01	0.11	-0.01
Chugin Operation Center	0.03	0.01	0.02	0.01
CBS (Contracted administrative work related to banks)	0.17	0.02	0.10	0.01
* Guarantee	1.85	0.32	1.21	0.19
Group companies total	4.24	1.39	2.83	0.94

* YoY for the four companies (Lease, Card, Asset Management, and Guarantee): Comparison based on excluding “gains on sale of shares among Group companies associated with the transition to the holding company system” recorded in the previous year

- Group companies total
Profit level increased significantly due to synergy effects.

Summary — Shareholder Returns —

[FY2024] Revise shareholder return policy and significantly increase dividends

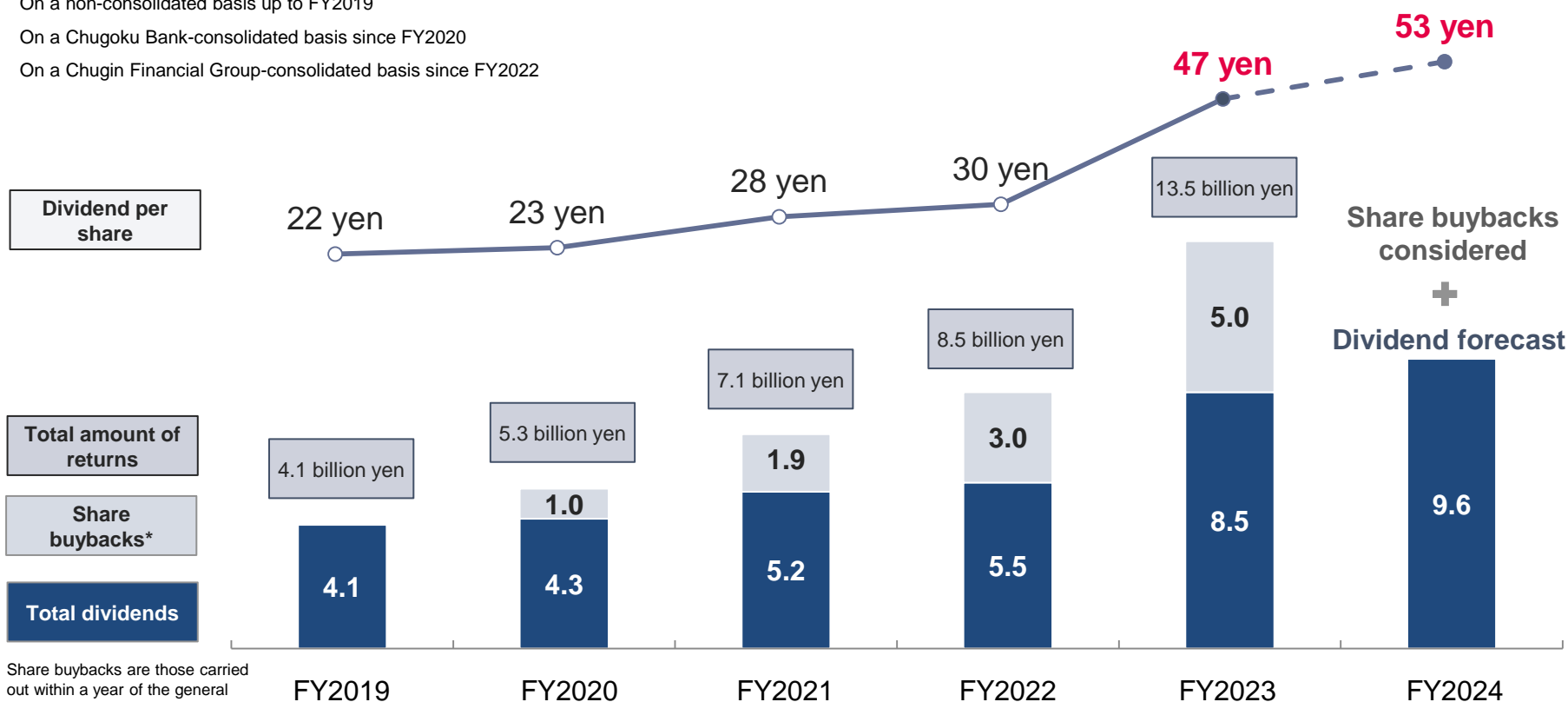
- Aiming for a dividend payout ratio of around 40%, increase dividends through profit growth (FY2023: **+17 yen**, FY2024: **+6 yen** planned)
- Carry out share buybacks flexibly through capital control (In FY2023, **purchased 5 billion yen of treasury shares**)

Shareholder return ratio	38.2%	36.9%	38.9%	41.6%	63.4%	Not yet determined
Dividend payout ratio	38.2%	29.8%	28.4%	26.9%	40.0%	Approx. 40%

On a non-consolidated basis up to FY2019

On a Chugoku Bank-consolidated basis since FY2020

On a Chugin Financial Group-consolidated basis since FY2022

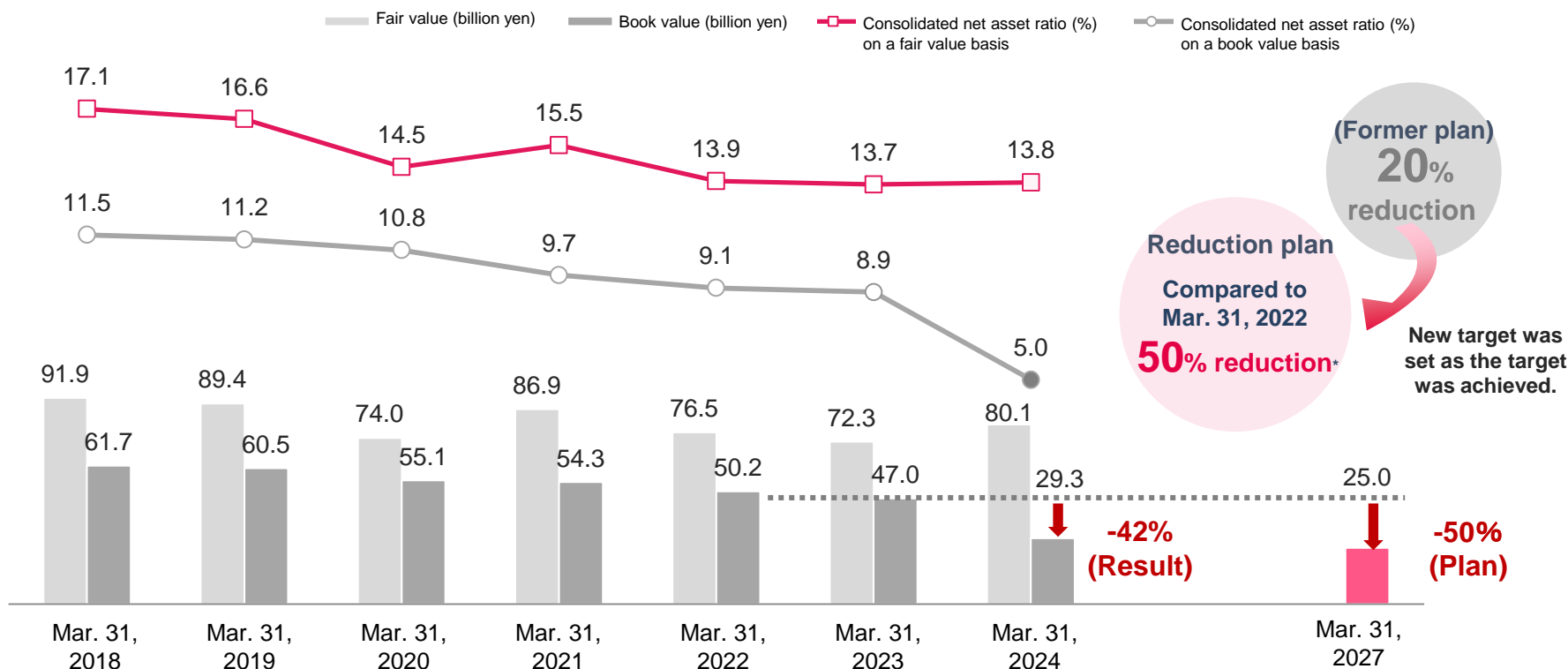


* Share buybacks are those carried out within a year of the general meeting of shareholders.

Basic Policy

We will limit cross-holdings to cases where it is determined necessary for the sustainable growth and enhancement of the corporate value of the Group and the issuers, and reduce them through dialogue with the issuers from the perspectives of capital efficiency and reduction of the risk of holding the shares.

- ✓ The appropriateness of cross-shareholdings is determined strictly based on the basic policy.
- ✓ The reduction rate as of March 31, 2024 was a decrease of 42% compared to the reduction plan by March 31, 2027 (a decrease of 20% compared to March 31, 2022 on a book value basis), achieving the target three years ahead of schedule.
- ✓ For further reduction, we set a new target of 50% reduction (compared to March 31, 2022 on a book value basis).



Consolidated for the Chugin Financial Group (billion yen)	FY2023	FY2024	
	Results	Forecasts	Change
Consolidated ordinary profit	31.1	34.5	3.4
Profit attributable to owners of parent	21.3	24.0	2.7

<Reference: Non-consolidated for The Chugoku Bank>

Core business gross profit	84.3	93.1	8.8
Expenses (-)	52.8	56.0	3.2
Core business net profit	31.4	37.0	5.6
Of which, credit cost (-)	8.5	9.6	1.1
Of which, profits and losses related to securities	4.8	4.2	-0.6
Ordinary profit	26.6	31.4	4.8
Net income	18.4	22.2	3.8

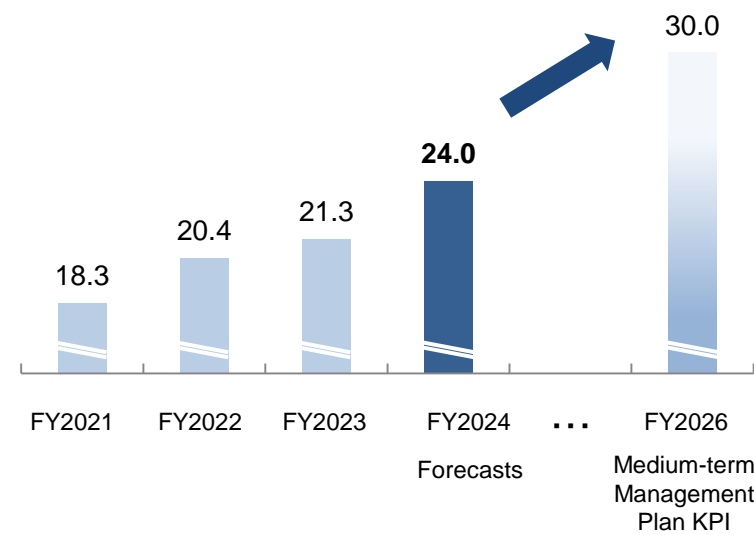
Earnings Forecasts

Consolidated net income

24.0 billion yen (up 2.7 billion yen YoY)

- Business expansion through solving local issues
 - Increase in net interest income
 - Expansion of fee business
- Accelerating innovation-related strategic investments, etc.

Profit attributable to owners of parent (billion yen)



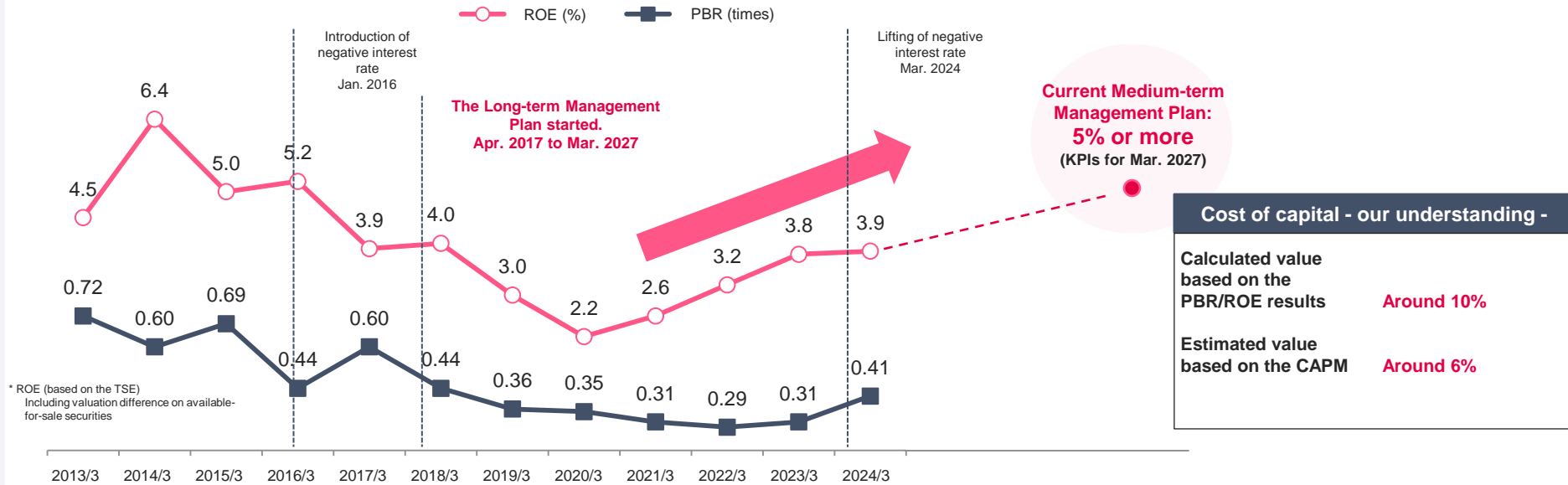
Section II

Management Plan

(toward enhancement of corporate value)

Awareness of the Current Situation and Enhancement of Corporate Value through the Medium-term Management Plan

Trends and targets for ROE/PBR



Toward the improvement of PBR

The ROE has declined since the introduction of the negative interest rate. Recently, the ROE has steadily improved thanks to the structural and action reforms based on the Long-term Management Plan. However, the PBR has remained low.

- | | |
|---|--|
| <p>Stage I</p> <p>Apr. 2017 to Mar. 2020</p> | <p>Structural reforms
(Strengthening of hardware aspects)</p> <ul style="list-style-type: none"> BPR investments (A shift from administrative affairs to sales activities) |
| <p>Stage II</p> <p>Apr. 2020 to Mar. 2023</p> | <p>Action reforms
(Strengthening of software aspects)</p> <ul style="list-style-type: none"> Autonomous sales system and personnel system Acceleration of the development of new businesses Transition to a holding company system |

Through the three growth strategies toward the improvement of PBR:

Stage III



Apr. 2023 to Mar. 2027

Further improvement and enhancement of ROE

Accumulation of high-quality assets, expansion of business pillars, etc.

Improvement of PER (reducing cost of capital)

Sustainable growth of profits through regional revitalization SDGs, and others

Overview of the Medium-term Management Plan: Three Growth Strategies

1 “Deepening” of regional revitalization SDGs

We will contribute to the “**sustainable development of communities**” by drawing out its appeal and potential.

Regional revitalization	▶ Strengthen initiatives, startup support, and activities for SDGs that use DX and SX as a starting point and capture communities from a wide perspective.
Community support activities	▶ Provide one-stop solutions from upstream to downstream. ▶ Strengthen sustainable finance.
Life planning support activities	▶ Support the realization of customers’ life plans. ▶ Strengthen support for stable asset formation and reliable asset succession.

Corresponding materiality (priority issues)

Revitalization of local economy and society

Response to society with a declining birthrate and an aging population

Promotion of environmental management

Promotion of DX

2 Creation of innovations

We will create “**new value**” toward the next phase of growth.

DX	▶ Promote operational process reforms and the development of next generation channels and digital technology-oriented human resources.
New businesses	▶ Create new businesses unique to the Group through alliances.
Alliances	▶ Actively implement wide-area collaborations, collaborations with communities, and collaborations with different industry players.

Corresponding materiality (priority issues)

Promotion of DX

Active participation by diverse human resources

3 Strengthening of the Group business base

We will build a “**solid foundation**” to implement growth strategies.

Portfolios	▶ Optimize business portfolios and strategically allocate management resources.
Financial capital	▶ Implement appropriate financial management from the viewpoints of soundness, profitability, and shareholder returns.
Human capital	▶ Significantly increase “investment in human capital” in line with the business strategies.
Diversity	▶ Strengthen the recruitment of and active participation by diverse human resources.
Governance	▶ Sophisticate the internal control system of the Group as a whole.

Corresponding materiality (priority issues)

Active participation by diverse human resources

Sophistication of governance

Promotion of DX

Overview of the Medium-term Management Plan: KPIs

(On a consolidated bases for the FG, unless indicated otherwise)

Financial KPI	FY2022 result	FY2023 result	FY2026 target
Profit attributable to owners of parent	20.4 billion yen	21.3 billion yen	30.0 billion yen
ROE	3.79%	3.85%	5% or more
Ratio of common equity Tier 1 (excluding valuation difference on available-for-sale securities, etc.)	12.01%	12.12%	11%~12%

The ROE is based on the TSE standards (including the valuation difference on available-for-sale securities)

Materiality (priority issues)	Growth strategy	KPI	FY2022 result	FY2023 result	FY2026 target	Assumed interest rate scenarios [Domestic interest rates] • FY2023 The long-term interest rate (10 years) is assumed to be around 0.75% due in part to the lowered YCC. • From FY2024 H1 onward Lifting of the negative interest rate (short-term interest rate +10 bp) * An additional interest-rate hike and a rise in the short-term prime rate are not taken into consideration. The long-term interest rate (10 years) is assumed to remain at around 1%. [Overseas interest rates] • The FF interest rate for FY2023 is around 5%. Phased policy rate cuts are anticipated, starting from FY2024.
Promotion of environmental management	“Deepening” of regional revitalization SDGs	Reduction of CO ₂ emissions ^{*1}	-35%	-46%	-72%	
Revitalization of the local economy and society		Cumulative amount of sustainable finance executed ^{*2}	641.8 billion yen	942.2 billion yen	1 trillion yen	
		Number of contracted consultation cases ^{*3}	256	356	460	
Response to a society with a declining birthrate and an aging population		Number of customers of five products in custody and number of customers of housing loans [*]	206,000	214,000	260,000	
		Inheritance-related business cases handled ^{*4}	487	553	800	
Promotion of DX	Creation of innovations	Operational model reforms (Operations, channels, and organizations)	—	—	(Qualitative assessment)	
Active participation by diverse human resources	Strengthening of the Group business base	Ratio of female managers and supervisors (non-consolidated for the BK)	13.4%	17.7%	25%	
		Amount of investment in human capital ^{*5}	0.3 billion yen	0.41 billion yen	0.5 billion yen	

^{*1} Reduction rate compared to FY2013 for Scope 1 (direct emissions from consumption of fuels such as gas, gasoline, and diesel oil) and Scope 2 (indirect emissions from the use of electricity and heat supplied by other companies) (Achieving net zero for Scopes 1 and 2 has been separately set as the target for FY2030.)

^{*2} The cumulative amount of investments and loans from FY2020 including financing for social sectors (healthcare, nursing care, childcare, education, etc.) and environmental sectors (solar, wind, biomass, EV, etc.), as well as support for regional revitalization and SDG/ESG initiatives

^{*3} Annual number of contracted consultation cases related to business succession, the environment, etc.

^{*4} Annual number of cases handled in relation to testamentary trusts, inheritance support services, etc.

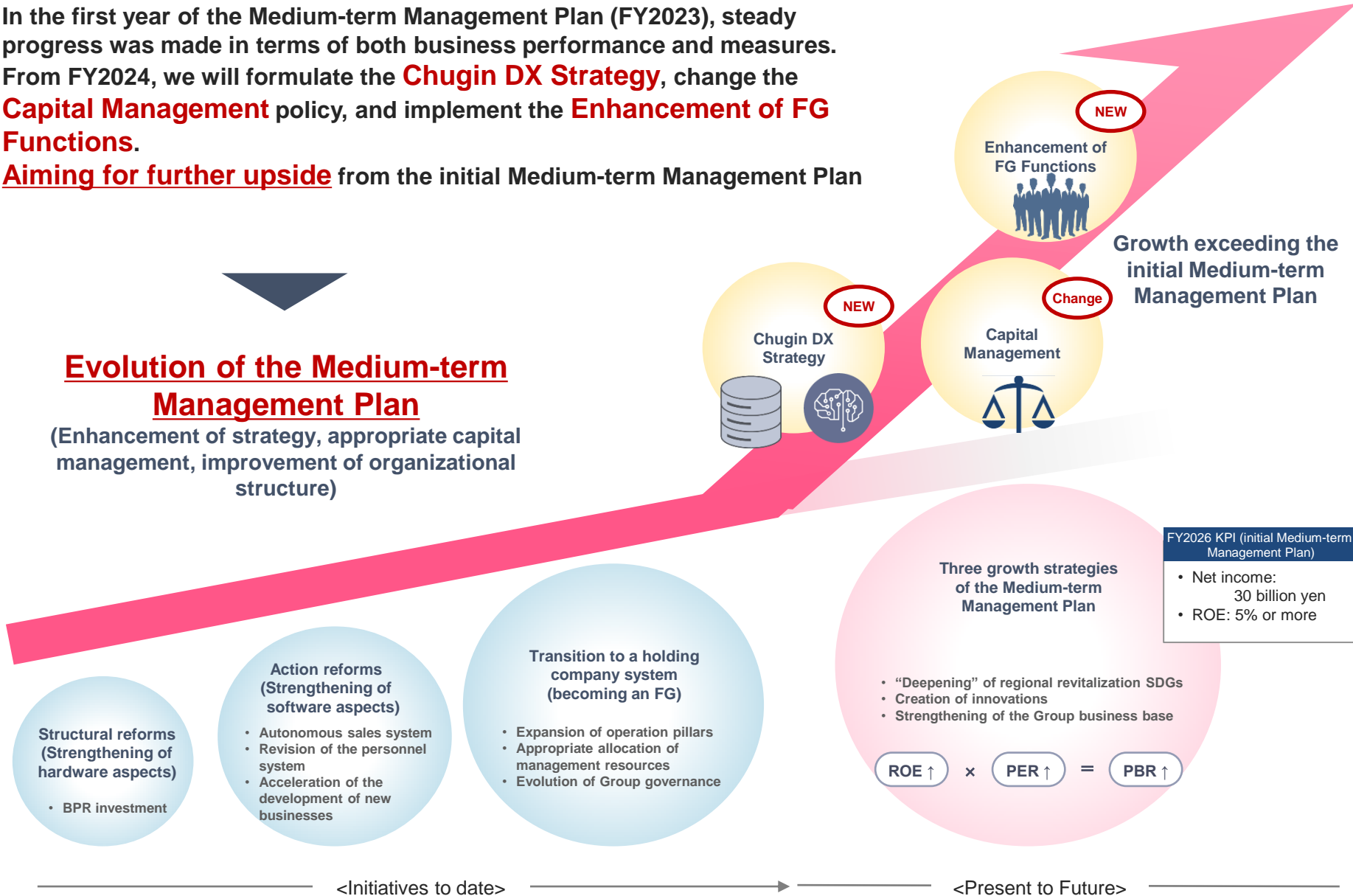
^{*5} Amount invested in employees, such as training- and education-related expenses, study incentives, Chugin Open Lab activity expenses, and personnel expenses for training and secondment

Evolution of the Medium-term Management Plan

- In the first year of the Medium-term Management Plan (FY2023), steady progress was made in terms of both business performance and measures.
- From FY2024, we will formulate the **Chugin DX Strategy**, change the **Capital Management** policy, and implement the **Enhancement of FG Functions**.
- Aiming for further upside from the initial Medium-term Management Plan

Evolution of the Medium-term Management Plan

(Enhancement of strategy, appropriate capital management, improvement of organizational structure)

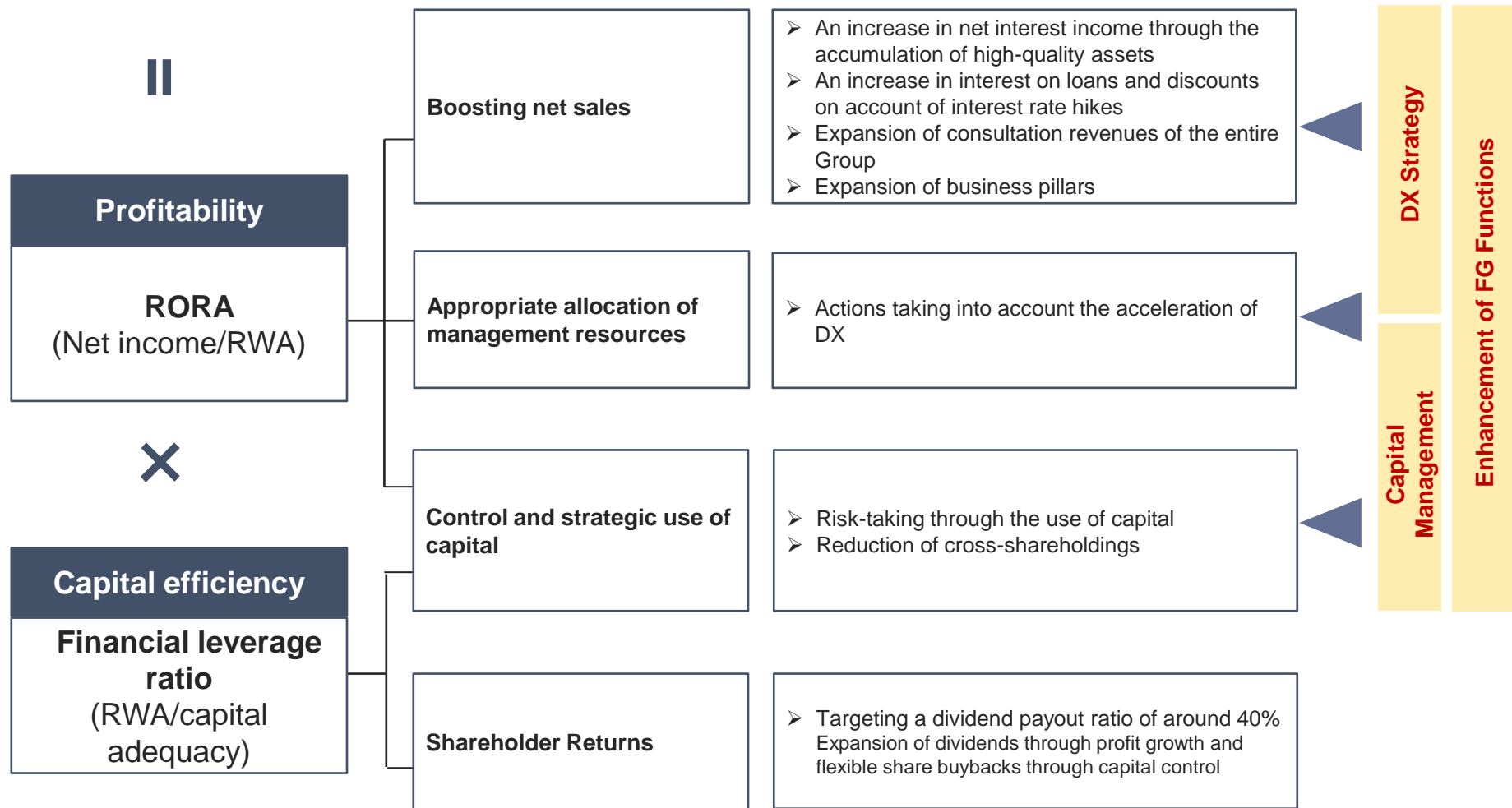


Section III

Initiatives toward Improvement of ROE

Initiatives toward Improvement of ROE (logic tree)

Measures to Improve ROE (Net Income/Capital Adequacy)



* RORA = Return On Risk weighted Asset

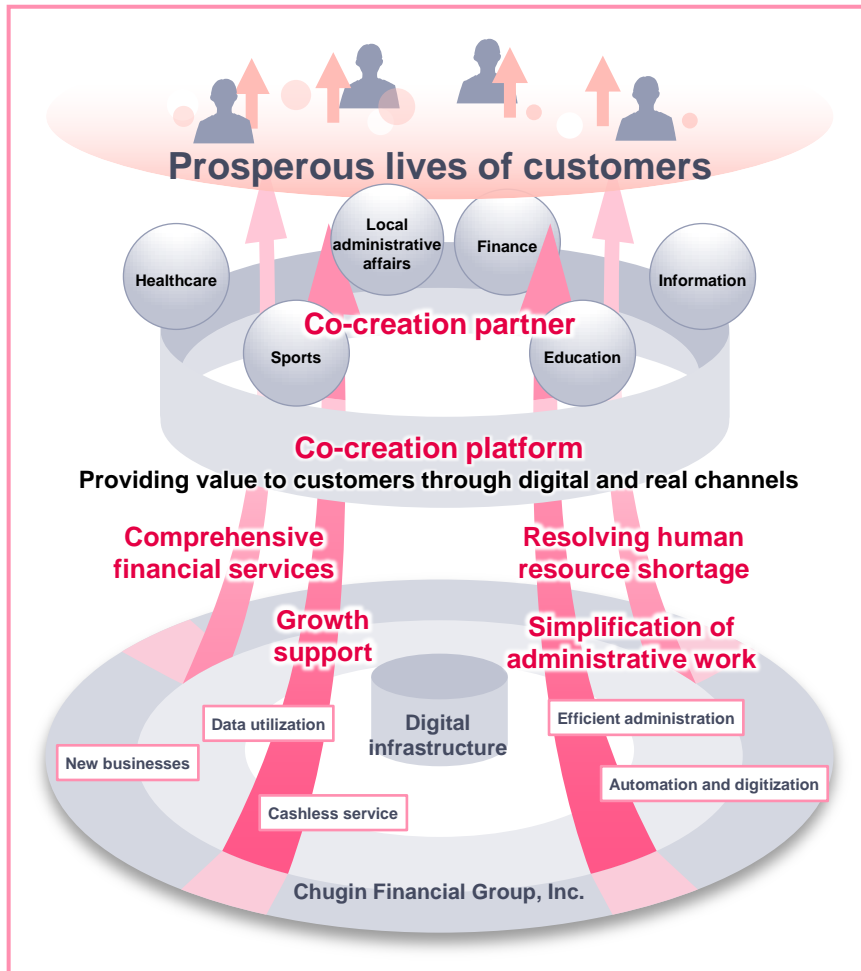
* RWA = Risk Weighted Asset

Chugin DX Strategy – Vision and Scenario –

Our DX vision is to “co-create” a prosperous future with our customers.

As a scenario for realizing this vision, we will first become a DX company ourselves and support the DX of local customers. On this basis, we will create a prosperous future together with our customers.

Realizing the future DX Vision



Scenario



Chugin DX Strategy - Feature (1) -

Evolution of Medium-term Management Plan (Improvement of ROE)		
DX Strategy	Capital Management	Enhancement of FG Functions

Starting from the digitalization that we have been laying the foundation for under the Future Co-creation Plan I/II, we will realize our big vision by quickly advancing initiatives with a strong company-wide promotion structure.

High-dimensional digital assets



The in-house development team with over 100 members enables development without relying on external parties.

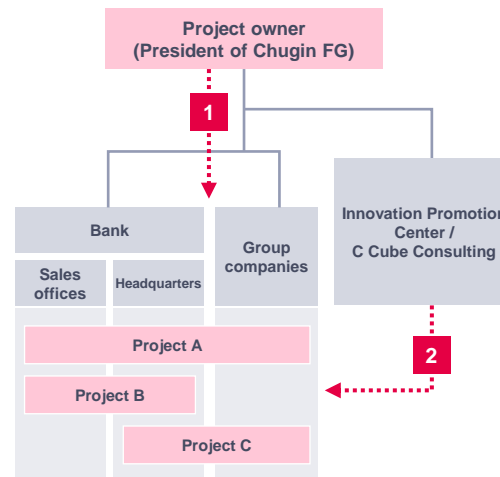


Digital expertise of our Group consulting company



Expand R&D capabilities for cutting-edge digital technologies such as generative AI (Innovation Lab)

Strong promotion structure (making initiatives company-wide projects)



1 President of Chugin FG committed to transformation as the project owner

2 Establishment of a command post organization to manage and promote company-wide transformation (Innovation Promotion Center/C Cube Consulting)

Big scope, small start



Start small and expand flexibly while aiming for the big vision

Chugin DX Strategy - Feature (2): Strong partnerships -

Evolution of Medium-term Management Plan (Improvement of ROE)		
DX Strategy	Capital Management	Enhancement of FG Functions

By building partnerships with leading companies in other industries that possess cutting-edge technologies and know-how, we will consider providing our customers with optimal services in a speedy manner.

◆ Collaborative partners ◆

Aims



Provision of new services primarily for individuals and small businesses

Leveraging extensive contacts with individuals and businesses and diverse data, we will provide optimal services for our customers.



Joint promotion of DX in local communities

We will jointly promote information provision and service development related to generative AI for local business partners, and provide sustainable support for problem solving and business growth.



Utilization of data

By receiving data analysis knowledge and know-how, we will upgrade our operations and provide proposals that are tailored to our customers.



Establishment of a new regional revitalization model

Through collaboration, we will customize the wide-ranging knowledge and consulting know-how that have been accumulated through the global network to meet local needs, thereby helping to solve local issues.

As we have started operational process reforms on an End-to-End (across the Group) basis since FY2023, we will concentrate our human resources more than ever on providing added value to communities and customers.

End-to-End visualization of operational processes

Implement operational reforms in all areas without exceptions and visualize all operational processes.

Areas where reform has been implemented

Loans	Assets in custody	Accounting
Legal affairs	Personnel affairs	Concentrated administration

Operational process reforms fully utilizing digital technology

Promote transformation of operations to increase added value for customers.

Reform examples

Allowing housing loan operations to be completed on a non-face-to-face basis
Improving the efficiency and sophistication of business loan screening
Improving the efficiency of expense reimbursement and invoice payment
Automation of the settlement process
Automation of concentrated administration

Business transformation

Reallocate human resources throughout the organization and shift the focus to providing added value to local communities and customers

Visualized operations of
1,500 people

We are also working on other operation areas.

Operation volume reduction target:
40%

Currently, the efficiency improvement target for operations of 600 people has been expanded from a decrease of 30% to an increase of 10% under the Future Co-creation Plan Stage III

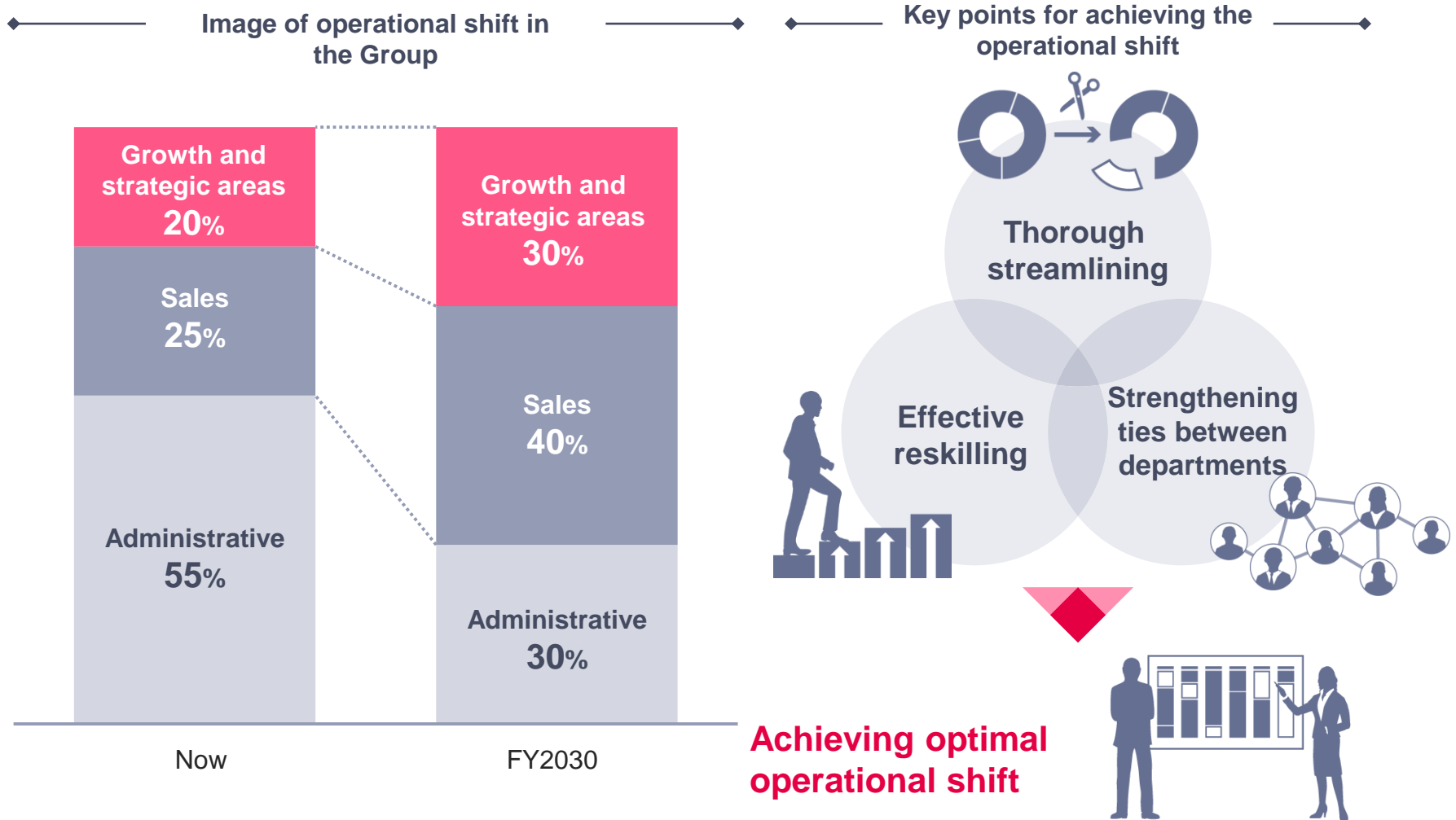
Operational shift
From administrative work to value-added areas

Shifting operations to growth and strategic and sales areas by improving operational efficiency

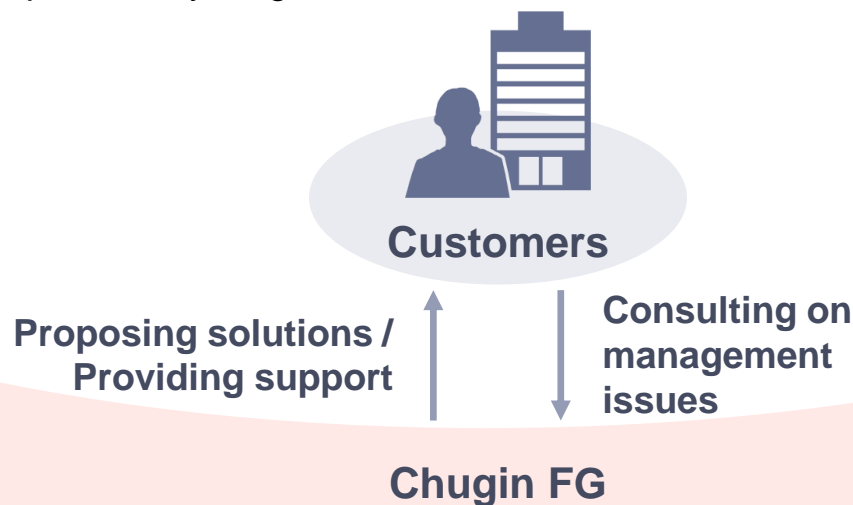
Chugin DX Strategy - Bold operational shift -

Through thorough streamlining of operations, we will shift our operation focus from administration to sales and growth and strategic areas.

We will also effectively implement reskilling and strategically assign people to the right jobs according to their aptitude.



We support DX in local communities by developing businesses that are close to our customers' daily lives through open innovation initiatives that are not limited to proving our own know-how to external parties or trying to complete everything on our own.



Cキューブ・コンサルティング

Established in Sep. 2022

- An organization composed mainly of specialist personnel
- Extensive services through collaboration with major consulting firms

Results (Examples)

- Formulation of the DX Vision and roadmap
- Support for operational reform and system reform
- Formulation of a carbon neutral strategy
- Support for municipal DX promotion

DX support

Solution support

Group companies



ちゅうぎんエナジー

Support for decarbonization



中国銀行



ちゅうぎんヒューマンイノベーションズ

Talent introduction



せとのわ

Local trading company



中銀リース

Lease



中銀カード

Cashless-related



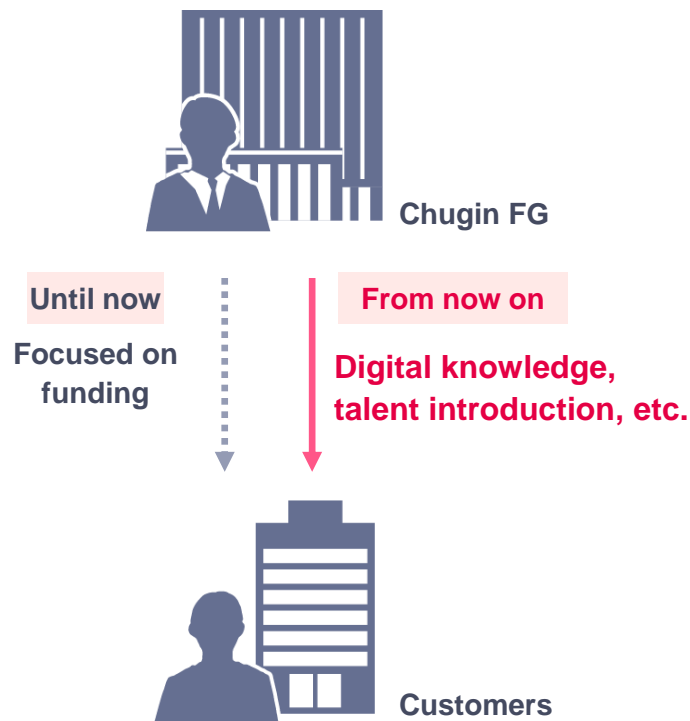
ちゅうぎんキャピタルパートナーズ

Investment and fund management

By expanding into non-financial businesses and building a co-creation platform through cross-industry collaboration, we will work together with local customers to create a prosperous future with DX.

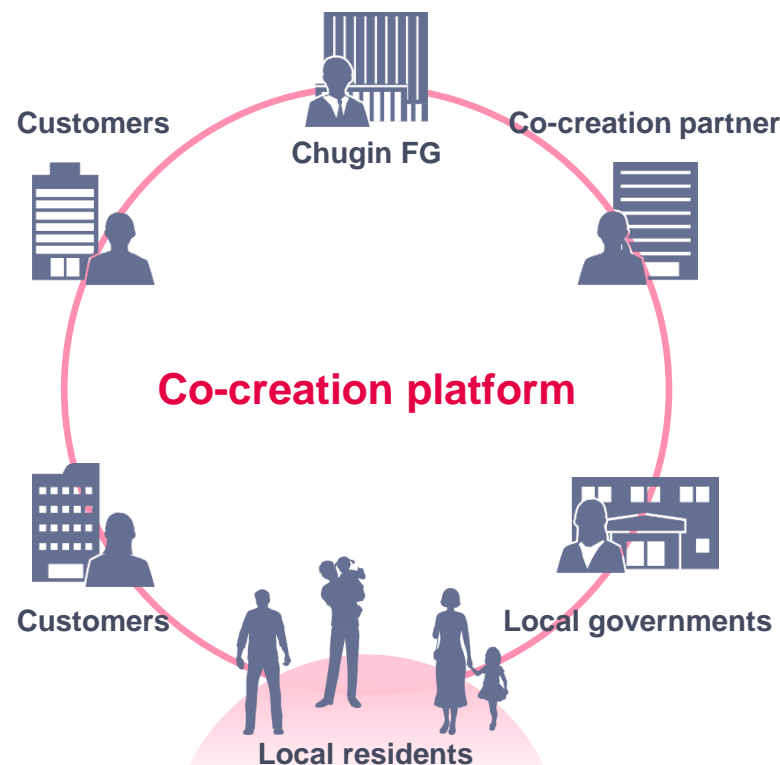
Development of new businesses

Promoting DX with local communities
by developing services that extend beyond the financial industry



Cross-industry collaboration

Solving local issues
by building a co-creation platform



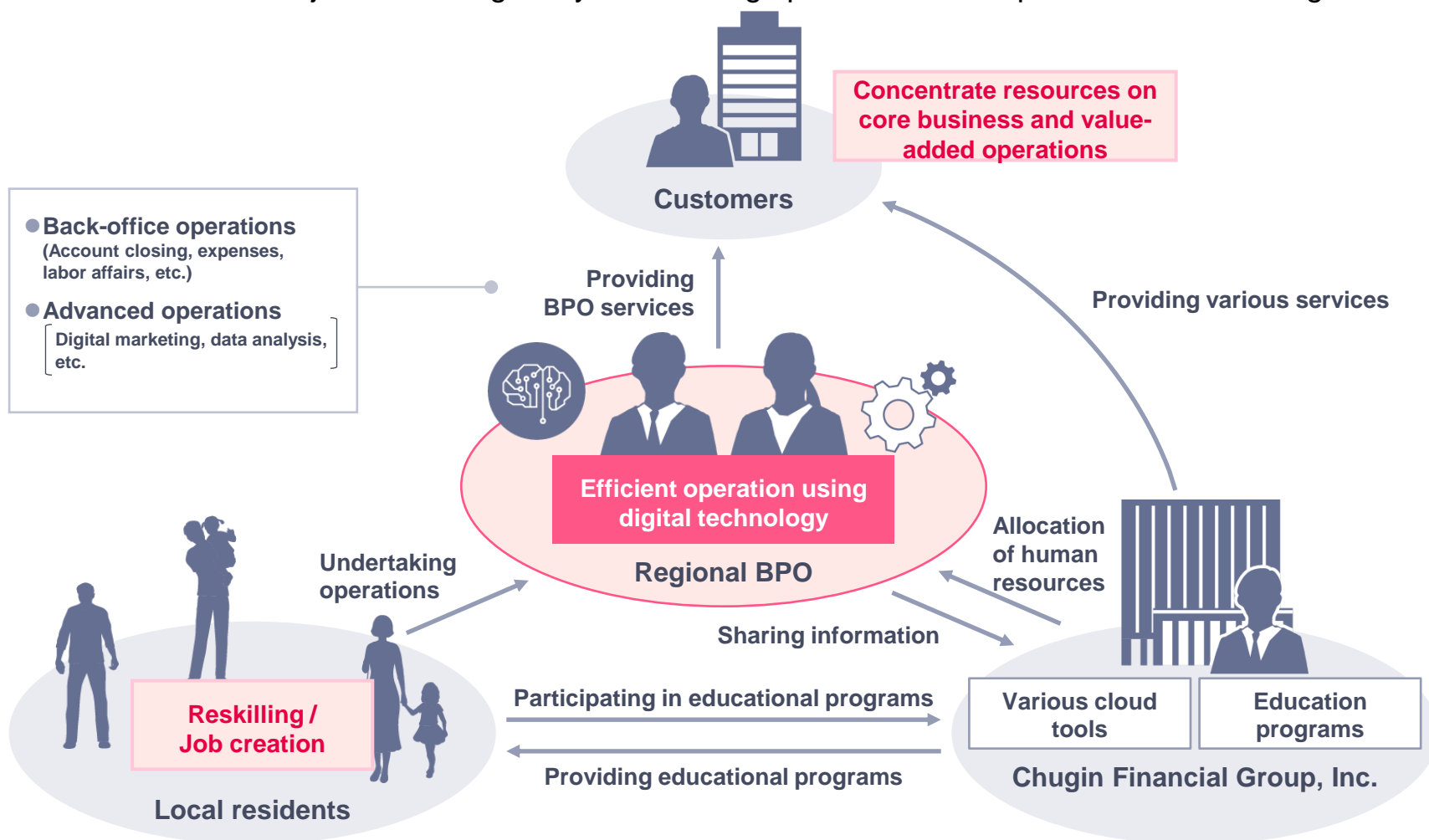
Chugin DX Strategy

- Development of new businesses: Regional BPO services (Phase 3) -

Evolution of Medium-term Management Plan (Improvement of ROE)		
DX Strategy	Capital Management	Enhancement of FG Functions

We will take on back-office operations such as accounting of our local customers to help create an environment that allows them to focus on their core business operations.

We will also create jobs in the region by undertaking operations of companies outside the region.



Trial start in Feb. 2023 (expected to expand to 100 people by 2026)

* BPO: business process outsourcing

Chugin DX Strategy - DX revenue impact -

Setting high revenue targets (moonshot targets), we foster an organizational culture of continuously taking on challenges.

■ Revenue impact (net income basis)

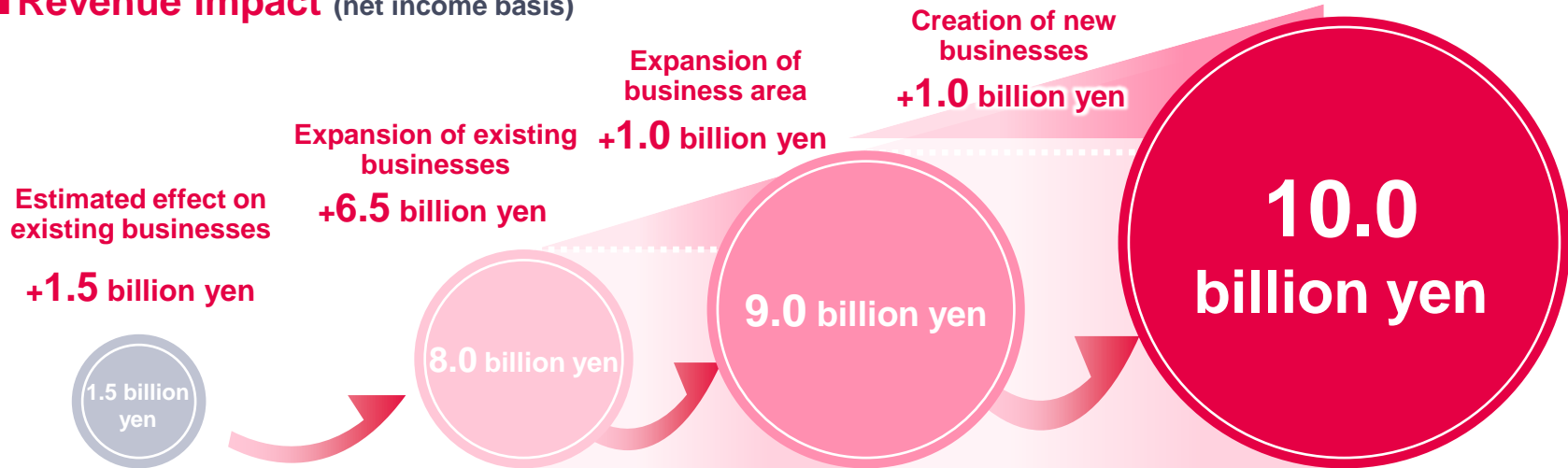


Figure of FY2026 Medium-term Management Plan

* The DX investment amount has already been factored into the current Medium-term Management Plan.

FY2030 target

■ Supplementary explanation

DX revenue impact 1.5 billion yen



DX revenue impact 10.0 billion yen
(FY2030 target)

* Reviewing revenue targets based on DX progress and acceleration of effects

- **Expansion of existing businesses**
Improving business efficiency through operational reform, operational shift through reskilling, expanding local business loans through resource reallocation, expanding strategic investment management
- **Expansion of business area**
Digital-driven customer acquisition and convenience improvement, etc.
- **Creation of new businesses**
Regional BPO services, re-skilling platform, etc.

Capital Management - Management policy -

Change in the capital control indicator

<Previously>

Consolidated for the FG
Total capital adequacy ratio:
11.0% to 13.0%

<After change>

Consolidated for the FG
Ratio of common equity Tier 1
(excluding valuation difference on available-for-sale securities, etc.):
11.0% to 12.0%

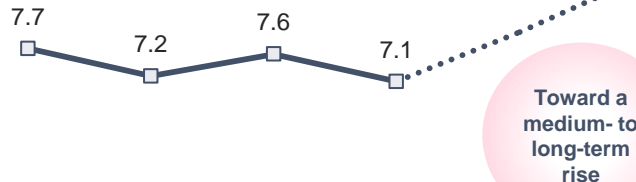
Purpose of change

Further effective use of capital to improve ROE

(Improving financial leverage)

- Implement a capital policy (asset strategy) that is not affected by market fluctuations
- Continue to control soundness based on the total capital adequacy ratio
(Assuming fluctuations in valuation difference will be covered by B3T2 bonds, etc.)

Financial leverage (times)



[Management policy]

- Strengthening growth investment
- Additional shareholder returns (Share buybacks, etc.)

Control range
(Aiming to maintain this range in the medium to long term)

- Capital accumulation
- Control of risk assets

Consolidated for the FG

12.0%~

12.12%

Upper 11% range*

11.0%
~12.0%

~11.0%

Ratio of common equity Tier 1
(excluding the valuation difference on available-for-sale securities, etc.)

Mar. 31, 2024
(Result)

Mar. 31, 2025
(Forecast)

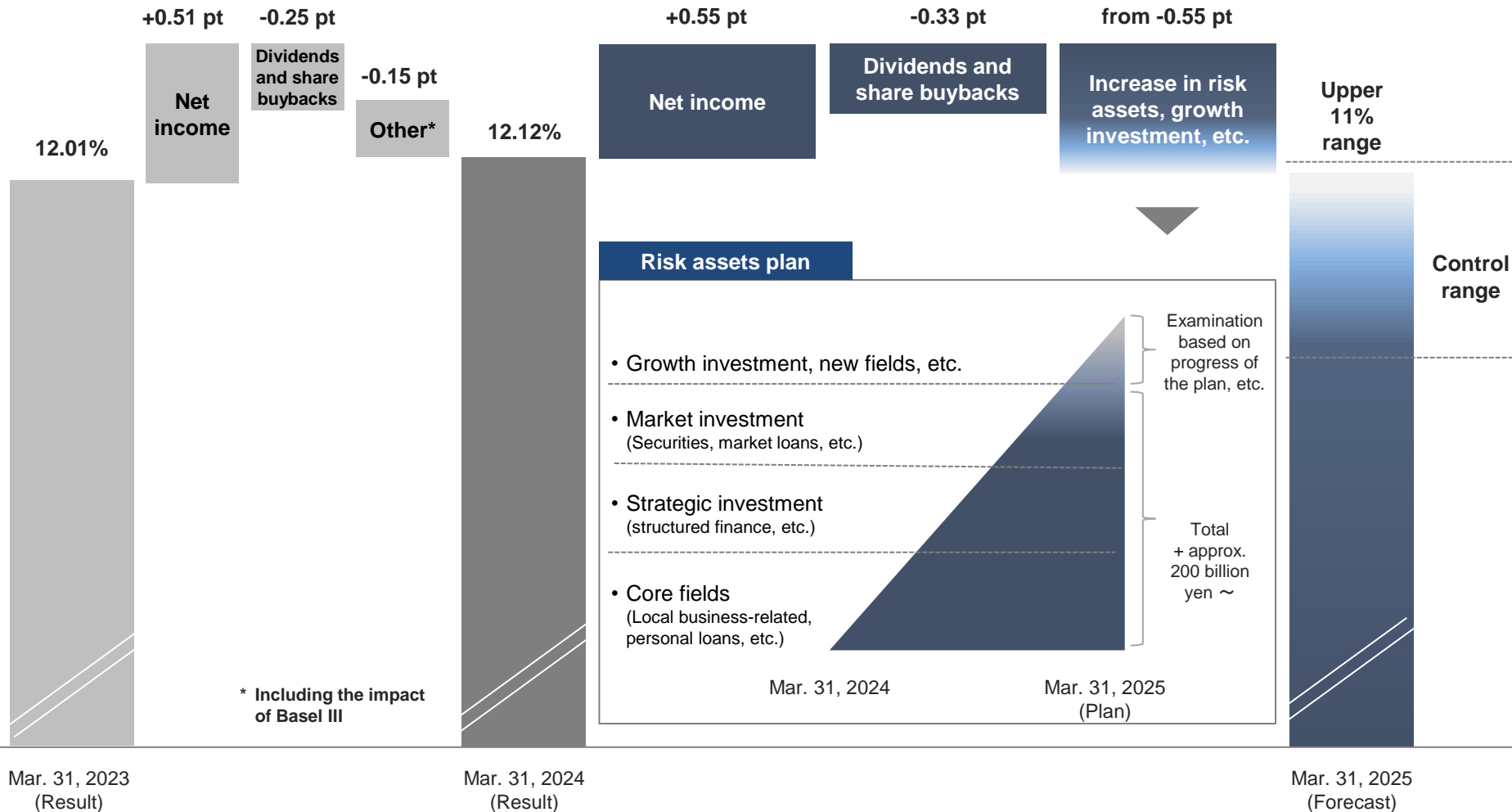
* After taking into account the 5 billion yen share buyback in FY2023

FY ended Mar. 2021	FY ended Mar. 2022	FY ended Mar. 2023	FY ended Mar. 2024
7.7	7.2	7.6	7.1

Capital Management - Capital allocation -

Capital allocation

[Consolidated for the FG] Ratio of common equity Tier 1
(excluding the valuation difference on available-for-sale securities, etc.)

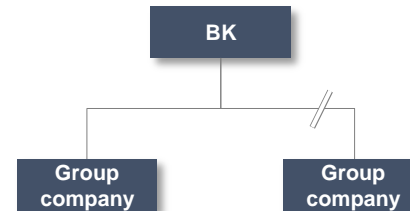


Enhancement of FG Functions

For flexible and steady implementation of strategies and measures, enhancement of FG functions is planned.

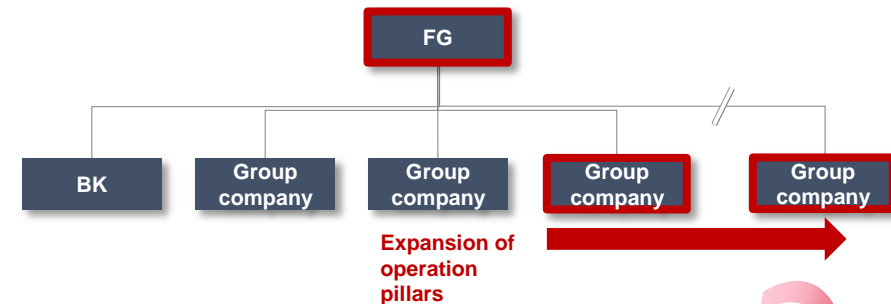
Previously – Before becoming FG– (until Oct. 2022)

- ✓ Organizational structure centered on the Bank
- ✓ Group companies are the Bank's subsidiaries composed mainly of former Bank employees.



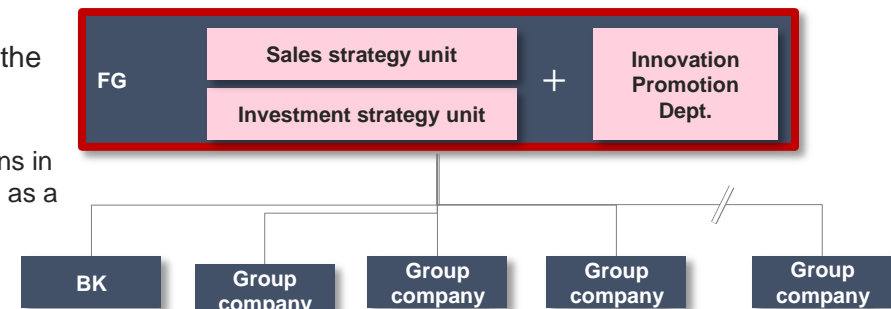
Now –After becoming FG– (from Oct. 2022)

- ✓ Becoming a comprehensive service provider focusing on finance
- ✓ Group companies have autonomy as fellow subsidiaries of the Bank, accepting enhanced secondment of active employees from the Bank.
- ✓ Expansion of operation pillars with newly established companies

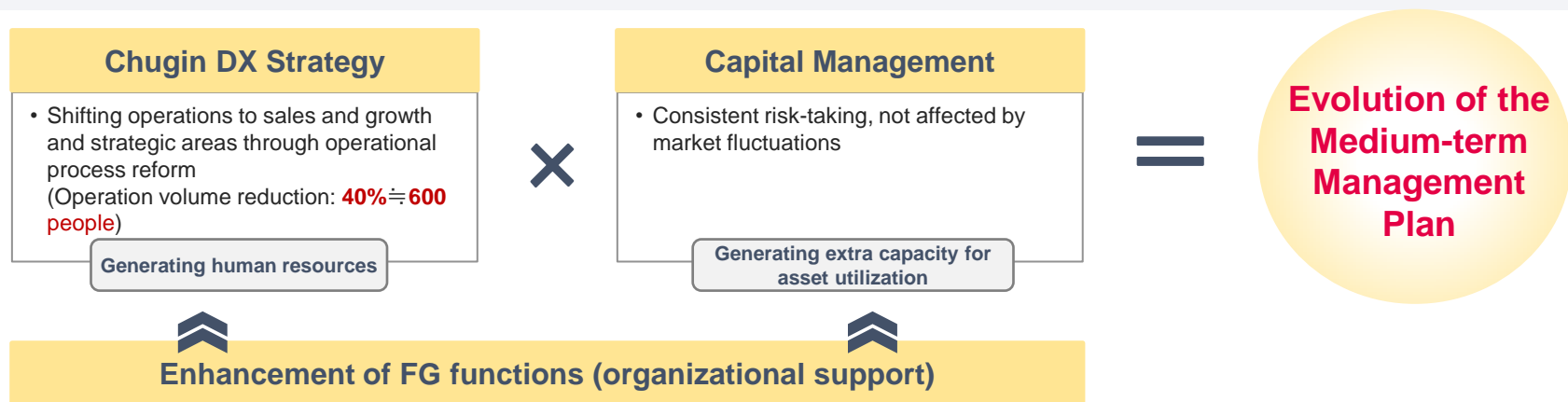


Future – Strengthening FG functions – (from Jun. 2024)

- ✓ One-and-a-half years after becoming a FG, we plan to restructure the organization to further strengthen functions.
- Transition to a unit system (planned)**
To clarify roles within FG, strengthen functions and make speedy decisions in response to changes in the environment. Position investment businesses as a growth driver.
- Establishment of the Innovation Promotion Dept. (planned)**
Strengthen initiatives to create innovation across the Group



Conclusion



	FY ended Mar. 2024 results	At the time of formulation of the Medium-term Management Plan for FY ending Mar. 2027	Evolution of the Medium-term Management Plan for FY ending Mar. 2027	Medium to long term
PBR	ROE	Approx. 3.9%	At least 5%	<div>ROE To 7% or more</div> <div>PBR To more than 1 time</div>
	RORA	Approx. 0.5%	At least 0.6%	
	Financial leverage ratio	Approx. 7.1 times	At least 8 times	
	PER	Approx. 11 times	Continuous improvement	

<Reference> Introduction of attending Outside Director



Kenichi Fukuhara

Skills matrix

Corporate management/ Sustainability	Management strategy	Compliance/ Risk management	HR strategy	Sales strategy	System/DX	Finance and accounting	Legal affairs
●	●	●	●	●	●		

Career history

- 1976 Joined Nomura Securities Co., Ltd.
- 2000 Director, Nomura Securities Co., Ltd.
- 2004 Retired from Nomura Securities Co., Ltd.
Senior Managing Executive Officer, Benesse Corporation (currently, Benesse Holdings, Inc.) and Representative Director and President, Benesse Style Care Co., Ltd.
- 2007 Representative Director and Vice President, Benesse Corporation (currently, Benesse Holdings, Inc.)
Retired from Benesse Style Care Co., Ltd.
- 2016 Representative Director and President, Benesse Holdings, Inc.
- 2016 Representative Director and Executive Vice Chairman, Benesse Holdings, Inc.
- 2019 Special Advisor, Benesse Holdings, Inc. (current position)
- 2020 Representative Director and Vice Chairman, Benesse Foundation for Children (current position)
Special Advisor, Fukutake Foundation (current position)
- 2023 Outside Director, Chugin Financial Group (current position)

Section IV

Appendix

Appendix 1

Initiatives toward Improvement of ROE

Boosting Net Sales — An Increase in Net Interest Income through Accumulation of High-Quality Assets —

Improvement of ROE			
Net sales	Management resources	Capital	Return

Opening of the Singapore Branch and Strengthening of Ship Finance

Purpose

Opening of the Singapore Branch (Jun. 2023)

- Support for **finance-related services** (deposits, loans, and payment functions), which are the most needed by customers' overseas subsidiaries
- Expand trade with not only local companies but also overseas subsidiaries of listed companies, etc.
- Strengthen **finance for the maritime industry** in the region
Accumulate high-quality projects and enhance our presence in the ship sector
Expand business in fields such as decarbonization and SX

High profitability
(SP rate and RORA)

Development of specialized
human resources
(accumulation of know-how, etc.)

Taking on challenges and pursuing
new business opportunities
overseas

Strengthening of profitability

Objectives of the Singapore Branch

Aim for a total asset
balance of 100.0 billion yen
(strengthening of ship
finance)

Strengthening of ship finance

Mar. 31, 2024

Approx.
320.0
billion yen

Expansion of
both volume
and
revenues

RORA by sector
1.20%
(as of the end of Mar. 2024)

* Reference
Local development 0.82%

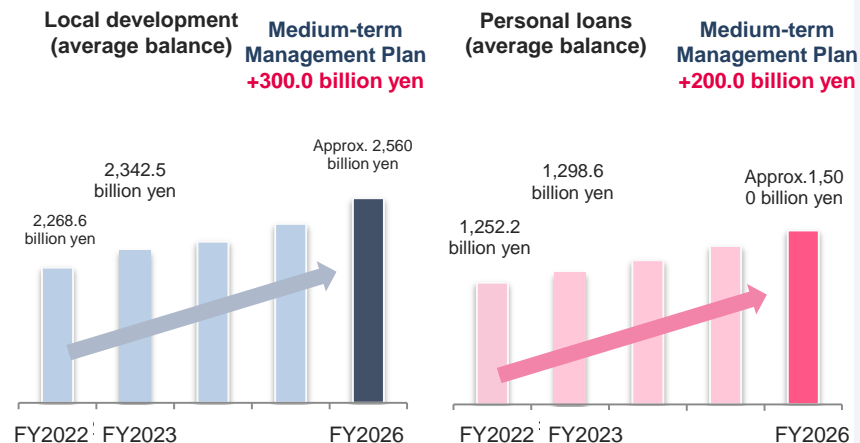
- Strengthening of the **Singapore Branch**
- Strengthening of **domestic offices** (Setouchi)
- **Sustainable finance** and others

Open

Three years later

Accumulation of Loans

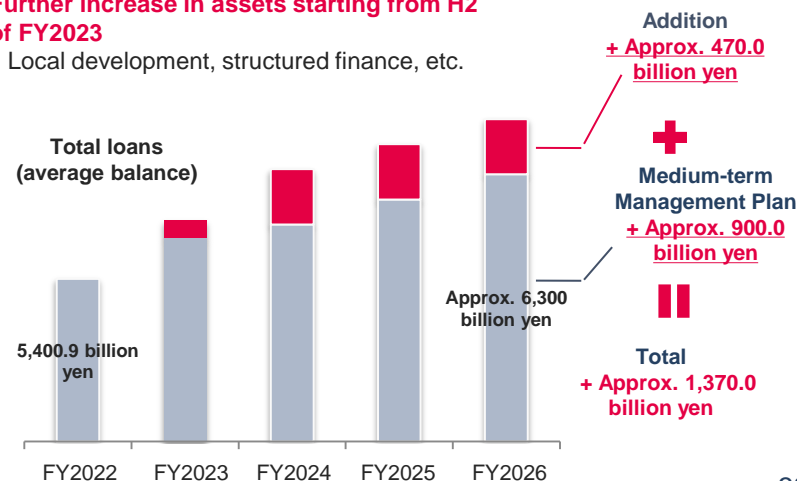
Capturing local demand for funds (Medium-term Management Plan)



Addition based on the extra capacity for risk taking (beyond the Medium-term Management Plan)

Further increase in assets starting from H2 of FY2023

- Local development, structured finance, etc.



Boosting Net Sales — An Increase in Net Interest Income through Accumulation of High-Quality Assets —

Improvement of ROE			
Net sales	Management resources	Capital	Return

Sustainable Finance

Promote improvement of the sustainability of the entire community

Local governments

Large enterprises, etc.

Medium-standing companies

Small and medium enterprises, etc.

Consulting service menu

Support for realization of carbon neutrality of local communities

- Support for the planning and development of community decarbonization initiatives
- Support for the formulation of plans to introduce renewable energy for public facilities, etc.
- Support for the use of renewable energy to solve local issues
- Project support, grant application support, and so forth

C Cube Consulting

Chugin Energy

Support for the realization of customers' SX

- Support for the calculation and reduction of greenhouse gas emissions
- Support for the development of SX strategies and the roadmap
- Support for business portfolio reforms and so forth

Promote and support customers' initiatives toward the SDGs and decarbonization

Chugin SDGs Support

- Identification of issues, support for preparation and public announcement of the SDG declaration, and so forth

Chugin Decarbonization Consulting

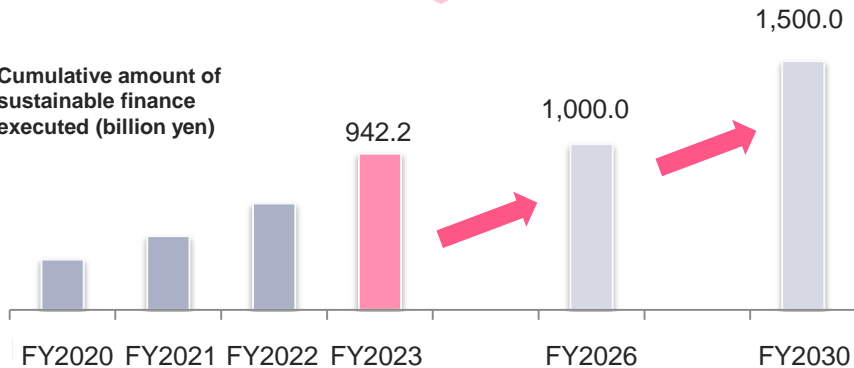
- Calculation of greenhouse gas emissions/support for achieving emissions reduction targets, and so forth

Business matching

- Monitoring and managing CO₂ emissions
- Energy saving and renewable energy business operators, and so forth

Being involved in local issues from upstream, capturing them from a wide perspective
Toward the accumulation of high-quality assets

Cumulative amount of sustainable finance executed (billion yen)

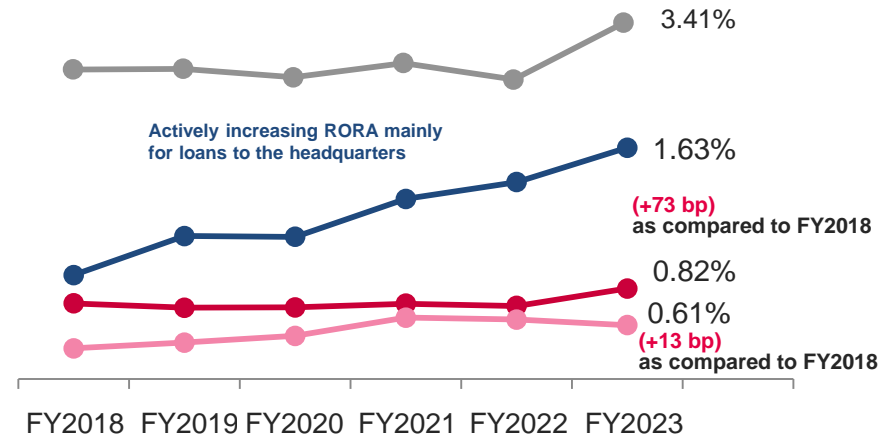


Improvement of RORA

RORA on loans

* Based on SP

- Local development
- Urban development
- Loans to the headquarters
- Personal loans

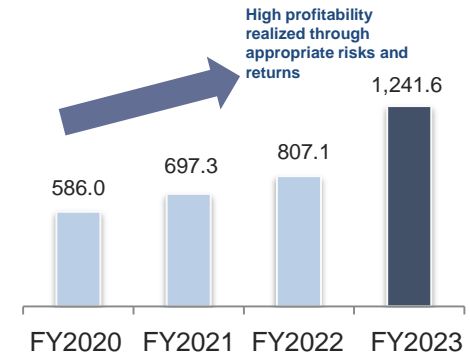
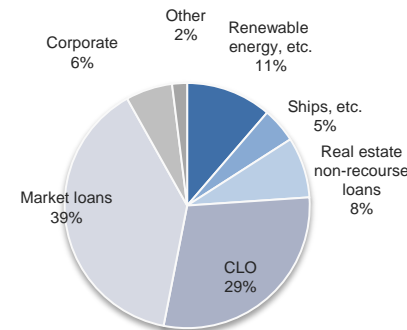


Initiatives for structured finance (loans to the headquarters)

Composition ratio (as of the end of Mar. 2024)

Structured finance trends (average balance, billion yen)

* Japanese yen : foreign currency = 5:5



High profitability realized through appropriate risks and returns

Boosting Net Sales

—Expansion of Consulting Revenues of the Entire Group—

Improvement of ROE

Net sales

Management resources

Capital

Return

An Increase in Consulting Revenues through Collaboration within the Chugin Group

People

Chugin Human Innovations

Products

SETONOWA

Chugin Energy

C Cube Consulting

Money

Chugin Capital Partners

The Chugin Card

The Chugin Lease

Chugin Asset Management

Chugin Securities

The Chugoku Bank

- The Chugin Operation Center
- The Chugin Credit Guarantee
- CBS

More diverse and sophisticated needs of customers



Chugin Group's solutions

Group collaboration system

Customers



Sales

Needs



Toss-up

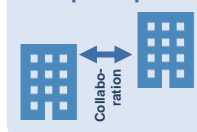
Accompanied marketing

Activity information

Interview information

Recommendation

Group companies

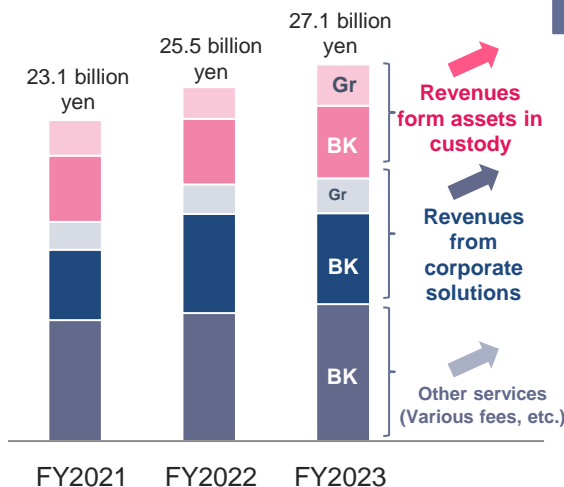


Collaboration

Information

- Lease
Number of cases referred by the Bank
Up 6% YoY (FY2023)
- Card
Organized an inter-group **"Cashless Promotion Team"** in collaboration with the Bank
- Asset management
Organized an investment trust **"Setouchi Supporting Stock Fund"**
Connected investors and local companies

Trends in net fee income, etc.

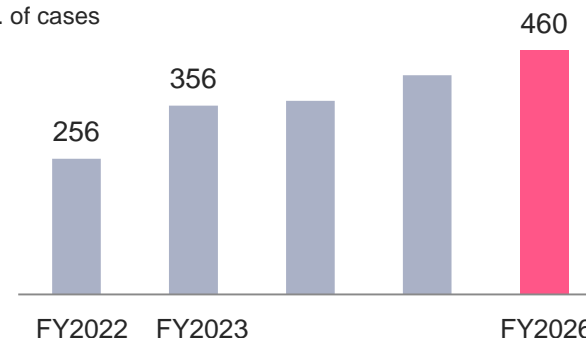


BK: The Bank; Gr: Group companies excluding the Bank

Number of contracted consultation cases (KPI)

* Annual number of contracted consultation cases related to business succession, the environment, etc. (for the entire Chugin Group)

Unit: No. of cases



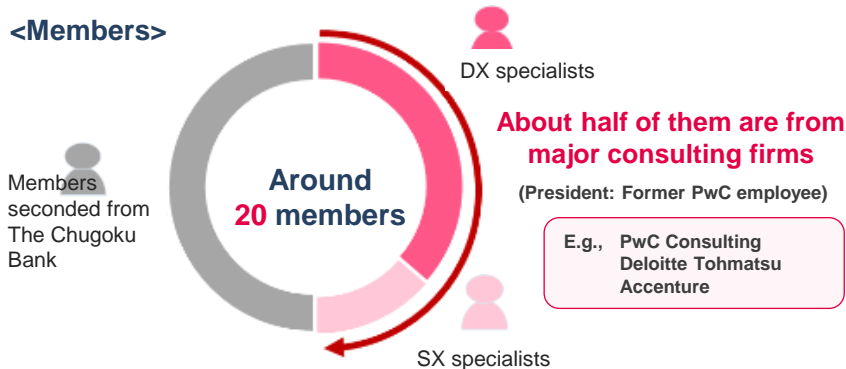
Boosting Net Sales —Expansion of Business Pillars—

Improvement of ROE			
Net sales	Management resources	Capital	Return

C Cube Consulting

A consulting company centered on DX and SX
with **a small group of elite professionals**

<Members>



Promoting solutions to local social issues with the **comprehensive capabilities** of the Chugin Group

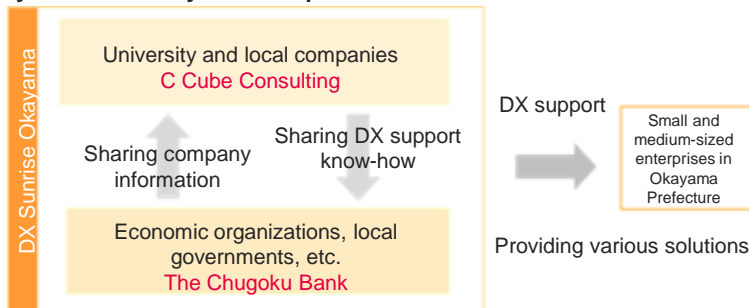
Initiative example

DX —Support for DX promotion for small and medium-sized companies in Okayama Prefecture—

Participated in “DX Sunrise Okayama,” a community to support collaboration among industries, academic institutions, governments, and financial institutions.

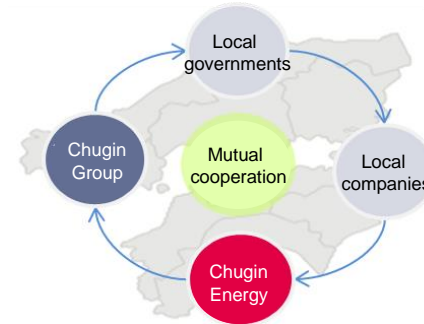
(Jul. 2023)

Supporting DX of local SMEs in the region through collaboration with Okayama University and companies within the Prefecture.



Chugin Energy

A local energy company that promotes decarbonization



Strongly promoting decarbonization and SX in local communities with direct involvement by the Chugin Group **as the business operator**

Initiative example

Establishment of a new power company to promote zero carbon in Setouchi City (Feb. 2024)

せとうちしみんごんりょくかぶしがいしや
瀬戸内市民電力株式会社



Utilizing government subsidy programs, etc., the new company aims to achieve local production and consumption of energy by promoting the introduction of solar power generation, mainly in public facilities and general households, and selling solar-derived electricity generated in the region.

Boosting Net Sales —Expansion of Business Pillars—

Improvement of ROE			
Net sales	Management resources	Capital	Return

Alliance Strategy

We aim to co-create new value through **active collaboration** with various stakeholders, including different industry players.

Basic stance

- Co-creation and promotion of measures that contribute to the enhancement of corporate value of the Group
- Co-creation and promotion of measures that contribute to the sustainable growth of communities

Boosting net sales

Cost reduction

Business domain expansion

Regional revitalization

Promotion of DX

Decarbonization

Wide-area collaboration

- TSUBASA Alliance



Aim to maximize synergies in both net sales and costs generated by leveraging the largest economies of scale as a regional bank

Community collaboration

- Okayama Co-creation Partnership



Further promote a system of collaboration with diverse partners in the community to solve local issues and promote regional revitalization

Collaboration among different industry players

- Agreement for collaboration concerning regional revitalization (PwC Consulting)



- Investments in ventures by Chugin Capital Partners

Chugin Infinity Fund



Build a local ecosystem with startups

Appendix 2

Initiatives toward Improvement of PER

Measures to Improve PER (Aggregate Market Value (Stock Price)/Net Income)

II

Expectations for
continuous growth

Decrease in costs of
shareholders' equity

Implementation of
corporate philosophy

**Co-creation of a
prosperous future**

- **Communities**
- **Customers**
- **Employees**

- Initiatives that capture the community from a wide perspective (collaboration with municipal governments)
- Startup ecosystem
- Overseas consulting
- Asset formation
- Transformation into next-generation channels through DX
- Human capital investments
- Re-skilling
- Engagement
- Diversity and inclusion
- Organizational culture

**Engagement improvement
(IR, SR, etc.)**

Improved external ratings

Co-creation of a Prosperous Future —Communities and Customers—

Improvement of PER		
Communities	Customers	Employees

Initiatives that capture the community from a wide perspective (collaboration with municipal governments)

Community collaboration has made further progress, as exemplified by contracted operations performed by C Cube Consulting and investments made by Chugin Energy in new electricity services for the communities.



SX in Okayama Prefecture

- Comprehensive agreement related to regional revitalization

SDGs in Kagamino-cho

- Agreement concerning comprehensive cooperation related to regional revitalization SDGs

SDGs in Maniwa-shi

- Agreement concerning comprehensive cooperation related to regional revitalization SDGs

SDGs in Shinjo-son

- Agreement concerning comprehensive cooperation related to regional revitalization SDGs
- Forestation project aimed at building sustainable forests
- DX promotion support business

SDGs in Takahashi-shi

- Agreement concerning comprehensive cooperation related to regional revitalization SDGs

SX in Fuchu-shi

- Operations to analyze the regional economy toward the realization of a decarbonized society, and to conduct surveys on the potential for the introduction of renewable energy

SX in Fukuyama-shi

- Comprehensive agreement related to regional revitalization

SX in Kurashiki-shi

- Comprehensive agreement related to regional revitalization

DX and SX in Mitoyo-shi

- Industrial development utilizing AI, IoT, and other advanced technologies
- Agreement concerning collaboration toward the realization of a decarbonized society

SX in Tsuyama-shi

- Operations to support applications for certification as a Decarbonization Leading Area

SX in Nishi-awakura-son

- Co-proposal for "Decarbonization Leading Areas"
- Establishment of a new local electricity company



SX in Mimasaka-shi

- Comprehensive agreement related to regional revitalization

SX in Wake-cho

- Comprehensive agreement related to collaboration and cooperation related to regional decarbonization

SX and SDGs in Okayama-shi

- Comprehensive agreement related to regional revitalization
- Agreement on the dissemination of the SDGs Collaboration Partners Program and the promotion of activities of registered businesses

SX in Setouchi-shi

- Co-proposal for "Decarbonization Leading Areas"
- Establishment of a new local electricity company



SX in Tamano-shi

- Comprehensive agreement related to regional revitalization

* The red font color indicates contracted operations performed by C Cube Consulting.
The blue font color indicates investments made by Chugin Energy.

Co-creation of a Prosperous Future —Communities and Customers—

Improvement of PER

Communities

Customers

Employees

Startup ecosystem



- Support for startups aimed at creating companies that represent the communities

Number of newly established companies under the startup ecosystem

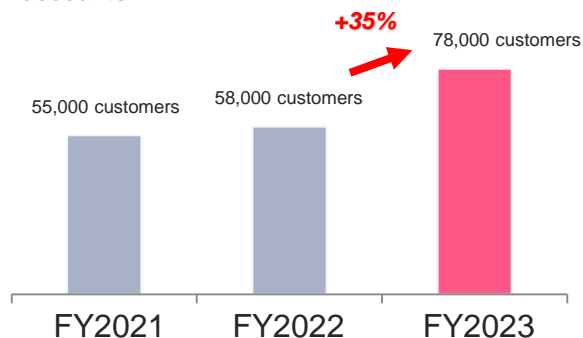
26 companies

(Cumulative total from FY2017 to the end of FY2023)



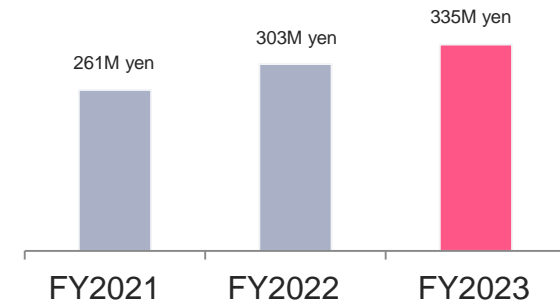
Asset formation

Number of NISA accounts



Encourage "a shift from savings to investments" by also utilizing the new NISA system

Revenues from inheritance-related business



Support smooth transfer of assets focusing on affluent elderly customers

Co-creation of a Prosperous Future —Communities and Customers—

Improvement of PER

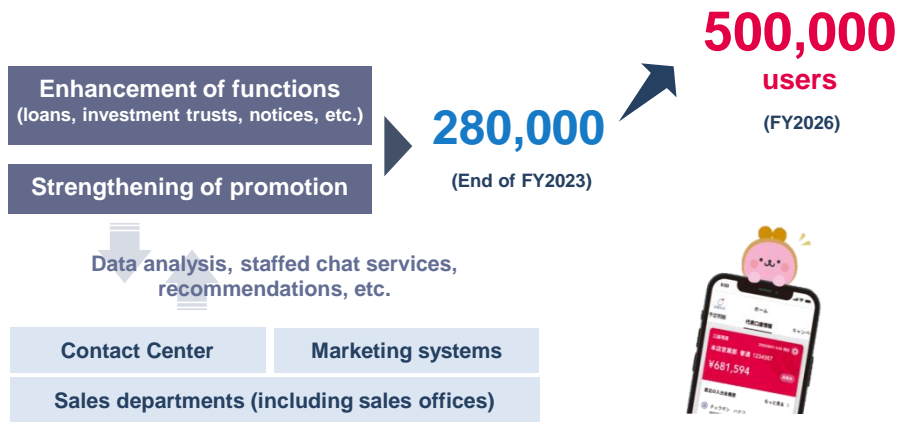
Communities

Customers

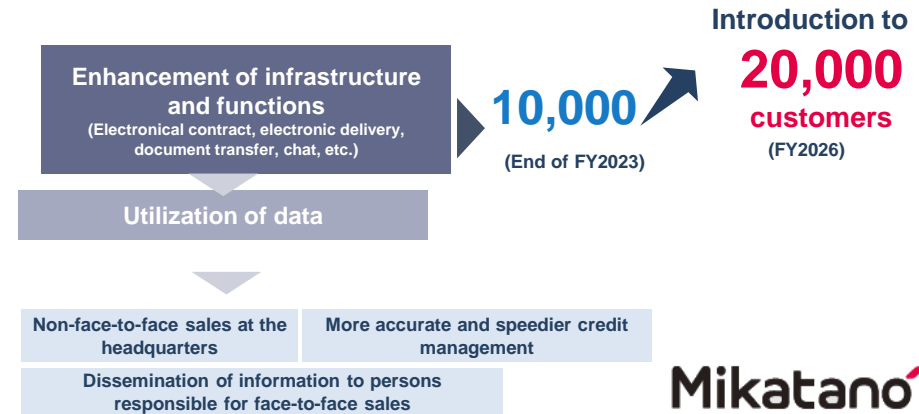
Employees

Transformation into next-generation channels through DX

•Chugin App



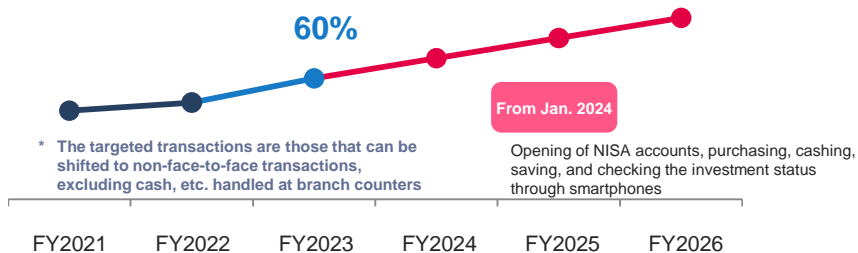
•Chugin Business Portal



•Expansion of web-based transactions

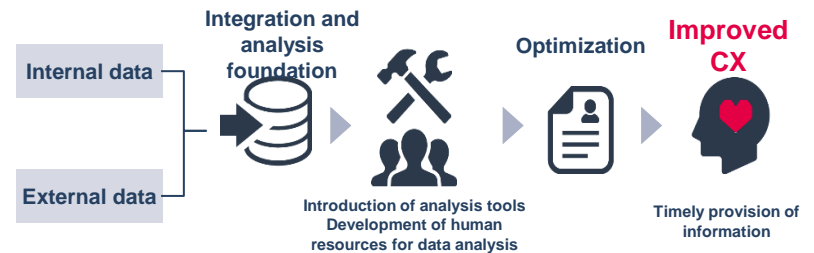
Rate of transactions that can be completed
on a non-face-to-face basis (BK)*

Aiming for 90%



•Strengthening of database marketing

Realization of “personalization” and “timeliness”



Co-creation of a Prosperous Future —Employees—

Improvement of PER

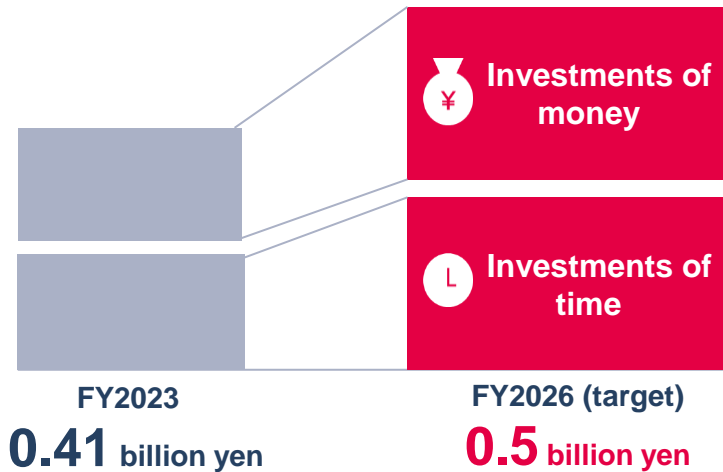
Communities

Customers

Employees

Human capital investments

- Expand human capital investments in line with our business strategy, such as secondment to external organizations for training



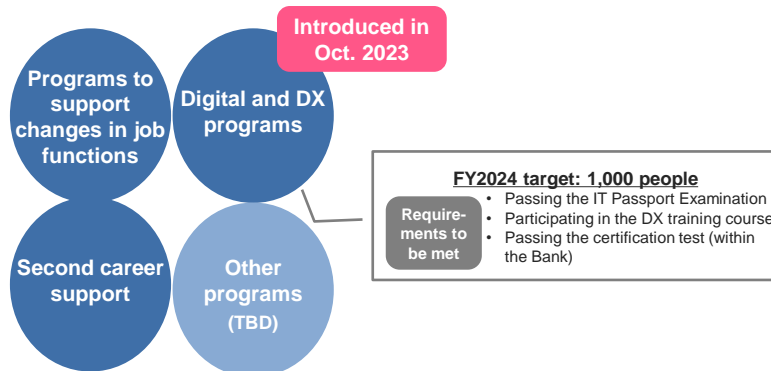
In addition to the items on the left,
<FY2023>

- Wage raise by 4% (including regular pay raise)
- Started operation of the talent management system, etc.

<From FY2024>

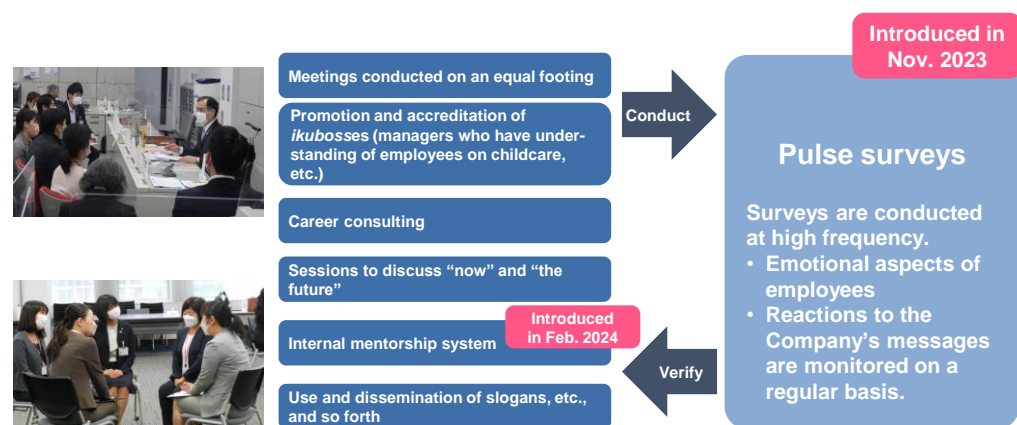
- Wage raise by 5.4% (including regular pay raise)
- Raise in starting salaries, etc.

Re-skilling



- * Program to support changes of job functions (changes of job functions to corporate sales): To be expanded (currently being implemented)
- * Second career support: Systemized in FY2023

Engagement



Co-creation of a Prosperous Future —Employees—

Improvement of PER

Communities

Customers

Employees

Diversity and Inclusion (D&I)

• Establishment of the D&I NEXT 10 Promotion Department

Next 10 Promotion Office (from Jun. 2015)

Plans and promotes various measures, always with an eye on the next 10 years (CS/ES, diversity, and “Chugin Values”)

Acceleration of Group-wide initiatives

D&I NEXT 10 Promotion Department (from Jun. 2023)

- Expansion of D&I promotion areas (career support, workstyle reform, organizational culture reform, health and productivity management)
- Aim to improve employee well-being and engagement

• Promotion of active participation by women

Ratio of female managers and supervisors

(FY2023 result)	(FY2026 target)	(FY2030 target)
17.7%	25.0%	30.0 %

• Mid-career recruitment and specialized course

Number of mid-career recruits

(FY2023 result)	(plan for Apr. 2023 to Mar. 2027)
27	200

Recruitment policy
[New graduates : **Mid-career hires**]

2 **1**

Nijiirō (rainbow) Heart Project

- Launched as a working group to utilize women’s perspectives and sensitivities in management and various measures (from 2014)
- Project proposals have led to the implementation of flextime systems, side jobs, etc. (Opinions within the project are also reflected in measures such as personnel system revisions.)
- **The fifth period started in April 2024.**

Started in Apr. 2024

Women’s Mirai-Juku (academy for the future)

- A long-term training program (about a year) in which participants work to solve organizational problems and acquire leadership and management skills in line with the times
- Held for female chiefs and senior managers with the aim of promoting women’s participation in the workplace

• External ratings

In 2018, our company was granted “Platinum Kurumin” certification as a company that implements childcare support measures at a higher level among childcare support companies. In addition, the company acquired “Platinum Kurumin Plus” certification (**the second in the Chugoku region and the first in Okayama Prefecture**) in recognition of its measures to enable employees to balance infertility treatment and work. (Apr. 2024)



The company was granted the “Eruboshi” 2 stars certification for its excellent initiatives in promoting female participation and advancement. (Jan. 2024)

Based on the recognition that the maintenance and promotion of the physical and mental health of our employees and their families is essential for the growth of our Group, we practice health and productivity management.



Co-creation of a Prosperous Future —Employees—

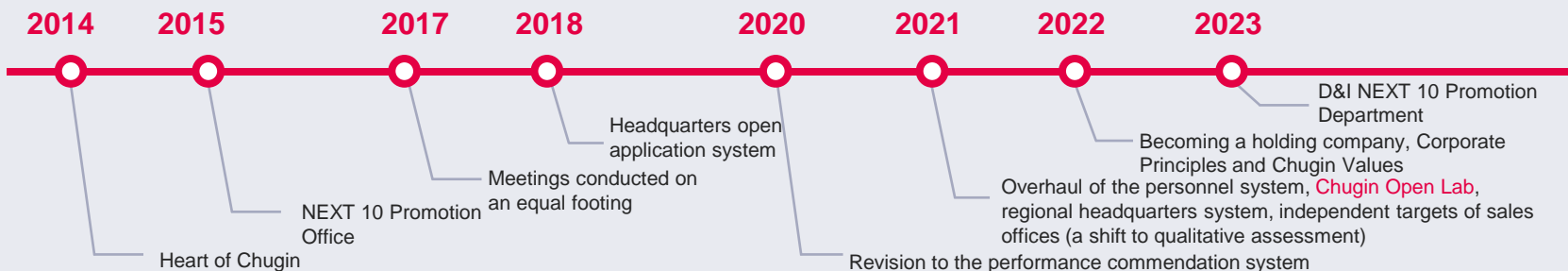
Improvement of PER

Communities

Customers

Employees

Organizational culture



Chugin Open Lab

An internal venture system that started in 2021 (cumulative total of **49** teams and **over 200** participants to date)

<Examples of commercialization>

Chugin CM service “MITAI”
—Broadcasting of customer PR videos at sales offices, etc.—

ちゅうぎんCMサービス
MITAI
“地元地域を知る場”を提供し、地元地域をつなぐ
コミュニケーションチャンネル

中国銀行の県内外の店舗で
「広告放映」

3つの特徴

- 01** 1秒あたり15秒の
広告放映ができます
※無料で2週間まで放映可能
- 02** 月間累計10万人の
幅広いお客さまへ訴求できます
※中国銀行の県内外の店舗、中国銀行の県内外の店舗、中国銀行の県内外の店舗、中国銀行の県内外の店舗
- 03** 動画の制作もサポートします
※中国銀行の県内外の店舗、中国銀行の県内外の店舗、中国銀行の県内外の店舗、中国銀行の県内外の店舗

Standardization of inheritance procedures
—Improving customer convenience in cooperation with neighboring financial institutions—

中国銀行 BANK トマト銀行 広島銀行 広島信用金庫

令和4年9月28日
株式会社中国銀行
株式会社トマト銀行
株式会社広島銀行
広島信用金庫

近隣金融機関との「相続手続きの共通化」について

この度、近隣4金融機関（株式会社中国銀行 頭取 加藤 貞剛、株式会社トマト銀行 取締役社長 高木 昌恒、株式会社広島銀行 頭取 清宗 一男、広島信用金庫 理事長 川上 武）で提携し、預金等の相続手続きを共通化することを決定しましたので、下記のとおりお知らせいたします。

提携金融機関では、お客さまの一層の利便性向上に向けて、今後も取組んでまいります。

- 提携金融機関**
株式会社中国銀行、株式会社トマト銀行、株式会社広島銀行、広島信用金庫
（10月3日以降も参加金融機関の拡大を進めてまいります）
- 提携の目的**
・金融機関ごとに相続手続きにかかる書類・手続きが異なるといった煩雑さを解消し、スムーズな相続手続きを実現
（中国銀行の県内外の店舗、中国銀行の県内外の店舗、中国銀行の県内外の店舗、中国銀行の県内外の店舗）

Chugin Energy
—A local energy company operating decarbonization-related businesses—



Appendix 3

Major Numerical Figures

Net Interest Income –Non-consolidated for the Bank–

[Factors behind change in net interest income]

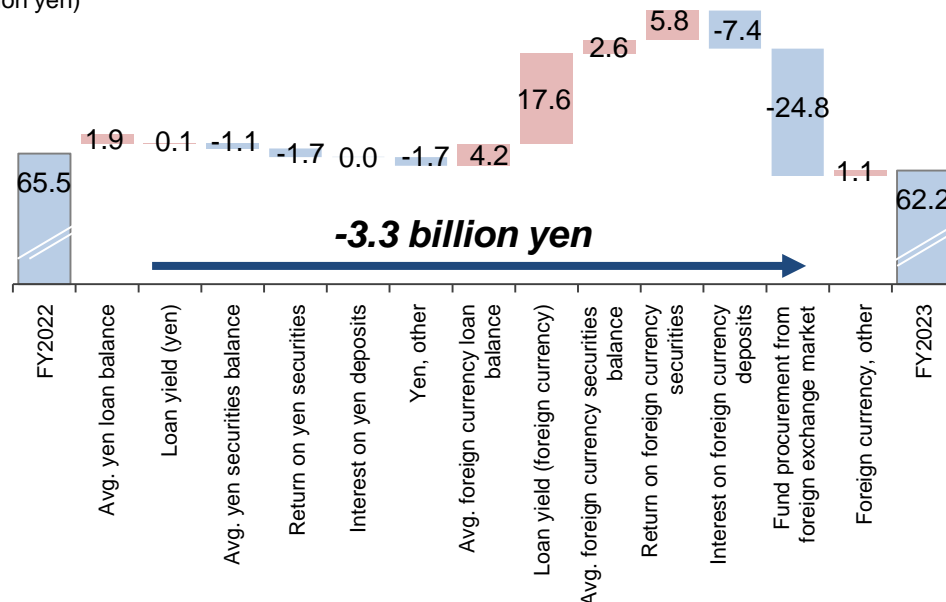
■ Yen-based: ¥54.4 billion (-¥2.4 billion YoY)

- Interest on loans and discounts: +¥2.0 billion YoY
- Interest on securities: -¥2.7 billion YoY
(Of which, gains on cancellation of investment trusts: -¥3.5 billion)
- Yen, other: -¥1.7 billion YoY
(Short-term investment revenues, swap costs, etc.)

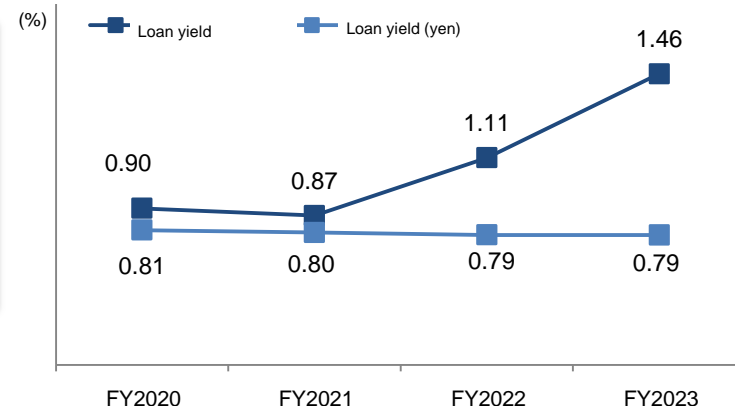
■ Foreign currency-based: ¥7.8 billion (-¥0.9 billion YoY)

- Interest on loans and discounts: +¥21.9 billion YoY
- Interest on securities: +¥8.4 billion YoY
- Foreign fund procurement cost: +¥32.3 billion YoY
(Foreign currency-based deposits, market procurement)

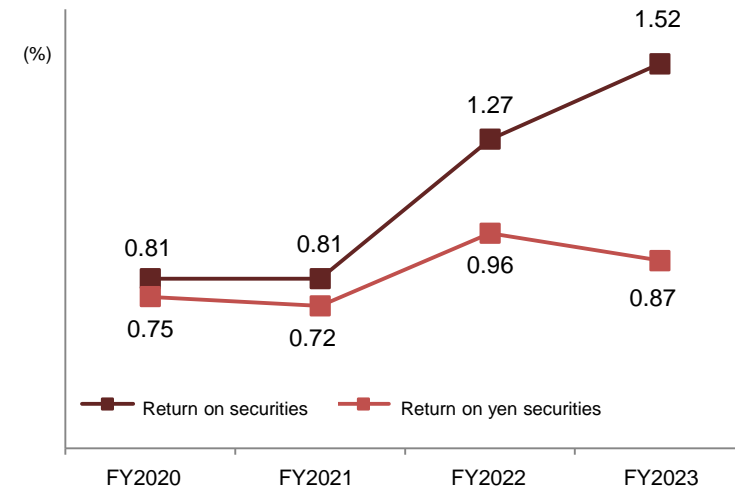
(billion yen)



[Loan yield]



[Return on securities]



• Yen net interest income

Loan interest: Up 2.0 billion yen year-on-year, mainly due to an increase in the balance.

Securities interest: Down 2.7 billion yen year-on-year, mainly due to the absence of gains on cancellation of investment trusts (3.5 billion yen) recorded in the previous year.

• Foreign currency net interest income

Decreased 0.9 billion yen year-on-year due to a hike in procurement costs caused by overseas interest rates remaining high.

Status of yen deposits and loans

Stable BS structure supported by a wealth of very low-liquid core deposits

Composition ratio by interest rate system

(Based on the average balance of FY2023)

* Reference

- Yen securities: 1.9 trillion yen
- Of which, yen bonds: 1.6 trillion yen

Yen deposits + NCD: 8 trillion yen

Negotiable 3%

Liquid 74%

Liquid 5.9 trillion yen

Of which, core deposits 4.2 trillion yen (Duration: 3.62 years)

Core deposits 52%

Term 23% 1.8 trillion yen

- Floating interest rate: 2.6 trillion yen**
- Of which, short-term prime rate-based: 0.3 trillion yen
 - Of which, market-floating: 1.3 trillion yen
 - Of which, mortgage floating: 0.6 trillion yen

- Fixed interest rate: 2.3 trillion yen**
- Of which, market fixed: 1.2 trillion yen
 - Of which, mortgage fixed: 0.3 trillion yen
 - Of which, apartment fixed: 0.2 trillion yen
 - Of which, municipal governments: 0.4 trillion yen

Other 2%

Floating 52%

Fixed 46%

Yen loans

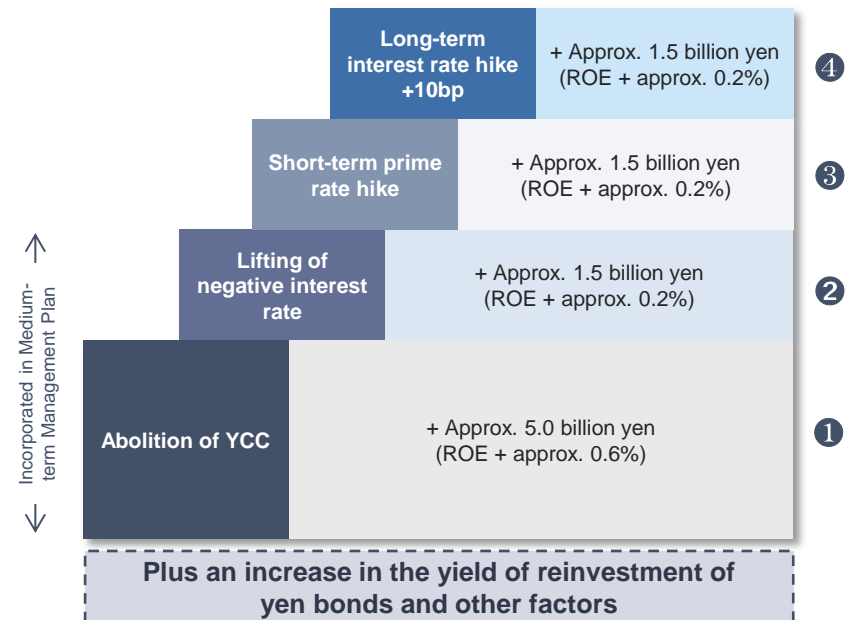
Yen deposits

Impact on interest on loans and discounts caused by interest rate hikes

Loan interest is expected to significantly increase due to future revisions to the monetary policy

Impact on yen loan interest in the final fiscal year of the Medium-term Management Plan (FY2026)

- Abolition of YCC and lifting of negative interest rate: **+ approx. 6.5 billion yen**
- Short-term prime rate hike and further hike in long-term interest rate: **+ approx. 3.0 billion yen**



(Preconditions) * Factors for increases and decreases in balance are not taken into consideration.

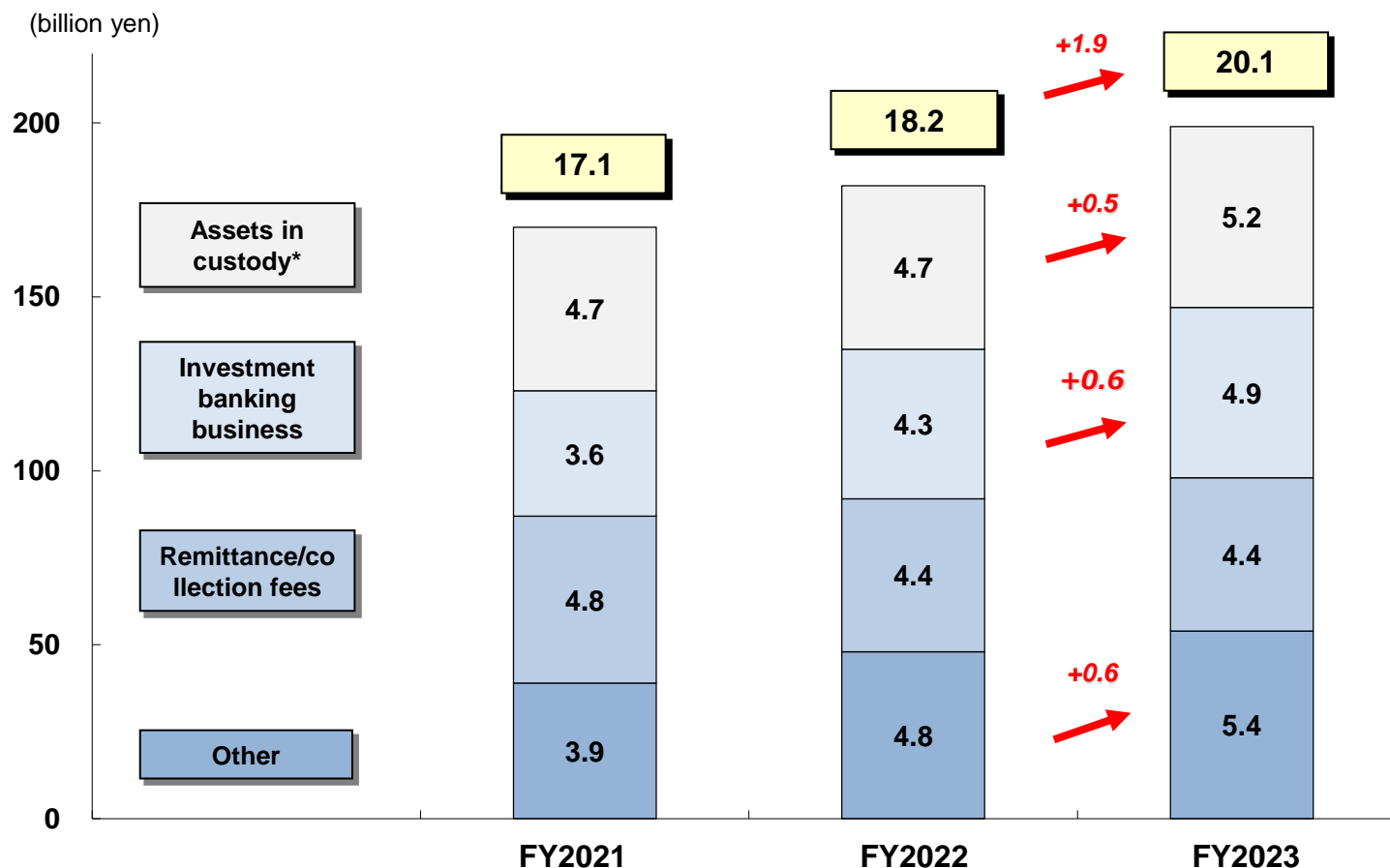
* Roughly estimated with a pass-through of 80%

- Abolition of YCC: The long-term interest rate (10 years) 1% level continues.
- Lifting of the negative interest rate: Policy interest rate 0%, TIBOR increases by 10 bp
- Short-term prime rate: Policy interest rate 0.1%, short-term prime rate increased by 20 bp
- TIBOR swap rates for each maturity period increase by 10 bp.

① and ② have been incorporated in the interest rate scenarios in the Medium-term Management Plan

Net Fee Income –Non-consolidated for the Bank –

[Net fee income]



*: Four products in custody (investment trusts, insurance, municipal bonds, and financial instrument brokerage) + inheritance-related business

- Assets in custody
Up 0.5 billion yen year-on-year, mainly in investment trusts
- Investment banking business
Up 0.6 billion yen due to consulting sales
- Other
Up 0.6 billion yen year-on-year mainly due to an increase in housing loan handling fees

Corporate Solution-related Revenues –Consolidated for the FG–

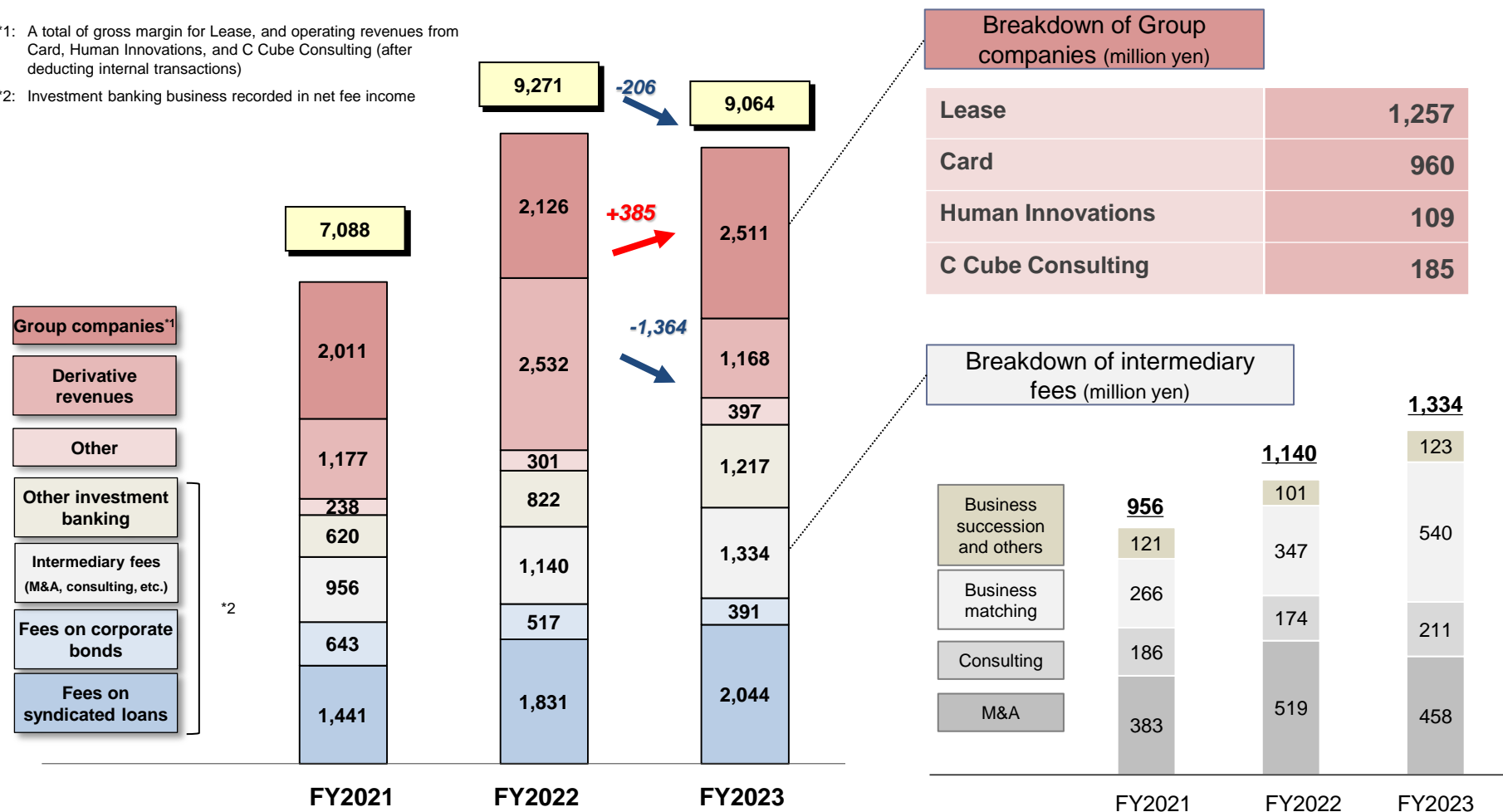


Our challenges build our future.
Chugin Financial Group, Inc.

[Corporate solutions-related revenues] (unit: million yen)

*1: A total of gross margin for Lease, and operating revenues from Card, Human Innovations, and C Cube Consulting (after deducting internal transactions)

*2: Investment banking business recorded in net fee income



- FG as a whole
Decreased year-on-year due to a fallback after a significant growth of derivative revenues from customers recorded in the previous fiscal year.
- Group companies
Up 385 million yen, due to a wide range of solutions proposed across the Group.

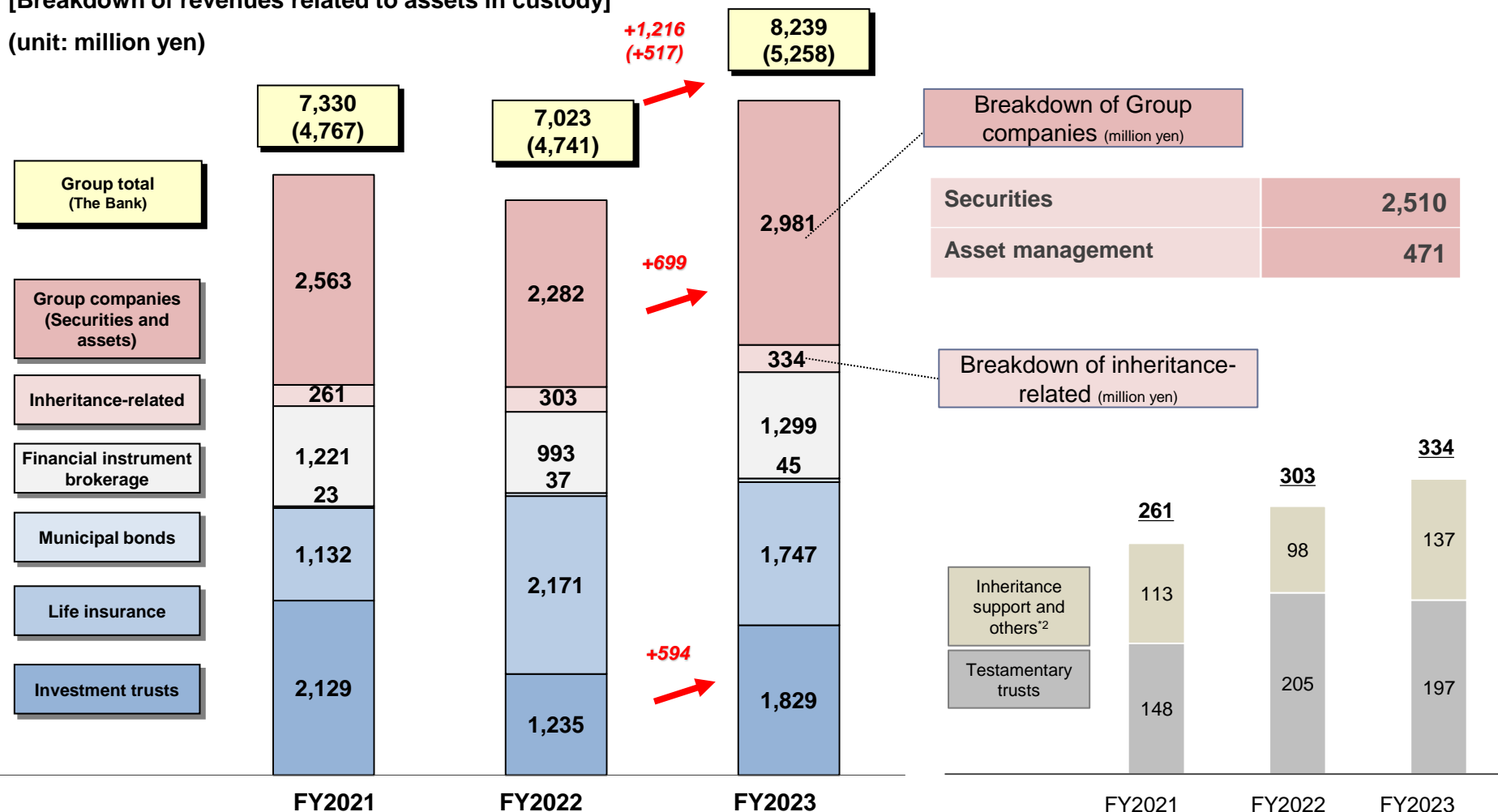
Revenues Related to Assets in Custody –Consolidated for the FG–



Our challenges build our future.
Chugin Financial Group, Inc.

[Breakdown of revenues related to assets in custody]

(unit: million yen)



*1: Total of operating revenues for Securities and Asset Management (after deducting internal transactions)

*2: Including money trusts, etc.

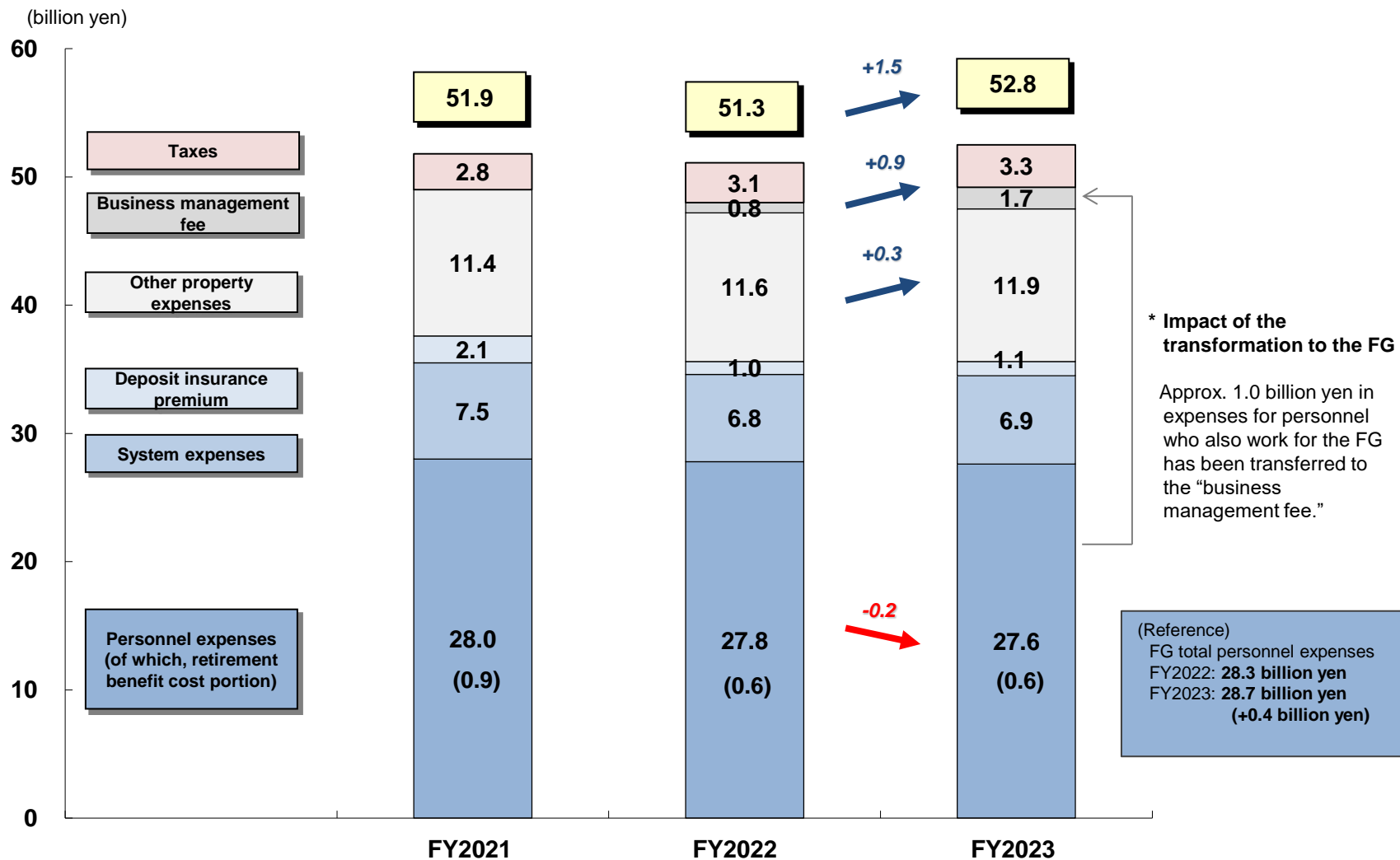
- FG as a whole
Up 1,216 million yen year-on-year mainly due to an increase in revenues from investment trusts and expansion of Group-wide collaboration
- Inheritance-related
Increasing steadily due to the discovery of asset succession needs

Expenses –Non-consolidated for the Bank–



Our challenges build our future.
Chugin Financial Group, Inc.

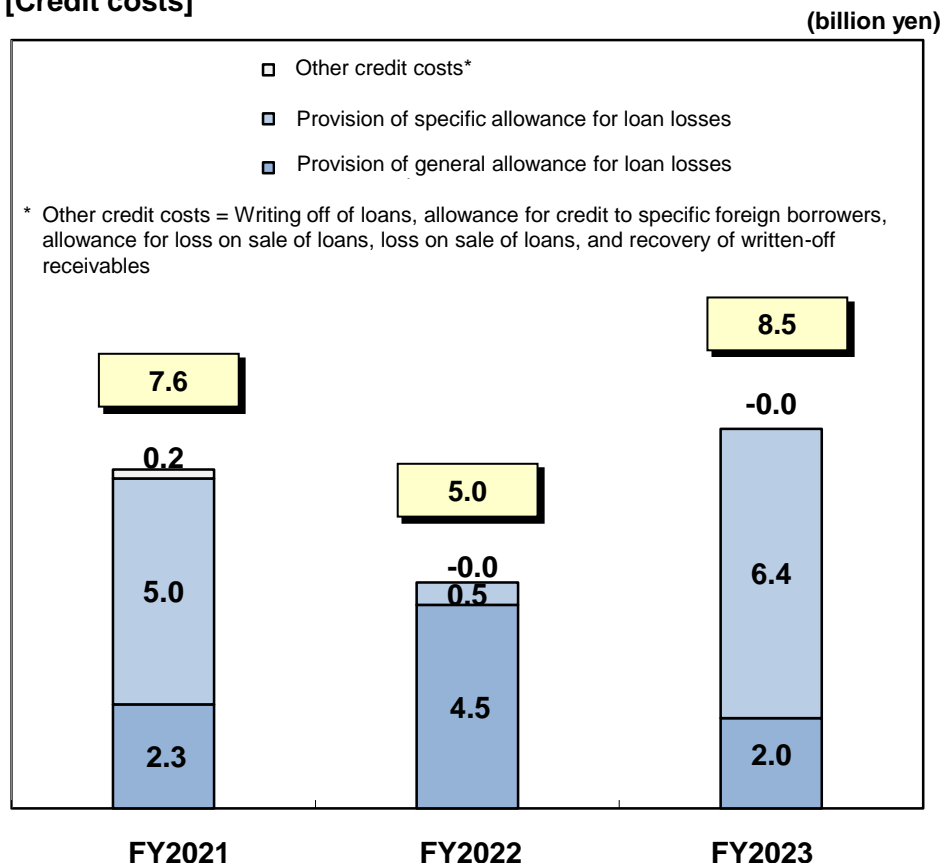
[Expenses]



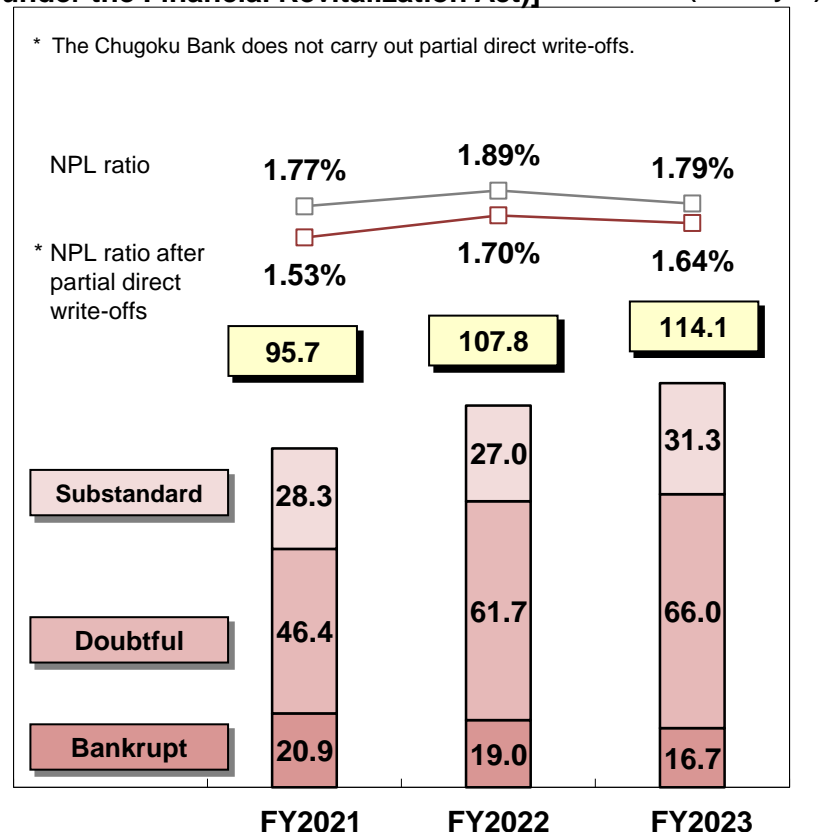
- Total expenses
Implemented strategic investments such as personnel investments and DX investments, as well as investments in various measures
- Business management fee
Paid on a full-year basis from FY2023 (offset on a FG consolidated basis)



[Credit costs]



[Non-performing loans (NPL) (Loans disclosed under the Financial Revitalization Act)]



■ Calculation method of general allowance for loan losses

- The expected loss rate is calculated based on the actual loan loss rates for three consecutive calculation periods, with one period being three years. (Each calculation period is moved half a year forward.)
- The expected loss rate shall be either the "most recent three-period average" or the "most recent five-period average," or the "long-term average starting from the fiscal year ended in September 2008," whichever is larger (changed from the fiscal year ended September 2022).
- Loans to healthy accounts and accounts requiring caution I are adjusted by taking into consideration the average remaining period of the receivables.

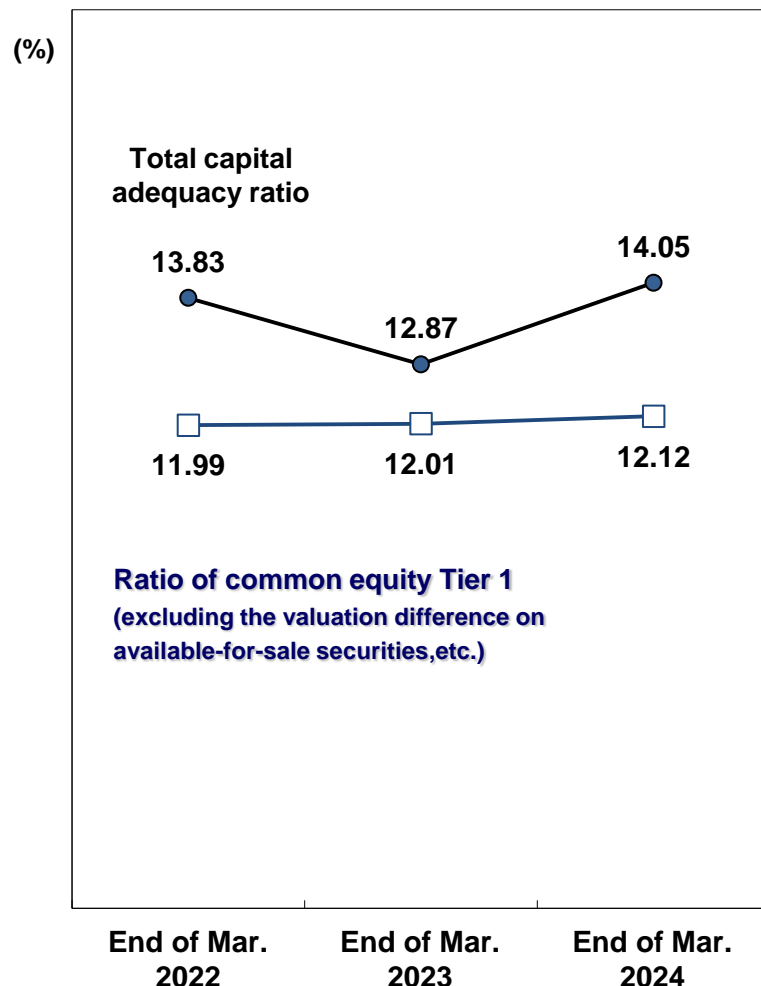
• Credit costs

The general allowance for loan losses increased in line with accumulation of the loan balance.

• NPO ratio

Remained low (1% level) due to focus on management support after COVID-19.

[Capital adequacy ratio (consolidated for the FG)]



[Status of capital adequacy (consolidated for the FG)]

(billion yen)	FY ended Mar. 2023	FY ended Mar. 2024	Change
Total capital adequacy	530.7	579.5	48.8
Of which, common equity Tier 1	521.4	565.1	43.7
Of which, valuation difference on available-for-sale securities, etc.	26.0	65.4	39.4
Risk assets, etc.	4123.1	4122.4	-0.7
Credit risk	3959.8	3972.9	13.1
Operational risk	163.2	149.5	-13.7

[Other Basel regulations]

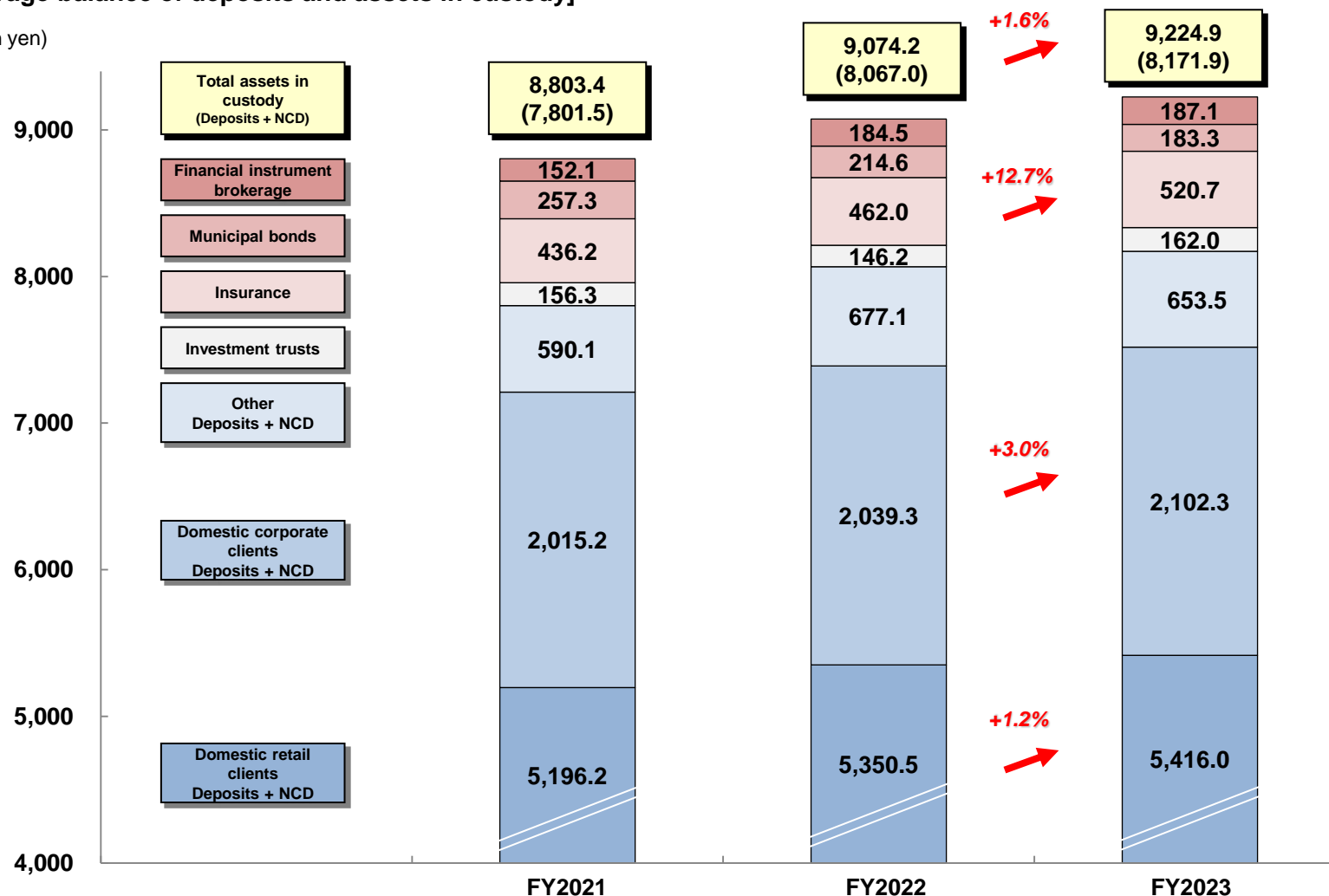
	FY ended Mar. 2023	FY ended Mar. 2024	Regulatory level
Consolidated leverage ratio	6.03%	5.94%	At least 3%
Consolidated liquidity coverage ratio (LCR)	209.0%	152.9%	At least 100%

- Total capital adequacy
Total capital adequacy increased due to an increase in valuation difference on available-for-sale securities, etc.
- Risk assets, etc.
Risk assets, etc. decreased slightly due mainly to a reduction in the risk weight following the finalization of Basel III.

Deposits & Assets in Custody –Non-consolidated for the Bank–

[Average balance of deposits and assets in custody]

(billion yen)

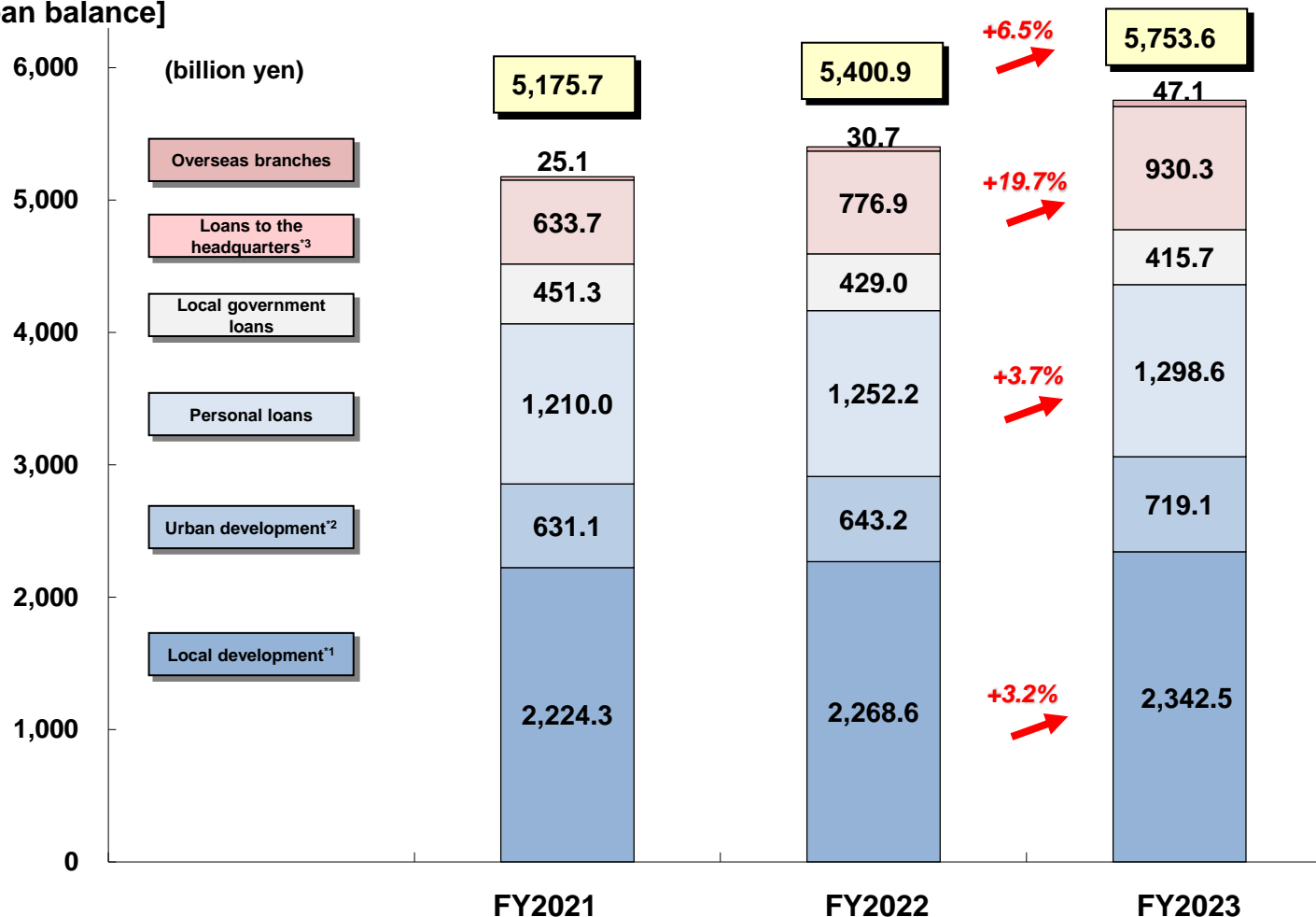


* Financial instrument brokerage is based on the acquisition price. Municipal bonds are based on the face value. Insurance takes into account cancellations. Investment trusts are based on net assets (including defined contribution pensions).

- Deposits + NCD
Increased steadily for both retail and corporate clients thanks to stable deposit pipelines
- Assets in custody
Showed stable performance mainly in insurance and investment trusts

Loans –Non-consolidated for the Bank–

[Average loan balance]



*1 Local: Regions other than Tokyo and Osaka

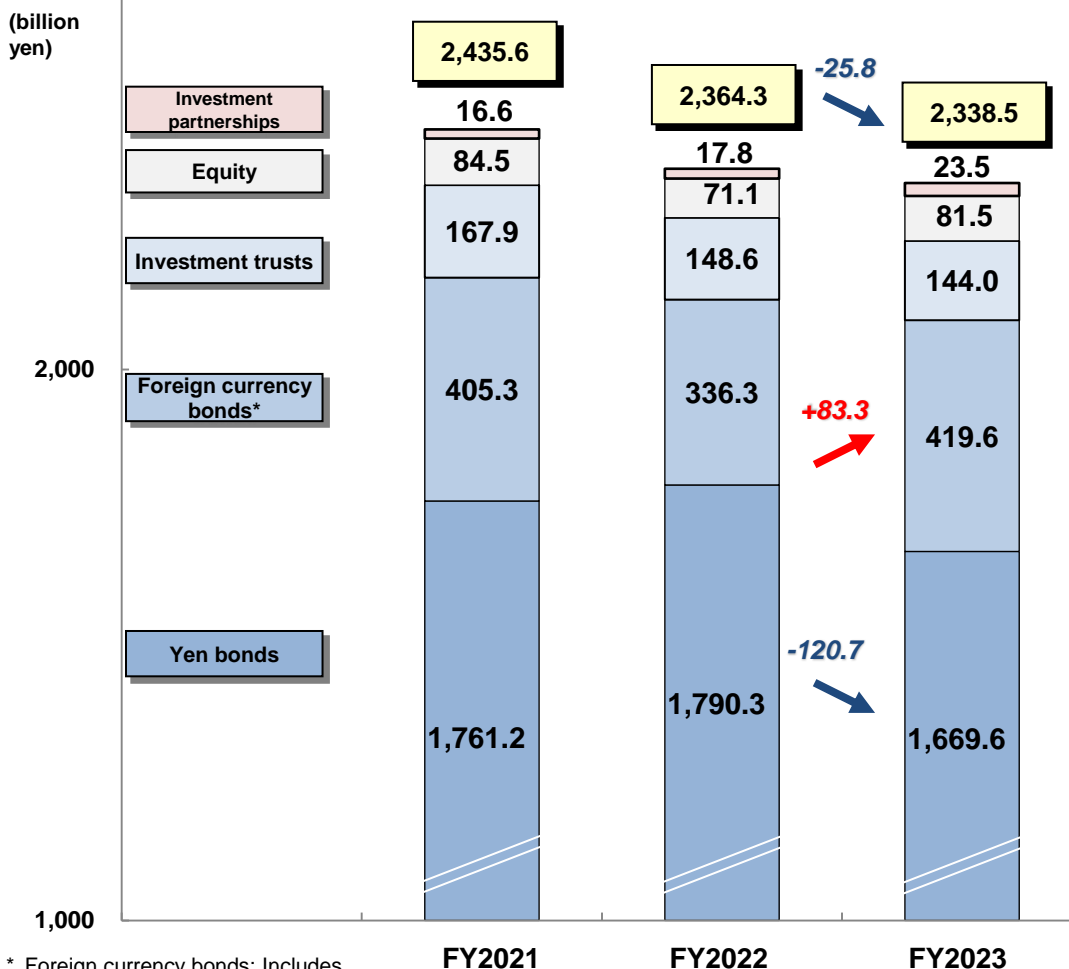
*2 Urban: Tokyo and Osaka

*3 Loans to the headquarters: Non-Japanese loans and SF centers

- Local development
Increased due to capturing of funding needs based on consulting sales
- Personal loans
Increased steadily mainly in housing loans

Securities –Non-consolidated for the Bank–

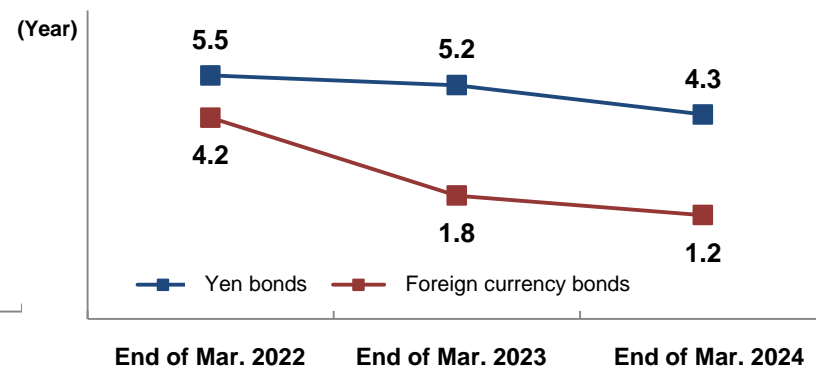
[Average balance of securities]



[Unrealized gains/losses]

(billion yen)		End of Mar. 2023	End of Mar. 2024	Term-end comparison
Total	Securities	42.4	85.5	43.1
	Held to maturity	0.1	-0.0	-0.1
	Other securities	46.1	74.6	28.5
	Equity	39.2	73.2	34.0
	Investment trusts	25.9	48.4	22.5
	Foreign currency bonds	-11.7	-17.2	-5.5
	Yen bonds	-6.6	-30.2	-23.6
	Asset swap	-3.8	11.0	14.8
	Foreign currency interest swap	-1.2	6.3	7.5
	Yen interest swap	-2.6	4.6	7.2

[Duration of bonds]



* Foreign currency bonds: Includes foreign currency investment trusts

- Average balance
Down 25.8 billion yen year-on-year mainly due to a decrease in yen bonds
- Unrealized gains/losses
Unrealized gains on equity and investment trusts increased significantly, while unrealized losses on bonds were partially covered by asset swaps.
- Duration of bonds
With an eye on a further interest rate hike, durations were shortened for both yen and foreign currency bonds by reducing the interest rate risk amount for the time being.



Our challenges build our future.

Chugin Financial Group, Inc.

This material contains forward-looking statements. These statements do not guarantee our future business performance and include risks and uncertainties. It should be noted that future performance may differ from the targets mentioned herein due to changes in the management environment and other factors.

For inquiries regarding this document, please contact:

Management Planning Department, Chugin Financial Group, Inc. (Shimizu or Matsuo)

TEL: +81-86-234-6519 Email: souki01@chugin.jp