

YMfg

YMfg



Yamaguchi Financial Group, Inc. (the “Company”) and its subsidiaries and associates (collectively the “Group”) have formulated the “Mission and meaning of existence (Purpose)” and “What the Group should become in the future (Vision).” The management policy that we have adhered to since our founding in order to realize our purpose is “a sound and proactive enterprising spirit.” At the root of it all are three thoughts that we have always cherished: “future-oriented,” “coexistence-oriented,” and “region-oriented.” These thoughts have been passed down throughout the Group’s history. We will increase the value provided to customers in our region, maximizing the group synergy based on these thoughts.

Purpose and vision

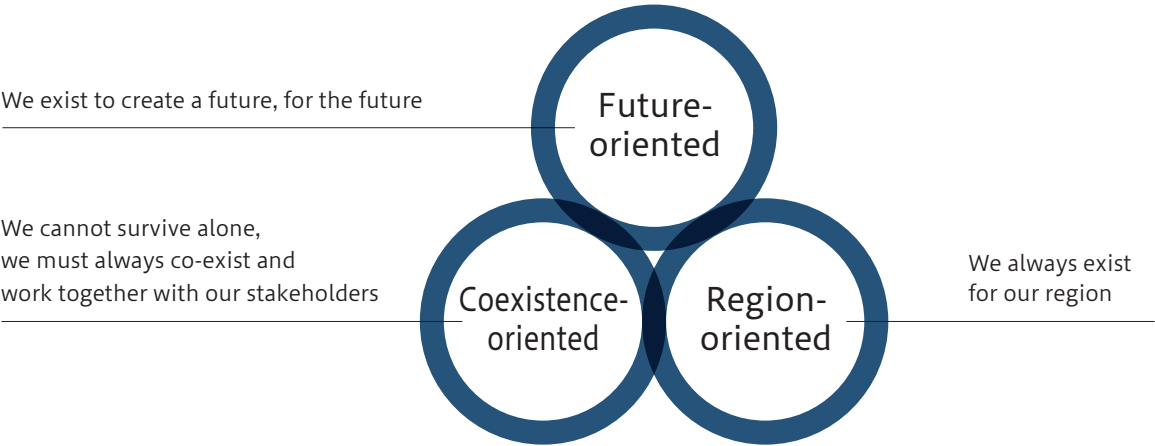
Mission and the meaning of its existence, and what the Group should become in the future



Management policy

A sound and proactive enterprising spirit

The thoughts that we cherish



YMfg

| Brand slogan

This world.
This town.
And me.

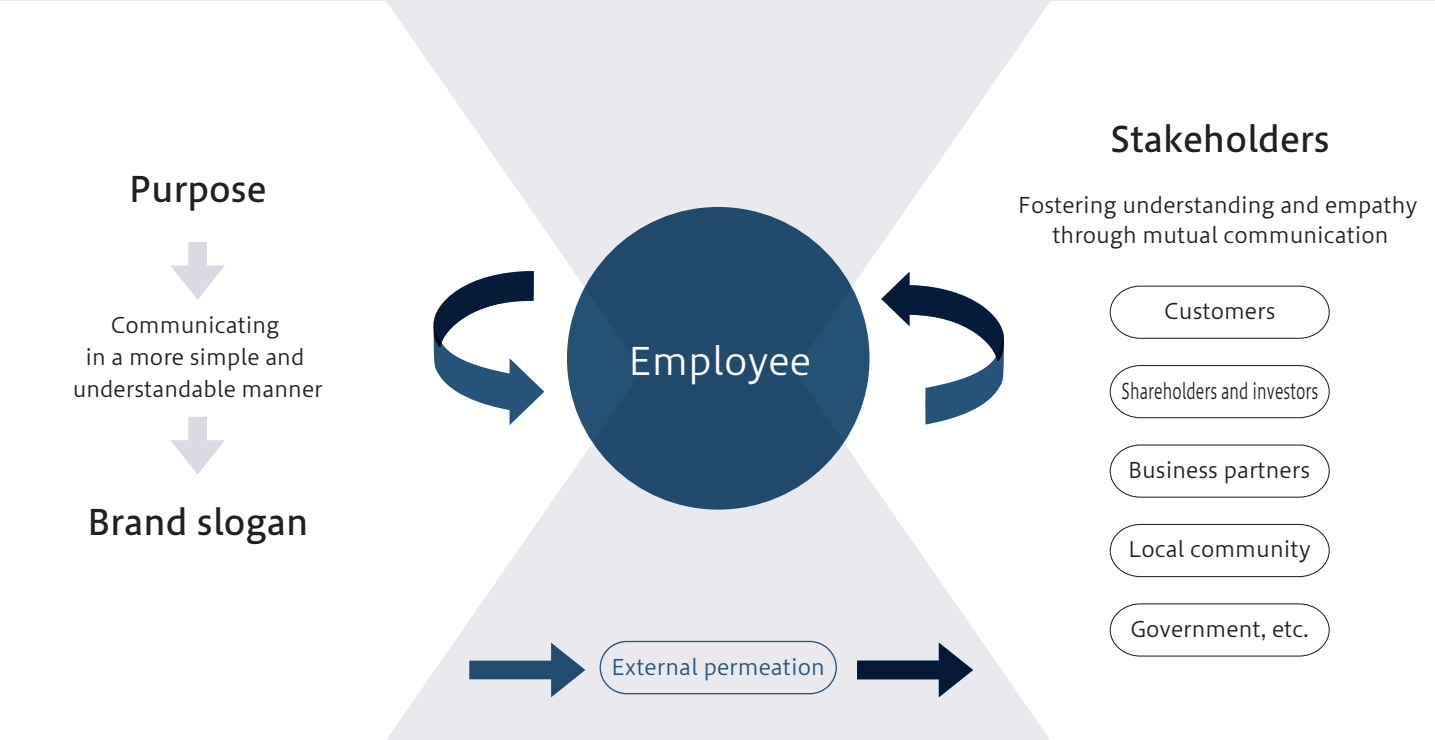
Background to the formulation of our brand slogan

The Group’s purpose, which includes the word “co-creation,” can only be realized with the understanding and empathy of all stakeholders. In order to communicate our purpose’s philosophy in an easy-to-understand manner, we developed a brand slogan that each individual can relate to using “me” as the subject.

The thoughts behind our brand slogan

We believe that the word “region” is not limited to jobs or the future, but rather holds infinite possibilities. In the modern age where we can instantly connect to the rest of the world, when we think about “me in this town” from the perspective of “me in this world,” we can see how the lives of each individual in the region have an impact on Japan and the world. Our brand slogan expresses our desire to move forward alongside everyone with this mindset and sense of pride.

YMfg



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Key points in the Integrated Report 2025

- **P.5 to P.10: CEO Message**
The President and CEO reviews the previous medium-term management plan and talks about the thoughts incorporated in the new medium-term management plan that starts this fiscal year, as well as his vision for the future of the region and YMFG.
- **P.15 to P.18: Discussion Between the Outside Director and an Expert**
A discussion was held between an outside Director and an expert concerning the process of formulating the new medium-term management plan and the role of outside Directors.
- **P.37 to P.40: Round-table Discussion with the President and CEO and Experts**
YMFG is the first regional financial institution to introduce the Impact-Weighted Accounting and quantifying the “economic impact with the region.” To discuss the significance, purpose and effect of these initiatives, a round-table discussion was held with Yanagi of Waseda University, a leader in the field, and our President and CEO.
- **P.29 to P.68: Strategy for Value Creation**
YMFG aims to evolve into a “platformer—a platform provider—for regional issue solutions” under the new medium-term management plan, so we provide an explanation of the specific initiatives based on various strategies to achieve this.

YMFG Value Creation

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Editorial Policy

In the compilation of the “Integrated Report 2025,” we have referred to the “International Integrated Reporting Framework” of the IFRS Foundation, which is an international framework for integrated reporting, and the “Guidance for Integrated Corporate Disclosure and Company- Investor Dialogues for Collaborative Value Creation” published by the Ministry of Economy, Trade and Industry, etc.



Reporting period and target organizations

Reporting period: April 1, 2024 to March 31, 2025
(Certain statements include information after April 2025)
Target organizations: Yamaguchi Financial Group, Inc. and subsidiaries and associates

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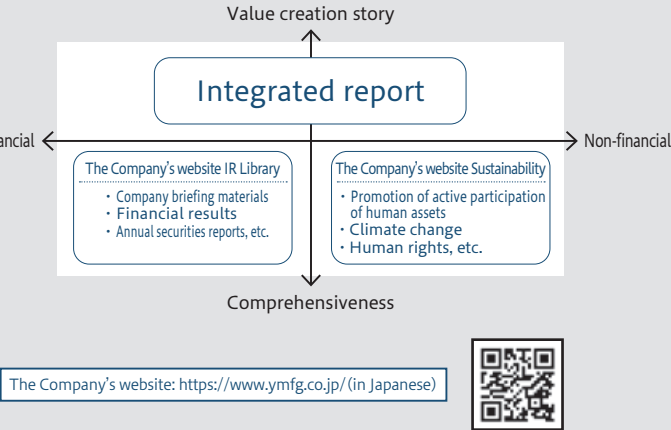
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Information disclosure system

The Integrated Report summarizes important information to help everyone understand the Group. For more detailed information, please visit our website.



About the cover

Kitakyushu City in Fukuoka Prefecture, where the head office of The Kitakyushu Bank, Ltd. (one of the Group’s three banks) is located, recorded a net population inflow for the first time in 60 years in 2024. We have used a photo of the Kitakyushu Urban Monorail that departs from the Kokura Station for the cover this time. The Kitakyushu Bank, Ltd. has run a “The Kitakyushu Bank Train” monorail with wrapped advertising since 2011, which is also popular with local residents.

Please refer to P.25 to P.26 for details of the features of the Northern Kyushu area that also encompasses Kitakyushu City.



Glossary

- **YMFG:**
Yamaguchi Financial Group, Inc. and group companies consisting of subsidiaries and associates
- **Platformer for regional issue solutions:**
A corporate entity that considers its maximum value provision to be resolving the diverse and complex management issues faced by customers as well as issues affecting the entire region

Notes on forward-looking statement

The performance forecasts and other forward-looking statements contained in this Integrated Report are based on information available as of the publication date of this Integrated Report. Actual performance may differ significantly from the stated forecasts due to various factors. Therefore, please refrain from relying entirely on these forward-looking statements. Furthermore, the Group has no obligation to update these forward-looking statements as a result of new information, future events, etc.

CEO Message

この世界で。
この街で。
このじぶん。
YMfg

Yamaguchi Financial Group, Inc.
President, Representative Director and CEO

Keisuke Mukunashi

To become a platformer for regional issue solutions

—Co-create with regions taking on challenges by being prepared to be “all in the same boat”

Review of the previous medium-term management plan

During the three years of the YMFG Medium-Term Management Plan 2022 (hereinafter, the “previous medium-term management plan”) from the fiscal year ended March 31, 2023 to the fiscal year ended March 31, 2025, we steadily achieved the planned figures and reached record highs in the final fiscal year for both ordinary profits of ¥52.4 billion and net income attributable to owners of the parent of ¥35.3 billion. This is entirely due to the support of our stakeholders, which we see as a gift for the ongoing efforts of employees who have worked hard under YMFG’s purpose of “co-creating a bountiful future for all regions.”

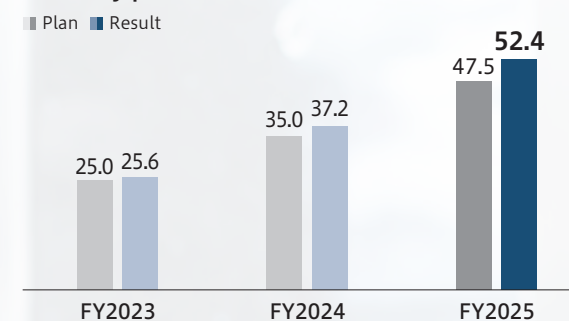
In the fiscal year ended March 31, 2023, the first year of the previous medium-term management plan, the world continued to confront the impact of COVID-19, with an enforced stagnation not only on Japan, but the entire world economy. Even under such circumstances, I remained aware that we should “keep our promises” to our stakeholders. Even during the COVID-19 pandemic, our mission was “co-creating a bountiful future for all regions” and management and employees worked together to

devise ways and to take action to minimize the impact on regional economies. Of noticeable success among these were our initiatives in the corporate banking business area. Through measures such as support for the creation of demand for new ships utilizing ship finance for the sustained development of the maritime industry, a key local industry, as well as support towards carbon neutrality of regional companies, we were able to achieve steady outcomes, which once again provided opportunities for renewed awareness of YMFG’s strength in the corporate banking business area.

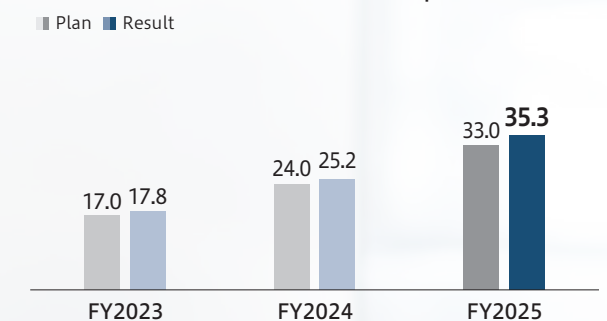
The results of these activities connected to the achievement of the targets in the previous medium-term management plan, and our stock price remained at levels above the bank stock price index. We were also boosted by the post-COVID market environment, and in June 2024, our stock price reached a record post-listing high at approximately 2.6 times the level of three years earlier. In addition, although we can still not say that ROE (net asset basis) is at a sufficient level, it has improved to 5.5%.

The previous medium-term management plan: Results of major management indicators and stock price trends

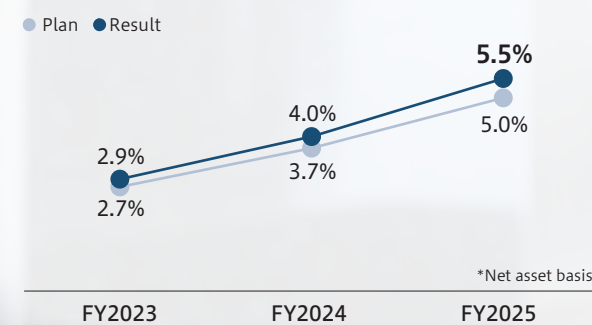
► Ordinary profits (Unit: Billions of yen)



► Net income attributable to owners of the parent (Unit: Billions of yen)



► ROE*



► Stock price trends (the period of the previous medium-term management plan) <Comparison with the bank stock price index>



CEO Message

A variety of factors overlapped in previous medium-term management plans and there were not many fiscal years when numerical targets were achieved. Meanwhile, we repeatedly sent messages to our employees to encourage action based on our purpose and to ensure that we “keep our promises” to stakeholders. Although reforming the mindset of employees takes enormous time to move forward, it can be reversed in an instant. Consequently, in addition to sending company-wide messages, the three Presidents and I regularly visited the bank headquarters and each district and continuously held town hall meetings for dialogue with employees. [For details ▶ P.22](#)

Town hall meetings are arrangements that ensure psychological safety, and function as forums for employees to freely express their opinions. They encompass a wide-range of topics from management policies to everyday operations. Both positive and negative views were expressed and by carefully picking up these issues resulted in improvements and progress

in transformation to a “self-directed and highly engaged organization,” where employees think and act autonomously. We have also identified that the progress in fostering the organizational culture has been an important factor to support the achievement of the previous medium-term management plan.

Of course, the achievement of the previous medium-term management plan is merely a passing point towards the realization of our purpose. We are aware that there is room for improvement in our activities. Nevertheless, the initiatives and outcomes of these three years have provided a strong sense of the potential of YMFG as an organization, and given us greater confidence for further growth. Most importantly, we are confident that this has regained the “pride” and “confidence” of our employees while simultaneously providing an opportunity to renew awareness of the meaning of our existence as a regional financial institution.

A new business model connecting the “pride” of employees with the region’s future

When thinking of the word “pride,” I thought it would mean for employees working in a regional financial institution being able to do their best to contribute to the development and growth of the region and regional companies. Many employees no doubt have that thought in mind when joining a regional financial institution. Most of my own career has been in dealing with customers as part of corporate sales and I felt moments of pride as a banker when my client companies grew to become driving forces for the regional economy. Nevertheless, bankers are often mocked with the saying that they will not lend an umbrella on a rainy day. Hearing such saying made me feel a complex mix of regret and shame but also sense the importance of reviving the purpose of a regional financial institution.

To realize YMFG’s purpose of “co-creating a bountiful future for all regions,” it is important to maintain and strengthen an environment where employees, who are the driving force behind improvements in corporate value, can retain “pride” while being “highly motivated, connecting their own daily activities with the target direction of the company.” How to connect employee “pride” with the organizational direction – The answer I arrived at while asking myself this question is a business model based on the “all in the same boat” metaphor, which is at the core of the YMFG Medium-Term Management Plan (FY2026–FY2030) (hereinafter, the “new medium-term management plan”).

This business model is one where we are in the same

boat as regions and customers and we are prepared to share our lives and work to support growth with the aim of co-creating a “bountiful future for all regions.” Thinking about it, this is a very natural idea. The growth of a regional financial institution embedded in a region, will not happen without local development. The reverse is also true. The support and growth of a regional financial institution is vital for the sustained growth of regional companies. That is precisely why a business model based on the “all in the same boat” metaphor is the direction we at YMFG should take.



Goals of the new medium-term management plan —To become a platformer for regional issue solutions—

The new medium-term management plan aims to realize a “bountiful future for all regions” that is our purpose. Specifically, we aim to achieve an increase in the incomes of local residents by maintaining and improving regional GDP. Improving productivity through the creation and cultivation of local industries is vital for achieving this. It is obviously difficult to solve all the issues during the five-year period of the plan, but we will work on improving local values by closing the gap between the current status and future vision through realization of a business model based on the “all in the same boat” metaphor.

The total population of YMFG’s main sales area of

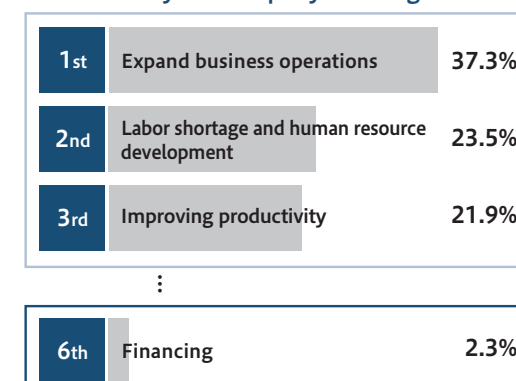
Yamaguchi Prefecture, Hiroshima Prefecture and Fukuoka Prefecture is about 9 million, with regional GDP amounting to approximately ¥38 trillion. This is of a similar economic scale to standalone countries such as Hungary and Qatar, and the area has enormous potential focused on the manufacturing industry. There has been a rapid increase in semiconductor demand in recent years, particularly in Kyushu, and the Kyusyu-Okinawa-Banking Alliance Semiconductor Solutions (Q-BASS), in which The Yamaguchi Bank, Ltd. and The Kitakyushu Bank, Ltd. participate, has focused on industry-government-academic partnerships in addition to providing financial support.

On the other hand, a feature of this area is that it is facing many of the issues also confronting Japan as a so-called “developed country with challenges.” The issues are manifold, including the declining population, declining birthrate and aging population, lack of successors for regional companies, delays in decarbonization and digital transformation, and the lack of sales channels. Financial services centered on conventional financing alone can no longer be called a sufficient response to such issues. I felt when promoting businesses when I was in charge of new business areas such as regional revitalization consulting and personnel recruitment that the issues facing the regions and regional companies did not simply end at their need for funds. The issues were more fundamental and complex and directly linked to business growth and sustainability. This experience made me think about ways of support that reflect that actual situation for regional companies when formulating the new medium-term management plan, which became a major guideline.

In light of such circumstances, we thought it would be important to carefully understand specific issues and provide the appropriate solutions in the new medium-term management plan in order to contribute to the business growth of regional companies, so last summer we surveyed approximately 1,700 business partners located in YMFG’s sales area through a local think tank. Growth-related items such as “expand business operations,” “labor shortage and human resource development” and “improving productivity” ranked high in the responses to the question “What are your company’s management issues?” whereas items related to “raising funds” were not ranked high. Of particular note is the complex combination of issues and the inability to take them as standalone issues. For example, companies aiming to “expand business operations” also have multiple linked issues such as the need for “digital transformation” and “securing human resources.”

▶ Survey results for business partners

Q. What are your company’s management issues?



* Research by Yamaguchi Research Institute of Economics (currently Local Vision Research Institute)
Number of respondents: approximately 1,700 client companies in the YMFG activity area

Three basic objectives in the new medium-term management plan

As I mentioned earlier about the business model based on the “all in the same boat” metaphor, “establish a business model based on the ‘all in the same boat’ metaphor” [For details ▶ P.33](#)

is one of the basic objectives in the new medium-term management plan. The remaining two basic objectives are “enhance financial business” [For details ▶ P.45](#) and “Deepen

Initiatives that go beyond the conventional financial service framework are vital to solve these issues. The Group must provide new value that leads to the creation of economic value that expands the corresponding areas and solves management issues. In addition, increasing visitors and improving infrastructure are also important elements in the development of regional economies. Under the new medium-term management plan, we have positioned the resolution of diverse and complex management issues faced by regional customers as maximum value provision. In so doing, we aim to evolve into a “platformer for regional issue solutions,” which goes beyond merely solving the issues of individual customers but also involves taking on issue solutions from an overall perspective, such as community development, encompassing entire regions. Towards such evolution, we will share business risk with regional companies, essentially in the “same boat,” to further expand YMFG’s strength in the corporate banking business area. We will provide far reaching support through a comprehensive combination of financing, equity and solutions, promoting the establishment of a business model based on the “all in the same boat” metaphor thereby returning added value in the form of issue solutions to local communities.

If the support required by customers is changing, it is imperative that we also change. In July 2025, YMFG merged four companies (YM CONSULTING, YM Life Planning, Data Qvic and YM Career) and established the issue-solving business company “YMFG Growth Partners, Inc.” [For details ▶ P.34](#)

Personnel from the four companies were not automatically subsumed, with the organization formed through the recruitment of applicants to gather motivated human assets. Having the company’s own customer account will accelerate the transition from a conventional business model that adds issue-solving onto banking operations focused on financing to positioning financing as one method of issue solving and combining comprehensive solutions to provide value.

Reviewing the previous medium-term management plan, the particular outcomes were as described earlier. However, in terms of the evolution towards the target of becoming a platformer for regional issue solutions and the establishment of a business model based on the “all in the same boat” metaphor, the outcomes of the previous medium-term management plan make us aware that we should be involved in “further strengthening and implementing the Group’s issue solution function” and “developing human assets that embody all being in the same boat.” I believe that sincerely addressing these challenges, responding to them steadily, and realizing the vision set forth in the new medium-term management plan are important responsibilities entrusted to me.

multi-bank, single-platform structure” [For details ▶ P.47](#) .

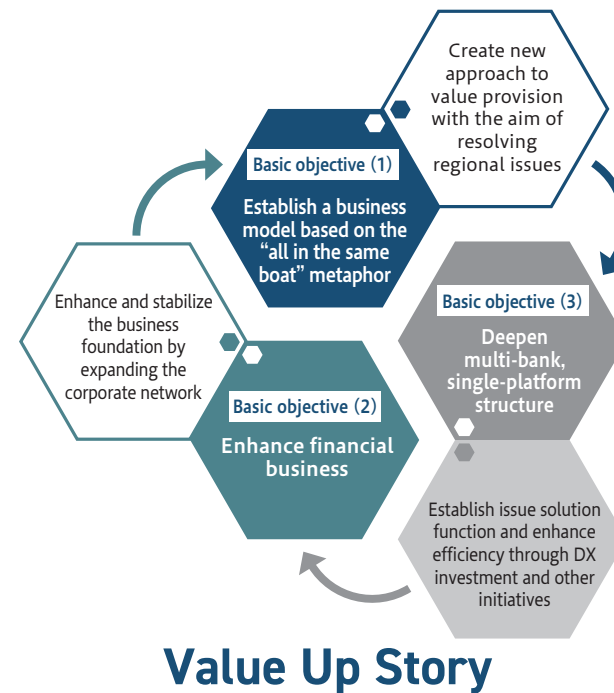
The underlying “deepen multi-bank, single-platform structure” is vital to “establish a business model based on the ‘all in the same boat’ metaphor.” To substantially improve the efficiency of the current management system of sales development by the three banks on one platform, we will aim

CEO Message

for further refinement while establishing a more solid management system that also includes implementation of the issue-solving function. We are already ahead of other banks and making considerable progress in terms of the unification and improved efficiency of group management through measures including the aggregation of the headquarters function to a holding company and we plan to further strengthen the functions of this platform under the new medium-term management plan. An advantage due to the progress in the shift to a single platform is that, when new business partners join, such partners will be able to benefit from both effect and efficiency by using this platform.

In addition, we will work to strengthen the business foundation and connect to “establish a business model based on the ‘all in the same boat’ metaphor” through an approach that covers both quality and quantity and promotes “enhance financial business,” which accounts for a large proportion of consolidated income, such as by working to further enhance the corporate network that is a strength of the Group through expansion of scale.

In the new medium-term management plan, we aim to further improve the Group’s corporate value by interlocking these three basic objectives (i.e., the engine).



Toward improvement of corporate value

The establishment of a business model based on the “all in the same boat” metaphor and becoming a “platformer for regional issue solutions” in both name and reality through the steady implementation of the new medium-term management plan is one of the important requirements for improving corporate value. Then, by revising our growth areas and through “selection” and “concentration,” we aim to achieve ¥60.0 billion in net income attributable to owners of the parent and ROE levels above the cost of shareholder equity during the next five years. Specifically, we are targeting ROE (shareholders’ equity basis) of about 8.5% in the fiscal year ending March 31, 2030, the final fiscal year of the new medium-term management plan.

To accelerate the Group’s growth under the “selection” and “concentration” policy, we have so far proceeded actively with the reorganization of group companies. We are working on improving the efficiency of management while also strengthening our issue-solving function for our regions and regional companies. In July 2025, we merged four group companies as mentioned above. As of April 2024, we comprised 24 group companies apart from the three banks, but we have now reduced that number to 14 companies (following the transfer of HOKEN HIROBA, LTD. stock to HOKEN NO MADOGUCHI GROUP INC.). We will continue to promote these reorganization initiatives under the new medium-term management plan.

Furthermore, we will continue to actively engage in strategic investments to strengthen the Group’s issue-solving function. In April 2024, we turned Dream Incubator, a company listed on the Prime Market of the Tokyo Stock Exchange, into an equity-method affiliate. Our policy is aimed at further strengthening our issue-solving capacity, and we will incorporate the functions necessary for the Group through this type of strategic investment.

In addition, to further improve capital efficiency, we will aim to reduce the book value of cross-shareholdings to below ¥35.0 billion so that the ratio to consolidated net assets (fair value basis) is below 10%. We prioritize growth investment and strategic investment in regional companies as a pillar of capital utilization and flexibly and promptly acquire treasury shares in light of the business environment and capital situation, etc. With our basic policy for progressive dividends that maintains or increases the dividend per share, we plan to lift the dividend payout ratio to about 50% by the fiscal year ending March 31, 2030. [For details ▶ P.13](#)

Our stance under the previous medium-term management plan was to “keep our promises” to stakeholders, and we have not waived under the new medium-term management plan. We will continue to respond in a sincere manner to meet the expectations of our stakeholders such as investors and shareholders by achieving plans and improving our corporate value.

Efforts to become an organization where employees play a leading role

Most importantly “human assets,” in the form of our employees, will play a leading role in improving YMFG’s corporate value. I would like to extend my appreciation to the employees who stepped forward to achieve the previous medium-term management plan, while also noting a strong sense I felt of the

potential of the entire group and the hidden power of employees during those three years. In the five years ahead, I have a strong desire for a period when there is further blossoming of every individual employee’s power and the possibilities as an organization. This thought is not just mine but also shared with

the Presidents of the banks within the group. We are right to have a daily management based on a strong will to pursue the sustainability of the region and organization.

One of the initiatives to support employee-centric management is the town hall meetings referred to earlier. We in management, take part in the dialogue as members regardless of our position, and strive to respond as fast as possible to the opinions that emerge. We believe that a culture where free and open discussion is possible is a great asset for the organization.

In the past three years, we have progressed with various system reforms even in the human resources area. For example, in the bonus system, we have increased the alignment between our stock price and business performance and advanced to a system that clearly reflects employee outcomes in numbers. Furthermore, in 2023, we were the first regional financial institution in western Japan to introduce an incentive plan, the “Employee Stock Ownership Plan (J-ESOP),” which grants the Company’s shares to employees aimed at increasing employee motivation.

We are also making advances with our response to changes in the social environment. Leave of absence and resignations due to the need to take care of parents is becoming a social issue due to the declining birthrate and aging population, and we forecast that such cases will also increase at YMFG. So, in June 2025, in addition to the statutory family care leave (93 days in total), we established a new system that enables leave of up to a maximum of three years. Furthermore, for employees who have been forced to leave work, we have also created an option to utilize the “My Return system” (a reemployment system for retirees) that we introduced from 2021.

We are also putting efforts into women’s active participation as part of promoting organizational diversity. While we cannot say the levels are sufficient, the ratio of female managers has increased from 1.2% at the end of March 2022 to 8.2% at the end of March 2025. “Women’s Day,” which commenced from 2023, is

also becoming established as an internal event and many younger employees are participating as an opportunity to learn about ways of working and the approach of women with careers. During this, we have also heard of cases where people exchange contact details and continue career consultations. From the perspective of diversity, we also actively recruit experienced personnel, with 19 joining in the fiscal year ended March 31, 2022, which then increased more than 3-fold to 62 in the fiscal year ended March 31, 2025.

From the career development aspect, we have completely abolished “seniority-based promotion,” which has enabled flexible allocation of human assets based on competencies. We see the revitalization of the organization with the promotion of younger employees, including executive officers and general managers in their 40s and presidents of group companies in their 30s. Expanding career options and making it possible to work in one’s own way through enhancements to the system certainly increase commitment to the job. As a result, human assets are steadily growing from younger staff to those in leadership roles, with individuals consolidating their own views and an increasing number of employees expressing their opinions not only from the perspective of their own department but from a company-wide perspective.

In the five years of the new medium-term management plan, we will further accelerate the initiatives to date, and aim to achieve “well-being” in the form of employee happiness and ease of work and “career autonomy” in the form of job satisfaction. In particular, employee job satisfaction, i.e., career autonomy, is vital under the establishment of a business model based on the “all in the same boat” metaphor and we are working on developing human assets able to actively participate as “partners” for the region and companies. We will promote building an essential human assets portfolio aligned with our growth strategy based on such approach.

Responsibilities and determination for the future

In our Integrated Report 2023, we introduced two phrases: “*Kori zai kyodo* (興利在共同)” (to make a profit is to make it in cooperation) from Mr. Korekiyo Takahashi’s calligraphy that is displayed at our head office and feudal lord Moro Motonari’s “*Hyakuman isshin* (百万一心)” (if time, power, and heart are unified, anything can be achieved). These are values embedded in the Group’s history and connect deeply to the business model based on the “all in the same boat” metaphor that is central to the new medium-term management plan. This can be considered evidence that YMFG’s history from the past to the present and continuing into the future is continuous in terms of both philosophy and practice.

We received words of gratitude, “Will they go this far?” from the manager of a business partner involved in the first roll-out of the business model based on the “all in the same boat” metaphor. By responding to such ideas with results, we hope to return the favor to companies and to the region.

The phrase “all in the same boat” incorporates the responsibilities and determination for the future that YMFG shares with the region. YMFG cannot have sustained growth without growth of the regional economy. I believe that maintaining our stance of being “all in the same boat” and continuing to create value together with the region is a direct

path for improving YMFG’s corporate value.

YMFG will continue to steadily move forward together with our employees and the region based on our purpose of “co-creating a bountiful future for all regions.” We sincerely appreciate the continued support and understanding of our stakeholders.



Message from General Manager of the Corporate Planning Administration Group



We aim for medium to long-term growth in our regions and at YMFG based on a story of improvement in corporate value

Executive Officer and General Manager of the Corporate Planning Administration Group
Tatsuya Furudo

Joined The Yamaguchi Bank, Ltd. in 1999. In October 2016, he was appointed as General Manager of Tenjin Branch, The Kitakyushu Bank, Ltd. Since November 2017, he served as General Manager of the Frontier Business Office of the Corporate Planning Dept. of the Company, where he began working on developing new businesses and finding alliances with startups. After serving as General Manager of the Industrial Growth Management Dept., in June 2021, he was appointed as Representative Director of YAMAGUCHI CAPITAL Co., Ltd. (currently YMFG CAPITAL Co., LTD.), which engages in the investment business. In April 2023, he was appointed as General Manager of the Corporate Planning Dept. of the Company and has been in the current position since April 2024.

Review of the previous medium-term management plan

YMFG Medium-Term Management Plan 2022 (hereinafter, the “previous medium-term management plan”) started with a large loss due to the strategic implementation of loss cuts primarily for foreign bonds, a precautionary increase in allowance for loan losses, and other measures. We set sail under difficult circumstances, but have steadily advanced our reforms in the three years from the fiscal year ended March 31, 2023. For securities investment, we have been rebuilding the portfolio by switching from highly volatile capital gains to income gains that can generate stable profits. In addition, in the corporate segment of our loans, we have aimed to move away from excessive interest rate competition through business operations that consider RORA*, and the improvement in loan yields has contributed to improved profitability.

Furthermore, we have been promoting improved business efficiency through DX investment, and also worked on curbing expenses, which has resulted in ongoing reduction in OHR**.

Through such initiatives, we have been able to achieve the target management indicators in the previous medium-term management plan for each fiscal year, with ordinary profits and net income** both reaching new record levels in the fiscal year ended March 31, 2025. We are aware that the market has evaluated these outcomes to a certain extent.

In light of the previous medium-term management plan, we started the “YMFG Medium-Term Management Plan (FY2026–FY2030)” (hereinafter, the “new medium-term management plan”) to enhance the value of the Group’s presence in the region from the fiscal year ending March 31, 2026.

*1 RORA shows how much profit is generated from risk-weighted assets such as loans and securities. It is calculated as profit divided by risk-weighted assets.

*2 OHR = Expenses ÷ Core gross business profit (excluding gains on cancellation of investment trusts and gains on cancellation of interest rate swaps)

*3 Hereafter, “net income” refers to “net income attributable to owners of the parent.”

(Unit: Billions of yen)	FY2023	FY2024	FY2025
Core gross business profits	100.7	113.6	126.9
Net interest income	87.6	100.1	114.0
Of which interest on deposits, and loans and discounts	82.7	101.4	101.3
Of which interest and dividends on securities	16.6	24.7	31.0
Net fees and commissions	1.0	0.9	0.4
Ordinary profits	25.6	37.2	52.4
Net income	17.8	25.2	35.3
OHR	65.75%	60.73%	56.18%
ROE	3.0%	4.2%	5.8%

Formulation of the new medium-term management plan and corporate value improvement story

The new medium-term management plan was formulated through back-casting taking the realization of our vision to be “a regional value-up corporate group that is chosen by all regions and responds to the trust of all regions” as the starting point. We aim to become a “platformer for regional issue solutions” in the five years of the new medium-term management plan. Our aim is to become a corporate entity that provides value by solving the diverse and complex management issues faced by our respective customers as well as issues that become visible when viewing the entire region. Specifically, we have set three basic objectives that can also be referred to as the engine of the new medium-term management plan and formulated eight key strategies linked to each. We create one large cycle by closely linking these three basic

objectives and this cycle becomes the value improvement story for the region and the Group to grow together. [For details ▶ P.30](#)

In the fiscal year ending March 31, 2030, the final fiscal year of the new medium-term management plan, the plan is to secure ¥60.0 billion in consolidated net income and 8.5% in shareholders’ equity based-ROE, thereby achieving ROE above cost of capital, as well as improving both profitability and efficiency by lifting RORA and reducing OHR. The target management indicators for the final fiscal year are substantially above current levels, but these are not unachievable targets if the strategy-based measures for each fiscal year based are achieved one by one. Then, there is also the realization of the vision beyond that when these targets are achieved.

I believe that my role is to understand the progress of the plan while always verifying that the initiatives of business departments based on each strategy are linked to a “platformer for regional issue solutions,” and if necessary aim for accurate course correction while monitoring the circumstances. For fiscal year ending March 31, 2026, which has already started, we are grasping and evaluating the results in both quantitative and qualitative ways for each quarter as well as implementing a PDCA cycle to promote measures. Furthermore, in rapidly-changing times, we are also required to ask whether the target management indicators aimed for in the new medium-term management plan themselves meet the demands of the time, so we also focus on the macro environment such as politics, economy and society. Through such constant verification and execution, we are committed to achieving the target management indicators in the new medium-term management plan with a strong sense of responsibility and determination.

► Basic objectives and priority strategies

Basic objective (1): Establish a business model based on the “all in the same boat” metaphor

Business Growth Support and Business Management Strategy Regional Co-creation Strategy Asset Support Strategy

Basic objective (2): Enhance financial business

Business Portfolio Strategy

Basic objective (3): Deepen multi-bank, single-platform structure

DX Strategy Sustainability Strategy Human Assets Management Strategy
IT and Cost Management Strategy

► Target management indicators for the new medium-term management plan

	FY2026 (First year)	FY2028 (Third year)	FY2030 (Final year)
Net income	¥31.5 billion	¥45.0 billion	¥60.0 billion
ROE (net asset basis)	Around 5.0%	6.0 to 7.0%	Around 8.0%
ROE (shareholders’ equity basis)			Around 8.5%
RORA	0.6% or more	0.75% or more	1.0% or more
OHR	Around 58%	Around 54%	Around 50%

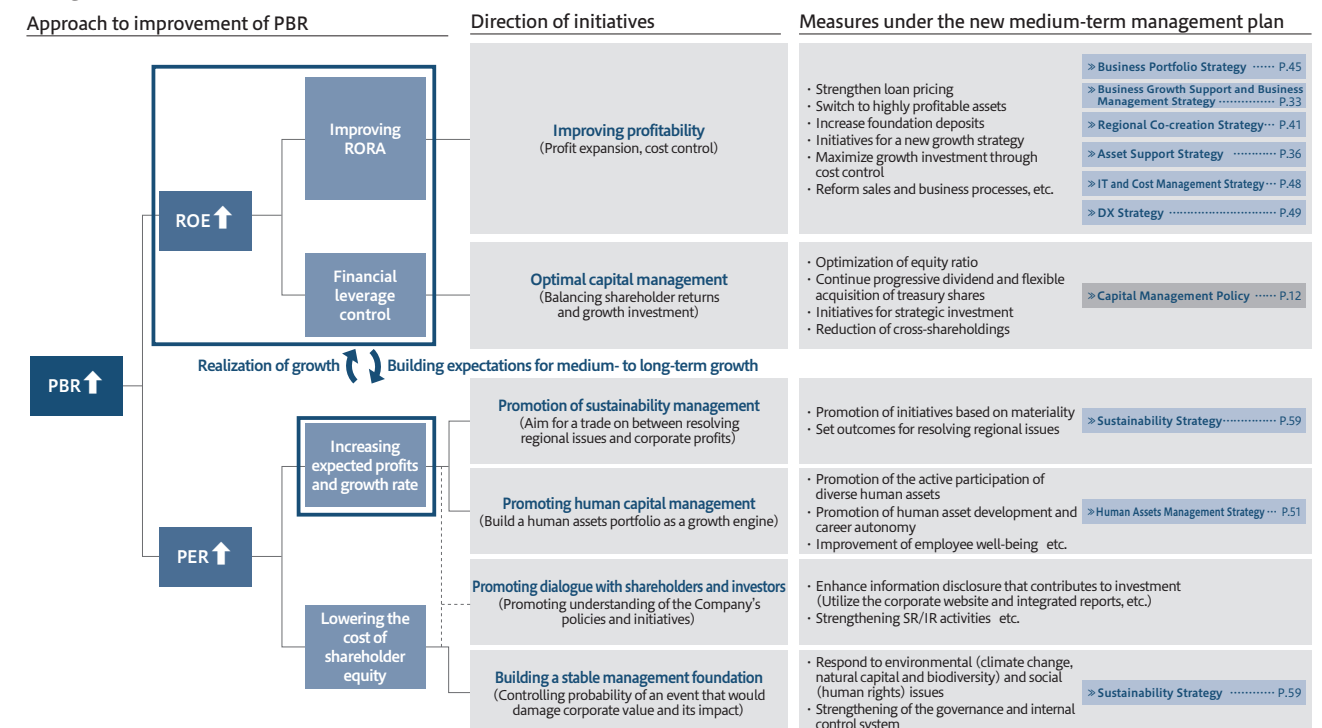
► Profit plan for the new medium-term management plan

	FY2025	FY2026	FY2030
(Unit: Billions of yen)	Results	Plan	Year-on-year
Gross profits	118.4	122.9	4.5
Finance business	102.1	102.5	0.5
Deposit and loan-related business	81.0	85.2	4.3
Issue-solving business	8.8	8.7	(0.1)
Credit expenses	1.7	5.8	4.2
Expenses	64.3	72.1	7.8
Ordinary profits	52.4	45.0	(7.4)

PBR improvement initiatives and capital management policy

We have presented the “PBR logic tree,” that summarizes our approach to improving PBR since the previous medium-term management plan, and brushed this up when formulating the new medium-term management plan. Improving ROE and PER are important for improving PBR, and we have not changed our direction of continued focus on improving ROE.

► Logic tree



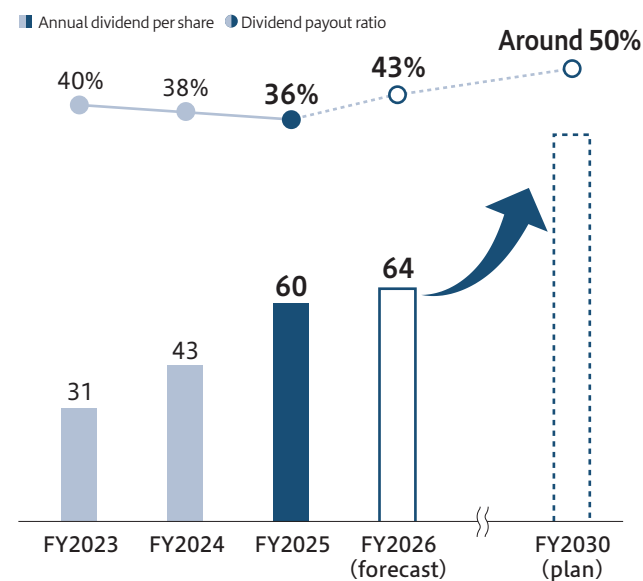
Message from General Manager of the Corporate Planning Administration Group

The fundamental approach to capital management is balancing “growth investment” and “shareholder returns” after ensuring “soundness.” Specifically, we ensure soundness by targeting 11.5% for the CET1 ratio based on common equity Tier 1 capital (CET1 capital), which is the highest quality capital under regulations for capital adequacy requirements, and invest in the Company’s own growth if the levels are higher, while actively allocating returns to shareholders including the acquisition of treasury shares.

In relation to growth investment, we are actively allocating capital to key areas such as ship finance in the financial business area and areas that will become future revenue sources such as supporting business growth in the issue-solving business area, and investing in DX and human assets.

For shareholder returns, we have announced that we will

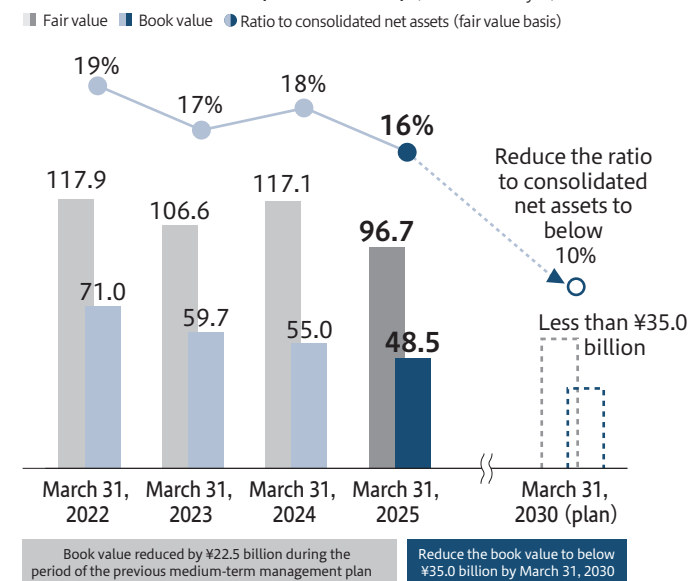
► Trends in annual dividend and dividend payout ratio (Unit: Yen)



provide progressive dividends and lift the dividend payout ratio to about 50% by the fiscal year ending March 31, 2030. This is at the top level within the industry, also indicating that our firm stance is to return the profits generated from growth in the regions to our shareholders.

We are also engaged in ongoing initiatives to reduce cross-shareholdings. In the previous medium-term management plan, we established the Meeting for the Reduction of Cross-Shareholdings, and steadily reduced holdings while periodically verifying the appropriateness and rationality for the holding purpose. We will reduce with similar procedures in the new medium-term management plan as well. We have set targets for the book value of cross-shareholdings to be below ¥35.0 billion and the ratio to consolidated net assets (fair value basis) to be below 10% by March 31, 2030, and we are aiming for further increases in capital efficiency.

► Trends in cross-shareholdings balance and ratio to consolidated net assets (fair value basis) (Unit: Billions of yen)



Such discussion is not limited to the creation of new businesses, but directly relates to redesigning the support function and building the businesses required for the Group to evolve into a “platformer for regional issue solutions.” Dream Incubator’s strategic planning ability and business implementation ability are vital resources for presenting more substantive and sustainable solutions to deal with the complex issues faced by regional companies. The company plays a role in complementing and strengthening the Group’s business support function.

Through partnership with Dream Incubator, we aim to advance the solutions in growth support for regional companies and accelerate the creation of businesses in the issue-solving business area, thereby building a system that can further demonstrate the Group’s function at the center of the regional economy.

In addition, as in this transaction, we will actively utilize strategic capital, including M&A and alliances for companies that have functions and services that will accelerate the evolution and growth of the region and the Group.

Group companies reorganization

We briefly mentioned this in last year’s integrated report, but we have been working on optimizing the Group function since the previous medium-term management plan. We had 24 group companies (excluding the banks within the Group) as of April 2024, but we improved the function of Regional Trading Company Yamaguchi Co., LTD., aggregated the real-estate business, and merged four group companies to sail a new course with the inauguration of YMFG Growth Partners, Inc. If we accomplish the transfer of HOKEN HIROBA business to HOKEN NO MADOGUCHI GROUP, which we announced in July 2025, we will have 14 group companies.

By aggregating the human assets and services that were scattered among each group company, we are transforming into a lean group structure without change to the quality of provided

solutions. Furthermore, by steadily advancing the selection and concentration of business within the Group, we aim to strengthen the group function and improve management efficiency.

We will continue to seek out ways to function as a group, while trying to take the best methods as necessary.

Number of group companies

24 companies >>> **14 companies**
(April 2024)

Outlook for the future

Through the formulation of the new medium-term management plan, I once again thought about the essence of what it means to “create a future.” A business model based on the “all in the same boat” metaphor, which is at the core of the new medium-term management plan, makes a deep contribution to the growth of regional companies by combining the provision of equity (capital investment) with the provision of solutions in addition to conventional financing (debt), and is a new framework to enjoy such outcomes together. This is deeply connected to the approach we have cultivated to date in the field of corporate investment of “growing together with regional companies by taking risk,” and makes me think that I got what I wanted.

I recognize that the execution of this plan will mean that the business model based on the “all in the same boat” metaphor will be a sure path for the Company’s growth strategy five years hence, and I look towards 10 years hence when this becomes the source of our competitive advantage as a regional financial group.

Obviously, I am aware that this business model will provide limited profit contribution in the short term. However, for example, if it is possible to achieve dynamic growth together with the region so that a company that invests ¥10.0 billion today generates value of ¥30.0 billion in three years time, there would be a major transformation of the Company’s profit structure.

This is not necessarily idealism but something I actually observed in the field of corporate investment. If the



Company’s organizational structure and human assets are utilized to the full, I have sufficient confidence that this is a viable future.

We have certainly taken the first steps. YMFG will continue to take on challenges without being afraid of change based on the purpose of “co-creating a bountiful future for all regions.” Through this integrated report, we hope to convey our challenges and thoughts on the future to all regions, investors and society as a whole. We would also appreciate your support as these challenges become a reality.

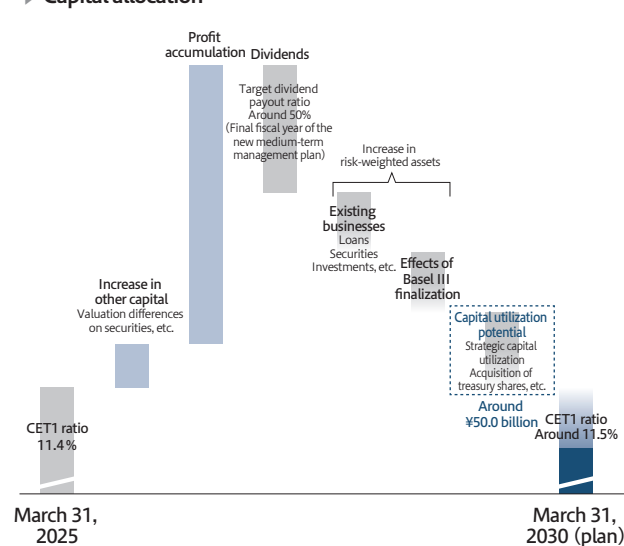
Strategic investment using capital utilization potential

When formulating the new medium-term management plan, we calculated there was about ¥50.0 billion in capital utilization potential that would be a CET1 ratio of 11.5%, with an increase in risk-weighted assets due to investment in growth areas and the payment of dividends based on the policy on returns to shareholders. We plan for appropriate strategic capital utilization, including M&A with external companies, so that this capital utilization potential is used to compensate for the missing organizational function in the Group, to help the Group achieve the new medium-term management plan.

In April 2024, we formed a capital and business alliance with Dream Incubator, which has strength in idea conception and implementation of new ventures, as a strategic investment for expanding our business areas and improving profitability. We acquired about 20% of the company’s shares and turned it into an equity-method affiliate.

We hold regular meetings with the said company and receive new perspectives and suggestions not present in the Group on a daily basis.

► Capital allocation



Discussion Between the Outside Director and an Expert



Outside Director
Takehiko Ogi

From the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry). He has served as president of Kanebo, Maruzen and Japan Human Resource Network, etc. He currently lectures as a Professor at Kyushu University Business School.

Professor at the Graduate School of Business Administration, Hitotsubashi University
Shoichi Tsumuraya

Expertise in financial accounting, disclosure and corporate governance. He has published extensive research on corporate investor relations (IR) and information disclosure systems.

Establishing a business model based on the “all in the same boat” metaphor in the new medium-term management plan and the commitment of outside Directors

We invited YMFG outside Director Takehiko Ogi, who has extensive experience in the public and private sectors, and Professor Shoichi Tsumuraya from Hitotsubashi University Graduate School, who specializes in corporate governance and information disclosure, to hold a discussion on the action necessary for establishing a business model based on the “all in the same boat” metaphor, that is at the core of the new medium-term management plan and the commitment of outside Directors.

Characteristics of YMFG governance

Tsumuraya: Before launching into the main topic, I would like to hear your views, as an outside Director in your third term, concerning the characteristics of YMFG’s board and governance.

Ogi: The characteristics I should mention first are the high ratio of outside Directors and their diversity. Of course, whether or not governance is functioning is not only determined by the composition of the Board of Directors. YMFG has been successful in the number and diversity of outside Directors. It is not the case that outside Directors submit formal questions with set responses prepared internally. Rather, there is an environment that allocates time to substantive discussion about management and direction.

Tsumuraya: An issue that is often raised is that a lack of outside Directors means discussion is not about “management” but about “execution” from end to end. There is no need for any concern on that point at YMFG.

Ogi: The clear and common understanding that internal management, starting with President Mukunashi, have about the division of roles between “management” and “execution” leads to an open atmosphere where outside Directors can express their frank opinions. I also feel comfortable in such a space.

What is necessary for the potential and revitalization of “regional areas”

Tsumuraya: Now, I would like to turn to the main topic. First, please tell us about your evaluation of the YMFG Medium-Term Management Plan 2022 (hereinafter, the “previous medium-term management plan”).

Ogi: My overall impression of the results of the previous medium-term management plan is positive. Other outside Directors are also of the same view and recognize that not only were the targets achieved in terms of numbers, but record profits were attained for both ordinary profits and net income attributable to owners of the parent, the stock price has risen to 2.6 times the level of three years earlier and the performance has surpassed the bank stock price index.

In addition, there is also high praise for President Mukunashi’s stance as a leader. At the Board of Directors, the chair remains dedicated towards having discussion and facing the points raised by outside Directors head on, leading the discussion from the medium to long-term perspective while also talking about YMFG’s purpose. In addition, at the general meeting of shareholders, he does not read a prepared script, but presents his views up front by firmly conveying the message in his own words. I feel there is a similar attitude even for internal meetings in which outside Directors participate from time to time. I think he is demonstrating the right leadership for the period of change.

these issues as an extension of the job to date there will be no “way out.” My basic awareness is that if we do not update our approach to regional issues, we will be too late.

Tsumuraya: What needs to be done to solve the issues in terms of regional revitalization if we restrict the perspective to “companies?”

Ogi: Basically, it would be to strengthen “earning power.” Courageous steps need to be taken to develop businesses that are not an extension of the past. How to write the growth strategy to achieve this is the starting point. Nevertheless, the reality is that regional companies have an overwhelming lack of human resources who can write and implement such strategies.

Something I felt from my experience as a representative of a government-related body (Japan Human Resource Network), which was established for the purpose of regional revitalization, was that there are many companies with great potential in regional areas. However, although there are owners and onsite personnel, there is an overwhelming lack of personnel capable of becoming a president’s right-hand man.

Tsumuraya: With past initiatives now reaching fruition, economic development in regional areas is a vital element for YMFG’s further growth. However, there are many issues in the main sales areas of Yamaguchi, Hiroshima and Fukuoka, as there are in other regional areas. What are your views on this type of matter?

Ogi: “*Chiiki Kasseika* (regional invigoration)” was a key phrase from the period when I was with the Ministry of International Trade and Industry (current the Ministry of Economy, Trade and Industry) (in the 1990s). The phrase has now been replaced by “*Chiho Sosei* (regional revitalization)” and the issue remains unresolved after many decades. Strictly speaking, as long as regional financial institutions confront



Discussion Between the Outside Director and an Expert

How can this be strengthened? Write the strategy with them and support its implementation. If there is a lack of management resources, it becomes necessary to boldly invest in risk-taking funds and human resources from perspectives that have not been considered before. This is clearly a time for regional financial institutions to take a turn.

Tsumuraya: To extract such potential, regional financial institutions themselves need to update their business. What do you think are the specific points in the case of YMFG?

Ogi: In a nutshell, updating organizational capability. The

conventional organizational capability that was optimized for financing operations by itself would be insufficient to achieve the business model based on the “all in the same boat” metaphor presented in the YMFG Medium-Term Management Plan (FY2026–FY2030) (hereinafter, the “new medium-term management plan”). How to transform everything from the operating method of the organization to the way jobs are progressed for the Group as a whole – I believe that is the biggest challenge for the new medium-term management plan.

Thoughts incorporated into the process of formulating the new medium-term management plan and a business model based on the “all in the same boat” metaphor

Tsumuraya: What sort of discussion was there between board members when formulating the new medium-term management plan?

Ogi: There are no doubt cases where companies present their draft medium-term management plan with limited time before the deadline, which makes it difficult to make major corrections. However, ample time for discussion is ensured at YMFG, with discussion starting from a comparatively early stage when the concepts are still rough. This time, the discussion started with a conversation initiated by President Mukunashi himself who used the phrase “all in the same boat” derived from the purpose of “co-creating a bountiful future for all regions.” Subsequently, there was an officer retreat that also included executive officer level staff, where the plan was created through discussion and comments such as “This is no good” and “How about this?”

Tsumuraya: Regarding the “retreat,” does that mean you also spent considerable time on discussion about the new medium-term management plan?

Ogi: I have not calculated the precise time, but I also said, “Please do not hesitate to use my knowledge if it would help.” Apart from the retreat, there is a commitment and great honor as an outside Director to have discussion with executive officers and to attend online meetings, etc.

Tsumuraya: While I also empathize with the purpose put forward by YMFG, other financial institutions are also thinking about how to revitalize regional economies and are

undertaking activities. What part of the new medium-term management plan is unique to YMFG?

Ogi: The point you are raising is what must be embodied in this new medium-term management plan. Specifically, whether or not we can really pull the regional economy and regional companies along a growth trajectory. Unfortunately, there have been limitations with the indirect support centered on loans provided to date. So in future, we will be in the same boat and share the risk. This medium-term management plan is the declaration of a transition to a new position that is completely different from the one to date.



Roles of outside Directors and commitments

Tsumuraya: A business model based on the “all in the same boat” metaphor indicates a much stronger determination for regional growth than YMFG has previously shown. So, what will be your own role in moving towards such realization?

Ogi: Since I empathize with YMFG’s purpose, I have accepted the role of outside Director. With regard to what I should do to help realize a business model based on the “all

in the same boat” metaphor that is derived from such purpose, and what I should do for co-creating a bountiful future for all regions? – I believe that one role of an outside Director is to throw that type of question to and discuss with the executive team, and to work with them to derive the direction. On top of that, with regard to the current situation, even though the targets in the previous medium-term management plan were achieved, there is a large gap between the goals targeted in the new medium-term

management plan and where we are at. For example, from my perspective and taking just one issue, I believe an important point is how each and every employee will embody the idea of taking on challenges in the unknown area of a business model based on the “all in the same boat” metaphor.

Possibly because it is a characteristic of the finance industry, talented human assets are available in the area of sophisticated analysis and for setting detailed KPI. On the other hand, it cannot be said that there has been complete adoption of a “challenging mindset” to challenge unknown areas and move forward through trial and error that is required under this business model.

Even recently, when discussing the monitoring of the business model based on the “all in the same boat” metaphor, I said to the execution side, “It does not matter if the report is only one page.” That is because, if I had not conveyed that view, they would have spent many days on creating a detailed report. Detailed reports maybe necessary in the financing operations, but under the business model based on the “all in the same boat” metaphor, I believe that such effort should be spent on visiting the locations and dealing with customers.

Tsumuraya: That is precisely the issue of “updating the organizational capability” that you referred to earlier isn’t it?

Ogi: Correct. Then, we board members also play an important role in creating a culture for updating the organizational capability. At the Board of Directors meeting and elsewhere, we ourselves say that “this meeting is a forum to discuss the following,” which also conveys the direction to the executive officers in attendance, and the new flow of discussion spreads across the entire organization.

Specifically, we take the initiative at board meetings for two-way discussion. For example, “in the case of the traditional finance area, we progress through detailed consideration. On the other hand, in the case of a proposal under a business model based on the ‘all in the same boat’ metaphor, it is likely that we need to advance with a sense of urgency,” so we have well-defined discussion.

Such forums for discussion are where outside Directors take their turn, and I feel that this is the frontline where we can contribute to creating the culture.

Tsumuraya: Have you already set the KPI for monitoring the business model based on the “all in the same boat” metaphor?

Ogi: There is already a certain framework with regard to KPI, but rather than detailed discussion of individual indicators by outside Directors, our stance is for those on the execution side to proceed through trial and error and for us to respect that process.

Therefore, I am aware that we are currently at the stage of first trying it out while we verify and monitor how this fits with the actual operations and in the field. On top of this, under the business model based on the “all in the same boat” metaphor there are not only conventional loans, but a complex combination of consulting services

and equity solutions, and in some case, the provision of human assets as well. If YMFG can become like the right hand of the presidents of regional companies, we will be able to have considerable impact on the regional economy. Of course, to have such a presence is not that simple as it requires the training of internal human assets and placing the right people in the right positions as well as measures such as appointing human assets from outside the Company. However, I believe we will not be able to complete the business model based on the “all in the same boat” metaphor in the true sense without taking on such challenges.

Tsumuraya: From the perspective of the organization and personnel, YMFG Growth Partners, Inc. was established in July this year with a central role in the promotion of the business model based on the “all in the same boat” metaphor. The launch of this new organization is a major step towards the realization of the business model based on the “all in the same boat” metaphor. In conclusion, would you please tell us your expectations for how things will change and spread under this new structure.

Ogi: When the company was being established, the personnel was not determined by the company side but personnel who expressed their interest were assigned. Loans are one method to support the regional companies and regional economy and many employees want to be involved in a job as a “platformer for regional issue solutions.” So thinking about the fact that these people have joined YMFG, the realization of the business model based on the “all in the same boat” metaphor should be nothing more than fulfilling. It is no exaggeration to state that the original job of a regional financial institutions is to make regional companies healthy and bring back vitality to the region. I heard that many applied because they wanted to take on the challenge of such a job and we should look forward in anticipation to the future activities of YMFG.

Value Creation Process

Mission and the meaning of its existence
(Purpose)

Co-creating a bountiful future for all regions

What the Group should become in the future
(Vision)

A regional value-up corporate group that is chosen by
all regions and responds to the trust of all regions

Conversion to
capital

Realizing purpose and vision

Capital for value creation

Business development

Output and outcomes for value creation

Financial capital

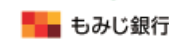
ROE (net asset basis)	5.5%
Total assets	¥12,993.4 billion
Deposit amount ^{*1}	¥10,572.1 billion
Net assets	¥622.1 billion
Total equity ratio	12.85%

Human capital

Number of employees ^{*2}	4,655
Of which, ratio of females	51.1%
Ratio of management positions of diverse backgrounds ^{*3}	14.8%
Ratio of females in management positions	8.2%
Overall employee satisfaction ^{*4}	3.61 points

Intellectual capital

Group companies with wide-ranging solutions 17 companies
Solid brands established in the region

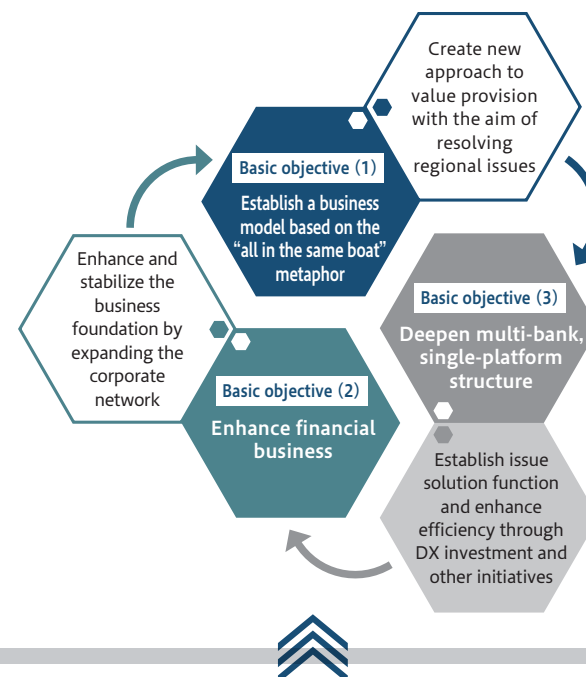


Social and relationship capital

Customer base
Corporate customers
Approximately 150,000 accounts
Individual customers
Approximately 2,520,000 accounts
Branch network^{*5} 266 branches

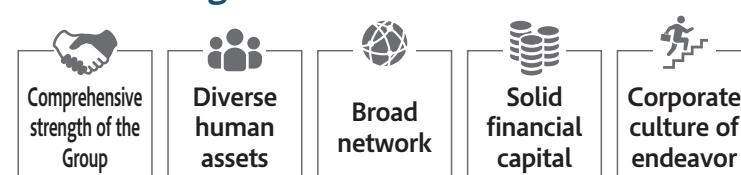
YMFG Medium-Term Management Plan (FY2026–FY2030)

Improving the corporate value of YMFG by linking three basic objectives



Strengths of YMFG

For details ▶ P.23



	FY2025 Result	FY2026 Plan	
Financial	■ Ordinary profits	¥52.4 billion	¥45.0 billion
	■ Net income	¥35.3 billion	¥31.5 billion
	■ ROE (net asset basis)	5.5%	Around 5.0%
	■ OHR	56.18%	Around 58%
	■ Dividend payout ratio	36.3%	42.9%
Environment	■ Total equity ratio	12.85%	—
	■ Cumulative amount of sustainable finance execution	¥650.2 billion ^{*1}	(¥1,500.0 billion or more) ^{*2}
	■ Of which, sustainable finance that contributes to the environmental sector and the response to climate change	¥382.0 billion ^{*1}	At least ¥135.0 billion
	■ Customers that have advanced their decarbonization efforts	360 companies	—
	■ Employee awareness survey (overall satisfaction)	3.61 points	—
Human assets	■ Ratio of management positions of diverse backgrounds	14.8%	15% or more
	■ Ratio of females in management positions	8.2%	10% or more
	■ Male childcare leave acquisition rate	103.8%	100% or more
	■ Customers that started addressing the "successor absence issue"	410 companies ^{*1}	—
	■ Customers that embarked on "business revitalization and regrowth"	67 companies	—
Society	■ Economic value generated by town development projects	¥10.0 billion	(¥30.0 billion or more) ^{*3}
	■ Net increase in customers' assets under the Group's custody ^{*4}	¥61.6 billion ^{*1}	(¥200.0 billion or more) ^{*3}

^{*1} Total execution amount for single fiscal years from FY2023 to FY2025 / ^{*2} Total execution amount for single fiscal years from FY2023 to FY2032 / ^{*3} Total for the single-year plan over the five years of FY2026 to FY2030 / ^{*4} (Banks within the Group: Investment trust balance + Fund wrap balance) + (YM Securities: Investment trust balance + Fund wrap balance + Stock and bond balance)

Co-create better relationships with stakeholders

Customers	Shareholders and investors	Business partners	Employees	Local community	Government/industry organizations/initiatives
Solve customer issues through enhancement of products and services	Improve shareholder value through long-term improvement of corporate value	Grow through mutual provision of value	Promote success by diverse human assets and improve engagement	Resolution of regional issues and revitalization	Solve social and environmental issues through collaboration

^{*1} Average balance of deposits and negotiable certificates of deposit
^{*2} Employees directly employed by the Company (excluding individuals on secondment from other companies, executive officers who do not concurrently serve as directors, and employees directly employed by consolidated subsidiaries)

^{*3} Diverse human assets is a collective term for employees who have diverse backgrounds, including females, foreigners, experienced hires, alumni, staff with side jobs, and people with experience of external secondments

^{*4} Calculated based on annual employee awareness survey, with overall satisfaction scores ranging from a minimum of 1.00 point to a maximum of 5.00 points

^{*5} In-Group head offices and branch offices and representative offices
^{*6} All the above figures represent actual results for the fiscal year ended March 31, 2025

Changes in external environment

- Shift to positive interest rates worldwide
- Stagnation of the regional economy
- Increasing complexity of issues facing regional companies
- Declining population, declining birthrate, and aging population
- Acceleration of digitalization
- Diversification of values
- Changes in regulatory environment
- Increased natural disaster and climate change risks
- Respond to sustainability issues

Materiality

Four themes

12 items of materiality

Initiatives for the preservation of the environment	(1) Respond to the conservation of resources, and energy saving and creation (2) Respond to air pollution and climate change (3) Develop environmentally friendly products and services
Initiatives for revitalization of local community and economies	(4) Respond to the declining population, declining birthrate, and aging population (5) Create innovation in the region and support the growth of local industries (6) Strengthen cooperation with the local community (7) Improve the safety and quality of products and services
Initiatives for the job satisfaction of all officers and employees	(8) Cultivate human assets and create training opportunities (9) Create a safe and secure work environment (10) Promotion of the active participation of diverse human assets
Initiatives for building a solid management foundation	(11) Strengthen the governance and internal control system (12) Improve transparency and accountability of management

Reasons for materiality selection

Environmental conservation efforts such as resource conservation and the utilization of new energy, responding to climate change, and realizing carbon neutrality are global issues, and are also critical in the Group's main sales areas where secondary industry bases are concentrated. As a leading company in the region, we need to take the initiative and involve our customers in these efforts.

Solving various regional issues is one of the roles required of a leading regional company. In order to respond to the declining population, declining birthrate and aging population, and to revitalize the regional economy through the growth of regional industries, it is necessary to innovate within the region, utilize the network of the Group's main sales areas as a hub function among regional communities, and work towards enhancing regional value.

The driving force and source of efforts of the Group's main sales areas are all "people" and "employees," and creating an environment and opportunities where employees can actively participate is essential for the "maximization of value provided to our region and customers" and "creation of new value." It is necessary to develop employees and improve the environment to promote the active participation of diverse human assets regardless of gender, age, background, etc.

Based on "a sound and proactive enterprising spirit" as the management policy, in order to achieve sustainable growth and improve the medium- to long-term corporate value through transparent, fair, swift and decisive decision-making in management, it is necessary to continuously work on enhancing corporate governance, such as establishing an effective corporate governance system.

Communication with Stakeholders

Communication with our shareholders and investors

The Group endeavors to enhance information disclosures in order to improve the soundness and transparency of management and to increase the trust and reputation from all stakeholders, including customers, shareholders and the local community. In terms of dialogue with shareholders and institutional investors, we are aiming to

improve opportunities and the quality while promoting constructive dialogue. In addition, we actively disseminate information about financial results and the Group's initiatives through IR tools, including the regular corporate briefings, briefings for investors and integrated reports.

Investor relations activities (fiscal year ended March 31, 2025)

Activity details	Frequency and details of implementation
Briefings for analysts and institutional investors	-Large meeting- • Held twice in Tokyo, May and November (hybrid format combining in-person and live online briefing), a total of 151 participants * Materials and videos are posted on the Company's website after the briefings -Small meeting- • Held three times in Tokyo, November and January (including online), a total of 15 participants
Individual investor relations for institutional investors	• 30 companies / 44 times (Including participation by the President and CEO: 13 companies / 13 times)
Corporate briefings for individual investors	• Held in September (live online briefing hosted by a securities company) and March (in-person), a total of 918 viewers and participants * Materials and videos are posted on the Company's website after the briefings

Main dialog items

- Matters related to the status of human capital management initiatives
 - Matters related to the disclosure policy through the integrated report, etc.
 - Matters related to the status of cross-shareholding reduction initiatives
- Matters related to the status of strategic capital utilization initiatives
 - Matters related to PBR improvement initiatives
 - Matters related to initiatives for the TCFD recommendations
 - Matters related to trajectory of the new medium-term management plan

Review of shareholder benefit system

The Group has introduced a benefit system whose purpose includes expressing gratitude to its shareholders for their ongoing support while also enhancing the appeal of investing in the Company's shares and contributing to regional economic revitalization by presenting regional specialty products.

In February 2025, we revised the shareholder benefit system with the aim of encouraging more shareholders

to hold their shares over the long term by further increasing the appeal of investing in the Company's shares.

In addition, the products listed in the benefits catalog provided to shareholders are reviewed annually to improve shareholder satisfaction by reflecting past order trends and feedback from shareholder surveys.

Details of changes to shareholder benefits

<Before changes>		<After changes (as of March 31, 2026)>			
Number of shares held	Benefit (no shareholding duration restrictions)	Number of shares held	Benefit (by shareholding duration)		
			Less than 6 months	6 months or more but less than 3 years	3 years or more
100 or more but less than 1,000 shares	QUO Card (¥500)	100 or more but less than 500 shares	QUO Card (¥500)		
1,000 or more but less than 5,000 shares	Catalog gift (¥5,000 equivalent)	500 or more but less than 1,000 shares	Not applicable	Regional specialty products (¥2,000 equivalent)	
5,000 shares or more	Catalog gift (¥10,000 equivalent)	1,000 or more but less than 5,000 shares		Catalog gift (¥5,000 equivalent)	Regional specialty products (¥3,000 equivalent) in addition to catalog gift (¥5,000 equivalent)
		5,000 shares or more		Catalog gift (¥10,000 equivalent)	Regional specialty products (¥3,000 equivalent) in addition to catalog gift (¥10,000 equivalent)

Shareholder Benefits Catalog (FY2026 edition)



Communication with customers

The Group strives to utilize customer feedback to enhance operations and to develop and review products and services. We provide various opportunities for customers to present their opinions and requests, such

as through Customer Opinion Cards available at our branches, call centers, website, and regular surveys. Going forward, we will continue to communicate with our customers to further improve our operations.

Communication with the local community

Using its management resources and networks, the Group is engaged in various regional contribution activities. This includes arranging financial education classes at schools aimed at improving financial literacy in communities and providing manpower support for local events. Co-existence with our region—that is, developing and growing together

with the region—is our mission as a regional financial institution and an essential factor in the achievement of our purpose. Going forward, we will proactively promote regional development by supporting collaboration between the industrial, academic, and public sectors and engaging in social contribution activities.



Sponsorship of local events (WILD BUNCH FES.)



Financial education classes at the university



Support for sport promotion Partner of J2 League, "RENOFA YAMAGUCHI FC"

Issuance of a brand communication book

With the brand slogan as a foundation, the Group has developed brand communication initiatives. As part of these initiatives, we have issued the brand communication book "YMfg," an area magazine themed around the three main sales areas of the Group: Yamaguchi, Hiroshima and Fukuoka. We introduce engaging content for these three areas and present the future that the Group aims for in an easy-to-understand and easy-to-image manner.

We will continue to issue this brand communication book so that we can help people discover and communicate the new attractions of these three areas.



Communication with employees

The Group proactively provides opportunities for dialogue between management and employees to further improve employee engagement and reflect

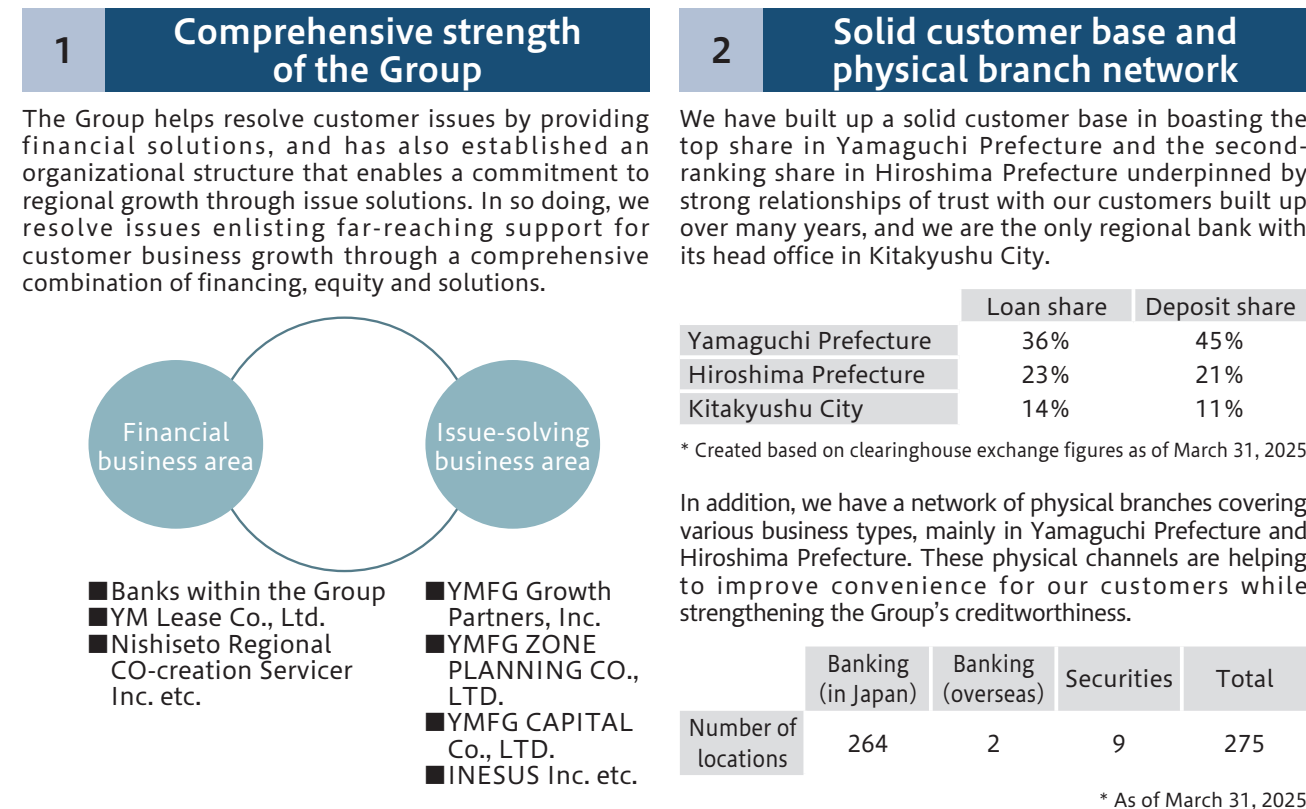
employees' feedback into management. We are also working to revitalize communication between our employees.

Measures	Description
Town hall meeting	• Since FY2024, town hall meetings serving as forums for the President and CEO, Presidents of the banks, and other executives to engage in direct dialogue with employees in each district • During FY2025, meetings held at 15 locations with 352 employees participating (cumulative total of 1,093 employees since FY2024) • New events planned and held, including joint information sessions for group companies, based on requests and ideas collected from employees during the town hall meetings
Joint information session for group companies	• Since FY2024, joint information session for group companies held once annually with the aim of deepening mutual understanding by creating opportunities for dialogue with group companies and sales branches • During FY2025, meeting held in Hiroshima City with 372 employees participating (cumulative total of 661 employees since FY2024)
My Voice	• Since FY2022, initiated operations of "My Voice" as a tool that enables each employee to convey their opinions and thoughts directly to the President and CEO
My Improvement	• Since FY2022, initiated operations of "My Improvement," which enables all employees to submit proposals that facilitate reduction and streamlining of administrative workloads, and enhancement of customer satisfaction • Enabled business improvement and streamlining driven by employee feedback, with a cumulative total of 8,434 proposals submitted as of the end of FY2025, of which 1,229 have been adopted as actual business improvement measures
YMFG 7DAY'S	• Content such as important topics and best practices from the week are compiled into easy-to-understand video and shared internally as "YMFG 7DAY'S" • By leveraging the advantages of the video format, such as by conducting interviews at sales branches and filming explanations by persons in charge in the headquarters regarding aspects that are difficult to communicate in writing, we are working to enhance mutual understanding between the headquarters and sales branches and revitalize internal communication

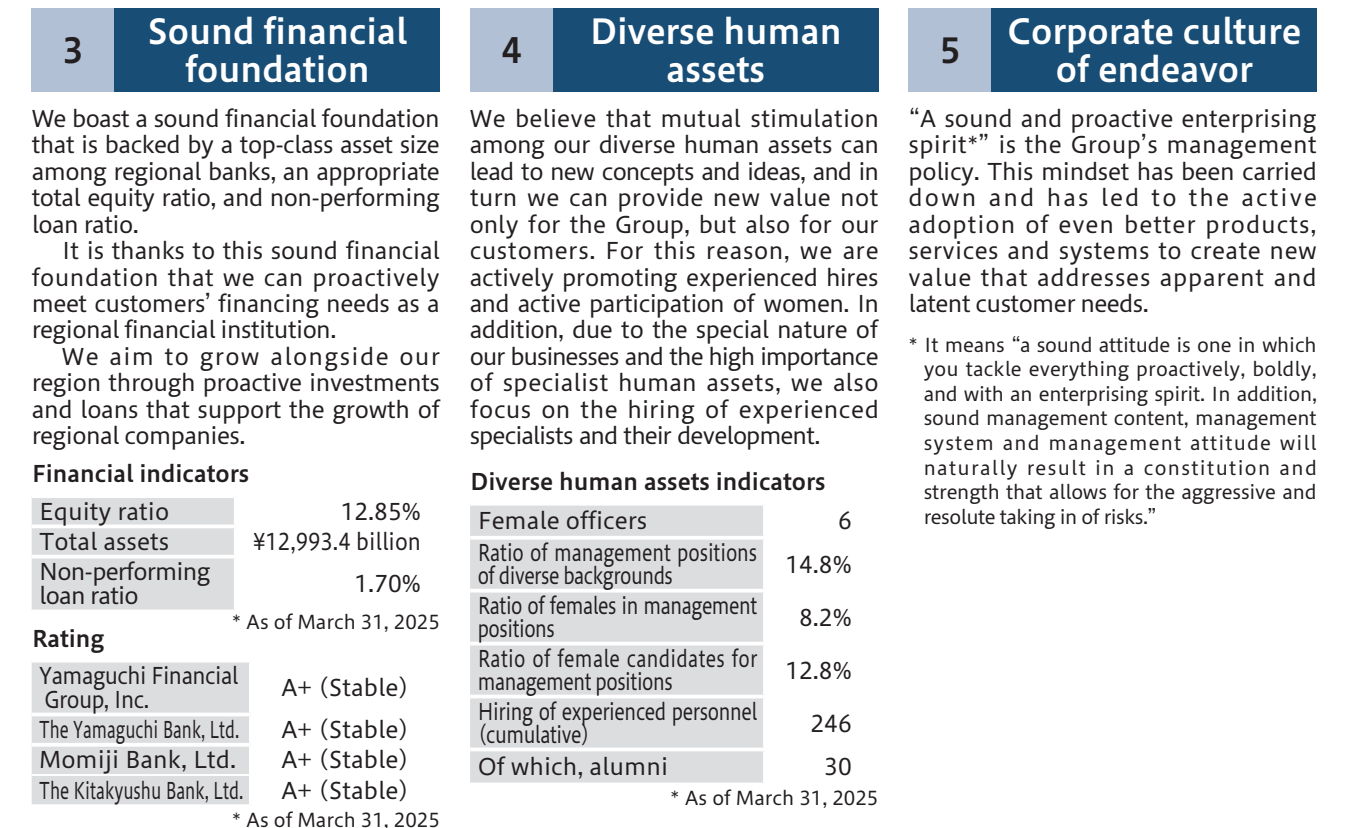
Strengths and History of YMFG

Strengths

To ensure that we are always trusted and relied on by our customers in the region, the Group has continued to enhance its strengths throughout its long history. So that we can transform in line

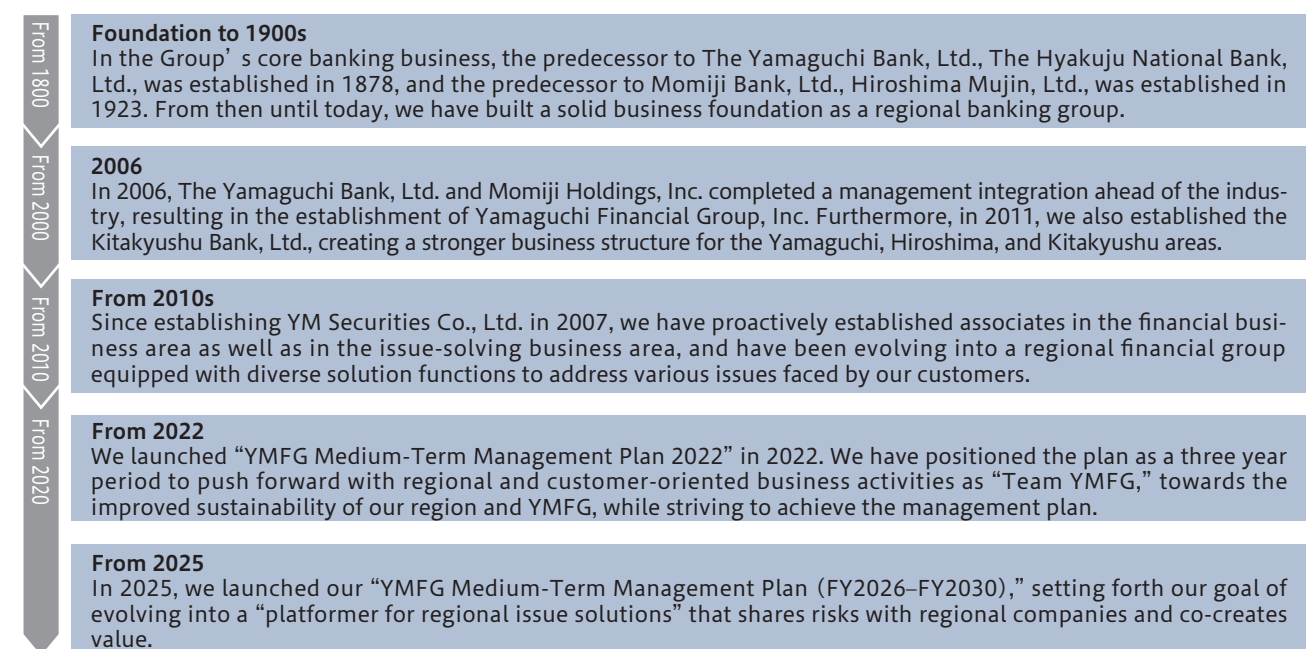


with social trends in a flexible manner, in addition to enhancing our current strengths, we will strive to create new strengths.



History

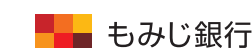
The Group has been striving every day for the region and for the creation of a future, based on "a sound and proactive enterprising spirit" that has been passed down over the course of our long history of over 140 years. We are supporting the development of the region from a variety of



perspectives by connecting Yamaguchi, Hiroshima and Northern Kyushu with the wide area network and using the Group's comprehensive strengths, and we are jointly creating a sustainable future for our customers and region.



1878 Established The Hyakuju National Bank, Ltd.
1944 Established The Yamaguchi Bank, Ltd. (The merger of five banks: The Hyakuju Bank, Ltd., Kaho Bank, Ltd., Senjo Bank, Ltd., Oshima Bank, Ltd., and Ube Bank, Ltd.)



1923 Established Hiroshima Mujin, Ltd.
1951 Converted to a sogo bank, and changed the trade name to Hiroshima Sogo Bank, Limited.
1989 Converted to a commercial bank, and changed the trade name to Hiroshima-Sogo Bank, Ltd.
2001 Established a holding company, Momiji Holdings, Inc.
2004 Merged with Setouchi Bank Ltd., and changed the trade name to Momiji Bank, Ltd.



2011 Established and started operation of The Kitakyushu Bank, Ltd.

*13 consolidated subsidiaries, 1 equity-method affiliate
 (After the transfer of HOKEN HIROBA, LTD. shares to HOKEN NO MADOGUCHI GROUP INC.)

YMfg

2006 Established YMFG
2022 Launched YMFG Medium-Term Management Plan 2022
2025 Launched YMFG Medium-Term Management Plan (FY2026–FY2030)

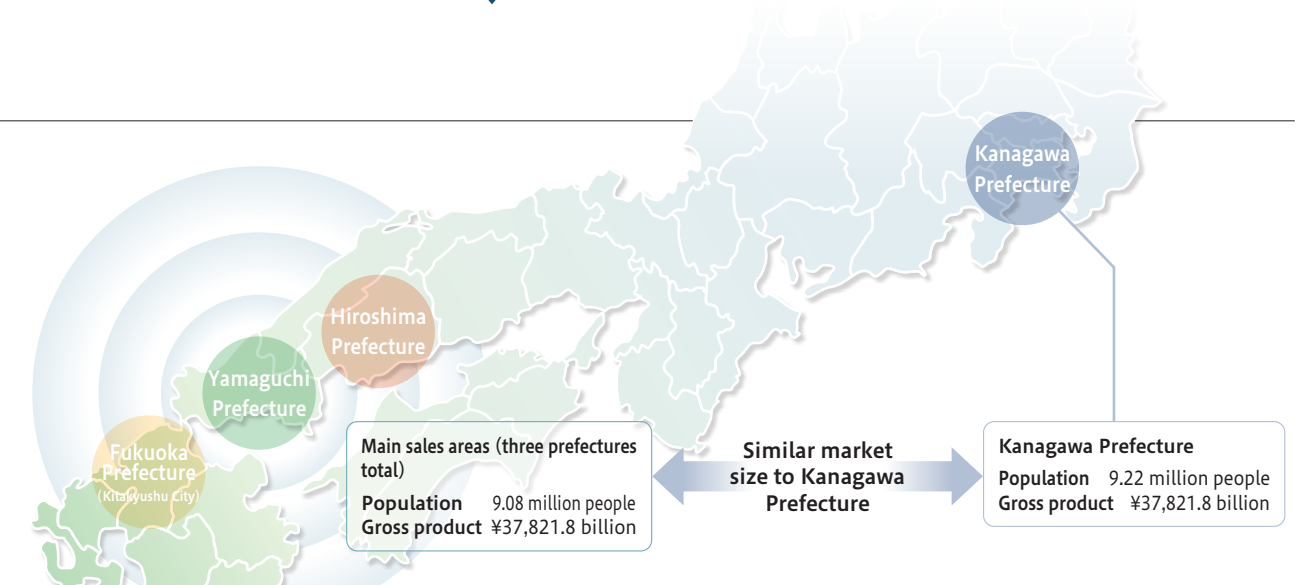
14 Group companies (excluding banks within the Group)*

2007 Established YM Securities Co., Ltd. and YM Saison Co., Ltd.
2015 Established YMFG ZONE PLANNING CO., LTD.
2016 Established YM Asset Management Co., Ltd.
2019 Established YM Career Inc.
2021 Established INESUS Inc.
2023 Made YAMAGUCHI CAPITAL Co., Ltd. (currently YMFG CAPITAL Co., LTD.), YM Lease Co., Ltd., YAMAGINCARD CO., LTD. and Momiji Card, Inc. wholly owned subsidiaries
2024 Made Dream Incubator Inc. an equity-method affiliate.
2025 Integrated functions of the four companies YM CONSULTING CORPORATION, YM Career Inc., Data Qvic Inc., YM Life Planning Co., Ltd., and changed the trade name to YMFG Growth Partners, Inc. Announced the transfer of HOKEN HIROBA, LTD. shares to HOKEN NO MADOGUCHI GROUP INC.

Characteristics of the Main Sales Area

Yamaguchi Prefecture, Hiroshima Prefecture, and Fukuoka Prefecture (Kitakyushu City), the Group's main sales areas, have developed industrial infrastructure and are blessed with an abundance of tourism resources. Geographically, they are located close to China, Korea, and Southeast Asia, and have potential to become industrial zones that have an eye towards the future. On the other hand, one of the issues facing the region is the aging and declining population, which is progressing at a level above the national average, and thus regional growth is moderate. In addition, there is also an issue of high CO₂ emissions due to the industrial structure where the manufacturing industry is concentrated.

We contribute to the sustainable development of the region by earnestly facing these regional issues and aiming to resolve them together with companies and customers in the region.



Structure

Population	1.28 million people (28th in Japan) ^{*1}
Gross area	6,112 km ² (23rd in Japan) ^{*2}
Gross prefectural domestic product	¥6,236.6 billion (25th in Japan) ^{*3}
Prefectural income	¥3,930.0 billion (26th in Japan) ^{*3}
Per capita income	¥2.96 million (23th in Japan) ^{*3}
Value of product shipments, etc.	¥6,553.5 billion (17th in Japan) ^{*4}
Industrial structure	<ul style="list-style-type: none"> The primary industries are basic material industries such as steel, oil and chemical products Value of manufactured goods shipments per establishment is the highest in Japan

Location and infrastructure

- Convenient transportation with urban areas to both the east and west**
Located between the cities of Fukuoka in the west and Hiroshima in the east, both can be accessed in about 30 minutes by Shinkansen (bullet train) from the center of the prefecture. Moreover, the prefecture boasts an excellent road network and was ranked first in Japan in the "road user satisfaction survey"^{*5}
- Well-developed shipping infrastructure**
Surrounded by the sea on three sides, it has among the best shipping infrastructure in Japan, including two international hub ports and four other important ports



Regional issues

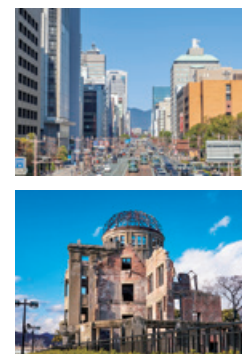
- Successor absence rate^{*6}**
56.4% (17th in Japan / national average: 52.1%)
- Average annual growth rate of population (2015 to 2023)^{*7}**
-1.0% (38th in Japan / national average: -0.3%)
- Average annual growth rate of gross prefectural domestic product (2011 to 2021)^{*8}**
0.56% (39th in Japan / national average: 0.98%)
- The proportion of securities in the financial asset balance per household^{*9}**
10.6% (33rd in Japan / national average: 16.0%)
- CO₂ emissions / CO₂ emissions per population^{*10}**
26,840,000 t-CO₂ (13th in Japan) / 20,442,000 t-CO₂ (3rd in Japan)
- Aging rate (population of 65 and over)^{*11}**
35.3% (3rd in Japan / national average: 29.1%)

TOPICS

- Economic diffusion index in July 2025: Approximately 43% (15th in Japan)^{*14}
- Capital investment in FY2025: 21.6% year-on-year increase
Capital investment plan for FY2026: Forecast of 1.3% year-on-year increase^{*15}
- Invested a record-high amount of approximately ¥147.5 billion in attracting companies to the area in FY2025^{*16}
- Planned construction of new plant in Shunan City by a chemical manufacturer, Zeon Corporation (scheduled for completion in the first half of 2028); Planned investment: ¥70.0 billion^{*17}
- Planned construction of new plant in Shimonoseki City by stainless steel pipe manufacturers, MARUICHI STEEL TUBE LTD. and MARUICHI STAINLESS TUBE CO., LTD. (scheduled for completion after 2027); Planned investment: ¥48.0 billion^{*18}
- Opening of RISONARE Shimonoseki in Shimonoseki City by Hoshino Resorts Inc. in December 2025^{*19}

Population	2.71 million people (12th in Japan) ^{*1}
Gross area	8,478 km ² (11th in Japan) ^{*2}
Gross prefectural domestic product	¥12,128.1 billion (12th in Japan) ^{*3}
Prefectural income	¥8,835.6 billion (12th in Japan) ^{*3}
Per capita income	¥3.18 million (12th in Japan) ^{*3}
Value of product shipments, etc.	¥9,741.5 billion (11th in Japan) ^{*4}
Industrial structure	<ul style="list-style-type: none"> Shipbuilding, transportation machinery such as automobiles, steel, and production machinery are the main industries The Nishiseto region, which includes Hiroshima Prefecture, is one of the leading concentrations of maritime industry businesses in Japan

- Hiroshima City, the core city of Chugoku and Shikoku**
With a population of 1.18 million people, it is the largest city in Chugoku and Shikoku, and it is a core city with many major companies based in Hiroshima City
- Abundant tourist resources**
It boasts two World Heritage sites, the Hiroshima Peace Memorial (Genbaku Dome) and Itsukushima Shinto Shrine, making it rich in tourism and inbound resources.

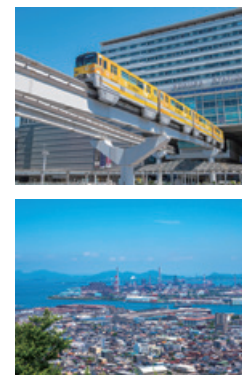


- Successor absence rate^{*6}**
57.6% (15th in Japan / national average: 52.1%)
- Average annual growth rate of gross prefectural domestic product (2011 to 2021)^{*8}**
0.74% (35th in Japan / national average: 0.98%)
- The proportion of securities in the financial asset balance per household^{*9}**
9.8% (35th in Japan / national average: 16.0%)
- CO₂ emissions / CO₂ emissions per population^{*10}**
37,954,000 t-CO₂ (9th in Japan) / 13,751,000 t-CO₂ (4th in Japan)
- Number of excess transfers out of population^{*12}**
Decrease by 10,711 people (1st in Japan)

- Economic diffusion index in July 2025: approximately 46% (4th in Japan)^{*14}
- Capital investment in FY2025: 6.8% year-on-year increase
Capital investment plan for FY2026: Forecast of 6.3% year-on-year increase^{*15}
- Estimated economic ripple effect of ¥83.17 billion from new stadium park comprising new football stadium and surrounding open space, which opened in February 2024^{*20}
- Planned construction of new plant in Kure City by a semiconductor equipment manufacturer, DISCO Corporation (scheduled for completion in April 2028); Planned investment: ¥33.0 billion for the first of the project's three phases^{*21}
- Planned opening by Hoshino Resorts Inc. of KAI Miyajima hot spring inn located on the shore facing Miyajima Island (Hatsukaichi City), home to the World Heritage site Itsukushima Shinto Shrine around the summer of 2026 (first venture into Hiroshima Prefecture)^{*22}

Population	5.09 million people (8th in Japan) ^{*1}
Gross area	4,987 km ² (29th in Japan) ^{*2}
Gross prefectural domestic product	¥19,457.1 billion (9th in Japan) ^{*3} (Of which, Kitakyushu City: ¥3,957.9 billion)
Prefectural income	¥14,002.1 billion (9th in Japan) ^{*3}
Per capita income	¥2.73 million (37th in Japan) ^{*3}
Value of product shipments, etc.	¥9,912.2 billion (10th in Japan) ^{*4}
Industrial structure	<ul style="list-style-type: none"> Kitakyushu is the city where modern iron manufacturing in Japan began, and in addition to material industries, processing-related industries, including non-metallic and metallic products, general machinery and other products, are the main industries

- Kitakyushu City, the "Gateway to Kyushu"**
As one of the cities designated by ordinance, it plays a role as the "gateway to Kyushu" with its well-developed land, sea and air transportation infrastructure
- Became the first city in Asia to be designated a "global model city for promoting SDGs" in 2018**



- Successor absence rate^{*6}**
54.1% (23rd in Japan / national average: 52.1%)
- Average annual growth rate of gross prefectural domestic product (2011 to 2021)^{*8}**
0.69% (37rd in Japan / national average: 0.98%)
- CO₂ emissions / CO₂ emissions per population^{*10}**
37,344,000 t-CO₂ (10th in Japan) / 7,299,000 t-CO₂ (23rd in Japan)
(Of which, Kitakyushu City: 8,419,000 t-CO₂)^{*13}

- Economic diffusion index in April 2025: Approximately 45% (6th in Japan)^{*14}
- Capital investment in Kitakyushu City in FY2025: 7.8% year-on-year increase
Capital investment plan in Kitakyushu City for FY2026: Forecast of 7.6% year-on-year increase^{*15}
- 84 new companies attracted to Kitakyushu City in FY2025, invested a record-high amount of ¥371.7 billion
- Planned construction of new EV battery materials plant in Kitakyushu City by a chemical manufacturer, NIPPON SHOKUBAI CO., LTD. (scheduled for completion in July 2028); Planned investment: ¥37.5 billion^{*23}
- Decision of Saibu Gas Co., Ltd. for expansion of liquefied natural gas (LNG) storage tanks at the Hibiki LNG Terminal in Kitakyushu City (scheduled to commence operations in the first half of FY2030); Total project cost: Approximately ¥50.0 billion^{*24}

^{*1} "Current Population Estimates as of October 1, 2024" by the Ministry of Internal Affairs and Communications
^{*2} The Report of Statistical Reports on the Land Area by Prefectures and Municipalities in Japan 2025 (as of April 1) by the Geospatial Information Authority of Japan, Ministry of Land, Infrastructure, Transport and Tourism
^{*3} Gross prefectural domestic product, prefectural income, and per capita income: according to "Prefectural Accounts 2021" by the Cabinet Office
^{*4} At current prices
^{*5} "2023 Economic Structure Survey (Survey of Manufacturing Establishments)" by the Ministry of Economy, Trade and Industry
^{*6} Implemented by the Ministry of Land, Infrastructure, Transport and Tourism in 2005, not implemented since 2006

^{*6} 2024/"Successor Absence Rate Trends Survey" by TEIKOKU DATABANK, Ltd. (TDB)
^{*7} Calculated by the Company based on "Population Estimates" by the Ministry of Internal Affairs and Communications
^{*8} "Prefectural Accounts 2011 to 2021 (current prices)" by the Cabinet Office
^{*9} 2019/"National Survey of Family Income, Consumption and Wealth" by the Ministry of Internal Affairs and Communications
^{*10} Calculated by the Company based on "Estimates of CO₂ Emissions by Sector (2022)" by the Ministry of the Environment and "Population Estimates 2022" by the Ministry of Internal Affairs and Communications
^{*11} Annual Report on the Aging Society 2024 by the Cabinet Office
^{*12} 2024 results, Annual report on the internal migration in Japan derived from the basic resident registers by the Statistics Bureau of Japan, Ministry of Internal Affairs and Communications

^{*13} "Estimates of CO₂ Emissions by Sector (2022)" by the Ministry of the Environment
^{*14} TDB Trends Research
^{*15} Tankan (Short-Term Economic Survey of Enterprises in Japan) by Bank of Japan (Yamaguchi, Hiroshima, and Kitakyushu)
^{*16} 2025 Industry and Labor Department Business Overview by the Yamaguchi Prefecture Industry and Labor Department
^{*17} Zeon Corporation website, release dated June 11, 2024
^{*18} MARUICHI STEEL TUBE LTD. website, release dated August 7, 2024

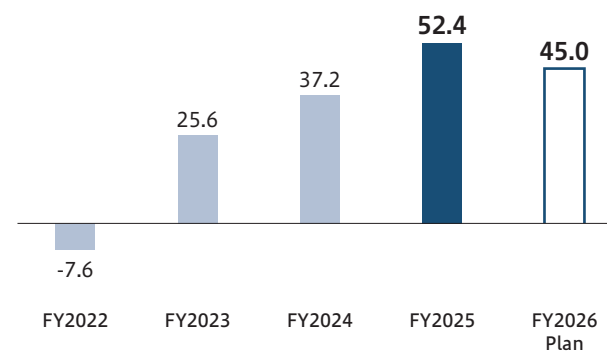
^{*19} Hoshino Resorts Inc. website, release dated April 22, 2025
^{*20} Material on June 16, 2023, "Economic ripple effects of revitalization projects making effective use of national land" by the Economic Survey Division, Chugoku Local Finance Bureau
^{*21} DISCO Corporation website, release dated April 18, 2025
^{*22} Hoshino Resorts Inc. website, release dated June 27, 2025
^{*23} NIPPON SHOKUBAI CO., LTD. website, release dated April 8, 2025
^{*24} Saibu Gas Co., Ltd. website, release dated November 28, 2024

Financial and Non-financial Highlights *All figures on a consolidated basis

Financial

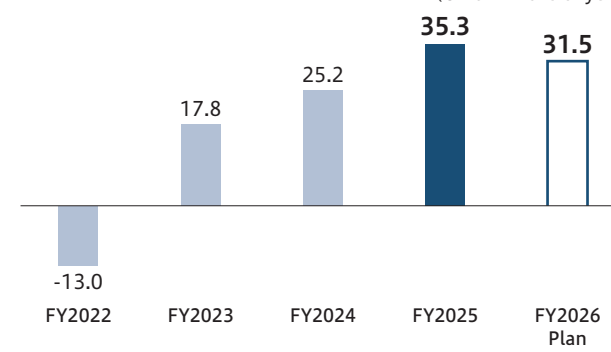
● Ordinary profits

(Unit: Billions of yen)



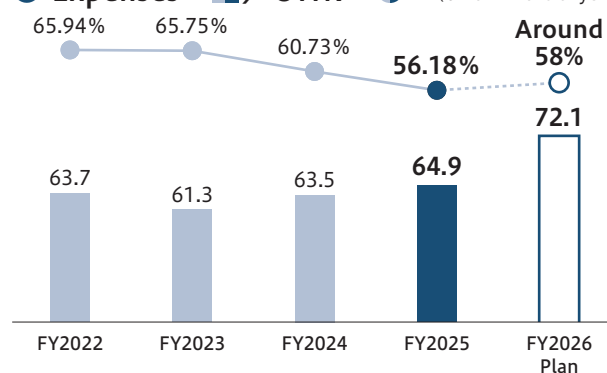
● Net income attributable to owners of the parent

(Unit: Billions of yen)

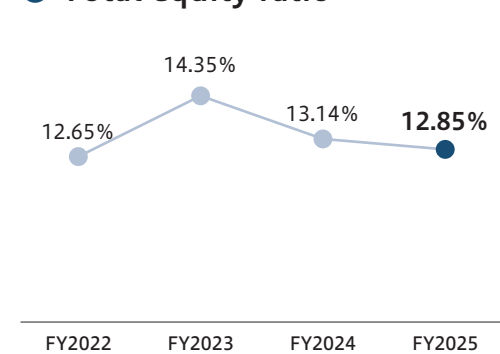


● Expenses^{*1} / OHR^{*2}

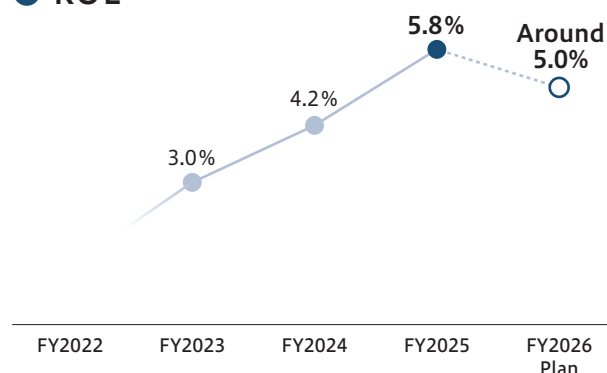
(Unit: Billions of yen)



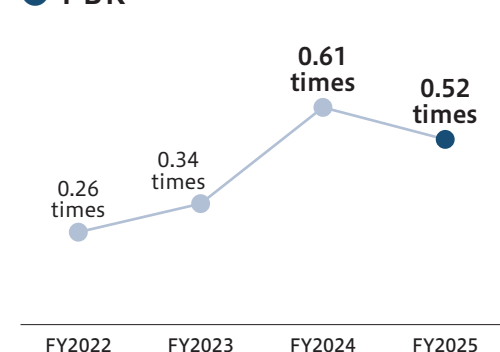
● Total equity ratio^{*3}



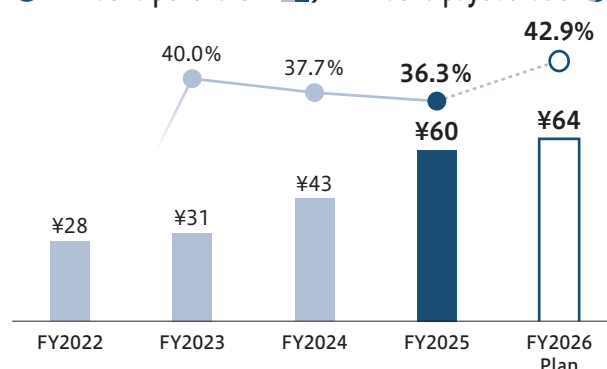
● ROE^{*4}



● PBR^{*5}



● Dividend per share^{*6} / Dividend payout ratio



*1 Expenses exclude temporary treatment portion

*2 Calculated by dividing expenses excluding temporary treatment portion by core gross business profits excluding gains (losses) on cancellation of investment trusts and gains (losses) on cancellation of interest rate swaps

*3 Total equity ratio has been calculated based on the uniform international standard

*4 Calculated by dividing net income attributable to owners of the parent by shareholders' equity

*5 Net assets per share exclude treasury shares, stock price has been calculated based on the day after the announcement of financial results

*6 Dividend per share is the annual dividend

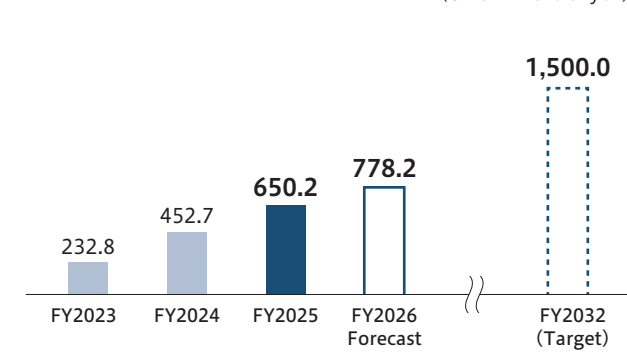
*7 Diverse human assets is a collective term for employees who have diverse backgrounds, including females, foreigners, experienced hires, alumni, staff with side jobs, and people with experience of external secondments

*8 Single fiscal year results and forecasts

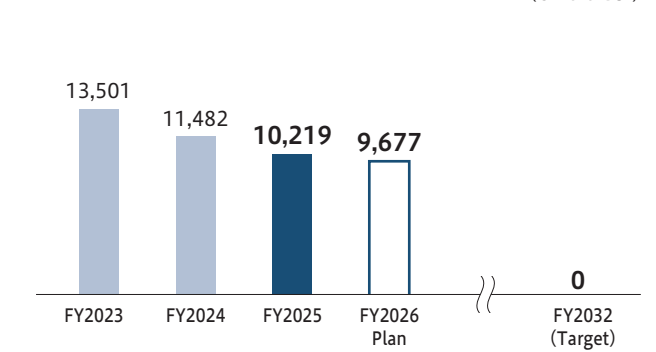
Non-financial

● Cumulative amount of sustainable finance execution

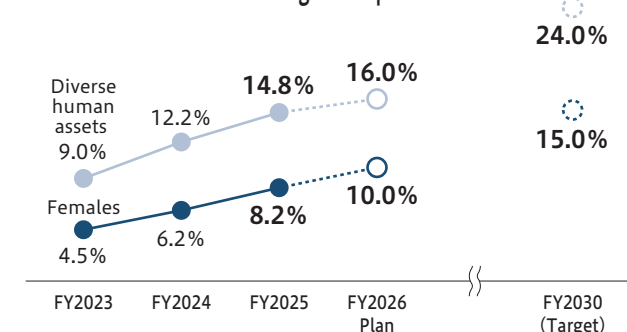
(Unit: Billions of yen)



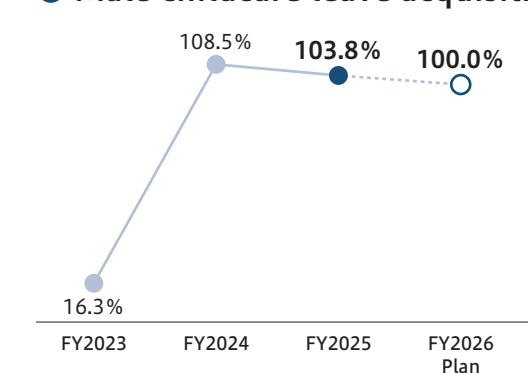
● Total emissions of Scope 1 and Scope 2

(Unit: t-CO₂)

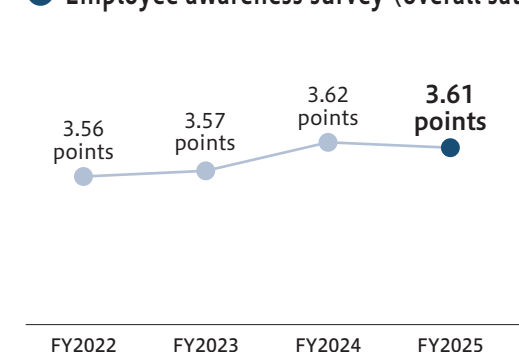
● Ratio of diverse human assets in management positions^{*7} / Ratio of females in management positions



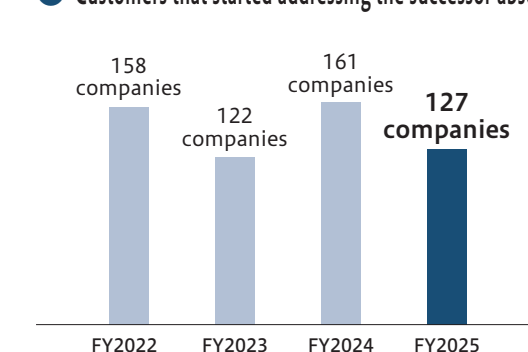
● Male childcare leave acquisition rate



● Employee awareness survey (overall satisfaction)



● Customers that started addressing the successor absence issue^{*8}



External assessments

2025 Outstanding Organizations of KENKO Investment for Health



Eruboshi (Level 2 certification)



DX Certification



Initiatives

Task Force on Climate-related Financial Disclosures



GX League



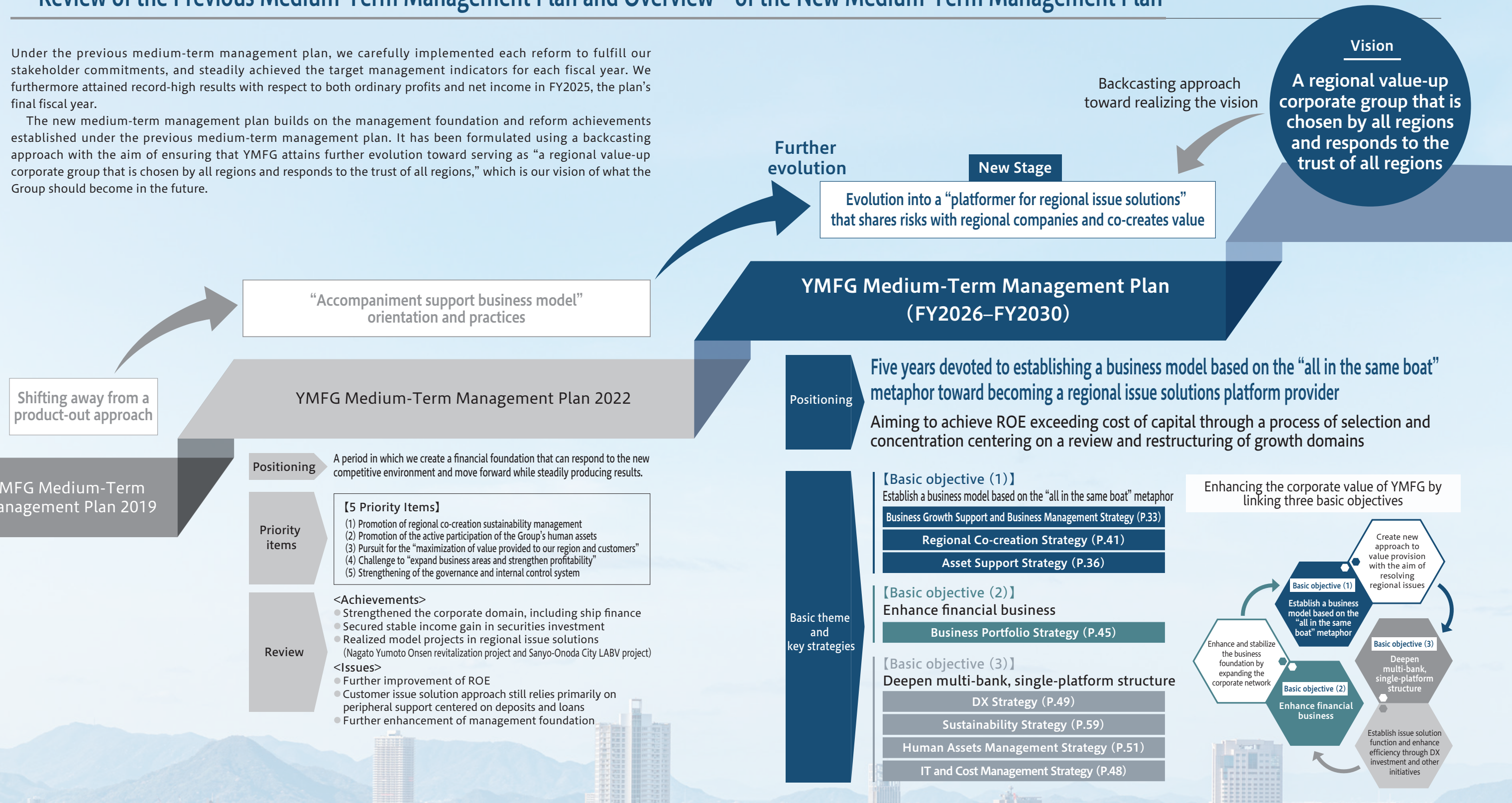
Principles for Financial Action for the 21st Century



—Review of the Previous Medium-Term Management Plan and Overview of the New Medium-Term Management Plan

Under the previous medium-term management plan, we carefully implemented each reform to fulfill our stakeholder commitments, and steadily achieved the target management indicators for each fiscal year. We furthermore attained record-high results with respect to both ordinary profits and net income in FY2025, the plan's final fiscal year.

The new medium-term management plan builds on the management foundation and reform achievements established under the previous medium-term management plan. It has been formulated using a backcasting approach with the aim of ensuring that YMFG attains further evolution toward serving as “a regional value-up corporate group that is chosen by all regions and responds to the trust of all regions,” which is our vision of what the Group should become in the future.



[Target management indicators]	Results			Targets		
	FY2023	FY2024	FY2025	FY2026 (First year)	FY2028 (Third year)	FY2030 (Final year)
Net income	¥17.8 billion	¥25.2 billion	¥35.3 billion	¥31.5 billion	¥45.0 billion	¥60.0 billion
ROE (net asset basis)	2.9%	4.0%	5.5%	Around 5.0%	6.0 to 7.0%	Around 8.0%
ROE (shareholders' equity basis)	3.0%	4.2%	5.8%			Around 8.5%
OHR*	65.75%	60.73%	56.18%	Around 58%	Around 54%	Around 50%

*OHR = Expenses ÷ Core gross business profits (excluding gains on cancellation of investment trusts and gains (losses) on cancellation of interest rate swaps)

Message from General Manager of the Growth Strategy Business Group

Steady path toward establishing a new business model

Executive Officer
General Manager of the Growth Strategy Business Group
Naoki Murata

Joined The Yamaguchi Bank, Ltd. in 1998. He has experience in planning at multiple sales branches and headquarters, including General Manager of the Chofu East Branch of The Yamaguchi Bank, Ltd. In June 2020, he was appointed as General Manager of the Corporate Business Strategy Planning Department of Yamaguchi Financial Group, Inc. In April 2024, he was appointed as Executive Officer and General Manager of the Regional Co-Creation Business Group of Yamaguchi Financial Group, Inc. He has been in the current position since October 2024.



Aligning ourselves with our customers

During my time working at branches, both as a person in charge and as a branch general manager, I experienced immeasurable opportunities for learning and fulfillment engaging with many customers. Meanwhile from the customer's point of view, bank employees are perceived as transaction partners in serving as counterparts. While I aspired to align more closely with my customers in that capacity and wished to truly stand by their side, there were many times when I would feel conflicted due to my position.

An issue solution approach to serving customers involves a process of carefully analyzing the circumstances of an enterprise, formulating hypotheses, sharing challenges through dialogue, and jointly arriving at solutions. During my time serving as General Manager of the Corporate Business Strategy Planning Department, I worked hard to ensure that this process took hold. I believe the essence of this issue solution approach lies in whether we can gain recognition as a trusted partner in building closer relationships with our customers.

Establishing a business model based on the “all in the same boat” metaphor directly linked to the realization of our purpose

YMFG's sales areas are at the forefront of nationwide issues confronting Japan, such as its declining birthrate and an aging and declining population. For regional companies, management issues are becoming increasingly diverse and complex in areas such as a lack of successors, staffing challenges, and decarbonization initiatives. Given that conventional support centered on loans has its limits when it comes to addressing such issues, the situation calls for new approaches that extend beyond the framework of finance.

Under the YMFG Medium-Term Management Plan (FY2026–FY2030), we position the resolution of diverse and complex management issues faced by regional companies as our highest priority in value provision. In so doing, we aim to evolve into a

“platformer for regional issue solutions,” which goes beyond merely supporting individual companies but also involves taking on issue solutions from an overall perspective encompassing entire regions. At the core of such efforts is the establishment of a business model based on the “all in the same boat” metaphor. This business model entails sharing business risks with communities and regional companies, essentially in the same boat, providing a comprehensive combination of financing, equity and solutions, thereby returning added value in the form of issue solutions to local communities.

I firmly believe that establishing this business model embodies YMFG's purpose of “co-creating a bountiful future for all regions,” and is directly linked to its realization.

Three growth strategies for enhancing regional productivity

YMFG will promote establish a business model based on the “all in the same boat” metaphor and will furthermore promote the following three growth strategies to enhance productivity by creating and developing local industries.

(1) Business Growth Support and Business Management Strategy ▶ P.33

We help drive growth of regional companies by sharing business risks and providing far-reaching support that combines financing, equity and solutions. We are shifting away from conventional support centered on loans toward a phase of co-creating value with regional companies.

(2) Asset Support Strategy ▶ P.36

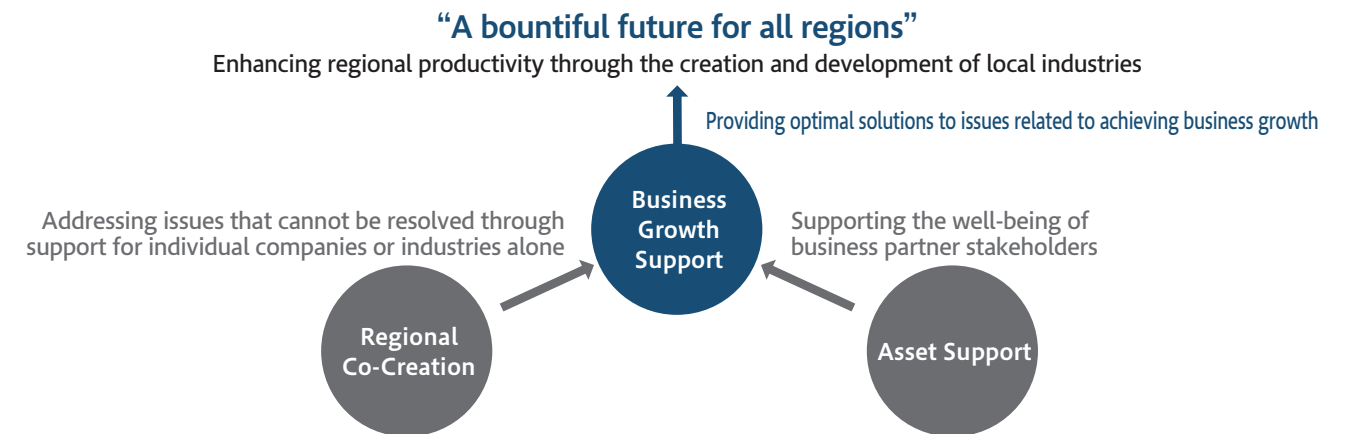
We support human capital management at regional companies through initiatives that include improving employee well-being. We also assist corporate owners with smooth asset succession, thereby supporting long-term continuity of regional companies from the perspective of the individual.

(3) Regional Co-creation Strategy ▶ P.41

The mere presence of many businesses in a region does not equate to genuine regional prosperity. Regional co-creation hinges on a broad-based town development perspective that entails improving infrastructure and increasing visitor traffic.

Leveraging YMFG's expertise in the regional co-creation field, we will focus on town development initiatives such as area regeneration, tourism, and infrastructure improvement. We aim to generate a cumulative economic impact of ¥30.0 billion in five years and ¥100.0 billion in ten years.

Given that these three growth strategies are interconnected, it will not be possible to establish the business model based on the “all in the same boat” metaphor if any one of the elements is lacking. Through this three-pronged approach, we will contribute to the sustainable development of communities and regional businesses.



Establishment of the new company YMFG Growth Partners, Inc. to serve as a partner to regional companies

In July 2025, YMFG established YMFG Growth Partners, Inc. (hereinafter, “YMGP”) as a new company to serve as the core of its business growth support initiatives. Through the establishment of YMGP, we have developed a structure that makes it possible to provide unique and optimal one-stop solutions to diverse and complex management issues facing regional companies by consolidating centralizing functions such as “consulting” and “personnel recruitment” previously dispersed across the Group. ▶ P.34

YMGP assumes a role that entails deep involvement in the growth of regional companies, rather than merely serving as a support organization. We aim to act as a partner that jointly

envisions and builds the future of each company, while sharing business risks and working alongside management on the front lines. As such, the mission of YMGP is to accelerate creation and development of core regional companies through multi-faceted support, including that involving personnel and strategy.

With the establishment of this new company marking a symbolic step forward in YMFG's full-scale establishment of a business model based on the “all in the same boat” metaphor, we are confident that YMGP will serve as a powerful driver in “co-creating a bountiful future for all regions.”

“Other companies are not outsiders”——Human assets have the power to shape the future

YMGP features the slogan “Other companies are not outsiders” on its corporate website. This phrase succinctly embodies the philosophy of the business model based on the “all in the same boat” metaphor and symbolizes the ideal I have embraced throughout my career as a banker.

Transformation to this business model is no easy task. The most critical factor is human asset development. Even the best of strategies hinges on people for their execution, and it is people who step in as partners of regional companies. Moreover, it is community members rather than us who evaluate these achievements. I believe my greatest mission over the next five years will be to devote myself to developing our human assets so that we may come to be recognized by our community members as a trusted partner. The responsibility is immense, but I am filled with anticipation when I envision YMFG five years from now. This is because we have the opportunity to create a new unprecedented form of regional financial institution.

With the words, “Other companies are not outsiders,” close to heart, we will move forward steadily with our communities to establish YMFG's new business model.



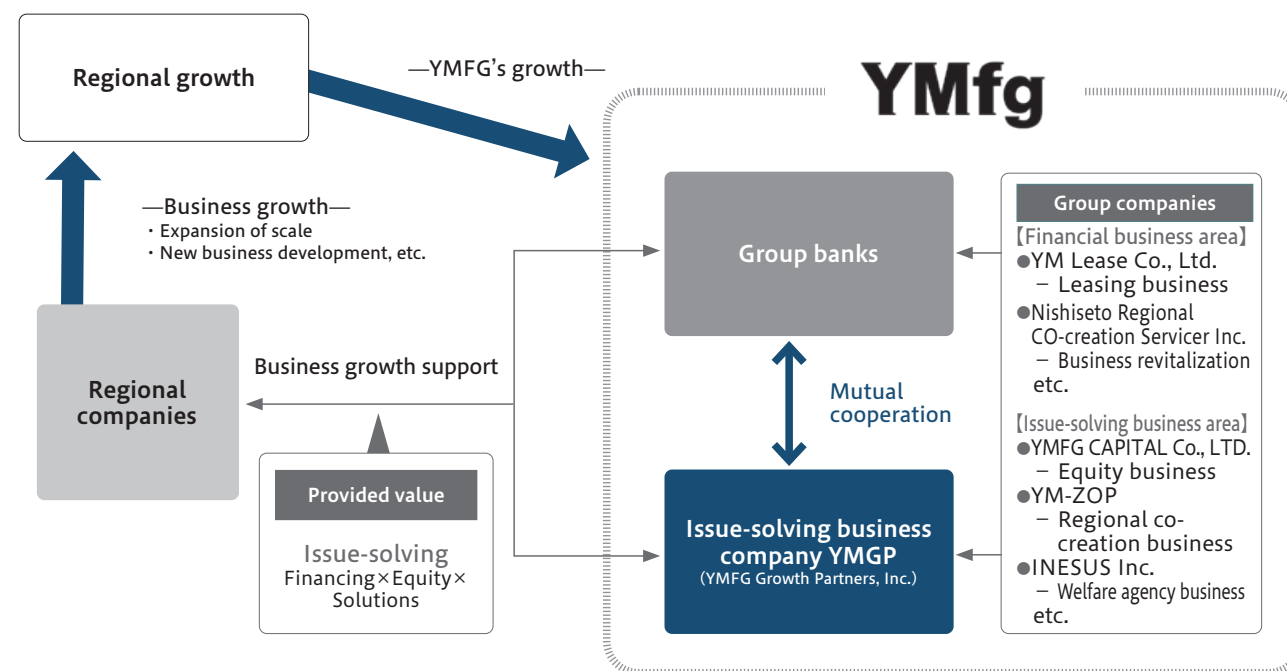
Strategy for Value Creation Establish a business model based on the “all in the same boat” metaphor

Business Growth Support and Business Management Strategy

What we aim for

- Successfully establish value co-creation business model based on the “all in the same boat” metaphor, with emphasis placed on far-reaching support by sharing business risks
 - Offering of one-stop optimal solutions (best mix of solutions) that give rise to business growth of regional companies (enhancement of corporate value)
 - Business opportunities and greater diversity of revenue sources achieved through more sophisticated value provision and implementation of new equity-based recovery engines

Sales structure in business growth support



Under the YMFG Medium-Term Management Plan (FY2026–FY2030), we aim to transform our business model from one previously focused primarily on peripheral support of customers centered on bank deposits and loans to a business model based on the “all in the same boat” metaphor of maximizing value provision by helping customers resolve increasingly complex management issues through far-reaching support—a comprehensive combination of financing, equity and solutions.

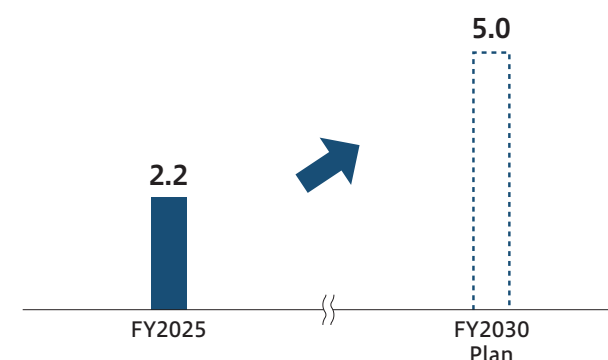
In supporting business growth, we will address diverse and complex management issues faced by regional companies by sharing business risks. Banks within the Group and issue solutions provider YMFG Growth Partners, Inc. will work together to provide optimal solutions that give rise to business growth of regional companies.

Underpinned by its focus on maximizing value provided to regional companies, the Group will enhance its solutions functions. At the same time, positioning loans as a means of facilitating business growth and solving issues, we will continue to aim for a more sophisticated approach, primarily in areas calling for advanced specialization. We also aim to

provide more precise support through ongoing analysis of both the overall industry landscape underpinning strategy formulation of regional companies and the actual conditions of industries in each region.

In so doing, we seek to create a virtuous cycle by which enhancing the corporate value of regional companies stimulates regional economies and ultimately leads to the emergence of core companies.

► Gross profits from growth support business (Unit: Billions of yen)

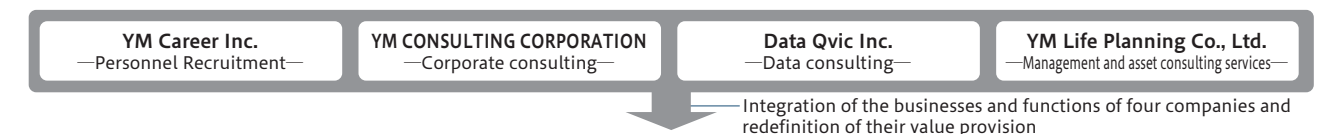


YMFG Growth Partners, Inc.

► Establishment of the issue-solving business company

In seeking to better facilitate growth of regional companies, we reorganized four of our Group companies and established YMFG Growth Partners, Inc. (hereinafter, “YMGP”) on July 1, 2025, as a new company to serve as the core of our business growth support initiatives. At YMGP, we have developed a structure to flexibly provide unique and optimal one-stop solutions that address the diverse and increasingly complex

management issues with the aim of enabling business growth of regional companies. In positioning the resolution of customer management issues as our highest priority in value provision, YMGP offers solutions that combine expertise across multiple fields, including strategy formulation, operational streamlining and DX support, recruitment of management personnel, and investment advisory services.



YMFG Growth Partners, Inc.

Enabling business growth of regional companies through value provision

Deep involvement in management of regional companies in serving as their partner

Serving as a “growth partner” for regional companies embodying the business model based on the “all in the same boat” metaphor with the aim of evolving into a platformer for regional issue solutions

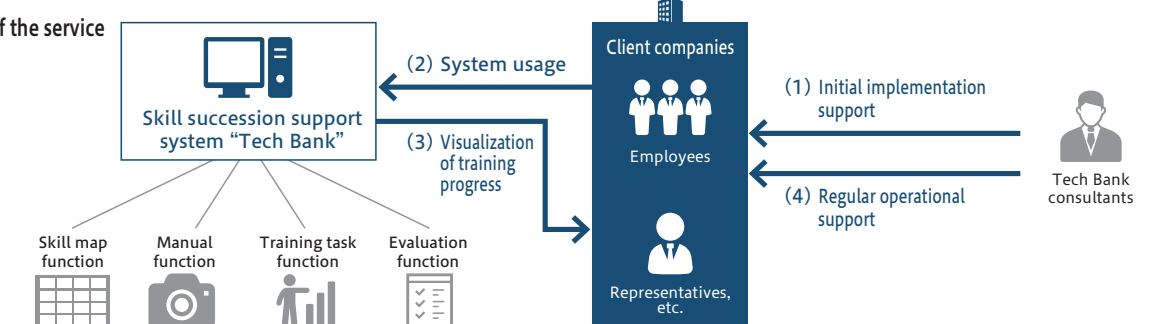
► Skill succession service “Tech Bank”

YMGP provides the “Tech Bank” skill succession service, which won the inaugural grand prize under the “YMFG Growth” new business proposal program and was subsequently commercialized.

Tech Bank is a skill succession support service that harnesses consulting and a skill succession support system to resolve issues of employee skill succession encountered by manufacturing enterprises such as those in the manufacturing and construction sectors.

The service helps customers smoothly achieve skill succession by making employee skills visible, standardizing variations in work procedures and expertise, and helping to establish training management frameworks and skill evaluation standards to foster employee development. The number of enterprises adopting the service has been increasing since its launch in October 2024, with 25 regional companies using the service as of the end of June 2025.

► Overview of the service

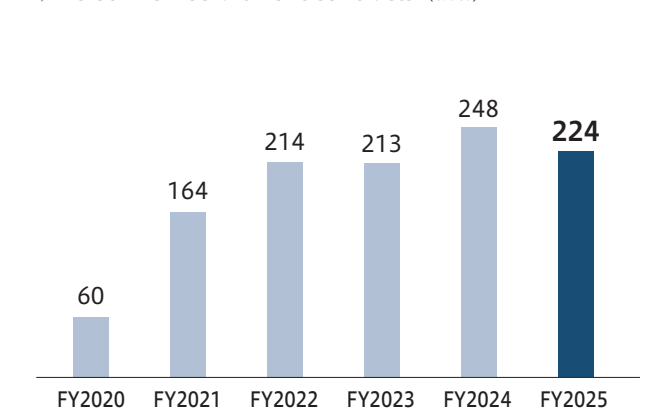


► Resolving management issues of regional companies through personnel recruitment

YMGP offers “personnel recruitment” focusing on management- and mid-level personnel. It also provides “Skill Sharing” and “YM Pro Sharing” services, which allow companies to flexibly utilize specialist personnel who wish to take on side jobs or dual employment as needed. Since establishment in 2019 of its predecessor, YM Career Inc., YMGP has served as a front-runner with respect to personnel recruitment services in the regional banking industry. It has maintained a strong track record of successful placements thus far and continues to provide services in alignment with the diverse needs of regional companies.

Looking ahead, we will contribute to the revitalization of regional economies by providing optimal human resources that help regional companies achieve sustainable growth and enhance their competitive strengths.

► Personnel recruitment contracts (cases)



Business Growth Support and Business Management Strategy

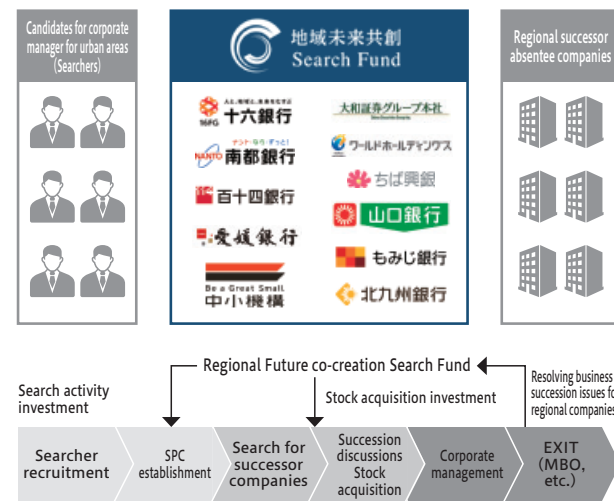
Business succession support and startup support

► Utilization of the Search Fund

The Search Fund has the objectives of inviting talented human assets for business management (searchers) to the region, solving diverse social issues, including the business succession for regional companies, the depopulation of the region, and the lack of young human resources, and realizing corporate growth and transformation.

The Group became the first in Japan to enter the Search Fund business in 2019. We completed our first project in Kitakyushu City in 2020, and successfully facilitated the business succession of a core regional company in Yamaguchi Prefecture in 2023. To date, we have supported business succession of a total of nine companies.

Looking ahead, we intend to actively promote use of the Search Fund as an effective solution to structural issues involving absences of successors facing regional companies.

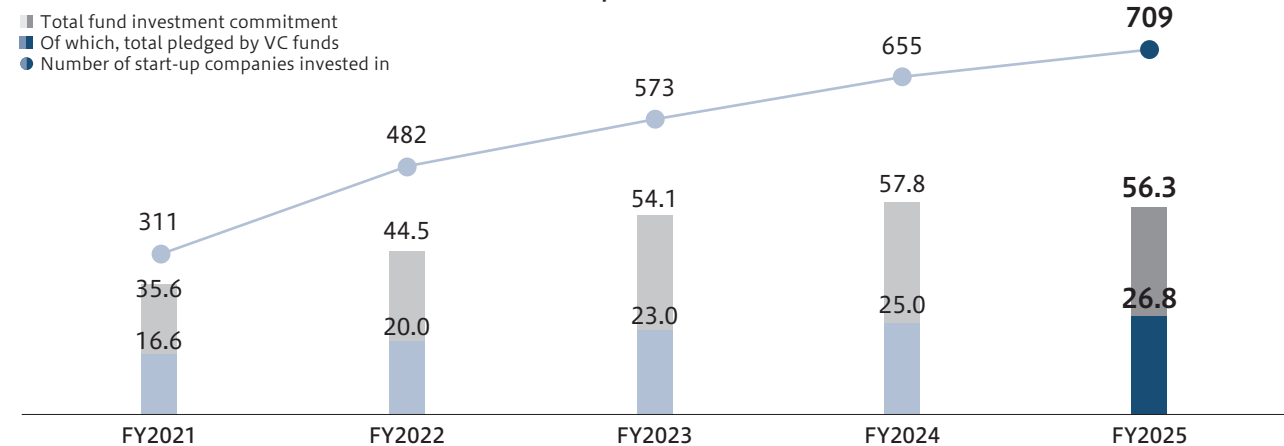


► Support for start-up companies

We are actively investing in promising start-up companies through the Group's investment subsidiary YMFG CAPITAL Co., LTD. and external venture capital (VC) funds. These investment activities extend beyond merely providing funds in that they are carried out with the aim of harnessing the advanced insights and innovative services associated with start-up companies in seeking to resolve social issues affecting communities and to support the business growth of regional companies.

In particular, the Group aims to create local innovation and bring about economic revitalization by integrating the flexible concepts and technologies of start-up companies into communities, serving as a bridge between start-ups and their communities. Going forward, we will continue to strengthen cooperation with start-up companies that help bring about the sustainable development of local communities, thereby helping to create new value in regional economies.

► Fund investment commitment and number of companies invested in (Unit: Billions of yen)



Initiatives embodying the business model based on the “all in the same boat” metaphor

The Group has invested in SHIMOTEN CO., LTD., a marine supply trading company with a history spanning over a century and headquartered in Shimonoseki City, Yamaguchi Prefecture, through the Elixir Fund No.2 Investment Limited Partnership*, managed by YMFG CAPITAL Co., LTD.

With this investment, the Group shares business risks with SHIMOTEN and supports its initiatives to strengthen its organizational structure. This support includes dispatching human assets from the Group and furthermore enlisting the involvement of YMFG Growth Partners.

Through this initiative, the Group will help bring about further growth of the businesses and management foundation developed thus far by SHIMOTEN CO., LTD., while also contributing to regional economic revitalization.

* Elixir Fund No.2 Investment Limited Partnership
The fund is operated by YMFG CAPITAL Co., LTD. and backed by investment from The Yamaguchi Bank, Ltd., Momiji Bank, Ltd., and The Kitakyushu Bank, Ltd. It primarily targets businesses headquartered in Yamaguchi, Hiroshima, and Fukuoka Prefectures, with the aim of facilitating investee enterprise growth and business succession.

Strategy for Value Creation Establish a business model based on the “all in the same boat” metaphor

Asset Support Strategy

What we aim for

- Sales activities on track toward realizing aspirations (goals) associated with property valued by our customers
- Able to help enhance financial well-being of occupational employees

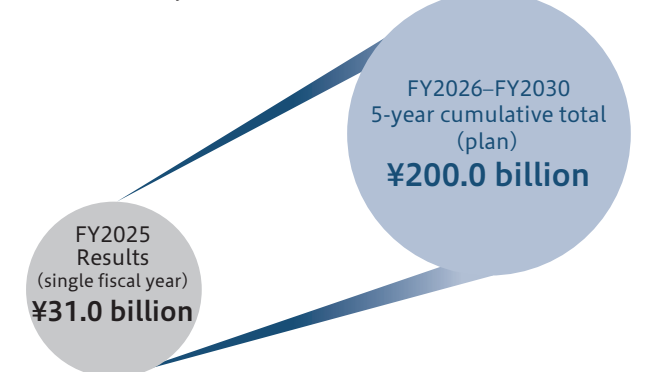
Initiatives for business partner corporate owners and others

► Wealth management

In wealth management, persons in charge will work with our clients, including corporate owners, to gain a deep understanding of their situations. They will assess all assets, including non-financial assets, and provide advice based on the overall picture of those assets. We will support customers in realizing their aspirations (goals) associated with property they value, and conduct regular follow-ups based on these goals to enhance customer satisfaction and expand our relationships with them at the family level.

Through these initiatives, we aim to support the succession of wealth to the next generation through growth and preservation of client assets, optimize assets to enhance quality of life, and resolve issues such as real estate utilization and inheritance planning.

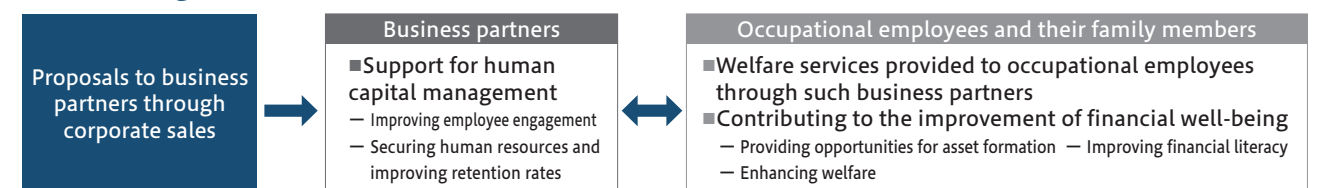
► Net increase in customer assets under the Group's custody* (Unit: Billions of yen)



* (Banks within the Group: Investment trust balance + Fund wrap balance) + (YM Securities: Investment trust balance + Fund wrap balance + Stock and bond balance)

Initiatives for employees of business partners and their family members

► Well-being



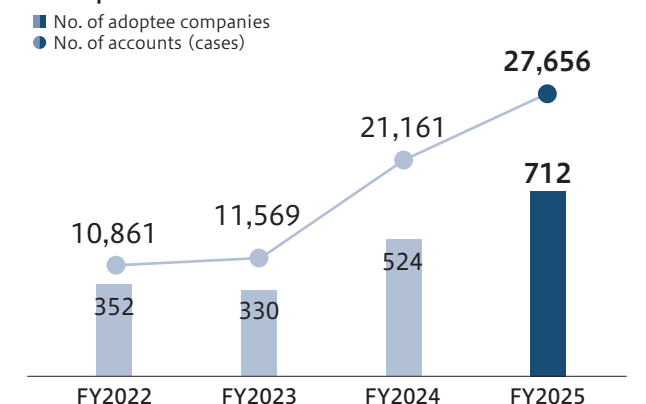
In terms of well-being, we will contribute to human capital management of our business partners through initiatives that include welfare enhancement. In addition, we will contribute to improvement of financial literacy by efficiently providing occupational employees and their family members services that support

enhancement of employee financial well-being harnessing tools such as smartphone applications. These efforts will give rise to a virtuous cycle in which enhancement of employee well-being and that of their family members culminates in growth of regional companies and regional co-creation.

► Welfare agency services

The Group's subsidiary INESUS Inc. provides a platform of regional circulation-type welfare services in regions. Local restaurants and merchants that participate as affiliated stores register discount coupons and other such services using the platform. Employees of regional companies that have adopted the INESUS welfare services and their family members are then able to use the discount coupons and other offers registered with the platform. With the number of companies adopting the service increasing steadily, the Group aims to keep actively expanding this regional circulation-type platform going forward, thereby contributing to the sustainable growth of regional economies.

► Trends in the number of welfare service adoptee companies and number of users



Round-table Discussion with the President and CEO and Experts



GLIN Impact Capital LLC
Manager

Yuki Nakao

At GLIN Impact Capital LLC, which engages in operations such as consulting on sustainability management and impact creation, she leads projects mainly for financial institutions and private equity funds to develop and promote sustainability strategy, support engagement with investment and loan recipients, and facilitate impact-oriented investment and management.

President, Representative Director
and CEO

Keisuke Mukunashi

Visiting Professor at the Graduate School
of Accountancy, Waseda University

Ryohei Yanagi

He advocates the "Yanagi Model" linking non-financial capital and corporate value. His career background before assuming his current position encompasses roles such as bank branch general manager, general manager of the IR and finance at a manufacturing company, Executive Director at UBS Securities Japan Co., Ltd., and Executive Vice President and CFO at Eisai Co., Ltd. (until June 2022).

Realizing regional co-creation and corporate value enhancement through use of Impact Accounting

President and CEO Keisuke Mukunashi invited Ryohei Yanagi, Visiting Professor at the Graduate School of Accountancy, Waseda University, to take part in a discussion moderated by Yuki Nakao, Manager, Consulting Team of GLIN Impact Capital. The dialogue focused on YMFG's pioneering use of the Impact-Weighted Accounting approach in regional banking to visualize non-financial metrics, and also focused on the "economic impact with the region," YMFG's proprietary calculation model.

- * Impact Accounting: A collective term referring to qualitative and quantitative approaches to assessing social impact generated by a company (including Impact-Weighted Accounting in the broader sense as generally applied).
- * Impact-Weighted Accounting: An approach that involves comprehensively determining both positive and negative social impacts of a company's business activities and the products and services it provides, then converting such social impacts into monetary amounts. It involves calculating ratios against revenue and EBITDA with respect to social impacts of products and services, employment, and the environment. This makes it possible to track changes within the company over time, while also making comparisons with other companies as well as other products and services. (The concept was developed under the Impact-Weighted Accounting Initiative (IWA) at Harvard Business School and represents the narrower definition of the term)

Why were Impact-Weighted Accounting and the Yanagi Model adopted?

Nakao: Professor Yanagi, could you begin by explaining Impact-Weighted Accounting and the Yanagi Model?

Yanagi: More than half of corporate value nowadays is

apparently contingent on non-financial capital and other intangible assets. Against this backdrop, Sir Ronald Cohen, widely regarded as the father of impact investing, and others began advocating for an approach that involves

making investment decisions not only on the basis of traditional financial analysis of risk and return, but also taking into account the impact companies have on society in terms of the environment, products, employment, and other such factors. In other words, the starting point of Impact-Weighted Accounting is that of quantitatively measuring corporate impact on society. Later, the International Foundation for Valuing Impacts (IFVI, scheduled to merge with the international organization Capitals Coalition in late 2025) in the U.S. and the Value Balancing Alliance (VBA) in Europe became central players in advancing Impact-Weighted Accounting. In 2019, I launched the Yanagi Model as a Japan-led initiative for measuring the correlation between KPIs of corporate ESG activities and price-to-book ratio (PBR) as a proxy for corporate value using multiple regression analysis. The Yanagi Model is now used by nearly 100 companies. The model is complementary to the U.S. and European approaches to Impact-Weighted Accounting, but differs in that it focuses on the correlation between the value of corporate ESG initiatives carried out in-house and PBR.

Nakao: Quantifying and assigning values to non-financial metrics is an extremely challenging task. What do you see as the significance for companies in taking this on?

Yanagi: In short, it comes down to fiduciary duty, the 'G' in ESG. I see fiduciary duty as the foundation of corporate governance in that it involves maintaining and enhancing corporate value on a long-term, sustainable basis. As I noted previously, more than half of corporate value is contingent on non-financial capital and other intangible assets. As such, shedding light on this intangible value and explaining it to stakeholders constitutes a critical issue of accountability. Doing so enhances stakeholder understanding and ultimately leads to corporate value enhancement.

Nakao: You have mentioned the key concepts of fiduciary duty and corporate value enhancement. Meanwhile, YMFG became the first regional financial institution in Japan to adopt Impact-Weighted Accounting three years ago, and also succeeded in quantifying "employee impact" based on the Yanagi Model. President Mukunashi, what are your views on the significance of this initiative?

Mukunashi: Given that more than half of corporate value is contingent on non-financial capital and other intangible assets, as Professor Yanagi noted, the most important form of non-financial capital with respect to YMFG is our human assets. In other words, it is essential that we strengthen our human asset capacity so that we will be able to increase the corporate value of the Group overall while also moving forward with our transition to a business model based on the "all in the same boat" metaphor as set forth under our new medium-term management plan, YMFG Medium-Term Management Plan (FY2026–FY2030) (hereinafter, the "new mid-term plan"). This serves as an important theme of management and assigning values to "employee impact" constitutes a necessary aspect of realizing that objective. Moreover, it is difficult to convey distinctive features of regional financial institutions because of the apparently similar nature of their

operations. Precisely for that reason, I believe that it is our duty to express the differences and distinctiveness of our operations to our investors and other stakeholders.

Yanagi: Employee impact (employment impact) is calculated based on personnel expenses. However, we view personnel expenses not as a cost but as an investment in value creation, given that human assets constitute non-financial capital, as President Mukunashi said. In practice, quantification involves identifying and adjusting for factors such as gender wage disparity, the ratio of females in management positions, and the male-to-female employee ratio. We also quantitatively measure how much the organization contributes to creating employment in the local community.

In YMFG's case, by developing quantitative metrics and selecting appropriate actions, more than ¥15.0 billion in employee impact is generated against personnel expenses of just over ¥23.0 billion. As a result, the human asset investment efficiency exceeds 65%, calculated by dividing employee impact by personnel expenses. This figure places YMFG among the top-ranking Japanese companies officially disclosing Impact Accounting. Meanwhile, human asset investment efficiency is said to average in the 50% range in the U.S., where substantial adjustments are made for racial disparities. The results are testament to the notion that the quality of YMFG's human assets, which underpin its corporate value, and its returns on human asset investment are exceptionally high relative to U.S. companies.

Mukunashi: Quantifying the data enables management to clearly identify the actions needed to move forward with DE&I initiatives, as Professor Yanagi said. We believe this has helped us move closer to achieving more accommodating workplace environments for men and women alike. Numerical data does not give the full picture, but we have clearly achieved quantitative improvement, in part given that our ratio of females in management positions has increased from 1.2% at the end of March 2022 to 8.2% at the end of March 2025.



Round-table Discussion with the President and CEO and Experts

Significance of calculating economic impact for regional revitalization projects

Nakao: Next, we would like to hear about economic impact generated by regional revitalization projects. President Mukunashi, could you explain what these initiatives entail?

Mukunashi: First, the “economic impact with the region” released by YMFG is its proprietary calculation model developed in cooperation with Professor Yanagi, ABeam Consulting Ltd., and Yamaguchi University. The model quantitatively measures the impact on regions of projects co-created with regions, and is structured around four components: 1. Empowerment: The value of uncompensated activities undertaken by stakeholders; 2. Promotion: Ripple effects from site visits and increased tourist traffic; 3. Enhancing regional value: Increases in land prices and other regional asset values; and 4. Regional economic revitalization: Secondary ripple effects such as clustering of retail establishments. ▶ P.42



Yanagi: The concept of “Impact-Weighted Accounting” promoted by IFVI and VBA is similar to, but fundamentally differs from, the “economic impact” we normally observe. The model may be easier to understand if we consider that the economic impact measured by YMFG falls somewhere in between. The model’s key distinction is that it extends beyond measurement of economic impact in also attempting to reflect empowerment of those involved, their commitment to social contribution, and simply put, intentionality, which serves as the essence of impact investing in terms of whether or not an initiative is truly purpose-driven.

Mukunashi: In that respect, we have analyzed the Sanyo-Onoda City LABV project and the Nagato Yumoto Onsen revitalization project currently being implemented from the perspective of economic impact. We regard this analysis as an attempt to measure the extent of both commitment to and realization of our purpose of “co-creating a bountiful future for all regions.” For instance, initiatives such as those involving town development often serve as long-term projects whose outcomes in the form of short-term returns are not readily apparent. This tends to give rise to concerns and questions among stakeholders over time as to whether their efforts are truly benefiting the community. As with these projects, therefore, we are not only quantifying outcomes but also setting a target of generating ¥100.0 billion in economic impact in the regions cumulatively over the ten years from FY2026. We believe that this makes it possible to drive the projects forward while committing to the metrics and engaging various regional players more convincingly than ever before.

Nakao: This seems like a challenge that truly embodies the notion of serving as a “platformer for regional issue

solutions,” as outlined in the new mid-term plan. Professor Yanagi, whereas the number of companies establishing ESG and sustainability targets has been increasing, how many companies are setting these sorts of targets for economic impact?

Yanagi: Very few companies engage in Impact Accounting disclosure, which is a prerequisite for setting such targets, and only a handful have actually established targets. That is why this YMFG’s accomplishments are of great significance. They have adopted an approach that involves measuring the impact of employees who serve as the driving force for the realization of its purpose, measuring the economic impact of specific regional revitalization projects, and setting a quantitative medium- to long-term target of ¥100.0 billion. In doing so, they have demonstrated the connection between social value and economic value. It is also notable that this approach aligns with the three fundamental principles of Impact Accounting: measurability, additionality, and materiality. Simply put, the key points of these principles are that “measurability” assesses whether an impact can be quantified, “additionality” considers whether an initiative generates added value distinctive to YMFG, and “materiality” evaluates whether an impact is significance with respect to the

company and the local community. It can be said that these projects align with the three principles, given that YMFG has taken on the challenge of quantification, launched regional revitalization projects unique to YMFG by leveraging its extensive familiarity with the regions and their residents, and is aiming for effects on the order of ¥100.0 billion, which signifies a significant impact for both YMFG and the regions.

Mukunashi: Regarding the economic impact with the region, in the initial stages, the response from external parties was greater than those from employees. We received numerous inquiries from local governments and private companies, which made us realize the high level of interest in this economic impact calculation. We would like to create a virtuous cycle where such reactions from external parties boost employee motivation, thereby encouraging them to take pride in their own activities, which in turn further enhances economic impact with the region and ultimately has a positive effect on employee impact. It is my hope that we build an organization in which each and every employee recognizes and takes pride in the value of their efforts. I believe that our efforts to calculate the economic impact with the region represents a significant step toward achieving this objective.

Future outlook: Toward building a logical framework linking impact and corporate value

Nakao: To conclude, I would like to ask President Mukunashi about YMFG’s outlook for leveraging Impact Accounting, and Professor Yanagi about what he expects from YMFG going forward.

Mukunashi: While we are still midway in this journey, I believe that Impact Accounting, specifically the visualization of employee impact and economic impact with the region, helps to resolve information asymmetries with investors and other stakeholders. Ultimately, it is extremely important that we clarify and communicate how these impacts will lead to enhancement of corporate value, and causal relationships in that regard. To that end, we will continue to accumulate data and work toward building a logical framework that links impact and corporate value. We seek to ensure that stakeholders properly recognize both what we are currently accomplishing and what remains unachieved. In areas where we fall short, we will carefully explain through dialogue, based on quantitative data, how we intend to take action and implement those measures. By continuously applying this PDCA cycle, we aim to further enhance corporate value.

Yanagi: When it comes to Impact Accounting, I sometimes use the term “Impact Journey.” Given that a definitive answer with respect to the visualization of non-financial capital is lacking as of yet, we are only partway through the journey with the ultimate destination still a long way off. That is why I hope to see the emergence of “first penguins” across different industries similar to YMFG’s accomplishments as the first regional financial institution to take on such challenges. I believe that Japanese companies remain undervalued in terms of their PBRs. If these companies manage to visualize

and quantify value of human capital and degree of social contribution as YMFG has done, I am confident that Japan will eventually achieve PBR that is at least twice that of the global average. As a pioneer in this respect, I would like to see YMFG become something like Sweden’s Svenska Handelsbanken “miracle bank.” Renowned for its budget-free management, this bank operates without budgets or quotas and delegates authority to branch managers. Nevertheless, with its sole KPI being that of “ROE above the industry average,” its PBR has never fallen below 1x as far as I know. This is attributable to its effective human capital management practices. We obviously do not need to take exactly the same approach given our differing backgrounds and circumstances. However, by applying the Yanagi Model and Impact Accounting, I hope YMFG will make further progress with human capital management and build a new business model.



TOPICS

Employee impact

The Group became the first regional financial institution to calculate “employee impact,” which indicates the positive and negative impacts on society of salaries paid by a company to its employees. In FY2025, we generated employee impact amounting to ¥15.4 billion upon evaluating the four metrics “wage quality,” “employee opportunities,” “diversity,” and “contribution to local communities.”

Although assessments of the “employee opportunities” and “diversity” metrics were negative, both have been showing signs of improvement due to various HR initiatives based on DE&I principles implemented by the Group.

Under the new mid-term plan, we aim to further accelerate these efforts and expand employee impact even more.

▶ Employee impact (Unit: Billions of yen)

Category		FY2022	FY2025	Improvement rate
Wage quality	- Total wages adjusted for gender wage disparity	16.4	17.3	6%
Employee opportunities	- Gender disparity in promotion opportunities	-2.1	-1.3	39%
Diversity	- Gender disparity in employment	-1.5	-1.0	34%
Contribution to local communities	- Amount contributed to job creation in the local community	0.3	0.3	±0%
Total impact		13.0	15.4	18%

Strategy for Value Creation Establish a business model based on the “all in the same boat” metaphor

Regional Co-creation Strategy

What we aim for

- With a focus on “town development” as a priority business, achievement of an economic impact with the region of ¥30.0 billion cumulatively in five years, while making progress in arranging projects with sights set on a cumulative economic impact of ¥100.0 billion in ten years
 - Focus placed on “tourism,” “area regeneration,” and “infrastructure improvement” with the aims of facilitating interaction and achieving sustainable town development where the next generation can live with peace of mind

Strategy in YMFG Medium-Term Management Plan (FY2026–FY2030)

Whereas the mere presence of numerous companies in a region does not by itself constitute a truly prosperous community, regional co-creation hinges on a broad-based town development perspective that entails improving infrastructure and increasing visitor traffic. By harnessing expertise the Group has developed through pioneering

initiatives in the regional co-creation field, we will focus on “tourism,” “area regeneration,” and “infrastructure improvement” as town development initiatives. Through these efforts, we aim to generate a cumulative economic impact of ¥30.0 billion in five years and ¥100.0 billion in ten years.



Economic impact with the region

Since the establishment of regional revitalization consulting services provider YMFG ZONE PLANNING CO., LTD. (hereinafter, “YM-ZOP”) in 2015, the Group has taken the lead among regional financial institutions with respect to engaging in regional co-creation business. Over the last several years, this has involved striving to achieve visualization of initiatives in non-financial realms not quantifiable through sales or other such metrics, and illustrating their relevance to financial value.

Against this backdrop, we have become the first regional bank to develop proprietary calculation logic in cooperation with Professor Yanagi of Waseda University, ABeam Consulting Ltd., and Yamaguchi University, with whom we have entered into a comprehensive

partnership agreement.

The calculation model incorporates an Impact Accounting approach of calculating corporate impact on society and the environment, but through the Group’s proposals, it is designed to quantitatively calculate the impacts that projects co-created with regions have on those regions.

Using this model, the Group converted the impacts of projects it has undertaken thus far into monetary terms. The Sanyo-Onoda City LABV project amounted to ¥8.7 billion, the Nagato Yumoto Onsen revitalization project amounted to ¥1.3 billion, and the total impact of the two projects combined came to ¥10.0 billion.

YMFG’s impact visualization initiatives

		Economic impact with the region
FY2023	Became the first regional bank to embark on “Impact-Weighted Accounting” in calculating “employee impact”	
FY2024	Expanded efforts to include calculation of “product impact” with the aim of achieving visualization of regional impacts not reflected in sales, encompassing the four companies YM-ZOP, YM Career Inc., Regional Trading Company Yamaguchi Co., LTD., and INESUS Inc.	Sanyo-Onoda City LABV project ▶ P.44 ¥8.7 billion
	Issues arose in that activities of YM-ZOP, whose main business involves regional revitalization and town development, proved difficult to quantify using existing “product impact” logic	Nagato Yumoto Onsen revitalization project ▶ P.42 ¥1.3 billion
FY2025	Developed proprietary YMFG calculation logic in cooperation with Professor Yanagi of Waseda University, ABeam Consulting Ltd., and Yamaguchi University	Total impact of the two projects ¥10.0 billion

Generate examples comparable to the two projects and produce economic impact of ¥100.0 billion*

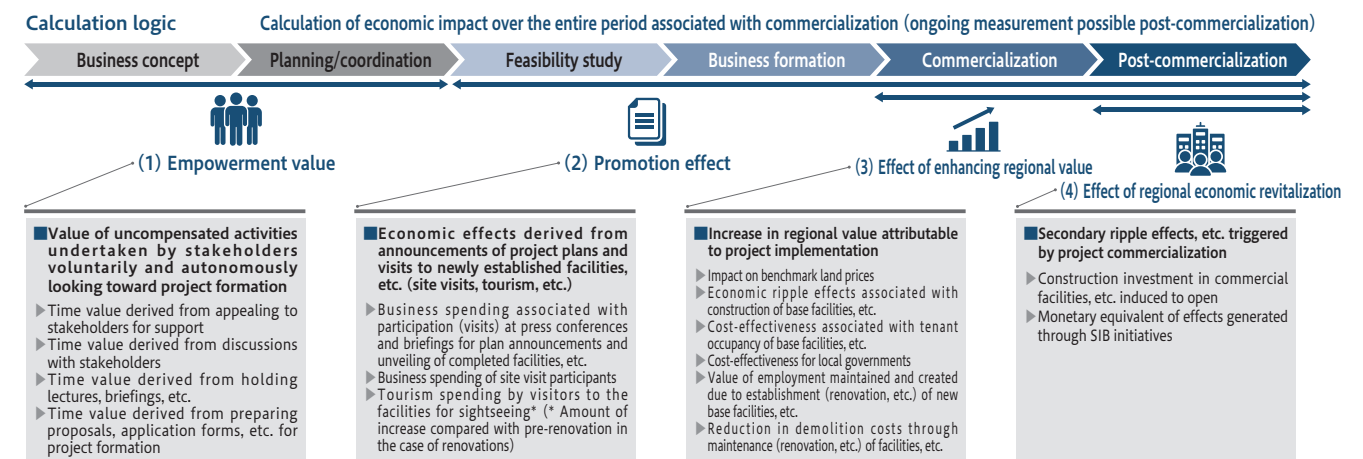
* Cumulative amount over ten years from FY2026 onward

Calculation of economic impact

The specific calculation method involves measuring regional revitalization projects chronologically across four factors.

At the planning stage, we calculate the value of uncompensated activities undertaken voluntarily by each entity to implement projects (empowerment value). At the project formation stage, we calculate the effects of activities

such as site visits and increased tourist traffic (promotion effect). Once a project is commercialized, we measure the impact mainly on land values (effect of enhancing regional value) as well as impacts that include clustering of retail establishments in the vicinity (effect of regional economic revitalization). The sum of these four factors is calculated as the “economic impact with the region.”



Initiatives to realize regional co-creation: Tourism

We contribute to sustainable town development by maintaining and developing key tourism resources in the region, enhancing their appeal through the promotion of economic multiplier effects.

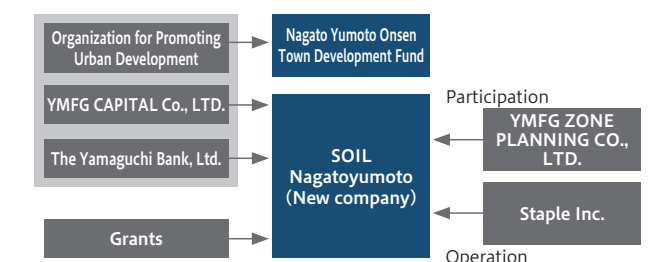
Restoration project for inns at Nagato Yumoto Onsen Economic impact of ¥1.3 billion

Rokkakudo is a long-standing inn in Nagato Yumoto Onsen, a hot spring village in Yamaguchi Prefecture with a history of around 600 years. Facing issues with the succession of its business, we worked with Staple Inc. (Onomichi City, Hiroshima Prefecture) to jointly invest in K.K. SOIL Nagatoyumoto using the Nagato Yumoto Onsen Town Development Fund Investment Limited Partnership to take over the Rokkakudo business.

This project was made possible through the collaboration of three Group companies, the Yamaguchi Bank, Ltd., YM-ZOP, and YMFG CAPITAL Co., LTD. Making full use of the expertise and resources we have accumulated to date, we have worked as a Group to engage in town development projects, beginning with the restoration of this hot spring inn.

In March 2025, we opened the “SOIL Nagatoyumoto” complex facility (pictured) featuring guest rooms, a sauna,

restaurants, an activity center, and other establishments. Embodying the concept of a “hotel connected to the hot spring district,” the complex aims to create opportunities for connection to and interaction with the streetscape, natural environment, and people of Nagato Yumoto Onsen, rather than serving as a self-contained facility.



Regional Co-creation Strategy

Initiatives to realize regional co-creation: Infrastructure improvement

To resolve social issues of regions, we aim to realize a better society by identifying solutions tailored to community needs through cooperation between the public and private sectors.

► Operation of the PPP/PFI platform

Public-private partnership (PPP) and private finance initiative (PFI) are collaborative methods between the public and private sectors that harness private funding and expertise for the provision of public infrastructure and services.

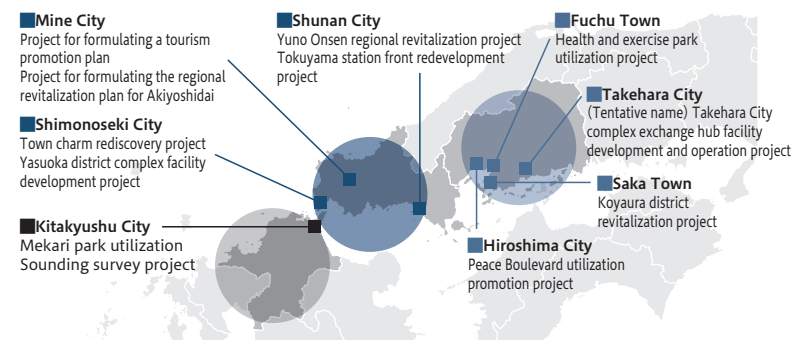
YM-ZOP is certified as a PPP Partner by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT). Since 2018, it has been contributing to resolution of regional issues by promoting the development and operation of public facilities through operation of a PPP/PFI regional collaboration platform in the three regions of Yamaguchi, Hiroshima, and Kitakyushu.

Since 2020, YM-ZOP has been undertaking operation of a regional block platform set up by the MLIT. In this way, it has established a more specialized support structure. With its operations having gone nationwide this fiscal year, it plans to

proceed with efforts to provide information on and spread awareness of public-private partnerships to local governments across Japan.

In addition, the Infrastructure PPP Study Group was launched with the aim of addressing issues such as aging facilities and labor shortages in the infrastructure sector. It has also been advancing efforts to share information and resolve issues together with local governments and private business operators. YM-ZOP also supports the spread of public-private partnerships and project formation. This involves utilizing schemes such as the “Water PPP” integrated management and renewal method for water and sewage systems, etc., promoted by the MLIT, and assisting municipalities in their adoption and framework development.

► Initiative examples Track record in PPP/PFI and town development projects through public-private partnership (excerpt)



Yasura Garden in Shimonoseki City, developed through PFI (Yasuoka district complex facility development project)

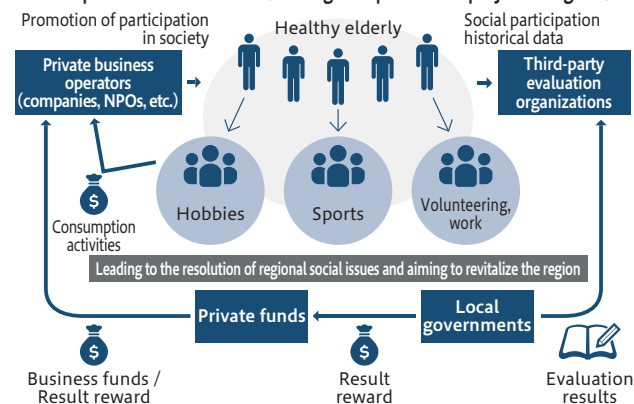
► Initiatives to promote the use of social impact bonds (SIBs)

In order to revitalize the region using social impact bonds (hereinafter, “SIBs”), which are garnering attention as a new public-private partnership method, the Group signed a comprehensive partnership agreement on SIBs with Dream Incubator Inc. (hereinafter, “DI”) in October 2021 and concluded an investment agreement with Japan’s largest SIB fund managed by DI in September 2022. In addition, in October 2022, with YM-ZOP as the operating entity, the Group established the SIB Study Group, the first of its kind among regional financial institutions. The purpose of the group is to bring together local governments to contribute to the formation of specific projects through SIB business knowhow acquisition and information exchange, and the

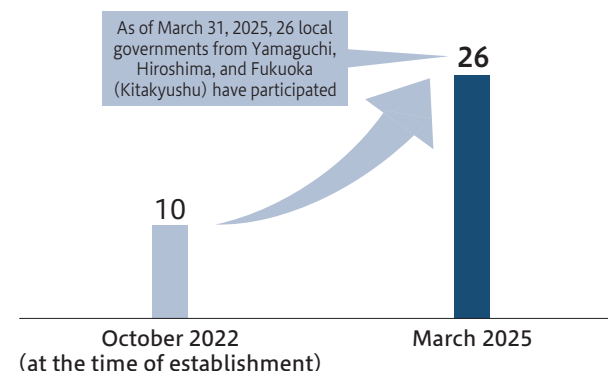
group regularly holds study sessions, etc. with case studies.

In December 2022, the Group signed a cooperative agreement with Fukuyama City, Hiroshima Prefecture, and DI regarding investigation and research on the use of SIBs. In July 2025, a public request for proposals for “outsourced operations associated with the Yamaguchi City Zutto Genki (Forever Healthy) PFS Project” was initiated in Yamaguchi City, which is a member of the SIB Study Group. Also, Mine City was selected for the “2025 Program for Supporting Project Formation Associated with the Pay for Success (PFS) Framework by Local Public Entities.” This indicates that our initiatives to promote the use of SIBs are expanding throughout the region.

► Example of an SIB initiative (nursing care prevention project using SIB)



► Trends in number of local governments participating in SIB Study Group



Initiatives to realize regional co-creation: Area regeneration

We engage in town development through public-private partnerships taking into account regional issues, with the aims of increasing populations of visitors and those with community ties and creating vitality, in a manner that extends beyond simply rebuilding facilities.

► The initiative of Sanyo-Onoda City utilizing LABV

Economic impact of ¥8.7 billion

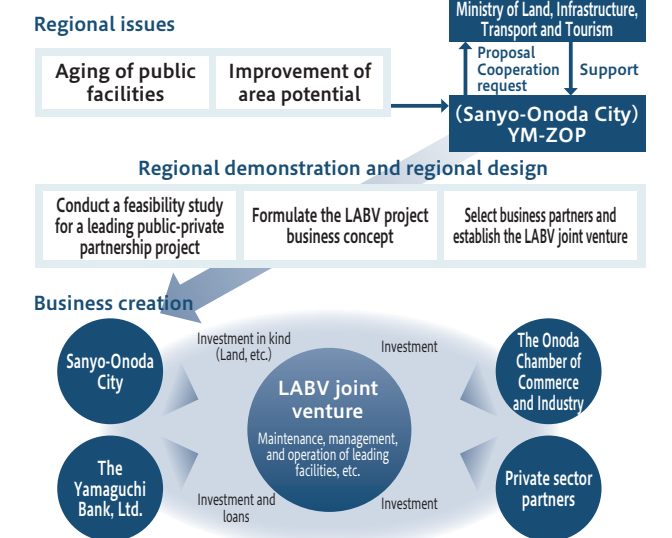
A local asset backed vehicle (LABV) serves as a method for promoting public-private partnership projects using a joint venture entity, formed through a combination of in-kind contributions of land owned by local governments and investment from private business operators, etc.

Since 2018, YM-ZOP and other members of the Group have been spearheading efforts to advance a town development project entailing the sequential development of multiple areas of municipal land in Sanyo-Onoda City, Yamaguchi Prefecture. This was initiated by a proposal from YMFG to Sanyo-Onoda City to address regional issues that include aging facilities and creating vibrant town settings. The project’s core complex facility “A-SQUARE” (pictured) was opened in April 2024. This has consequently attracted new restaurants to the surrounding area, which has become one of the few locations in the prefecture to see an increase in benchmark land prices. Due to such factors, the economic impact of the development was calculated to be ¥8.7 billion.



This project using LABV is the first of its kind in Japan, and in February 2023, it received the “Award from Secretary General of Secretariat for Promotion of Regional Revitalization, Cabinet Office” the highest award in the “2022 Public-Private Partnership Initiative Cases Aimed at Achieving Regional Revitalization SDGs.” In addition, in March 2023, it received recognition from the Minister of State for Regional Revitalization of the Cabinet Office in the “Distinctive Initiative Cases” of financial institutions, etc. contributing to regional revitalization.”

► LABV structure in Sanyo-Onoda City



TOPICS

YM-ZOP 10th Anniversary

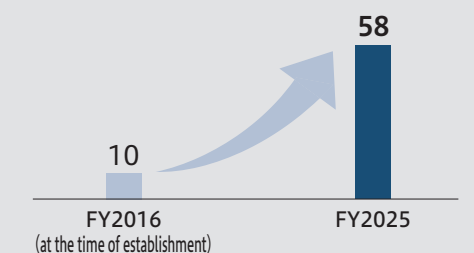
This year marks the 10th anniversary of YM-ZOP. It was established in 2015, which is regarded as “year one of regional revitalization.” YM-ZOP has developed a framework for resolving issues in conjunction with regions, which has involved entering into partnership agreements with entities that include local governments, private enterprises, and universities under the business concept of “designing the future with the region.” To date, it has signed a total of 58 partnership agreements, including those with 25 local governments in steadily expanding its role as a platform for regional co-creation.

In July 2025, YM-ZOP hosted a commemorative event to mark its

10th anniversary, inviting approximately 100 key stakeholders from the government and private enterprises who have been involved in its town development projects. A discussion session was held on the theme of “Town development in partnership with communities.” It featured key figures, including the mayor of Sanyo-Onoda City, with whom YM-ZOP has been promoting a town development project, and included exchanges of opinions from diverse perspectives looking toward regional development. Furthermore, by illustrating the “economic impact with the region” to stakeholders, the event served to heighten enthusiasm toward further strengthening cooperation.



► Trends in YM-ZOP partnership agreements



Business Portfolio Strategy

What we aim for

- Implement RORA management with an emphasis on capital efficiency to help corporate clients achieve business growth while also increasing the economic value of the Group
- Adapt to a “country with interest rates” and increase value provided in relation to deposit products, for both individuals and corporations
- Build a securities portfolio that can deliver stable capital gain through proactive asset rotation

Strategy in YMFG Medium-Term Management Plan (FY2026–FY2030)

Under the negative interest rates that have prevailed until now, financial institutions, including the Group, have faced a severe earnings environment due to factors such as the contraction of lending margins. In response, they have expanded the volume of their lending balances, diversified their earnings structures, and worked to strengthen non-interest income.

However, in 2024, the Bank of Japan lifted its long-held negative interest rate, ushering in an era of significant change for Japan’s domestic financial environment. Subsequently, two additional interest rate hikes were implemented and the spread between loan interest and deposit interest rates expanded, bringing an improvement to lending margins, which are the original source of earnings for financial institutions. Accordingly, the role of the original financial business as a pillar of earnings is gradually increasing, while within the Company, the increase in earning power of the financial business is an important driver toward realizing the final fiscal year target of net income attributable to owners of the parent ¥60.0 billion under the YMFG Medium-Term Management Plan (FY2026–FY2030, hereinafter the “new medium-term management plan”).

The Group has set out its “business portfolio strategy” with three key themes: “strengthen loan management,” “strengthen securities investment,” and “strengthen deposits.”

► Strengthen loan management

We aim to improve profitability not only by aiming to “expand

the volume” of loans, but also by applying RORA management to accelerate the reduction of low RORA assets and their replacement with high RORA assets.

Moreover, by clarifying and focusing on our priority fields, such as the semiconductor-related and other peripheral business, ship finance, structured finance, and home loans, we will efficiently capture growth markets.

► Strengthen deposits

In an environment with positive interest rates, acquiring deposits is even more important than before. We will provide deposit products that meet customers’ needs by combining the three elements of “branch strategy,” “operation structure,” and “products and promotions.”

► Securities investment management

We will transform the ballooning valuation losses, mainly on Japanese government bonds, into valuation gains by actively rebalancing of securities. In this way, we will further strengthen the stable income gain structure that we built over the three years of YMFG Medium-Term Management Plan 2022 (hereinafter, the “previous medium-term management plan”), aiming to achieve a structure that can secure stable earnings, including capital gains.

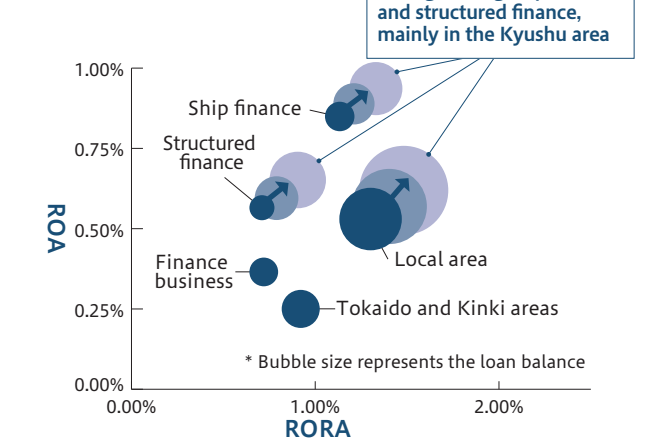
Initiatives

► Implementing RORA Management

In our initiatives to achieve ROE that exceeds cost of capital, we are focusing on improving RORA. These include dividing our loan portfolio into multiple asset classes and visualizing them, then assessing them using the two axes of RORA and ROA in order to assess the characteristics of each asset class and determine our focus fields, and so forth.

Under our new medium-term management plan, we will strengthen our existing areas of ship finance and structured finance, as well as actively incorporating semiconductor-related demand, mainly in Kyushu, based on RORA, to expand highly profitable loans.

► Loan portfolio



► Branch and deposit strategy

Branches are set to become increasingly important as they provide a space for creating contact with customers. Rather than seeking to streamline operations by consolidating branches, as we have been doing, we will pursue a flexible branch strategy and operations according to the environment surrounding each branch and the roles required of them. Under the new medium-term management plan, we will reorganize our branch distribution, including internet branches and branches with specialized functions.

The Kitakyushu Bank, Ltd., which is part of the Group, started offering term-deposits with lottery benefits, which award lottery tickets based on the deposit amount, again in December 2024 after a three-year hiatus. We also provide deposit products to suit a wide range of customer needs, such as term deposits that support local professional sports teams, while for corporate customers we have started offering a donation-type term deposit, under which the Group banks donate an amount equivalent to up to 0.2% of the deposit amount to a local government, school, social welfare corporation, or similar

entity.

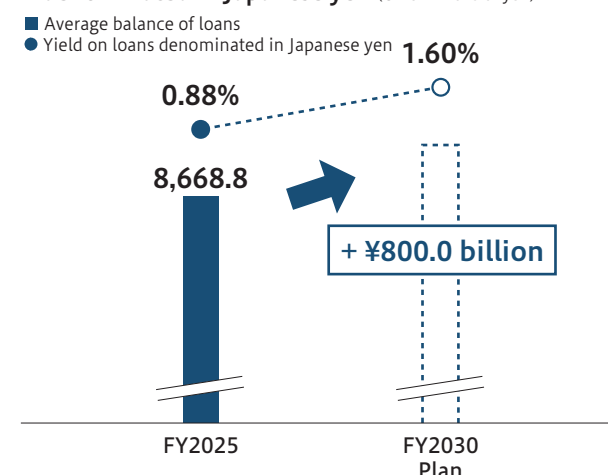
By linking our branch strategy and our deposit strategy, we aim to efficiently and effectively capture deposits that are the source of our earnings.

► Image of the Karato Branch of The Yamaguchi Bank, Ltd. (scheduled for completion in January 2026)

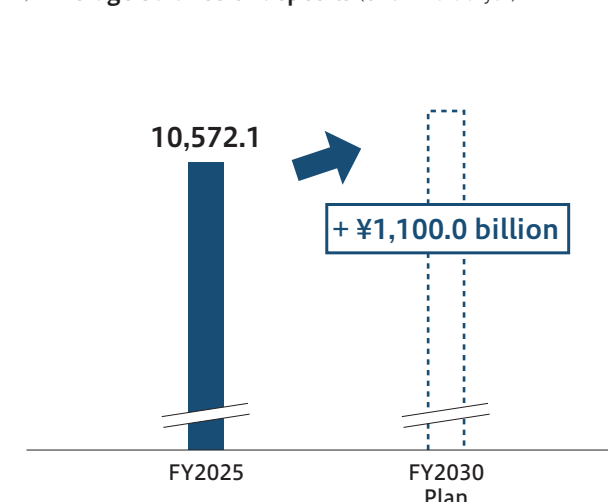


Main KPIs

► Average balance of loans and yield on loans denominated in Japanese yen (Unit: Billions of yen)



► Average balance of deposits (Unit: Billions of yen)

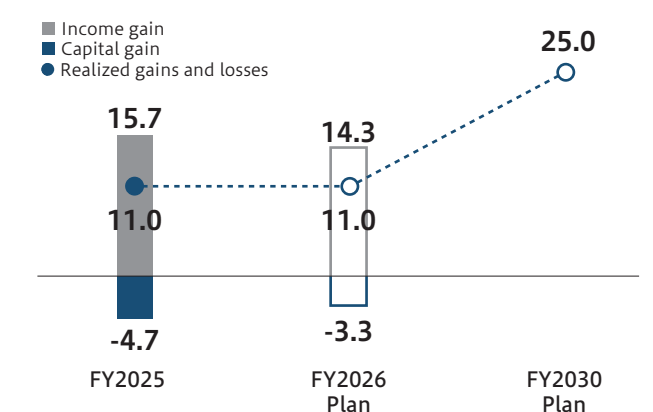


► Securities investment strategy

Under the previous medium-term management plan, we worked to restructure our portfolio so as to move away from a highly volatile earnings structure dependent on capital gains to enable us to secure stable income gains. In the new medium-term management plan, we aim to further strengthen this stable income gain structure and establish a system that can secure stable earnings, including capital gains.

Furthermore, by managing investments in a way that curbs the deterioration of valuation gains and losses due to market fluctuations, and accumulating unrealized gains to stabilize future realized gains and losses, we will aim to eliminate ballooning valuation losses centered on domestic bonds and convert them into gains.

► Realized gains and losses for pure investment department (three banks total) (Unit: Billions of yen)



Multi-bank, Single-platform Structure

Multi-bank, single-platform structure is a method of operating three banks—The Yamaguchi Bank, Ltd., Momiji Bank, Ltd., and The Kitakyushu Bank, Ltd.—on a single platform in practice. Through this structure, we aim to simultaneously enhance operational efficiency and improve profitability.

Initiatives to deepen the multi-bank, single-platform structure

It is essential to rebuild the management structure in line with our business model transformation through the “deepening of the multi-bank, single-platform structure” in order to “establish a business model based on the ‘all in the same boat’ metaphor” cited in YMFG Medium-Term Management Plan (FY2026–FY2030).

Originally, the Group banks had their own individual systems, operating processes, and head office functions, which caused issues for information coordination and operation standardization. To resolve this, we are working to integrate systems and processes onto a common Group platform, eliminate overlapping operations, and optimize costs. This will enable us to make maximum use of the benefits of scale across the entire Group, and to strengthen our functions as a regional financial group.

Specifically, we are focusing our efforts on three main themes: 1) functions (planning and management), 2) personnel, and 3) systems.

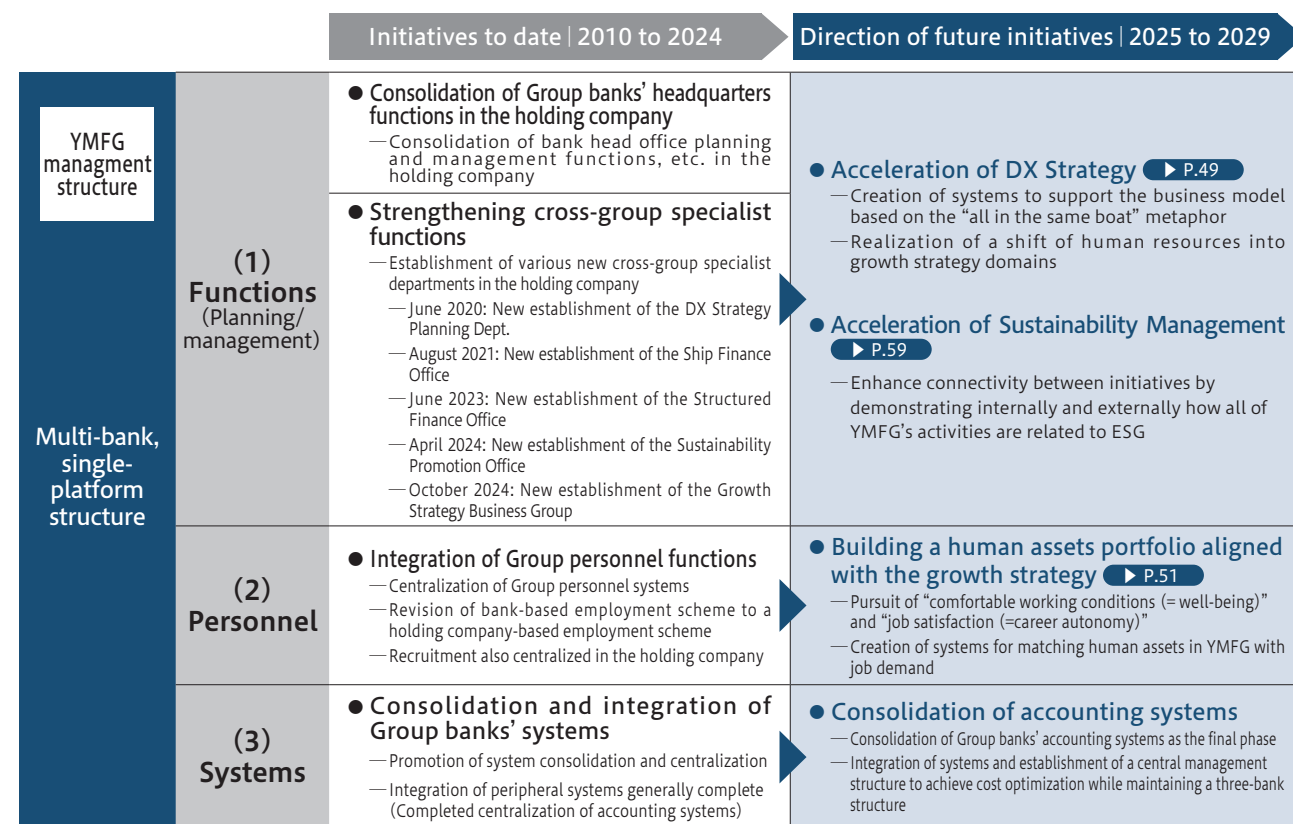
To address functions (planning and management), we are working to consolidate the head office functions of the Group

banks (administration, auditing, planning divisions, etc.) within the holding company, and to strengthen specialized cross-group functions through the establishment of new specialist departments.

With regard to personnel, in addition to a complete overhaul of the personnel system, we will take steps to centralize personnel functions for the Group, such as having recruiting activities carried out all together by the holding company recruitment team, and promoting optimization and strategic allocation of human assets.

Looking at systems, we are making progress on integration and centralization of the Group banks’ systems, and we have already completed integration of many areas, mainly their peripheral systems.

Looking ahead, we will aim to deepen the multi-bank single-platform structure even further in order to strengthen our management foundation ahead of other banks and realize a transformation in our organizational management as a front-runner in regional bank management integration.



Aiming for a multi-bank, single-platform structure in pursuit of the centralization and streamlining of Group management

Together with the aforementioned shift in business model, aim to further deepen YMFG’s “multi-bank, single-platform structure” management structure

IT and Cost Management Strategy

What we aim for

- A situation where existing business operation costs are reduced and execution of growth investments is maximized

Consolidation of the three banks’ accounting systems

The consolidation of the accounting systems is an extremely important initiative for realizing group-wide operational efficiency gains and optimization of management resources.

Currently, the systems of the three Group banks (The Yamaguchi Bank, Ltd., Momiji Bank, Ltd., and The Kitakyushu Bank, Ltd.) have been centralized in many areas, but in the area of accounting systems there is still room for further streamlining on the operation and management fronts as the banks still each have independent applications and servers.

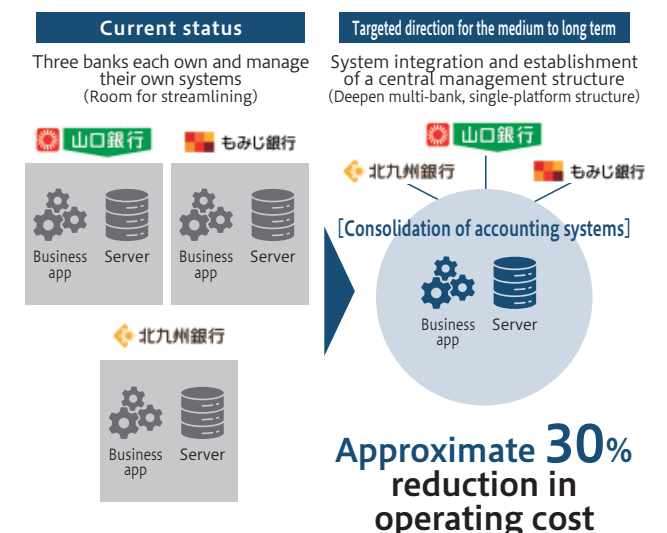
Specifically, although they use the Chance Regional Bank Partnership system, and the three banks use common hardware, the business processing programs and operational environments are currently operated and managed separately at each bank.

In light of this situation, by consolidating the three banks’ business processing programs and operational environments into one, we aim to approach a structure that is effectively one bank, dramatically reducing system maintenance and management expenses. Through this initiative, it will be possible to reduce operating costs for our accounting system by approximately 30%, and we expect to dramatically improve management efficiency across the entire Group.

This reduction in operating cost is more than simple streamlining—it is also an important step for creating investment capacity for future growth. System cost optimization is essential

for making maximum use of limited management resources and accelerating investments in growth areas, and our policy is to promote integration of the three banks’ accounting systems.

Examining integration of the three banks’ accounting systems and aiming to reduce system operating costs



Growth platform supporting regional co-creation

The multi-bank, single-platform structure responds flexibly not only to the integration of companies inside the Group, but also to collaboration with companies outside the Group. When new business partners are added, the structure enables us to leverage our existing frameworks while demonstrating high performance in terms of effectiveness and efficiency.

Through its strategic investments to date, the Group has aimed to enter growth fields and strengthen its financial

functions. Going forward, we will further accelerate these efforts and actively welcome companies with the necessary functions for growth strategy areas and the advancement of financial businesses into the Group. This will help us expand our business portfolio and optimize management resources. In this way, we will enhance the competitive capabilities of the overall Group, and envisage a growth trajectory aimed at reaching total assets of ¥20 trillion in the future.



Along with the expansion of volume through the enhancement of financial business, we aim to achieve **total assets of ¥20 trillion** in the future through strategic investments.

DX Strategy

What we aim for

- A situation where, by realizing our DX strategy, an environment is created that enables systems that support a business model based on the “all in the same boat” metaphor, and the maximum allocation of human resources to growth strategy fields

Four priority themes for DX strategy

Under the YMFG Medium-Term Management Plan (FY2026–FY2030), our DX strategy is an important pillar composing the “Basic Objective 3): Deepen multi-bank, single-platform structure.” As such, it has been positioned as a core strategy for realizing the sustainable growth of the overall Group and contribution to local communities.

Toward realizing our DX strategy, it is essential to strengthen systems that support a business model based on the “all in the same boat” metaphor and to optimally allocate human resources to growth strategy fields. To create an environment that will enable these, we are working on four priority themes.

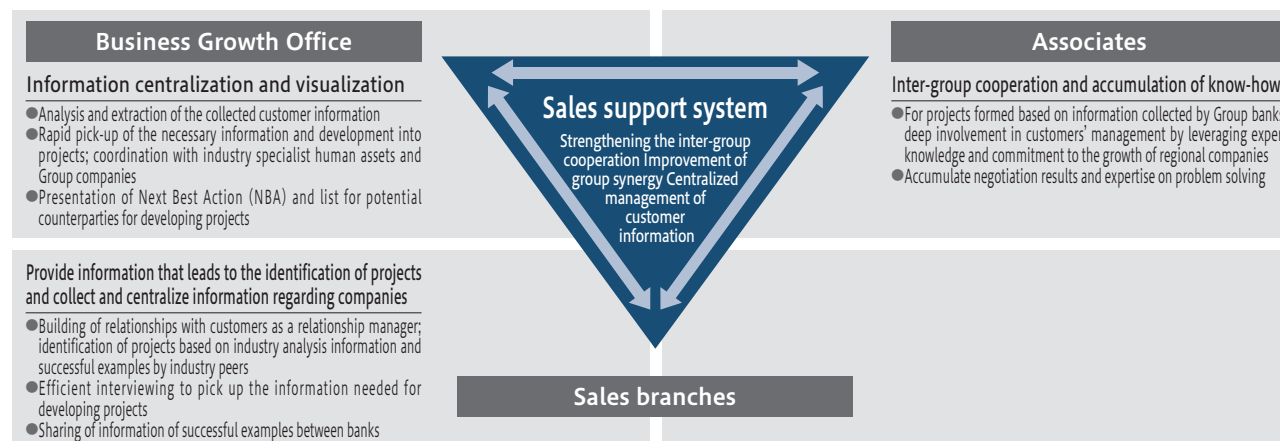
Four priority themes	01 Sales DX	[Transformation to sales utilizing digital data] Centralize management of the Group’s customer information, aiming to accumulate expertise and to increase sales, proposal quality, and operation efficiency, and increase the value provided to customers
	02 Business DX	[Realizing head office concentration and operational streamlining] Standardize and automate business processes to achieve both quality and speed in operations, and work to reallocate human resources to strategic areas
	03 Channel DX (mass retail strategy)	[Transformation to communications centered on smartphone apps] By strengthening the convenience and functionality of non-face-to-face channels, we aim to expand and strengthen customer contacts, and to improve the customer experience
	04 DX platform establishment (Utilization of AI and data, human asset development)	[Transformation to an organization that routinely makes decisions and executes business using AI and data] Establish a system infrastructure to support operational advances utilizing AI and data, and promote the integrated development of DX human assets toward increasing DX literacy

Priority theme 1): Sales DX

We have started renewing our sales support systems toward a transformation to sales that utilize digital technology and data. The Group-wide linking of the new system will enable centralized management and visualization of information, enabling smooth

information coordination between branch employees and specialist human assets at head office, and employees of associates. This will enable the realization on integrated support for customers, leveraging the comprehensive capabilities of the Group.

From providing complementary support mainly through value enhancement by industry-specialist human assets and dedicated relationship managers (RM) at associates and comprehensive support financing such as equity contributions, we are taking a further step to serve as a true partner, making a long-term commitment to business growth (increase in corporate value)



Priority theme 2): Business DX

With business DX, we will thoroughly simplify loan operations to realize the reassignment of 150 personnel from loan operations to sales.

To realize this, we intend to take a three-pronged

approach: 1) sweeping review loan operations, 2) development of credit judgement expertise into organizational knowledge, and 3) ever-evolving loan system.

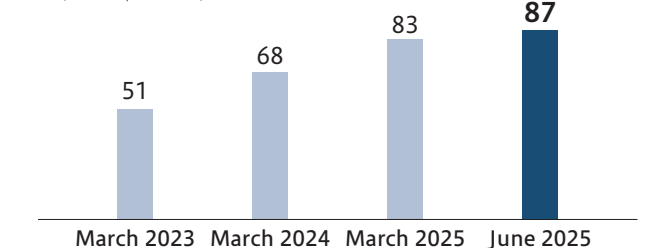
	Reviewing credit business	Operational efficiency	Utilization of AI and data
01 Sweeping review of loan operations Sweeping reform of the overall operations, including credit business domain	● Construction of a flexible credit system based on project type and degree of difficulty	● Thorough rationalization and BPR through cessation of operations, elimination of overlaps, and concentration at head office ● Automation utilizing AI, etc.	Operational efficiency ● Provision of interview questions to customers in relation to loan initiatives ● Automatic generation of approval requests and ratings, automatic draft preparation and loan execution ● Enhancement of risk management using data
02 Organizational knowledge of know-how for credit assessment All personnel are able to provide consistent credit decisions and operations	Structuring of credit assessment criteria ● Structure tacit knowledge rules and rules listed in complicated manuals, organizing them into knowledge	Utilization and systematization of knowledge ● Incorporation of structured knowledge into credit decision-making flow, and increase overall skill level (example: presenting interview items, itemizing matters in approval requests)	Structuring of credit assessment criteria ● Extraction and generation of tacit knowledge
03 Ever-evolving loan system Respond flexibly to changes and continue to increase value	Continuous improvement ● Flexible response to rapidly changing customer needs and technology trends ● Smooth links to related systems	Development through data and AI ● Use of accumulated data and implementation of AI ● Appropriate accumulation of usage data and knowledge, and continuous learning by AI	Development through data and AI ● System for compiling knowledge such as reasons for rejection, for later use ● Automatic credit score calculation and risk detection

Priority theme 3): Channel DX (mass retail strategy)

Toward a transformation to communications centered on smartphone apps, we are continuing to promote their functional enhancement and use with the aims of reinforcing customer contact points and streamlining operations. As of the end of June 2025, the cumulative number of app downloads surpassed 870,000, with use expanding mainly in the segment of people in their 20s to 40s, who are currently forming assets. The apps have established their position as an important transaction channel alongside branches and ATMs.

We will continue to strengthen our value provision to customers by providing them even greater convenience and expanding digital contact with them.

► Number of smartphone app downloads (cumulative)
(Unit: 10,000 cases)



Priority theme 4): DX platform establishment (Utilization of AI and data, human asset development)

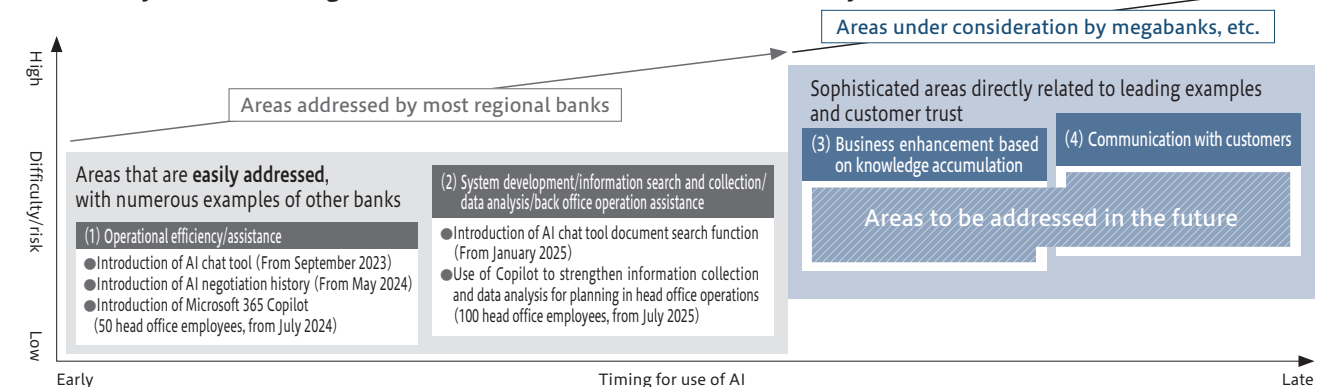
The Group has positioned AI utilization as an important factor for its DX platform.

We have been working on the use of generative AI since we started using an AI chat tool in September 2023. Currently, we are focusing mainly on (2) Information search and collection in the figure below.

On the other hand, considering that megabanks and

others have already started looking into (conducting trial testing, etc. of) items such as (3) Business enhancement based on knowledge accumulation and (4) Communication with customers, and that AI has been evolving at high speed recently, the Group also intends to begin addressing the high-risk, high-difficulty (3) and (4) domains soon.

► Difficulty, risk, and timing for introduction of AI into the finance industry



Human Assets Management Strategy



Development of autonomous human assets for provision of new value to our region and customers

General Manager, Human Capital Management Dept.

Hiroki Shigedomi

Joined The Yamaguchi Bank, Ltd. in 2003. After accumulating experience on the sales front line, he was appointed General Manager of Onomichi Branch in 2019. In 2023, he was appointed General Manager in charge of the Human Capital Management Dept., and in April 2025, General Manager of the Department.

What is required of us now

In the 20 years since I joined the bank, I have worked on the front line of sales to solve problems for customers, and built relationships of trust. Through this experience, I gained a strong, first-hand understanding of how building trust enhances the quality of employees, and how having high-quality employees is crucial for enabling the Group to continue playing an essential role in the region.

Meanwhile, amid a rapidly changing environment due to technology innovation and other factors, customer needs are diversifying. Sales activities take place at the front line where we provide value to meet these needs. The Group's evolution toward its

goal of becoming a "platformer for regional issue solutions" requires strengthening the sales front line, in other words, enhancing the quality of each employee and increasing the number of such employees.

To enhance the quality of employees, we need to develop autonomous human assets who are able to think and act dynamically of their own accord. Autonomous human assets are the ones who are capable of building true partnerships with customers, which leads to the "business model based on the 'all in the same boat' metaphor" presented in the YMFG Medium-Term Management Plan (FY2026–FY2030) (hereinafter, the "new medium-term management plan").

Our aim

Under the new medium-term management plan, we are working on "Building a human assets portfolio aligned with the growth strategy." We aim to achieve a situation where employees equipped with the necessary skills to realize the new medium-term management plan are appropriately assigned to roles that satisfy them in a comfortable working environment.

With regard to quality, to strengthen the specialist skills needed on the sales front line, we will send employees on external assignments and trainee dispatch, and as well as increasing corporate sales skills in particular, and encouraging a mindset and promoting reskilling among administrative employees toward shifting them to sales.

In addition, to enable employees to envisage their careers themselves, we encourage proactive career formation through measures such as visualization of skills through a talent management system and job postings. I believe this makes it possible to match skills to jobs, and to realize job satisfaction.

Another important factor supporting these development initiatives is the establishment of an environment where employees feel safe to take on challenges, in other words, comfortable working conditions. In particular, DE&I is an important factor for enhancing flexibility and competitive capability, and it is essential for realizing the new medium-

term management plan. We will therefore continue to focus on providing career development opportunities and on recruiting and appointing diverse human assets.

Within DE&I, we will focus intensively on encouraging the active participation of women. The ratio of female managers has increased from 1.2% at the end of March 2022 to 8.2% at the end of March 2025. However, the level is not satisfactory compared to the industry average. Under the new medium-term management plan, we will look to increase role models in close proximity to junior female employees, and connect this to the development of autonomous human assets who take personal ownership over their participation in management and are able to take action to realize this. In addition, we will also strengthen recruitment of mid-career talent who have expertise and diverse experience, aiming in the future to reach a recruitment ratio of five to five with new graduate recruits.

It is important to regularly check the effectiveness of these measures and strive to improve them. We also aim to foster an open organizational culture that allows employees to work with a sense of satisfaction by incorporating the feedback obtained through employee awareness surveys and dialogue between frontline employees and management into our systems and measures.

sales front lines to company-wide measures from my current position in the Human Capital Management Dept., and converting them into corporate value, I will realize my purpose. I will steadily carry out human asset management strategies to achieve this.

My role as General Manager of the Human Capital Management Dept.

The role of General Manager of the Human Capital Management Dept. is a new challenge for me. However, as someone who has accumulated experience on the sales front lines, I believe that it is a role that I should take on. By connecting the challenges and possibilities that I felt on the

What we aim for

- A situation where the building of a human assets portfolio aligned with the growth strategy has been achieved

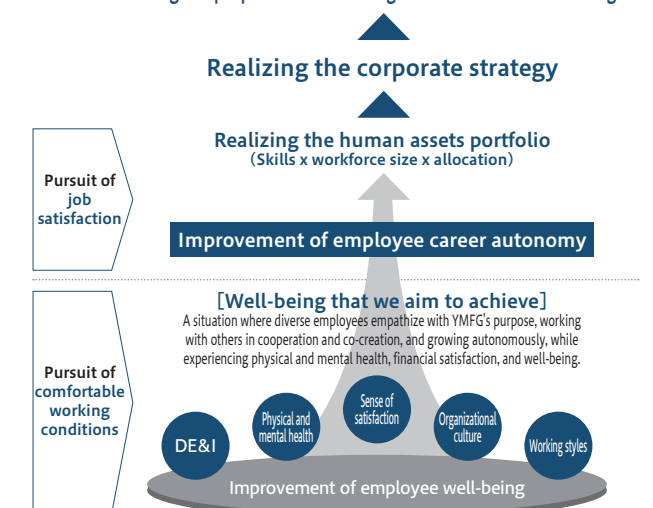
Overview of the human asset management strategy in the new medium-term management plan

Guided by its purpose of "co-creating a bountiful future for all regions," the Group is working to achieve the "maximization of value provided to our region and customers" and the "creation of new value" by encouraging individual employees to grow and change the organizational culture with their own sense of job satisfaction.

It is human assets who form the foundation for this kind of value creation. Under the new medium-term management plan, we have formulated a human asset management strategy linked with our management strategy, and by pursuing job satisfaction and comfortable working conditions for employees, we aim to enhance our human asset portfolio toward the realization of our management strategy.

Increasing employee career autonomy in pursuit of job satisfaction and increasing employee well-being in pursuit of comfortable working conditions are two priority themes. We are developing various initiatives supported by measures based on these themes.

Realizing our purpose of "co-creating a bountiful future for all regions"



► Main measures based on the priority themes

Priority theme	Current status	Main initiatives	What the Group should become/envisaged effect
(1) Improvement of YMFG employee career autonomy	<ul style="list-style-type: none"> ■ Insufficient career autonomy at the individual employee level for increasing corporate value ■ As a result, it is difficult to foster job satisfaction among employees 	<ul style="list-style-type: none"> ■ Fostering a culture of self-awareness ■ Creation of systems to promote autonomous career formation ■ Management reforms 	<ul style="list-style-type: none"> ■ A situation where employees continuously and actively strive to improve themselves, and conduct high quality value provision ■ A situation where employees' desire to learn is met by providing education systems aligned with strategy ■ A situation employees are able to envisage their own medium- to long-term career paths ■ A situation in which human asset management is able to create job satisfaction for junior human assets
(2) Improvement of YMFG employee well-being	<ul style="list-style-type: none"> ■ By promoting the participation of diverse human resources, employees tend to feel increased satisfaction with the company (comfortable working conditions) 	<ul style="list-style-type: none"> ■ Embedding of DE&I ■ Review of the design and implementation of the evaluation and grading system ■ Promoting KENKO investment for health 	<ul style="list-style-type: none"> ■ A situation where there are fair participation opportunities for all employees, regardless of their characteristics or background ■ A situation where employees are creating added value while continuing to grow autonomously, with fair evaluation and treatment ■ A situation where employees work with enthusiasm, having realized a work-life balance

► Main indicators

Main indicators	FY2024 Results	FY2025 Results	FY2030 Target
Ratio of diverse human assets in management positions	12.2%	14.8%	24% or more
Ratio of females in management positions	6.2%	8.2%	15% or more
Male childcare leave acquisition rate (including leave for childcare purposes)	108.5%	103.8%	100% or more
Number of days of male childcare leave acquired	Average of 19.9 days	Average of 15.3 days	Average of 28 days or more
Employee awareness survey results (overall satisfaction)	3.62 points	3.61 points	—
Presenteeism figures*	82.0%	81.0%	80% or more

* A situation where productivity decreases due to the impact of an employee's health issue, despite their attendance at work. The figures are calculated using the questionnaire survey to employees. The survey asked employees to self-assess their level of performance (as a percentage) in terms of work volume, quality, and results, taking 100% to represent performance in a state without any issues. The figure shown is the average across all three items.

Human Assets Management Strategy

Priority theme 1): Improvement of employee career autonomy

► Foster a culture of self-awareness

We are working to establish an educational system that enables employees to continuously and actively strive for self-improvement, allowing them to provide high-quality value to customers.

To create a system that enables employees to take educational programs based on their own skill level, in the fiscal year ended March 31, 2024, we revised our internal definitions for bank operation skills, and in the fiscal year ended March 31, 2025, we systematically conducted operation-specific training linked to employees skill levels based on these skill definitions.

In this way, we were able to increase employee motivation for active self-improvement along with the enhancement of our systematic education program. Education investment in the fiscal year ended March 31, 2025 was ¥154 million, achieving the target in the YMFG Medium-Term Management

Plan 2022 (hereinafter, the previous medium-term management plan) of “2 times or more compared to FY2022” for a third consecutive year. In addition, total annual training hours in the fiscal year ended March 31, 2025 increased by approximately 14,000 hours from the previous fiscal year, and the total number of trainees (cumulative) was up by 700 people from the previous fiscal year to approximately 9,400 people. The Group believes that we are in the process of cultivating a culture of self-improvement as an organization.

We will continue this policy under the new medium-term management plan to realize a structure that allows our employees to realize their full potential as the source of all our activities that contribute to increasing corporate value.

► Return on investment in education

	FY2022	FY2023	FY2024	FY2025	FY2026 (Target)
Investment in education	¥70 million	¥143 million	¥220 million	¥154 million	¥250 million
— Compared to FY2022*	—	2.0 times	3.1 times	2.2 times	3.5 times
Total annual training hours	Approx. 35,900 hours	Approx. 36,900 hours	Approx. 55,900 hours	Approx. 70,000 hours	Approx. 90,000 hours
Total number of trainees (cumulative total)	Approx. 4,200 people	Approx. 5,500 people	Approx. 8,700 people	Approx. 9,400 people	Approx. 8,000 people

* The target investment amount for human assets development set in “YMFG Medium-Term Management Plan 2022”: “2 times or more compared to FY2022”

► Creation of systems to promote autonomous career formation

We are continuously working to create systems that enable employees to design their own careers autonomously.

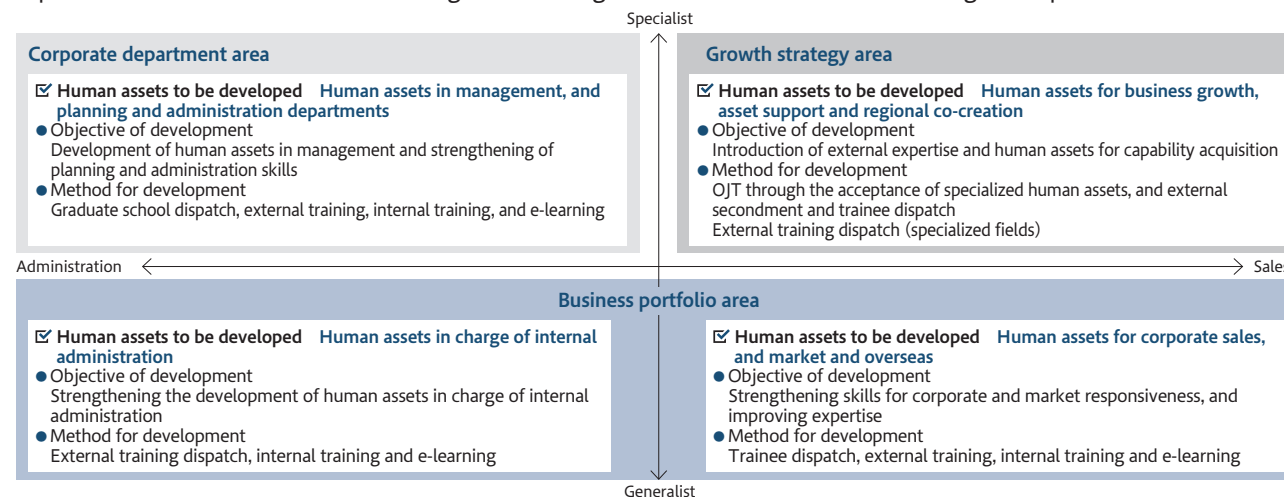
Specifically, we have visualized and assessed skill levels through our talent management system, instituted specialized courses for human assets who seek to advance their careers in specialized fields, and head office and Group companies conduct job postings and other

measures to recruit employees who want to take on challenges.

To build a human asset portfolio for executing management strategies, we will support employees' autonomous career development by indicating career models, necessary skills, and corresponding internal and external training, among other measures, while also aiming to appropriately review various personnel systems.

► Training for building a human assets portfolio

We are working to raise the overall skill level of all employees and to develop specialist human assets so as to develop capabilities in coordination with the management strategies of the new medium-term management plan.



—Sales role placement and buddy system for all new employees in new employee training—

In the past, new employees were put through job rotation before the head of their department decided on their placement. However, from the fiscal year ended March 31, 2025, the system was changed so that all new employees, male and female, are assigned to corporate sales. This corrected a division of roles by gender, in which male employees were assigned to corporate sales and female employees to retail sales or administration work. It also created a system in which fair experience

opportunities are provided, while assisting early career formation.

Furthermore, we introduced a buddy system, in which employees in charge of corporate sales become responsible for training and conducted practical on-the-job training through real-time accompanied customer visits. In our survey results, 95% of department heads and 96% of new employees responded that they found this system effective for training of new employees.

—“Junior Board Program,” the human assets development for next generation management—

The “Junior Board Program” aims to train human assets for next-generation management, foster young and mid-level employees' awareness of being involved in management, and enhance decision-making abilities needed for next-generation leaders. Members chosen through public selection or nomination (serving for one year) discuss issues planned to be brought up as agenda items at the Group

Executive Management Meeting. The Junior Board makes mock decisions, a process that helps members build up strategic thinking and decision-making abilities. Through this training program to strengthen decision-making abilities, which also provides broader education and specialized knowledge, we are expanding our pool of potential succession candidates and managing their advancement.

Success of program participants



Regional Trading Company Yamaguchi Co., LTD.
Representative Director
Tomonori Ueki
First-term member
(Term: July 2019 to June 2020)

As representative of the Group company Regional Trading Company Yamaguchi Co., LTD., I focus on both business management and human asset development for employees. I aim to create value for both the regions and the organization.

My approach is based on my experience of considering the significance and feasibility of business from multiple perspectives through the Junior Board, and refining my communication ability by asking myself what kind of impact of initiatives will have on the entire organization. Through this experience, I have cultivated an awareness of overall optimization, rather than local optimization, which is a major guideline for my current management decision-making and organizational management.

Furthermore, through actual organization management, I have had direct experience of the difficulty of finding a

balance between discretion and speed, while respecting individuality and independence. The Junior Board is a forum where members of different ranks, tenure, and job responsibilities come together. Within this forum, by taking action and voicing their ideas by themselves, members gain a stronger awareness of their roles and cultivate a sense of autonomy and responsibility.

I believe that taking action accelerates their growth, and expressing ideas cultivates their awareness. This approach also carries through to human asset development for young employees, and leads to the invigoration of the entire organization. I would encourage next-generation junior board members to treasure this approach, and to participate actively, and gain a true sense of their own growth and contribution to the organization.

► Management reform

As we work toward the implementation of human capital management at the workplace level that can produce job satisfaction for employees, we are continuously working to prepare systems that contribute to management capability enhancement and management support.

Specifically, we implement level-specific management training, as well as one-on-one meetings, which aim to strengthen dialogue and listening between supervisors and team members, 360-degree feedback, which clarifies the gap between one's own awareness and other people's

awareness in management to promote behavioral change, and unconscious bias training, which helps to eliminate unconscious assumptions and discrimination.

Furthermore, at each workplace, we are also focusing on creating system to enable appropriate management, such as establishing a system in which supervisors utilize the talent management system to enable them to assess their team members' skills, career aspirations, and engagement status.

Priority theme 2): Improvement of employee well-being

► Permeation of DE&I

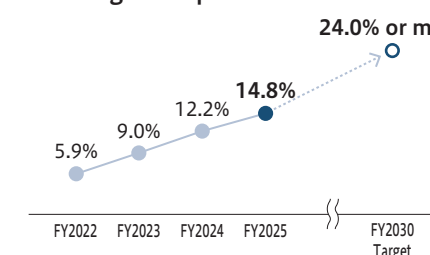
The Group is taking steps to recruit and develop diverse human assets, and to create an organization that generates completely new ideas and perspectives with a view to providing new value to customers in our region. To realize this, we will diversify our recruitment channels and aim to further promote DE&I inside the Company.

At the same time, we aim to increase understanding of DE&I among employees, and promote the creation of an organization

where diversity is actively utilized in each workplace and between employees, aiming to achieve a ratio of diverse human assets in management positions of at least 24.0% by the end of March 2029.

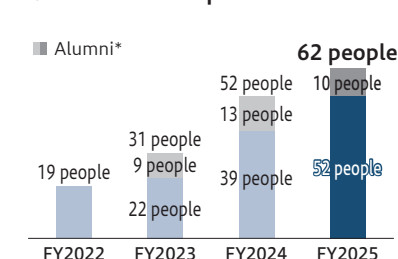
Furthermore, from the fiscal year ended March 31, 2025, to further advance and promote the penetration of DE&I as a Group, we presented awards to workplaces that have promoted DE&I, and launched an initiative to roll-out best practices company-wide.

► Ratio of diverse human assets* in management positions



* Diverse human assets: women, foreigners, experienced hires, alumni, staff with side jobs, and people with experience of external secondments

► Number of experienced hires



* Alumni: Employees who have been rehired after previously retiring from the Company (recruitment started from December 2021)

► Diversification of recruitment channels



Human Assets Management Strategy

► Strengthening the hiring of experienced personnel, and utilization of My Return system, alumni network

For sustainable growth for an organization, we recognize that it is important to secure human assets with diverse backgrounds, who have necessary skills to execute our strategies, in addition to the steady hiring of new graduates. Accordingly, we are focusing on hiring experienced personnel who are highly skilled and specialized, and ready to work right away.

Since December 2021, we have introduced the My

Return system to rehire former employees who had left the Group. This program aims to enable alumni to use their knowledge and skills gained in other companies, etc. to boost innovation in the Group. From October 2023, we introduced an alumni network. By regularly sharing the Group's latest news and job openings, and providing opportunities for community building and networking, we aim to strengthen our alumni hiring.

Interview with an experienced hire



Deputy Assistant Manager of
DX Strategy Planning Dept.
Yuto Ohashi
(joined the Company in
August 2024)

In my previous job, I was involved in digital marketing operations at a web-based advertising agency and at a company that provides marketing tools using customer data. Through this experience, I felt that there were significant possibilities in the digital field in a traditional industry such as a financial institution. I was also attracted to an environment where there is potential to take on long-term challenges supported by a stable management foundation, and so I decided to join the Company.

Currently, I am working on capturing new customers through digital promotions, and on creating an environment that supports more sophisticated communication with existing

customers. I feel tremendous satisfaction in being able to steadily realize my vision as a marketer, while utilizing the knowledge that I accumulated in my previous job.

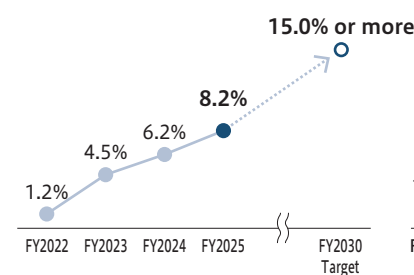
Prior to joining the Company, I had an image of banks as being inflexible. Once I started working here, however, I was surprised by the open workplace environment and proactive culture with regard to new initiatives, which also felt engaging. Looking ahead, I want to further develop my experience and skills, while enhancing my own career value and continuing to take on new challenges so that I can create new value for our region.

► Promotion of active participation of women

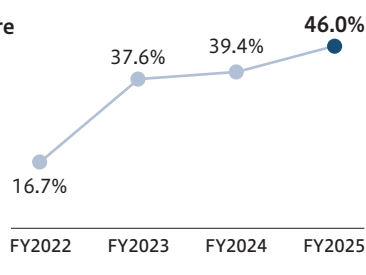
We position further expanding roles for our female employees, who make up over 40% of the Company employees, as a key theme.

Specifically, we have set a target for a ratio of females in management positions of 15.0% or higher by the end of March 2030, and we will also focus on supporting career formation and advancement for women.

► Ratio of females in management positions

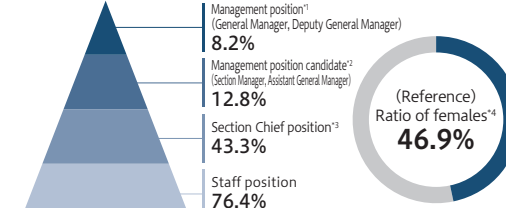


► Ratio of females promoted to leadership roles*



* Ratio of females promoted to leadership roles = number of females promoted (section chiefs and above)/number of people promoted (section chiefs and above)

► Percentage of females by job level (as of the end of FY2025)



¹ Management position: "managerial personnel and supervisors" under the Labor Standards Act and those with equivalent authority

² Management position candidate: Subordinate personnel by one level to management position

³ Section Chief position: Subordinate personnel by one level to management position candidate

⁴ Ratio of females: Ratio of female employees among the regular employees of the Company

—YMFG Women's Day—

From December 2023, the Group has held YMFG Women's Day. At the event, female employees have an opportunity to think about their career aspirations and make friends who share their goals.

The President and CEO and about 20 Group executives and general managers joined the event in February 2025. They had lively discussions such as exchanges of opinions and advice on career plans with our female employees.

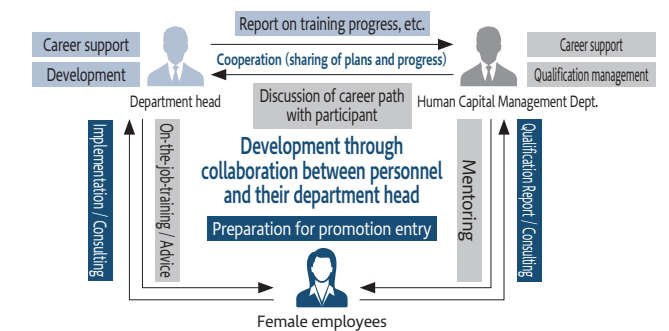
We have held the event in three locations so far: Yamaguchi, Kitakyushu and Hiroshima. As a result, about 80% of the over 300 cumulative participants felt they

could positively consider their career development, which led to many female employees cultivating an ambition to advance their careers.



—Training program for female leaders—

Since November 2024, we have provided an early leader development program for female employees who are expected to be active in management positions. Under this program, the participant's department head and the Human Capital Management Dept. coordinate to strengthen their mindset and skills for career advancement, and support them in gaining experience value and so forth through a side-by-side approach. Looking ahead, we will encourage the growth of individual employees and expand their career possibilities, while working to eliminate the gender gap at every level.



Interview with the participant



The Kitakyushu Bank, Ltd.
Section Manager of Kurume Branch
Asami Kawajiri

After taking my second round of childcare leave since joining the Company, I was promoted to assistant general manager in 2023 and then to section manager in July 2025. At first, I was anxious about whether I could handle the job, but what left the strongest impression on me during the training was realizing that my fixed idea of a leader as someone who bears responsibility began to change. Management is about leading your team toward a common goal, and growing together with your team members. By encountering this essential aspect,

the image of a leader began to expand in my mind, and I was able to view it more positively.

I also learned that there are various kinds of leader, and that empathy and flexibility are perspectives that can also bring new value to an organization.

Going forward, I hope continue exploring my own style of leadership, while engaging sincerely with my team members and helping to realize an organization in which we can grow together with our colleagues.

► Supporting male employees' participation in childcare

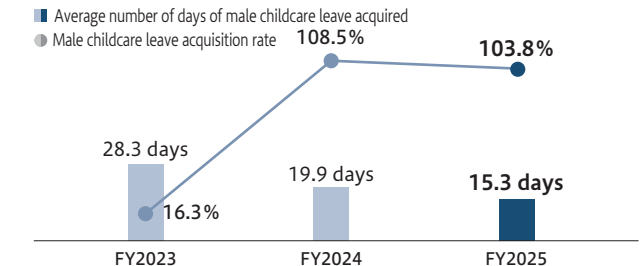
We believe that the participation of male employees in childcare is also extremely important from the perspective of eliminating gender gaps, and in the fiscal year ended March 31, 2024, we established a childcare leave system. We also conducted awareness-raising activities, such as holding childcare leave briefing session, and distributing guidebooks to managers, as part of efforts to create an environment where male employees can easily participate in childcare.

In the fiscal year ended March 31, 2025, we held a drive to encourage eligible employees to take at least one month of childcare leave. Thanks in part to these efforts, the male childcare leave acquisition rate has been maintained at 100%.

—Support for balancing work and childcare—

The Group is working on setting up systems to support all employees, regardless of gender, balance work and childcare, as well as creating a supportive workplace

► Achievements in male childcare leave* acquisition



* Childcare leave, postnatal male childcare leave, company childcare leave

culture for those with young children. We will continue working to create an environment where every employee can balance work and self-realization.

Systems and initiatives	Period	While pregnant	After childbirth	After returning to work
Childcare leave briefing session	Three months before birth			
President's letter to department head	Three months before birth			
Maternity leave	Six weeks before childbirth			
Postnatal leave	Eight weeks after childbirth			
Company childcare leave	Up to 10 days (within eight weeks after birth)			
President's congratulatory letter to employees	After birth			
Congratulatory gift for childbirth	After birth			
Childcare support thank-you gift	After the start of childcare leave			
Postnatal male childcare leave	Up to four weeks (within eight weeks after birth)			
Childcare leave	One year after birth*			
Short-time work	Employees with children in third grade or younger in elementary school			
On-site childcare centers	Only in some areas			
Leave to care for a sick child	For each child not yet in school, employees can take five days off per year (can be taken in one-hour increments)			

* Under the Child Care and Family Care Leave Act, leave can be extended until the day before the child turns two years old.

Human Assets Management Strategy

► Enhancement of family care system

In recent years, as the decline in Japan's birthrate has continued, and the baby boomer generation reached an advanced age, balancing work with family care has become an issue for society overall. The Group is also expecting an increasing number of its employees to face these challenges going forward.

In light of this situation in society, in June 2025 we dramatically expanded the family care support system for employees, including the establishment of a new system that provides up to three years of family care leave in addition to the statutory family care leave (93 days in total). We will proceed to establish a workplace environment where employees struggling with family care-related issues need not interrupt their careers, but can continue to work with peace of mind.

► Convincing evaluation system

To promote the participation of diverse human assets, in April 2024 we partially revised our evaluation and grading systems, and we are focusing on steadily implementing and embedding them.

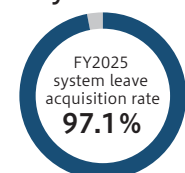
One specific revision was a revision of the evaluation items to increase fairness and satisfaction. We also reviewed the operation of the grading system to enable the selection and promotion of young employees and others. Additionally, we examined the employment conditions for individuals aged 55 and over, as well as for employees rehired after retirement, with the aim of enhancing the active participation of senior employees.

► Promoting KENKO investment for health

The Group is continuously working to create an internal environment where employees can work in a lively manner and to support employees' health.

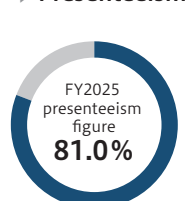
Specific initiatives in this regard include the introduction of a return to work system, short-time work system, and flextime systems, as well as the implementation of telecommuting, and the opening of on-site childcare centers at offices. In addition, we have launched an internal project to promote employee health, and we have started conducting various health promotion measures using the healthcare app, Pep Up. We continued promoting the use of paid leave, with the uptake rate reaching 97.1% in the

► Achievements in promoting system leave* acquisition



* System leave: a total of 15 days of paid leave consisting of consecutive leave (5 days) and refresh leave (10 days)

► Presenteeism figures*



* Calculated from a questionnaire survey to employees (Employees self-assessed their level of performance (as a percentage) in terms of work volume, quality, and results, taking 100% to represent performance in a state without any issues. The figure shown is the average across all three items.)

What is "presenteeism"?

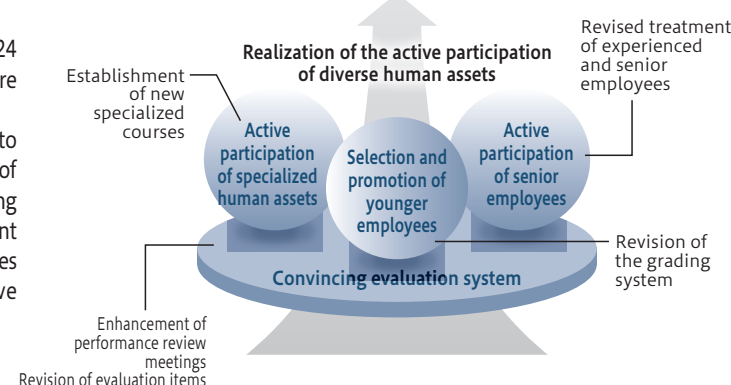
Presenteeism refers to a situation where productivity decreases due to the impact of an employee's health issue, despite their attendance at work.



► Comparison of enhanced system with statutory levels

System	Enhanced YMFG system	Statutory level
Family care leave	(1) Total of 93 days (2) Up to 3 years	Total of 93 days
Company family care leave	<Target employees> (1) Employees providing nursing care or other care for a family member who is in a condition of need for long-term care (2) Employees providing nursing care or other care for a family member who is in a condition of need for support (3) Employees who need to go to a local government office or community comprehensive support center, etc., to have a consultation about nursing care for a family member (4) Employees who need to go and carry out administrative procedures, such as applying for a family member's designation as a person requiring nursing care <Number of days> One applicable family member: 10 days per year Two or more applicable family members: 20 days per year	<Target employees> (1) Employees providing nursing care or other care for a family member who is in a condition of need for long-term care <Number of days> One applicable family member: 5 days per year Two or more applicable family members: 10 days per year
Other leave	Establishment of new Family Accompaniment Leave	(No statutory provision)
Professional staff	Qualified personnel are provided in-house to support employees in resolving family care issues (to be recruited in stages)	(No statutory provision)

* The blue bold portions indicate the expanded content.



fiscal year ended March 31, 2025, a 0.9 percentage point increase from the previous fiscal year.

Furthermore, under the new medium-term management plan, we have introduced presenteeism as a new metric, aiming to maintain a level of 80% or higher to the end of March 2030, with the end goal of achieving a situation where individual employees can maintain high performance in their individual roles.

The Group has been recognized as a "2025 Outstanding Organization of KENKO Investment for Health (the large enterprise category)" by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi in March 2025.

► Happy Body Project

From the fiscal year ended March 31, 2025, we have been promoting KENKO investment for health measures under the name, "Happy Body Project," to further strengthen initiatives for KENKO investment for health. Furthermore, to increase individual employees' health awareness and promote behavioral change, we conducted the "Happy Body Project Award" recognizing branches and Group companies that have been actively promoting health

maintenance and improvement. This award uses evaluation indicators based on items that align with the themes of our health measures: "assessing health status and communicating health information (improving health literacy)," "improving lifestyle habits," "improvement based on health check results," and "creation of workplace environment conducive to healthy working."

TOPICS

Creating opportunities for employees to take on challenges "YMFG Growth"

The Group supports and encourages employees to embrace challenges, fostering an organizational culture that is not afraid of change.

As part of this, a new business development program, YMFG Growth was launched in the fiscal year ended March 31, 2022, and marked its fifth year this year. This is a program that allows employees to try out new business ideas they have created, with thorough support from outside experts. We aim to foster an organizational culture of nurturing creative employees and continuous value creation by encouraging them to take on new business challenges. During the period of the previous medium-term management plan, 333 employees (a total of 229 projects) participated.

In fact, a skills transfer service that won the Grand Prix in

the fiscal year ended March 31, 2022, Tech Bank, was commercialized in October 2024, and has been adopted by local corporate customers. [Details ▶ P.34](#) From this fiscal year, we have enhanced the content of the program to enable participation by even more employees. This included launching the Growth Journey system, which supports the necessary skills and mindset for starting new businesses, aiming to increase the skill level and proposal rate among junior employees.



TOPICS

Measuring employee engagement through employee awareness surveys

The Group has been conducting employee awareness surveys once a year since the fiscal year ended March 31, 2022 to understand the employee awareness and the state of organizational culture. By ascertaining the gap between the Group's desired state and the current situation, we will identify issues and strive to improve.

In the employee awareness survey for the fiscal year ended March 31, 2025, about 4,400 employees of the overall Group (including contract and temporary hires, with a response rate of 94.0%) responded, and the overall satisfaction level was 3.61 points, about the same level as the previous fiscal year. However, examining the results by factor enabled us to confirm the following results.

Moreover, in the fiscal year ended March 31, 2025, for the first time since the survey started, there were no questions with a score of less than 3.0 points (low evaluation). We believe this shows that our efforts to create comfortable working conditions have earned a certain level of recognition among employees.

On the other hand, we recognize that further growth in the areas of job satisfaction, such as a sense of fulfillment at work, presents a challenge. For this reason, in the new medium-term management plan, we have set "Enhancing employee career autonomy" and "Improving well-being" as the two key themes of our human assets management strategy, and we will strengthen our efforts to enhance employee job satisfaction.

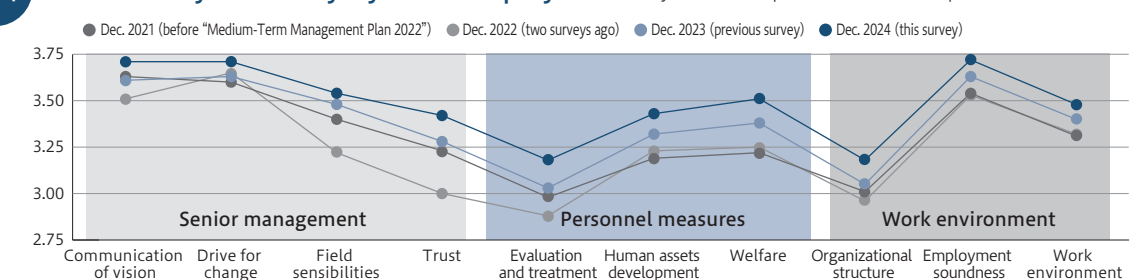
► Employee awareness survey results for FY2025

Overall satisfaction **3.61 points** -0.01 points year on year ↺

Company ↺ +0.05 points Work ↺ -0.05 points Workplace ↺ -0.05 points Supervisors ↺ -0.04 points

Evaluation of the result for FY2025 Since the changes from the previous fiscal year were less than ±0.10 points, overall satisfaction and the four categories are rated as "maintained (same level as FY2024)."

Pick up! Satisfaction by item in "loyalty to the company" (*This survey is evaluated up to a maximum of 5.00 points)



Understanding results for the fiscal year ended March 31, 2025 through this survey results

Looking at the results by category, "loyalty to the company" rose by 0.05 points from the previous fiscal year. Levels of satisfaction increased for all components in this category. In particular, there was a significant rise in the level of satisfaction on components related to "senior management" and "personnel measures."

(1) Satisfaction regarding sense of trust in "senior management"

Satisfaction regarding "trust in senior management" increased by 0.14 points year on year. The improvement in satisfaction was due in part to communications from the President and CEO and bank Presidents, and dialogues with employees, such as town hall meetings.

(2) Satisfaction regarding "personnel measures" in general

"Evaluation and treatment," which was cited as an issue when the survey was held in the previous fiscal year, saw an increase of 0.15 points year on year. We also saw improvements in "human assets development" (+0.11 points) and "welfare" (+0.13 points), which appear to reflect the revision of the design and operation of various systems such as the personnel system revision of April 2024.

Sustainability Strategy

What we aim for

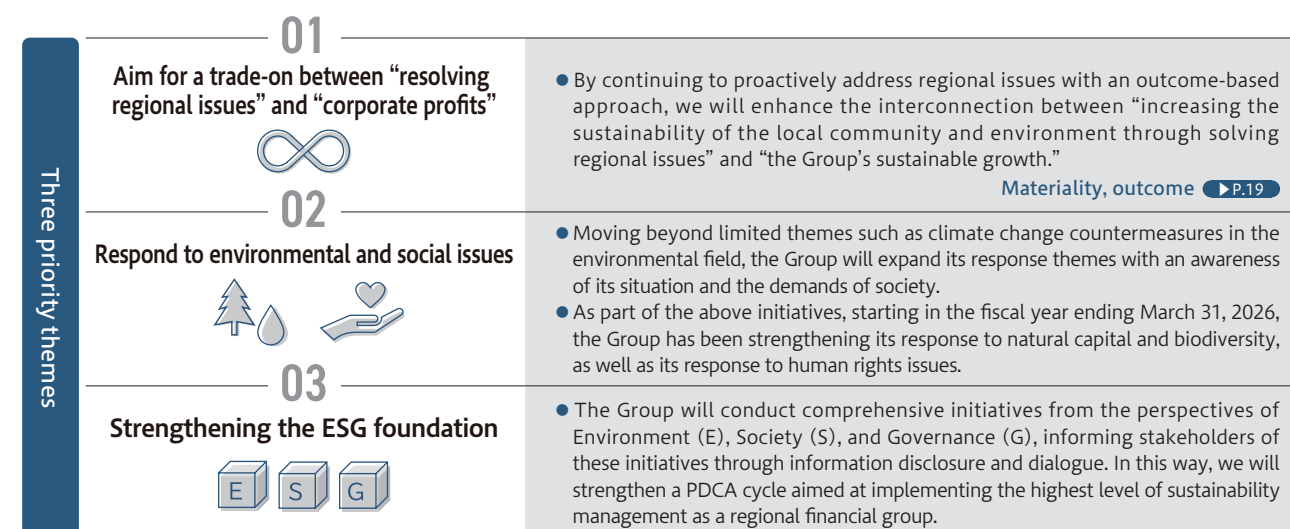
- Status of sustainability management implementation at the top level in the industry
 - Initiatives including regional issues are covered
 - Outcomes contributing to resolution of regional issues and continued evolution of outcomes have been achieved
 - Comprehensive active information disclosure regarding sustainability has been achieved

Three priority themes for sustainability strategy

Under the YMFG Medium-Term Management Plan (FY2026–FY2030) (hereinafter, the “new medium-term management plan”), our sustainability strategy is positioned as a component strategy of “Basic Objective

3): Deepen multi-bank, single-platform structure.”

By steadily promoting three priority themes in our sustainability strategy, we will deepen sustainability management, leading to an increase in corporate value.

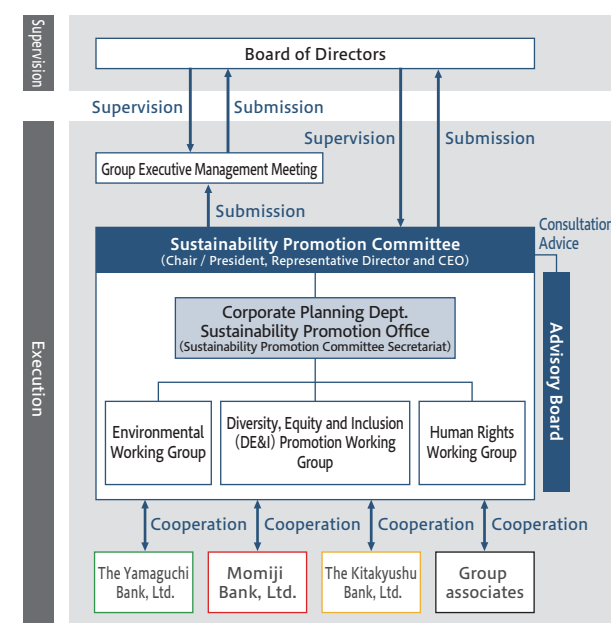


Sustainability promotion system

The Group holds regular meetings of the “Sustainability Promotion Committee” which is chaired by the President, Representative Director and CEO, and coordinates deliberation and progress management centrally for matters relating to sustainability.

The contents of deliberations at the Sustainability Promotion Committee are submitted to the Board of Directors as appropriate, upon discussion at the Group Executive Management Meeting, and the Board of Directors supervises sustainability initiatives. Moreover, working groups for each field have been established as subordinate organizations of the Committee, and a cross-organizational promotion system has been constructed.

Please refer to YMFG’s website for details on agenda items for the Board of Directors meetings regarding sustainability, an overview of the Sustainability Promotion Committee, the status of operations of the Advisory Board, and other matters.
<https://www.ymfg.co.jp/sustainability/promotion.html> (in Japanese)



In the fiscal year ended March 31, 2025, we revised our working groups as follows. The Sustainability Promotion Office within the Corporate Planning Department, which is in charge of planning and supervising sustainability promotion

for the overall Group, will continue to coordinate with each working group to strengthen their initiatives. (The changes of name to the “Environmental Working Group” and the “DE&I Promotion Working Group” took effect from April 1, 2025).

Change of name from the “Climate Change Countermeasure Working Group” to the “Environmental Working Group”

To promote “response to air pollution and climate change,” which is one of the Group’s materiality, the Climate Change Countermeasure Working Group was established in 2022, and the Group has been promoting initiatives for environmental conservation centered on climate change countermeasures since then.

Going forward, the scope of discussion in this working group will be expanded further with the aim of engaging in full-scale discussion of natural capital and biodiversity as well.

Natural capital and biodiversity initiatives ▶ P.64

Change of name from the “Diversity and Inclusion Promotion Working Group” to the “DE&I Promotion Working Group”

The Group has been working for some time not only to address D&I, but also on initiatives related to “equity.”

Since the Group has already made a degree of progress on promoting its stance on DE&I among employees, with concepts such as “realizing diverse working styles” and “creating and providing opportunities for diverse human assets to take on challenges, including career development,” we changed the name of this working group to better reflect the actual status of the Group, with the intention of advancing these initiatives even further.

DE&I ▶ P.54

New establishment of “Human Rights Working Group”

The Group formulated a human rights policy in June 2023 to further its initiatives for respecting the human rights of all stakeholders, including customers, local communities, and employees.

To continue to be an organization that respects human rights at all times while deepening our understanding of them, we intend to promote a cycle of human rights risk assessment, analysis, and improvement centered on this newly established cross-organization working group.

Respond to human rights ▶ P.66

Agenda items for Board of Directors and the Sustainability Promotion Committee

From April 2024, the Group has established the Advisory Board as an advisory body to the Sustainability Promotion Committee to sophisticate the sustainability management. Using the wide-ranging expertise of external experts*, we will appropriately assess and strengthen our response to rapid changes in the external environment and ESG issues facing the Group and our local region.

In the fiscal year ended March 31, 2025, we consulted and exchanged opinions through the Advisory Board,

mainly on important sustainability management themes such as “carbon neutrality and changes in regional industries,” “the future of the regional economy and ESG regional finance,” and “nature positivity and related industries.”

* As an external expert Advisory Board member, we invited Kenji Fuma (CEO of Neural Inc.) an leading expert in sustainability management. With Mr. Fuma’s participation, we aim to further strengthen sustainability management activities in the Group.

Agenda items for Board of Directors and the Sustainability Promotion Committee

The Sustainability Promotion Committee held five meetings in the fiscal year ended March 31, 2025 and discussed various matters ranging from proposals related to company-wide sustainability promotion activities to proposals related to supporting customers’ carbon

neutrality initiatives. The following are agenda items for the Board of Directors meetings and the Sustainability Promotion Committee in the fiscal year ended March 31, 2025.

<Main matters submitted to the Board of Directors (from the fiscal year ended March 31, 2025)>

Main agenda items submitted for discussion	Description
Information disclosure for the fiscal year ended March 31, 2025	<ul style="list-style-type: none"> • Direction of sustainability-related information disclosure • Proposals for disclosure through information disclosure media
Regarding the status of progress on support for customers’ carbon neutrality initiatives	<ul style="list-style-type: none"> • Status of sustainable finance initiatives • Status of support through non-financial solutions
Progress of sustainability promotion activities	<ul style="list-style-type: none"> • Status of progress on initiatives for “climate change countermeasures,” “D&I promotion,” and “response to human rights issues.” • New establishment of “Human Rights Working Group”
Regarding response to ESG evaluations	<ul style="list-style-type: none"> • YMFG’s evaluation status in major ESG evaluations and response going forward
Regarding formulation and revision of sustainability-related policies	<ul style="list-style-type: none"> • Organization of sustainability-related policies • Formulation of environmental policy • Revision of human rights policy
Fiscal year plan regarding sustainability promotion	<ul style="list-style-type: none"> • Positioning of the sustainability strategy within the new medium-term management plan • Direction of initiatives on “response to the environment,” “DE&I promotion,” and “response to human rights issues” over the next five years • FY2026 plans from each working group

Sustainability Strategy

Response to Climate Change (Response to the TCFD Recommendations)

In December 2021, we announced our support for the Taskforce on Climate-related Financial Disclosures (TCFD). We are part of the TCFD Consortium and ensure actions and information disclosure in line with the TCFD recommendations.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

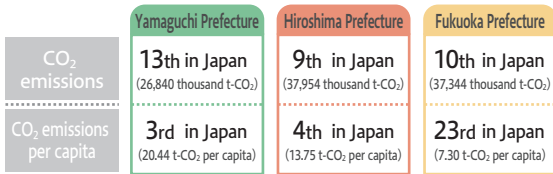


Facing a marked increase in the severity and frequency of abnormal weather events and natural disasters associated with the progression of climate change, we recognize that responding to climate change is a common global issue.

Our main sales area, which covers Yamaguchi Prefecture, Hiroshima Prefecture, and Fukuoka Prefecture, is also home to industrial complexes along the Seto Inland Sea coast and in the Kitakyushu region. Due to the industrial structure in which factories in GHG-intensive industries are concentrated, mainly for major listed companies and their supply chains, the CO₂ emissions levels in the area are higher than the national average.

In light of this situation, the Group has identified “response to air

pollution and climate change” as one of its materiality items and regards responding to climate change as an important management issue.



* Estimates by the Company based on “Estimates of CO₂ Emissions by Sector (2022)” by the Ministry of the Environment and “Current Population (2022)” by the Statistics Bureau of Japan, the Ministry of Internal Affairs and Communications

Governance

Governance related to our response to climate change is incorporated into our governance of all sustainability matters. The Board of Directors is responsible for supervising the status of identification and management of climate-related risks and opportunities, as well as the

status of various initiatives led by the “Environmental Countermeasure Working Group,” which has been established as a subordinate organization to the Sustainability Promotion Committee.

Sustainability Promotion System ▶ P.59

Strategy

Recognition of risks and opportunities

Based on the Group’s business characteristics and the regional characteristics of our main areas, we have identified risks and opportunities associated with climate change on a short-term (under 3 years), medium-term (3 to 10 years), and long-term (over 10 years) time scale as below.

Major risks and opportunities			Short term	Medium term	Long term
Risks	Transition risks	Response to strengthening of government policies and laws and regulations	●		
		Response to technology development and market changes	●		
	Physical risks	Intensification of abnormal weather	●		
			●		
Opportunities	Products / Services	• Increase financial and non-financial business opportunities in conjunction with the growth of industries related to the regional environment towards the transition to a carbon free society	●		
		• Increase financial and non-financial business opportunities to support our customers’ response to climate change and efforts to achieve carbon neutrality	●		
		• Increase financial and non-financial business opportunities to support the strengthening of the disaster prevention system and the expansion of facilities of customers in response to the intensification of natural disasters	●		

Scenario analysis

	Transition risks	Physical risks
Scenario	IEA NZE (Net Zero Emissions Scenario) IEA APS (Announced Pledges Scenario)	IPCC RCP 2.6 (2°C scenario) IPCC RCP 8.5 (4°C scenario)
Subject of analysis	Power, automotive, shipping, and metals and mining sectors	Borrowers of business loans in Japan
Analysis method	The financial conditions of sample companies up to 2050 were estimated based on the IEA scenarios and public information, etc. The degree of the impact on sample companies was applied to the entire target sector to calculate the increase in credit-related expenses	After the impact on collateral property at the time of occurrence of floods and the financial impact on business partners were calculated based on hazard map data, the increase in credit-related expenses was calculated
Analysis period	Until 2050	Until 2050
Results of analysis	Increase in credit-related expenses: up to approximately ¥52.0 billion	Increase in credit-related expenses: up to approximately ¥6.0 billion

For details on the proportion of carbon-related assets in loans, please refer to the ESG Data Book.

ESG Data Book <https://www.ymfg.co.jp/sustainability/data.html> (in Japanese)

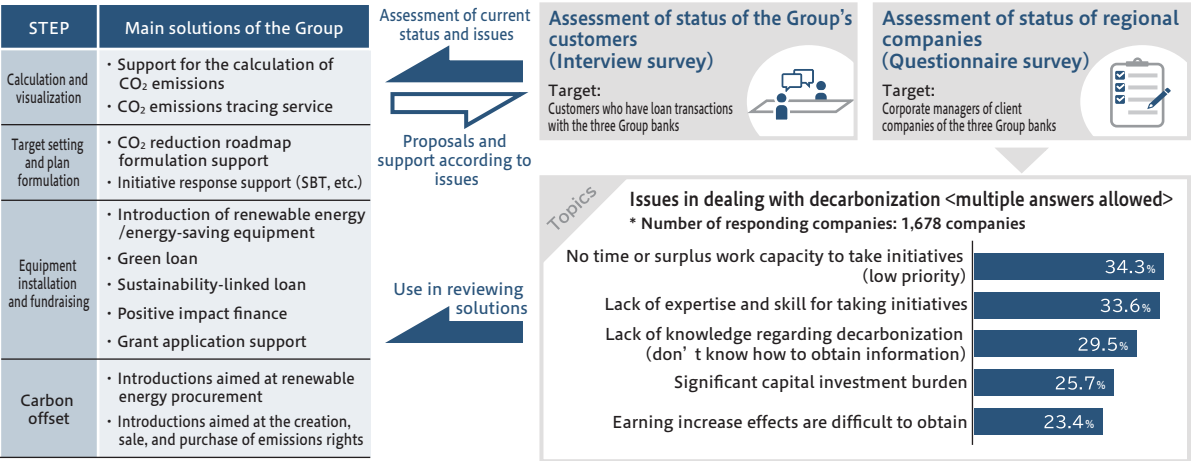
Financial and non-financial solutions (initiatives in response to risks and opportunities related to climate change)

The Group views social responses to climate change as an opportunity and supports its customers’ efforts towards carbon neutrality by offering various financial and nonfinancial solutions aimed at GHG emissions reduction. We conducted an assessment of the situation through interview surveys and questionnaire surveys* of

regional customers, which led to subsequent proposals and support, and a revision of solutions.

Customers that have advanced their decarbonization efforts (outcome) ▶ P.20

* Surveying organization: Local Vision Research Institute (The Group coordinated with the surveying organization to set questionnaire items, then distributed the survey to customers and requested their response)

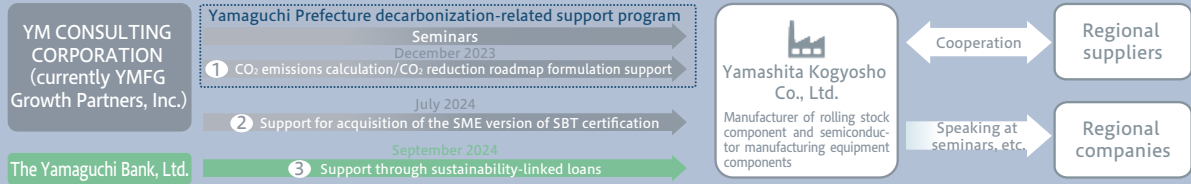


Examples of a regional company’s initiatives towards carbon neutrality (Yamashita Kogyosho Co., Ltd.)

YM CONSULTING CORPORATION (currently YMFG Growth Partners, Inc.) assisted with a decarbonization-related support project of Yamashita Kogyosho Co., Ltd., which had taken steps to formulate a CO₂ reduction roadmap after participating in a seminar as part of a subsidy program, and started full-scale efforts toward decarbonization. Subsequently, Yamashita Kogyosho Co., Ltd. became a leader among local suppliers, obtaining a version of SBT certification for SMEs, which recognizes that its greenhouse gas reduction targets are aligned with the Paris Agreement. Furthermore, the company concluded a sustainability-linked loan agreement with an SPT* in the form of a CO₂ emissions reduction target based on

SBT certification, and has strengthened its decarbonization management through the management and achievement of the SPT. In addition, the company has proactively disseminated information about its own initiatives by speaking at decarbonization-related seminars for regional companies, and so forth, thereby contributing significantly to the fostering of a movement toward decarbonization in the region.

* SPT (Sustainability Performance Target): A sustainability-related target in a company’s strategy that contributes to environmental improvement or the resolution of social issues



Cooperation between the Group and local government (Kudamatsu City, Yamaguchi Prefecture)

In October 2024, the “Kudamatsu Decarbonization Management Seminar” was held in collaboration between the Kudamatsu Chamber of Commerce, Kudamatsu City, and the Group, with the aim of encouraging the move toward decarbonization in Kudamatsu City. At the seminar, major companies headquartered in Kudamatsu disseminated information to regional suppliers about the status of

their initiatives. The seminar led to a re-acknowledgement of the importance of engaging with decarbonization management across the region, and a new “Kudamatsu City SME Decarbonization Management Promotion Subsidy” was established by Kudamatsu City. Furthermore, YMFG Growth Partners, Inc. has provided support to 20 companies by making use of this subsidy (as of end of July 2025).

Risk management

Spread of risks associated with climate change and risk management system

Considering the characteristic that risks associated with climate change spread to various risk categories such as credit risk, market risk, liquidity risk, operational risk, and reputational risk, and manifest as risks in those categories, the Group has incorporated climate-related

risks into its integrated risk management framework and has established a management system for each risk category according to the manifested risks.

Risk management at the Group ▶ P.83

Sustainability Strategy

● Investment and loan policy considering environment and society

The Group has established an “Investment and Loan Policy Considering Environment and Society” for investments and loans to specific sectors that may have a negative impact on the environment and society, and it

strives to reduce and avoid impacts on the environment and society. Since the establishment of the investment and loan policy in May 2022, the Group has not made any investments or loans that violate the policy.

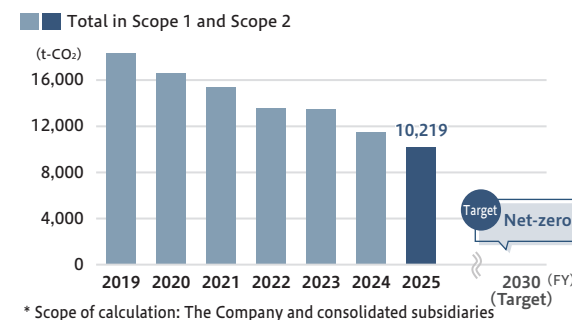
Policy on initiatives across sectors		Policy on initiatives for specified sectors	
Businesses that provide active support	<ul style="list-style-type: none"> Businesses that contribute to the initiatives for revitalization of local community and economies Businesses that contribute to the mitigation of climate change towards the realization of carbon neutrality Businesses that contribute to the preservation of cultural properties such as World Heritage sites as well as tangible and intangible cultural properties Businesses that contribute to disaster prevention and disaster mitigation 	Prohibited	<ul style="list-style-type: none"> Development and manufacture of inhuman weapons
Businesses that prohibit investment and loan	<ul style="list-style-type: none"> Businesses that violate the Washington Convention Businesses that have a negative impact on the Ramsar Convention on Wetlands Businesses that have a negative impact on UNESCO World Heritage Sites Businesses that are conducting human rights violations, such as child labor and forced labor 	Prohibited/Individual consideration	<ul style="list-style-type: none"> Coal-fired thermal power generation
		Careful handling	<ul style="list-style-type: none"> Development of palm oil plantations Large scale deforestation

Investment and Loan Policy Considering Environment and Society (full text): <https://www.ymfg.co.jp/sustainability/policy.html> (in Japanese)

► Metrics and targets

● GHG emissions (Scope 1 and Scope 2)

Aiming for the achievement of our own carbon neutrality, the Group announced in November 2022 “net-zero CO₂ emissions (Scope 1 and Scope 2) by the fiscal year ending March 31, 2031” as its medium- to long-term target and is working to reduce CO₂ emissions. Furthermore, under the new medium-term management plan that started from the fiscal year ending March 31, 2026, we aim to achieve net zero CO₂ emissions (Scope 1 and Scope 2) in one year early in the final year of the plan—the fiscal year ending March 31, 2030.



● GHG emissions (Scope 3)

The Group has begun calculating Scope 3 emissions, including Category 15, from the fiscal year ended March 31, 2024.

Due to the nature of financial institutions' business, the majority of CO₂ emissions in their supply chains are from Scope 3 Category 15 (Investments and loans). As such, as a Group with three banks, we understand the importance of continuing to gauge our Category 15 emissions.

Scope 3 emissions (by category) ▶ P.92

For details on Scope 3 category 15 emissions (by asset), please refer to the ESG Data Book.

ESG Data Book <https://www.ymfg.co.jp/sustainability/data.html> (in Japanese)

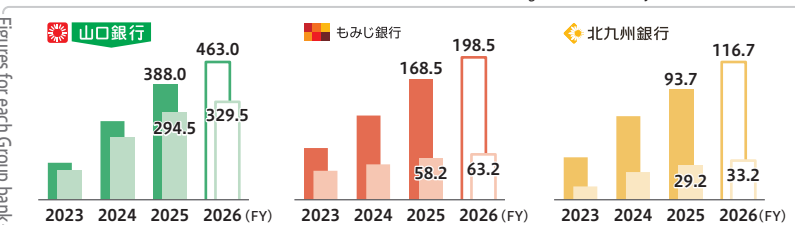
● Sustainable finance

The Group has set a long-term target of “¥1,500.0 billion (of which, ¥500.0 billion is sustainable finance that contributes to the environmental sector or the response to climate change)” as the cumulative amount of sustainable finance execution from the fiscal year ended March 31, 2023 to the fiscal year ending March 31, 2032.

YMfg
(Total of three Group banks)

Figures for each Group bank

Legend: Sustainable finance (cumulative results/cumulative forecast/cumulative targets) (Unit: Billions of yen)
Of which, sustainable finance that contributes to the environmental sector and the response to climate change (cumulative results/cumulative forecast/cumulative targets) (Unit: Billions of yen)



<Definition of sustainable finance>

If any one of the following conditions applies, it is sustainable finance.

Products	Private placement bond (donation type, with BCP formulation support service, etc.), sustainability-linked loan, green loan, social loan, positive impact finance, etc.
Use of funds	Renewable energy introduction, start-up related, business succession funds, etc.
Industry	Medical care, nursing care and welfare, education-related

Natural capital and biodiversity initiatives

The Group's main operating areas of Yamaguchi Prefecture, Hiroshima Prefecture, and Fukuoka Prefecture contain diverse natural capital that include rich marine resources along the Sea of Japan and the Seto Inland Sea, mountain forests, rivers, and wetlands that are all deeply connected to local industry and daily life.

This natural capital provides various ecosystem services that support our lives and economic activities, such as climate stabilization, water resource supply, soil retention, and provision of habitats for living organisms.

However, recently, the degradation of natural capital and loss of biodiversity have become serious issues due to the impacts of human activities, such as climate change, changes in land use, and excessive resource use, and there is an increasing demand for companies to address these issues.

As a regional financial group, we see a responsibility to engage in the conservation and restoration of natural capital and will pursue management grounded in coexistence with nature.

Participation in the TNFD Forum

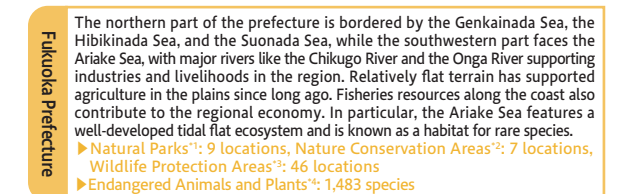
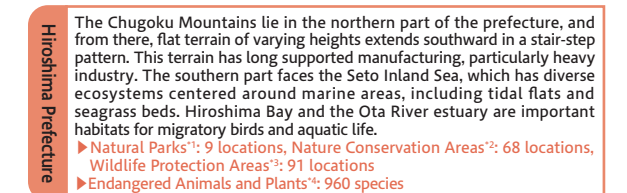
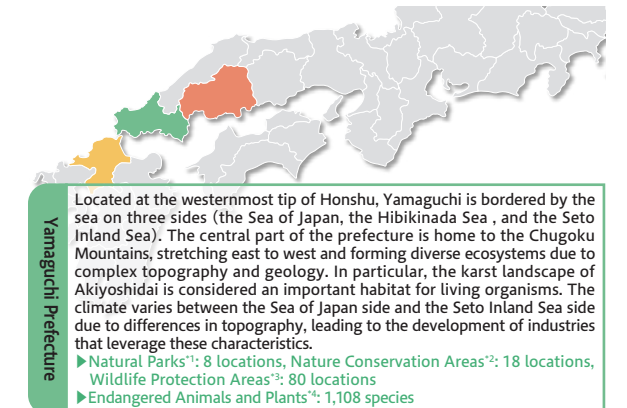
We became a member of the TNFD Forum* in May 2025. Through our participation in the TNFD Forum going forward, we will access international discussions and the latest insights on natural capital, and establish a foundation to implement effective initiatives from our position as a regional financial group.

* TNFD Forum: An international organization supporting discussions within the TNFD (Taskforce on Nature-related Financial Disclosures) as a stakeholder providing specialized expertise. As of July 1, 2025, over 1,800 companies and organizations participate.

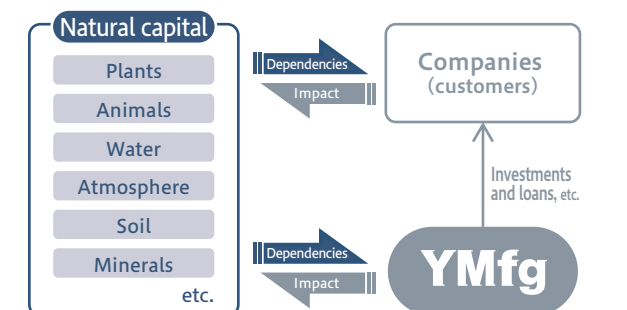


► Relationship between regional financial groups and natural capital

The Group recognizes that, as a provider of financial services, we have both direct and indirect relationships with natural capital. In addition to resource use and environmental impact from our own business activities, dependency on and impacts on natural capital also arise throughout the value chains of companies we engage with through investments and loans.



*1 Natural Parks: National parks, quasi-national parks, and prefectural natural parks designated under the Natural Parks Act or prefectural natural park ordinances
*2 Nature Conservation Areas: Natural environment conservation areas, green environment conservation areas, and natural beach conservation districts designated under prefectural natural environment conservation ordinances, etc.
*3 Wildlife Protection Areas: Nationally designated wildlife protection areas and prefecturally designated wildlife protection areas
*4 Endangered Animals and Plants: Animals and plants selected as endangered category I or II, near threatened, or regional populations at risk of extinction in the Yamaguchi Prefecture “Red Data Book Yamaguchi 2019,” Hiroshima Prefecture “Red Data Book Hiroshima 2021,” and Fukuoka Prefecture “Fukuoka Prefecture Red Data Book 2024.”



► Nature-related dependencies and impacts in the lending portfolio

The Group utilized the global tool ENCORE to assess the scale of nature-related dependencies and impacts in our business activities, and conducted an initial analysis to understand the points of contact with nature on for each sector within the lending portfolios of our three Group banks.

The analysis showed that, in our lending portfolio,

dependencies are particularly large with respect to water-related ecosystem services, while impacts are significant for discharges of harmful pollutants to water and soil and disturbances (noise, light, etc.).

Going forward, we will refine the analysis and identify priority sectors.

Sustainability Strategy

Dependencies on nature

Ecosystem services	Supply services		Regulating and maintenance services																	Cultural services					
	Biomass supply	Genetic materials	Water supply	Animal-derived energy	Global climate regulation	Local climate regulation	Regulation of rainfall patterns	Air filtration	Regulation of soil quality	Soil and sediment retention	Solid waste purification	Regulation of water flows	Water purification	Flood mitigation	Storm mitigation	Biological control	Maintenance of nursery populations and habitats	Pollination	Dilution by atmosphere/ecosystems	Noise suppression	Regulation of sensory impacts (other than noise)	Recreation-related services	Visual amenity services	Education, science, and research services	Spiritual, artistic, and symbolic services
Analyzed sectors																									
Energy																									
Materials																									
Transportation																									
Automobiles & Components																									
Consumer Durables & Apparel																									
Restaurants and Food Retail																									
Food & Beverage																									
Pharmaceuticals & Biotechnology																									
Semiconductors & Semiconductor Equipment																									
Utilities																									
Real Estate Management & Development																									

Impacts on nature

Impact drivers	Land-use areas		Freshwater-use areas		Seabed-use areas		Water usage		Biological resource extraction		Non-biological resource extraction		GHG emissions		Emissions of air pollutants other than GHG		Emissions of harmful pollutants to water and soil		Emissions of endorphin substances to water and soil		Emissions of solid waste		Disturbances (noise, light, etc.)		Introduction of invasive species	
	Land-use areas	Freshwater-use areas	Seabed-use areas	Water usage	Biological resource extraction	Non-biological resource extraction	GHG emissions	Emissions of air pollutants other than GHG	Emissions of harmful pollutants to water and soil	Emissions of endorphin substances to water and soil	Emissions of solid waste	Disturbances (noise, light, etc.)	Introduction of invasive species	Land-use areas	Freshwater-use areas	Seabed-use areas	Water usage	Biological resource extraction	Non-biological resource extraction	GHG emissions	Emissions of air pollutants other than GHG	Emissions of harmful pollutants to water and soil	Emissions of endorphin substances to water and soil	Emissions of solid waste	Disturbances (noise, light, etc.)	Introduction of invasive species
Analyzed sectors																										
Energy																										
Materials																										
Transportation																										
Automobiles & Components																										
Consumer Durables & Apparel																										
Restaurants and Food Retail																										
Food & Beverage																										
Pharmaceuticals & Biotechnology																										
Semiconductors & Semiconductor Equipment																										
Utilities																										
Real Estate Management & Development																										

Very High

High

Medium

Low

Very Low

Items with high dependency/impact scores

* The intensity of the heatmap coloring reflects not only dependencies and impacts but also the proportion of loan balances.

* Sector classifications refer to the sector list in TNFD's "Additional guidance for financial institutions."

* Of the sectors list, "Household & Personal Products" is omitted here because at the time of analysis the loan balance for that sector was zero.

Toward implementation of the TCFD recommendations

Going forward, we will aim to align disclosures with TNFD recommendations based on considerations following the LEAP approach* recommended by TNFD. The LEAP approach consists of four steps: Locate (identify points of contact with natural capital), Evaluate (assess dependencies and impacts), Assess (analyze risks and opportunities), and Prepare (consider and implement responses), and the Group plans to progressively deepen its natural capital initiatives based on these steps.

While fulfilling our role as a regional financial group, we will continue activities that pass on the value of natural capital to future generations and strive to enhance our disclosure of information related to natural capital.

* LEAP approach: An integrated approach developed by TNFD for evaluating nature-related issues

Human rights initiatives

Respect for human rights is the foundation of all of activities and lies at the core of a company's social responsibility, and as a financial group working alongside diverse members of our local community, we believe we have a mission to pursue initiatives that ensure the dignity and rights of all people we engage with are protected, regardless of business size or field.

Based on this belief, our Human Rights Policy, established in June 2023, adheres to international human rights standards such as the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Guiding Principles on Business and Human Rights, and the Children's Rights and Business Principles, and applies to all employees of the Group.

We will continue to promote organization-wide understanding and adoption of this policy and expand our human rights initiatives.

Human rights initiatives required of companies (overview) and status of the Group's initiatives

The UN Guiding Principles on Business and Human Rights outline three components as a framework for companies to prevent, mitigate, and remedy negative impacts on human rights: commitment through policy, implementation of human rights due diligence, and remediation.

The Group is advancing human rights due diligence based on this framework, and in the fiscal year ended March 31, 2025, we conducted an initial analysis to identify negative impacts on human rights by examining whistleblowing incidents in the past to identify human rights risks.

The main human rights initiatives of the Group toward respect for human rights are as follows. To accelerate systematic efforts with a focus on effectiveness, we will leverage the expertise of external specialists in the future, working to establish a management cycle through the implementation and continuation of human rights due diligence centered on high-priority human rights risks, and to establish grievance mechanisms throughout the entire value chain.

Policy

Commitment through a Human Rights Policy

Human rights due diligence

1 Identification and assessment of adverse impacts

2 Prevention and mitigation of adverse impacts

3 Monitoring (effectiveness evaluation)

4 Explanation and information disclosure

Remediation

Corrective measures

Grievance mechanisms

Stakeholder engagement

Main initiatives of the Group

Policy	• Formulated the Human Rights Policy (established in June 2023, partially revised in June 2025)	
	Human Rights Policy (full text): https://www.ymfg.co.jp/sustainability/policy.html (in Japanese)	
Human rights due diligence	Identification and assessment of adverse impacts	• Conducted an initial analysis to identify human rights risks based on whistleblowing incidents in the past (FY2025) • Began identifying and evaluating human rights risks across the value chain, focusing on high-priority risks (from May 2025)
	Prevention and mitigation of adverse impacts	Employees • Implementation of human rights education through level-specific training
		Investment and loan recipients • Expansion of human rights-related provisions in the Investment and Loan Policy Considering Environment and Society (established in May 2022, partially revised in August 2025) Investment and Loan Policy Considering Environment and Society (full text): https://www.ymfg.co.jp/sustainability/policy.html (in Japanese)
		Customers • Established the Customer Harassment Response Policy (February 2025) Customer Harassment Response Policy (full text) https://www.ymfg.co.jp/policy/customer_harassment.html (in Japanese)
Remediation	Others	• Continued dissemination of the Human Rights Policy to external contractors before contract signing (from January 2024)
	Internal structure	• Established the Human Rights Working Group as a subcommittee of the Sustainability Promotion Committee (November 2024)
	Whistleblowing contact point	• Added one female attorney to the whistleblowing contact point to promote utilization of the Group's whistleblowing system (October 2023)

Initiatives for business partners

The Group engages in extensive transactions with a wide range of partners, including investment and loan recipients in the financial business area, business partners in the issue-solving business area, and numerous regional companies.

As policies concerning these business partners, we have established the Investment and Loan Policy Considering Environment and Society, the Guidelines for Prevention of Bribery formulated as part of our anti-corruption efforts, and the Partnership Building Declaration. We request our business partners to endorse and cooperate with our Group's policies.

Regarding the Guidelines for Prevention of Bribery, we ensure external contractors are informed upon the commencement of business relationships, and we also regularly conduct interviews to understand the status of our business partners regarding the Investment and Loan Policy Considering Environment and Society.

We will continue to strive for efforts and improvements as a company that fulfills its environmental and social responsibilities, together with our business partners.

Investment and Loan Policy Considering Environment and Society (full text): <https://www.ymfg.co.jp/sustainability/policy.html> (in Japanese)

Guidelines for Prevention of Bribery (for all business partners) <https://www.ymfg.co.jp/policy/bribery.html> (in Japanese)

Initiatives for Revitalization of Local Communities

The Group aims to co-create a prosperous future for the region and is advancing a variety of initiatives rooted in the region. Based on the belief that the Group cannot grow without regional development, we position revitalization of the local community as the source of our sustainable growth and value creation, and we work to realize a vibrant society through cross-organizational collaboration.

Creating innovation in the region and startups

In July 2025, YMFG, YMFG CAPITAL Co., LTD., and YMFG ZONE PLANNING CO., LTD. co-hosted the Shimonoseki Add-venture Summit (commonly known as “SAS”), a regional co-creation summit in Shimonoseki City, Yamaguchi Prefecture, where the region and start-ups can seriously think about and take action to revitalize local industries. Following last year and the year before, this event, held for the third time, featured 38 startup companies aiming for regional revitalization, which presented and exhibited their products and services that contribute to regional revitalization.

In addition to expert sessions on the theme of regional revitalization, we introduced a new session focused on business succession planning for regional companies.

The number of participants, including local companies and representatives from startups, reached about 1,000 people, making it a lively event.



Human assets development beyond organizational boundaries

We conduct the Regional Co-creation Human Assets Training aimed at cultivating human assets who will shape the future of local communities. The training is structured as a practical initiative for the resolution of regional issues through collaboration among local governments, companies, and financial institutions. In the fiscal year ended March 31, 2025, its second year, we ran the program jointly with Shimonoseki City (Yamaguchi Prefecture), the Hitachi Group, and JR West, and participants formed cross-organizational teams to organize local resources and formulate solutions to regional challenges by engaging in lectures, workshops, and site visits. As outcomes of this training, business proposals leveraging local specialties and tourism resources were presented, with content created with implementation in mind.

In the fiscal year ending March 31, 2026, with participation from additional regional core companies, we plan to conduct a program themed around urban development in central Shimonoseki City, considering regional visions, mid-term plans, and specific business proposals.



Acquisition of naming rights

From April 1, 2025, we acquired the naming rights for Yamaguchi Prefecture Seminar Park, and designated the facility's nickname as **YMfg** Ishin Seminar Park. The term *Ishin* (renewal) in the name expresses our hope that the facility will become a hub of knowledge where users can embody renewal and transformation. The contract term is five years, aimed at enhancing the facility's value as a hub for developing people in the region and realizing our Group's purpose of “co-creating a bountiful future for all regions.”

The Seminar Park serves both as a venue for sports and exchange and as a place for training and learning, widely used by the community, and the Group has utilized it for purposes including new-employee training. Through this

acquisition of naming rights, we hope the community will feel closer to the facility, and we are considering using it as a hub for the development of human assets.



Regional revitalization through sports support

Women's handball team, “Yamaguchi Bank YMGUTS”

In April 2018, Yamaguchi Bank YMGUTS was formed with the wish to revitalize the region through sports while working in the region, making use of the regional characteristics of eastern Yamaguchi Prefecture, where handball has traditionally been popular. All team members are employees of The Yamaguchi Bank, Ltd.,

[Aim of Yamaguchi Bank YMGUTS]

- » Establish a team that is loved by the local community, and serve as a model for achieving a balance between sports and work and the ways in which women work
- » Build a local community through handball, and develop multigenerational interactions and the younger generation
- » Contribute to improved competitiveness in handball and the promotion of regional sports, and to the establishment of healthy lifestyles with “YMGUTS x α”

work full-time, and train hard after work. In August 2022, they won the “Japan Open Tournament” for the first time, a competition determining the best club team in Japan, which had been their goal since the team's formation, indicating their steadily improving competitive level.

[Main initiatives]

- » Contribute to the promotion of sports through the management of a team
- » Develop activities that will convey to children and students awareness of working hard towards their dreams, while having a professional awareness of both handball and work
 - ・ Visiting GUTS (visiting classes at local elementary and junior high schools)
- » Participate in regional events and develop activities that bring prosperity together with the region
 - ・ Appointed as tourism ambassador for Yuno-onsen and engaged in initiatives in partnership with regional business operators in order to conduct PR for the onsen

[Yamaguchi Bank YMGUTS performance]

August 2024	Runner-up in the 29th Japan Open Handball Tournament National Championship
December 2024	Participated (eliminated in the first round) in the 76th Japan Handball Championship
July 2025	5th Place in the 45th All-Japan Club Handball Championship West Region Tournament



YMGUTS Cup Elementary School Handball Tournament



Regional contribution event



View of the match

Regional revitalization project by Yamaguchi Bank YMGUTS, ACT SAIKYO, and Shunan University

Yamaguchi Bank YMGUTS, operated by the Group, and ACT SAIKYO, a badminton team established by THE SAIKYO BANK, LTD. (Shunan City), are sports teams based in the Shunan area, and through their activities, they are committed to enhancing the competitive level of regional sports and promoting sports development.

Sharing a common desire to energize the region through the power of sports, Yamaguchi Bank YMGUTS

and ACT SAIKYO joined forces with local Shunan University to launch the Revitalizing the Region Through Sports Project in August 2024.

Up until now, the three partners have held a Downtown Revitalization Through Community Exchange Event (September 2024), a Yuno Onsen Lively Sports Experience Class (November 2024), and a Shunan Sports Exchange Day (February 2025).



Press conference
(August 2024)



Downtown Revitalization Through Community
Exchange Event (September 2024)



Yuno Onsen Lively Sports Experience Class
(November 2024)



Shunan Sports Exchange Day
(February 2025)

— Governance

Corporate Governance

Basic concepts of corporate governance

The Group has formulated the "Mission and the meaning of its existence (Purpose)," which is the basis of all business activities of the Group, and "What the Group should become in the future (Vision)," as what the Group should become when pursuing the mission and the meaning of its existence, in order to combine the abilities of the Group's employees and to increase corporate value.

[Mission and the meaning of its existence (Purpose)] Co-creating a bountiful future for all regions

[What the Group should become in the future (Vision)] A regional value-up corporate group that is chosen by all regions and responds to the trust of all regions

Based on "a sound and proactive enterprising spirit" as the basic stance (management policy) for the engagement in business activities with the mission and meaning of its existence as a basis, the Group aims for management transparency and fair, swift and bold decision-making that will lead to sustainable growth and increases in corporate value over the medium to long term. To this end, positioning

that creating an effective corporate governance system is an important management priority, and we continue to pursue the initiatives described below to enhance our corporate governance.

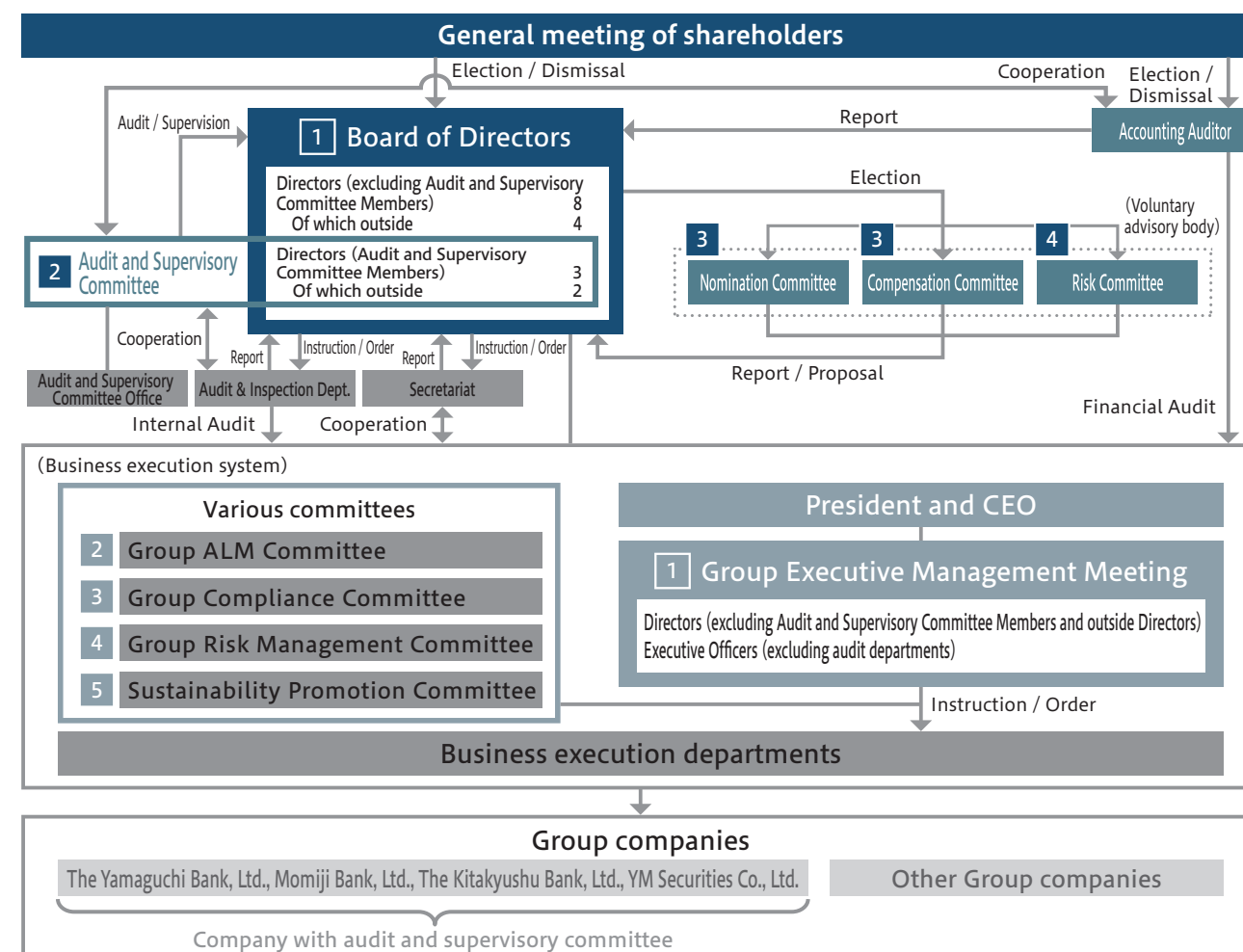
- (1) The Company strives to substantially secure the shareholder rights, to create an environment where shareholders can exercise their rights appropriately, and to secure effective equal treatment of shareholders.
- (2) The Company appropriately cooperates with our principal stakeholders, including customers, the local community, shareholders and employees.
- (3) The Company appropriately discloses important management information to principal stakeholders.
- (4) The Company endeavors to ensure the effectiveness of the supervisory and auditing functions of the business execution through the establishment of various bodies, including the Board of Directors.
- (5) The Company creates systems to promote construction dialog in order to build long-term relationships with shareholders.

Corporate governance system

To strengthen the decision-making and supervisory functions of the Board of Directors while accelerating decision-making in the execution departments, the Company adopted the a company with audit and supervisory committee system in June 2015. To enhance the monitoring function, we actively appoint independent outside Directors without conflicts of interest and conduct discussions from a long-term perspective.

Furthermore, we have also established three committees (Nomination Committee, Compensation Committee, and Risk Committee) as advisory bodies to the Board of Directors to strengthen management supervision.

Regarding business execution, we have adopted an executive officer system in an aim to accelerate decision-making and clarify responsibilities and authority in business execution. (As of June 27, 2025)



Supervision

1 Board of Directors and Directors

The main role of the Board of Directors is to make decisions on important matters relating to the operation of the Group, such as matters relating to management planning and governance and the basic policy on the internal control system, and in addition, to supervise the execution of the duties of Directors and Executive Officers. In principle, meetings are held once a month and are chaired by the President and CEO.

The Board of Directors is composed of 11 Directors with a fine balance of knowledge, experience and abilities for the effective performance of their roles and responsibilities. In particular, outside Directors, who make up the majority of Directors, have been arranged with a focus on diversity, based on the perspectives of gender, career history, age, etc., in order to activate multifaceted and objective discussions (three out of the six outside Directors are female). Through the exercising of voting rights at meetings of the Board of Directors by outside Directors, it is aimed to enhance the function of supervising the Board of Directors, and to improve the objectivity and appropriateness of the decision making process.

3 Nomination Committee and Compensation Committee

The Company has established the Nomination Committee and the Compensation Committee as voluntary advisory bodies to the Board of Directors in order to ensure the validity of the proposals relating to the appointment and dismissal of Directors and Executive Officers and their compensation, as well as the objectivity and transparency of the decision-making process, and has put a system in place to make decisions at the Board of Directors based on the details reported from the respective committee regarding the proposal.

Based on the objective of its establishment, it is prescribed in the internal rules that each committee is composed of three or more committee members, and the majority of members are independent outside Directors (each committee chair is an independent outside Director), in order to ensure independence.

Execution

1 Group Executive Management Meeting

The Group Executive Management Meeting has been established as a decision-making body for business execution departments. The Group Executive Management Meeting is composed of Directors (excluding outside Directors and Audit and Supervisory Committee Members), Executive Officers (Group General Manager) and the Presidents of the banks in the Group, and discusses and makes decisions on important matters relating to the management of the Group based on the basic policy, etc., determined by the Board of Directors.

2 Group ALM Committee

After assessing the status of risks and earnings, the Group ALM Committee examines the status of capital against risks in line with management policies and strategic targets, and deliberates over policies and strategies to ensure flexible risk control, mainly in market transactions. Moreover, by monitoring the management system of various risks (credit risk, market risk, liquidity risk) and the comprehensive risk management system, the Committee deliberates appropriate responses to these risks and reflects its findings in business operations. In principle, meetings are held once a month.

4 Group Risk Management Committee

By monitoring approaches to the management of operational risks and reputational risks, the Group Risk Management Committee deliberates the appropriate responses to these risks and reflects its findings in business operations. In principle, meetings are held once a month.

2 Audit and Supervisory Committee and Audit and Supervisory Committee Members

The Audit and Supervisory Committee is composed of three Directors who are Audit and Supervisory Committee Members (including two outside Directors), and holds meetings once a month, in principle. It audits the execution of duties of the Directors, builds the internal control system of the Company and the Group, supervises and examines the operation status of the system, and reports audit. In addition, through the exercising of voting rights at meetings of the Board of Directors by Audit and Supervisory Committee Members, who are mainly outside Directors, it is aimed to enhance the function of auditing and supervising the Board of Directors, and to improve the transparency and speed of the decision-making process. We also receive reports on the results of external audits by the Accounting Auditor and verify their appropriateness.

In order to prepare for cases where there is a shortage of Directors who are Audit and Supervisory Committee Members as prescribed by law, one substitute Director who is an Audit and Supervisory Committee Member has been elected.

4 Risk Committee

From the perspective of strengthening the supervisory function of the Board of Directors for risk management, in July 2022, the "Risk Committee" was established under the Board of Directors to strengthen the risk management system by reflecting the objective opinions of outside Directors and third party (an external expert) in risk management.

The Risk Committee deliberates on various matters relating to the risk management of the market department and reports to the Board of Directors. It will consider reviewing matters subject to deliberation, as necessary.

Executive Officers

The Group has introduced the executive officer system, under which the executive officers appointed by resolution of the Board of Directors are assigned the positions of heads of the respective departments (General Managers of the Business Groups, General Managers of the Administration Groups and the audit departments), and engage in the execution of the designated business.

3 Group Compliance Committee

By monitoring the compliance system, the Group Compliance Committee deliberates appropriate responses to compliance and reflects its findings in business operations. In principle, meetings are held once a month.

5 Sustainability Promotion Committee

The Sustainability Promotion Committee examines yearly plans and measures for the promotion of sustainability management and monitors activities to ensure a comprehensive understanding of sustainability management promotion. The committee deliberates the appropriate response and reflects its findings in business operations. In principle, meetings are held once every three months.

Board of Directors

In the fiscal year ended March 31, 2025, based on the survey for evaluation of the effectiveness of the Board of Directors and individual interviews, we identified four themes from the effectiveness evaluation meeting discussions as key areas of focus: "Enhancement of discussions on medium-term to long-term management strategies," "Approach to Group governance," "Review of the officer compensation system," and "Monitoring of management human assets development." With a shared understanding among the Directors, we implemented a PDCA cycle throughout the year to improve the effectiveness of the Board of Directors, aiming to further deepen and substantiate the discussions within the Board.

In addition, to enhance dialogue between Group officers, outside Directors, and the execution departments, we have focused on enriching discussions not only at the Board of

Directors and advisory bodies but also through preliminary briefings, Group Officer Retreats, individual interviews, and outside Director meetings. At the beginning of the fiscal year, we set various KPIs for discussions outside the Board of Directors and monitor progress monthly.

As we aim to function as a monitoring board, one of the key themes, "enhancement of discussions on medium- to long-term management strategies," has been addressed through high-quality discussions between Directors and the execution departments, not only at meetings of the Board of Directors but also at Group Officer Retreats and other settings that facilitate active exchanges of opinions, to transform into a business model based on the "all in the same boat" metaphor.

[Main Board of Directors agenda items for FY2025]

Items	Description	
Corporate strategy	<ul style="list-style-type: none"> Enhancement of discussions on medium- to long-term management strategies (Formulation of the new Medium-Term Management Plan, reorganization of headquarters, etc.) 	Formulation of YMFG Medium-Term Management Plan (FY2026-FY2030) After repeated discussions of the Group's vision and the region's future, the Medium-Term Management Plan is designed to establish a business model based on the "all in the same boat" metaphor as we evolve into a "platformer for regional issue solutions." The progress of the plan will be regularly reported by the execution departments to the Board of Directors to strengthen monitoring.
Governance	<ul style="list-style-type: none"> Group governance (reorganization of Group companies, etc.) Review of the Corporate Governance Report Group officer personnel matters 	
Compensation for officers	<ul style="list-style-type: none"> Review of the officer compensation system Evaluation of Group executives and allocation of performance-linked compensation 	Group company reorganization toward becoming a "platformer for regional issue solutions." With the aim of comprehensively supporting the business growth of customers driving the regional economy, so as to co-create a prosperous regional future as a "platformer for regional issue solutions," the Board of Directors has repeatedly discussed the added value the Group can provide and the establishment of a new corporate culture. Execution departments will regularly report the progress of Group company reorganization to the Board of Directors to verify effectiveness and expand business.
Compliance and risk management, audit	<ul style="list-style-type: none"> Establishment and announcement of the Customer Harassment Response Policy Formulation of medium-term internal audit plan 	
Human resources support	<ul style="list-style-type: none"> Revision of leave system and partial amendment of work rules Report on implementation of employee awareness surveys 	
DX and IT	<ul style="list-style-type: none"> Project toward a multi-bank, single-platform structure Next Generation Accounting System Response Policy 	
Sustainability	<ul style="list-style-type: none"> Issuance of ESG bonds Progress of sustainability promotion activities and response to the ESG evaluation 	
Finance, annual plans, etc.	<ul style="list-style-type: none"> Acquisition of treasury shares, dividends Formulation and progress confirmation of annual plans 	
Others	<ul style="list-style-type: none"> Status of institutional investor meetings Product governance Appropriateness of cross-shareholdings 	

In addition, to ensure Directors can acquire and update the knowledge and information necessary to appropriately fulfill their responsibilities and roles, we provide the funding and opportunities as necessary both upon appointment and

continuously after appointment as needed. In the fiscal year ended March 31, 2025, Directors participated in cybersecurity training, unconscious bias training, and risk management training, among other programs.

Nomination Committee, Compensation Committee and Risk Committee

Nomination Committee

In the fiscal year ended March 31, 2025, the Committee deliberated and shared information on matters including personnel appointments for Group officers starting from April 2025, the composition of committees serving as advisory bodies to Directors, the operational status of succession plans, and changes to the mandates of Executive Officers.

Moreover, the nomination of candidates for internal Directors and the appointment of Executive Officers are determined based on recommendations from Group officers (Directors and Executive Officers of the Company and Group banks, excluding the Company's President), utilizing a skill matrix that provides an overview of the overall balance including Executive Officers, and through internal discussions with the presidents of banks within the Group. These decisions are deliberated based on proposals drafted by execution departments.

Risk Committee

In the fiscal year ended March 31, 2025, the Risk Committee met quarterly to monitor the performance of securities investments, financial market forecasts, real estate category operations, and other matters, and it also facilitated discussions by inviting external experts besides the Risk Committee members. The committee's deliberations are reported to the Company's Board of Directors by the Risk Committee chair. Additionally, execution departments report

monthly to the Risk Committee on securities investments, financial market forecasts, and real estate categories, and provide specific recommendations for portfolio improvement, including validation of market operation policies, alignment of policies and operations, market outlooks, and strengthening the market department.

Compensation Committee

In the fiscal year ended March 31, 2025, the Committee deliberated and shared information on matters including the allocation amounts for individual performance-linked compensation, evaluations of Group officers, and partial revisions to the performance-linked compensation applied to officers of banks within the Group.

Since the fiscal year ended March 31, 2023, the allocation amount for performance-linked compensation has incorporated individual evaluations alongside the achievement rate of net income attributable to owners of the parent under the Medium-Term Management Plan and the position. Individual evaluations and allocation amounts are subject to deliberation by the Compensation Committee. Moreover, while non-financial indicators were introduced for individual targets starting in the fiscal year ended March 31, 2025, it has been decided that non-financial indicators will also be introduced for the overall indicators of performance-linked compensation and the Board Benefit Trust starting in the fiscal year ending March 31, 2026.

Audit and Supervisory Committee

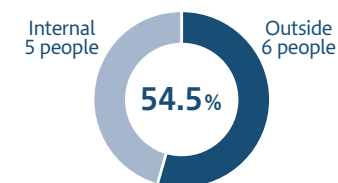
The following items were thoroughly reviewed in the fiscal year ended March 31, 2025.

[Major Audit and Supervisory Committee proposals for FY2025]

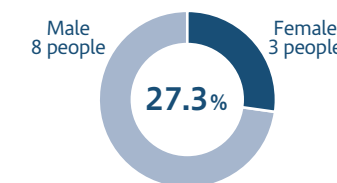
Category	Items	Description
Resolution	Preparation of audit report	<ul style="list-style-type: none"> Legality of the business report Legality regarding execution of duties by Directors Appropriateness of resolutions by the Board of Directors regarding the internal control system Appropriateness of the Accounting Auditor's audit methods and results for financial statements, etc.
	Selection of full-time Audit and Supervisory Committee Members	Smooth operation of the Audit and Supervisory Committee, enhancement of audit activities
	Selection of designated and selected Audit and Supervisory Committee Members	Smooth operation of the Audit and Supervisory Committee, enhancement of audit activities
	Appointment, removal, and resignation of Directors other than Audit and Supervisory Committee Members	Objectivity and transparency of the decision-making process
	Compensation for Directors other than Audit and Supervisory Committee Members	Appropriateness and transparency of Directors' compensation, etc.
	Formulation of audit policies and plans	Adequacy and effectiveness of audits for the fiscal year
	Appointment, dismissal, and non-reappointment of the Accounting Auditor	Independence and appropriate capabilities of the Accounting Auditor
	Approval of compensation, etc. for the Accounting Auditor	Appropriateness of compensation amount for the Accounting Auditor
	Audit activity reports by full-time Audit and Supervisory Committee Members	Activity reports to outside Audit and Supervisory Committee Members
	Exchange of opinions with the Accounting Auditor	Status of accounting audit implementation and key considerations in accounting audit
Report	Audit activity reports by full-time Audit and Supervisory Committee Members	Activity reports to outside Audit and Supervisory Committee Members
	Exchange of opinions with the Accounting Auditor	Status of accounting audit implementation and key considerations in accounting audit
	Formulation of internal audit plan	Appropriateness and effectiveness of internal audit plan
	Reports of internal audit departments	Exchange of opinions and key considerations in internal audits
	Reports of compliance departments	Exchange of opinions and key considerations in compliance (whistleblowing system)
	Status of internal audit implementation	Status of internal audit implementation

Composition of the Board of Directors

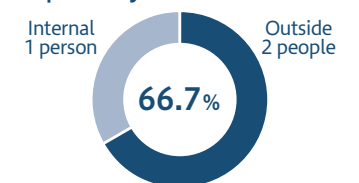
Ratio of outside Directors



Ratio of female Directors



Ratio of outside Audit and Supervisory Committee Members



Attendance at Board of Directors / Committee meetings in FY2025

Name	Board of Directors	Audit and Supervisory Committee	Nomination Committee	Compensation Committee	Risk Committee
Keisuke Mukunashi	◎ 100% (13 out of 13)	—	—	—	—
Narumasa Soga	○ 100% (13 out of 13)	—	—	—	—
Hirofumi Hiranaka	○ 100% (10 out of 10)	—	—	—	—
Mitsuru Kato	○ 100% (13 out of 13)	—	—	—	—
Yuzuru Yamamoto	○ 92% (12 out of 13)	—	○ 100% (5 out of 5)	◎ 100% (3 out of 3)	—
Takehiko Ogi	○ 100% (13 out of 13)	—	◎ 80% (4 out of 5)	○ 100% (3 out of 3)	—
Miho Saito	○ (new)	—	○ (new)	○ (new)	○ (new)
Naoko Okada	○ (new)	—	○ (new)	○ (new)	—
Takeki Kaneko	○ 100% (10 out of 10)	◎ 100% (10 out of 10)	—	—	—
Yumiko Nagasawa	○ 100% (13 out of 13)	○ 100% (13 out of 13)	—	—	—
Kenko Shikichi	○ 100% (13 out of 13)	○ 100% (13 out of 13)	—	—	—

* ◎ refers to a chair or chairperson

Evaluation of the effectiveness of the Board of Directors

Evaluation of the effectiveness of the Board of Directors

In order to further deepen and substantiate discussions at the Board of Directors, at the effectiveness evaluation meetings whose discussions are to be based on the survey for evaluation of the effectiveness of the Board of Directors and individual interviews conducted once a year, we clarify the matters that the Board of Directors should focus particularly on, and throughout the year, we implement a PDCA cycle to improve the effectiveness of the Board of Directors.

For 2025 (evaluation of the fiscal year ended March 31, 2025), from a continuity perspective, we adopted the questionnaire items used in the third-party evaluation of the effectiveness of the Board of Directors conducted in 2024 (evaluation of the fiscal year ended March 31, 2024).
Surveys and individual interviews in the fiscal year ended March 31, 2025 confirmed that the Board of Directors is generally effective. We believe this is a result of our continued efforts to improve Board of Director effectiveness.

Through effectiveness evaluation meetings conducted in June 2025, Directors shared the recognition that “enhancement of discussions on medium- to long-term management strategies,” “approach to Group governance,” “monitoring of the officer compensation and evaluation system,” and “monitoring of management human assets development” remain themes requiring particular focus in the fiscal year ending March 31, 2026, although some improvements were observed.

Going forward, we will maintain a Board of Directors system and operation that can maximize the supervisory function as a monitoring board towards realizing the Company’s purpose and vision, and continue to examine the improvement status of the Company’s governance through regular surveys, informal individual interviews, the effectiveness evaluation meetings and other activities, leading to the sustainable improvement of the effectiveness of the Board of Directors.

FY2024 evaluation and identified issues		FY2025 initiatives (Results)		FY2025 evaluation and identified issues		FY2026 initiatives (Plan)	
Evaluation	Overall evaluation <ul style="list-style-type: none">The Board of Directors is generally effective					Overview for the evaluation of the effectiveness of the Board of Directors conducted in FY2025 (1) Conducted a comprehensive survey of all Directors (2) Conducted individual interviews with outside Directors based on results of the survey (3) Based on results of the survey and individual interviews, the Board of Directors effectiveness evaluation meeting, which is comprised of all Directors, discussed evaluations for the fiscal year and set priority themes and initiatives linked to those themes for the fiscal year ending March 31, 2026 [Target] All 11 Directors in FY2025 [Implementation period] April 2025 [Main questionnaire items] <ul style="list-style-type: none">● Structure and operation of the Board of Directors, etc.● Management strategy and business strategy● Corporate ethics and risk management● Evaluation and compensation of management● Dialogue with shareholders, etc.	
	<ul style="list-style-type: none">Clarify delegation process to management and continue to expand delegation in a timely and appropriate manner	<ul style="list-style-type: none">Continue to address and exclude from scope of priority themes					
	<ul style="list-style-type: none">Revitalized discussions, including with outside Directors, at Board of Director meetings and in non-official settingsOpinions have been reflected in specific measures by the execution department. Continue to enhance dialogue between Directors and execution departments	<ul style="list-style-type: none">Continue to address and exclude from scope of priority themes					
Priority themes	Enhancement of discussions on medium- to long-term management strategies <ul style="list-style-type: none">Issues remain in comprehensive, multifaceted discussions of strategy, as well as discussions of business portfolio and human asset strategy	<ul style="list-style-type: none">For the formulation of the Medium-Term Management Plan, in addition to Board of Directors meetings, host Group Officer Retreats and set up non-official settings to facilitate opinions exchange between Directors and execution departments		Priority themes	Enhancement of discussions on medium- to long-term management strategies <ul style="list-style-type: none">Established a five-year Medium-Term Management Plan to become a platformer for regional issue solutions and establish a business model based on the “all in the same boat” metaphorThe Board of Directors must continue progress management and discuss issues as they arise	<ul style="list-style-type: none">Activate discussions on Group-wide strategy and governance, and implement progress monitoring for the Medium-Term Management Plan (FY2026–FY2030) (establishment of an all in the same boat business model)	
	Approach to Group governance <ul style="list-style-type: none">Issues remain with discussions on Group governance, including latent Group company risks, management efficiency, and issues in non-financial areas	<ul style="list-style-type: none">Regarding Group company reorganization, discussions centered on the Board of Directors (12 meetings) focused on rebuilding the Group governance framework underpinning the Medium-Term Management Plan (FY2026–FY2030)			Approach to Group governance <ul style="list-style-type: none">Implemented various measures based on Group strategy, primarily centered on Group companies reorganization related to issue-solving businessThere is room for improvement in the understanding of the Board of Directors of initiatives in non-financial areas	<ul style="list-style-type: none">While establishing a business model based on the “all in the same boat” metaphor, implement monitoring tailored to the roles and positioning of each Group company	
	Review of the officer compensation system <ul style="list-style-type: none">Issues remain in further clarification of financial evaluations and evaluations in non-financial areas	<ul style="list-style-type: none">Verification of officer compensation levels and non-financial indicators was conducted using the expertise of specialized consultants, with exchanges of opinions held between Directors and the secretariat at meetings of the Board of Directors, meetings of the Compensation Committee, and informal settings			Monitoring of compensation for officers and the evaluation system <ul style="list-style-type: none">Non-financial indicators were introduced based on the Medium-Term Management Plan (FY2026–FY2030) to create a system design highly aligned with management strategyContinued monitoring is necessary for the review of Board Benefit Trust indicators and the evaluation system for each officer	<ul style="list-style-type: none">Regarding the review of Board Benefit Trust indicators, explore optimal design by leveraging the expertise of external organizationsFor officer evaluations, set goals linked to the annual plan based on a clear medium- to long-term vision and implement monitoring	
	Monitoring of management human assets development <ul style="list-style-type: none">Issues remain with the involvement and monitoring by the Board of Directors in development of management human assets and the implementation of successor plans by upper management, etc.	<ul style="list-style-type: none">The progress of the succession plan was discussed at the meeting of outside Directors, and progress was reported at the Nomination Committee			Monitoring of management human assets development <ul style="list-style-type: none">Although the framework for the succession plan is in place, issues remain in achieving highly effective operations, requiring diversification of selection criteria for officer candidates, enhancement of training content, and a strengthened Female Management Personnel Firm and officer candidate pool	<ul style="list-style-type: none">Leverage the expertise of external consultants to implement a seamless succession plan from the Management Personnel Firm to officer candidate pool to Group officer candidates	

Succession plan

The “Group Officer Personnel Guidelines” prescribes the following in regard to the Group’s development process for candidates for the Group officers and the monitoring system for development status.

Development of candidates for the Group officers

Individual development plans are formulated by the human resource department for key management personnel candidates that are selected internally, and they are promoted to important positions (General Manager of a branch of a Group bank, General Manager of a division, etc.) at the appropriate time, based on the activity status and performance of each candidate.

A group of human assets holding important positions is designated as the pool of candidates for officer. The President and CEO selects candidates for the Group officers from human assets in

the pool of candidates for officer based on each candidate’s activity status and performance, recommendation of the Group officer, etc., and then submits the list of candidates to the Nomination Committee.

Promotion to important positions is determined and executed upon deliberation at internal meetings (personnel promotion meetings), comprising of internal Directors and the human resource department, and the system ensures the objectivity and validity of the promotion.

Monitoring system for development status

The activity status and performance of human assets who are candidates for key management personnel and who are in important positions are regularly monitored by the President and

CEO, and the human resource department.

The Nomination Committee also considers the development status of candidates for the Group officer to be an important monitoring matter, and has adopted a system to monitor whether the development of candidates for the Group officer is conducted as planned through reporting from the President and CEO as appropriate about the development status to the Nomination Committee and the Board of Directors.

In addition, at the meeting of outside Directors held in December 2024, the status of progress on the succession plan was taken up as an agenda item, and that progress was subsequently shared at the Nomination Committee and at the Board of Directors effectiveness evaluation meeting.

Initiatives for development of officer candidates

We conduct a Junior Board Program aimed at developing young human assets, external secondments to different industries, the human assets development project for next-generation management targeting those in the pool of candidates for officer, and dispatch to external training.

Moreover, we systematically implement personnel changes in line with our human assets development plans and promote personnel based on the management candidate recommendation process defined in our internal guidelines. Moving forward, we will continue working to improve the effectiveness of our officer candidate development within the Group.

Compensation for officers

The Company and the banks in the Group have established the compensation plan for officers with the objective of increasing the transparency of the compensation plan for officers, raising motivation towards contributing to improved performance and increased corporate value, and raising awareness

Compensation composition ratios

Fixed compensation 46%		Variable compensation 54%	
Fixed-amount compensation (basic compensation) 46%		Performance-linked compensation 27%	Board Benefit Trust (BBT) 27%

Basic design of compensation for officers

1. Basic policy

Compensation for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter) shall be based on a compensation structure linked to shareholder interests so as to function sufficiently as an incentive to achieve sustainable improvement of corporate value, and the basic policy for determining compensation for individual Directors shall be to ensure an appropriate level of compensation

2. Policy for determining the amount of individual basic compensation

The Company's basic compensation shall be a fixed monthly amount compensation and shall be determined based on a comprehensive consideration of each Director's position, role and responsibilities, etc., taking into account the compensation levels at other companies, the Company's

3. Policy for determining the content and calculation method for the amount of performance-linked compensation

Performance-linked compensation is cash compensation that reflects key performance indicators (KPIs) to heighten awareness of the need to improve business performance each fiscal year. Performance-linked compensation is calculated according to the degree of achievement of the Medium-Term Management Plan formulated by the Company, as well as each individual's position and evaluation, and is paid at a specific time each year, within the

4. Policy for determining the content and calculation method for the number of share-based compensation

Share-based compensation shall be provided by the Board Benefit Trust (BBT), up to the total number of points (one point equals one share of the Yamaguchi Financial Group, Inc.) granted per fiscal year to Directors (excluding Directors who are Audit and Supervisory Committee Members, part-time Directors, and outside Directors) by resolution of the General Meeting of Shareholders. Points shall be granted based on the degree of achievement of the Medium-Term Management Plan formulated by the

5. Policy for determining the ratio of the amounts of basic, performance-linked, and share-based compensations to the amount of compensation for each individual Director

With regard to the ratio of compensation by type for each Director, in light of the importance of addressing management from a medium- to long-term perspective, the basic principle shall be to prioritize the level and stability of

6. Compensation determination process

The policy for determining the amount and calculation method for Director compensation shall be determined by the Board of Directors following deliberation by the Compensation Committee, which is chaired by an outside Director, within the compensation limits resolved at the General Meeting of Shareholders. The amount of performance-linked compensation for individual Directors is determined by a resolution of the Board of Directors, and the Board of Directors consults and obtains a report from the Compensation

of shareholder-oriented management. In terms of the specific officer compensation plan, the composition of officer compensation, etc., comprises of fixed-amount compensation, performance-linked compensation and share-based compensation (Board Benefit Trust: BBT).

Compensation cap

Compensation cap	Directors (excluding Audit and Supervisory Committee Members/internal)	Directors (outside)	Directors (Audit and Supervisory Committee Members)
Fixed-amount compensation	Total monthly amount within ¥25 million	(Of the left, a total monthly amount within ¥2.5 million)	Total monthly amount within ¥5 million
Performance-linked compensation	Total annual amount within ¥70 million	-	-
Board Benefit Trust (BBT)	A total of up to 80,000 points per fiscal year (1 point corresponds to 1 share of the Company's stock)	-	-

based on their respective responsibilities. Specifically, Director compensation shall comprise fixed-amount basic compensation, performance-linked compensation, and share-based compensation, and outside Directors in charge of supervisory functions shall be paid only basic compensation in consideration of their duties.

performance, and employee salary levels, within the compensation limit for Directors resolved at the General Meeting of Shareholders, and shall be reviewed as appropriate in response to changes in the environment.

performance-linked compensation limit for Directors (excluding Directors who are Audit and Supervisory Committee Members, part-time Directors, and outside Directors) as resolved at the General Meeting of Shareholders.

The total amount of performance-linked compensation is determined in consideration of the level of business performance, and shall be reviewed as appropriate in response to changes in the environment.

Company, and the number of shares calculated based on the points or an amount calculated by multiplying the fair market value of one share on the day of retirement shall be paid at the time of retirement. The points to be granted for share-based compensation are determined in consideration of performance levels, and shall be reviewed as appropriate in response to changes in the environment.

basic compensation, while ensuring an appropriate ratio to maintain a balance of performance-linked compensation and share-based compensation, which serve as incentives for the sustainable improvement of corporate value.

Committee on the compensation limit and allocation amount. Basic compensation is determined for each Director by the Board of Directors based on the report from the Compensation Committee. In addition, in regard to the share-based compensation, the number of points to be granted to each Director is calculated based on the Officer Share Delivery Rules that have been prescribed by the Board of Directors based on the report from the Compensation Committee.

Amount of compensation for officers in FY2025

Category of officer	Number of officers	Total amount of compensation, etc.	(Millions of yen)		
			Fixed-amount compensation	Performance-linked compensation	Non-monetary compensation, etc.
Director (excluding Audit and Supervisory Committee Member) (excluding outside Director)	1	66	36	18	12
Director (Audit and Supervisory Committee Member) (excluding outside Director)	2	28	28	-	-
Outside officer	6	40	40	-	-

*1 The table on the left includes one Director who is an Audit and Supervisory Committee Member who retired at the conclusion of the Annual General Meeting of Shareholders held on June 27, 2024.

*2 "Non-monetary compensation, etc." refers to the amount recorded as expenses during the current fiscal year for the Board Benefit Trust (BBT).

Basic philosophy for compensation for officers from FY2026 onward

In line with the formulation of the YMFG Medium-Term Management Plan (FY2026-FY2030), we have revised the officer compensation system from the fiscal

year ending March 31, 2026 onward, and changed the indicators and calculation methods for performance-linked compensation and Board Benefit Trust (BBT).

1. Indicators for performance-linked compensation and Board Benefit Trust (BBT)

The indicators for performance-linked compensation measure the Company's results for a single fiscal year and include, in addition to net income attributable to owners of the parent, which is one of the management indicators emphasized in the YMFG Medium-Term Management Plan (FY2026-FY2030); non-financial indicators reflecting initiatives to advance sustainability management, namely the ESG evaluation, DE&I, and environment; and individual evaluations reflecting each officer's efforts.

2. Calculation method for performance-linked compensation

Performance-linked compensation paid to Directors targets full-time Directors excluding Audit and Supervisory Committee Members and outside Directors, and is recognized as performance based on net income attributable to owners of the parent during the evaluation period, non-financial indicators, and individual evaluations (evaluated according to the degree of achievement of indicators considered important for the performance of banks within the Group and for establishing a business model based on the "all in the same boat" metaphor, etc.),

Formula for calculating granted points

Payment amount A = performance-linked compensation base amount × financial performance linked coefficient α
Payment amount B = performance-linked compensation base amount × non-financial performance-linked coefficient α
Financial performance-linked coefficient α = net income coefficient × 40%
Non-financial performance-linked coefficient α = non-financial indicator coefficient × 10% + individual evaluation coefficient × 50%

* For the base amount and coefficients in the formula for calculating granted points, please refer to the March 2025 Annual Securities Report.
https://www.ymfg.co.jp/finance/pdf/securities/2025_03/ymfg_2_01.pdf (in Japanese)

3. Calculation method for the Board Benefit Trust (BBT)

This system covers Directors of the Company and banks within the Group (full-time Directors excluding Audit and Supervisory Committee Members and outside Directors), while for officers concurrently serving at the Company, the system only covers those who hold representative authority at each Group bank. The calculation

Formula for calculating granted points

Granted points C = base points × financial performance-linked coefficient γ
Granted points D = base points × non-financial performance-linked coefficient γ
Financial performance-linked coefficient γ = consolidated ROE coefficient × 50% + OHR coefficient × 20%
Non-financial performance-linked coefficient γ = economic impact on the region × 15% + NPS (the Group's transaction recommendation survey) × 15%

In addition, the indicators for the Board Benefit Trust (BBT) are intended to instill a more medium- to long-term management perspective and therefore adopt consolidated ROE, OHR, and non-financial indicators to be achieved toward establishing, among other things, a business model based on the "all in the same boat" metaphor to evolve into a platformer for regional issue solutions, which are emphasized in the YMFG Medium-Term Management Plan (FY2026-FY2030).

and is calculated in line with that recognized performance. For Directors (excluding those holding concurrent positions), the amount is the sum of A and B calculated using the following formula. The financial performance linked coefficient and the non-financial performance-linked coefficient are both capped in the range of 0 to 1.5; consequently, performance-linked compensation has an upper limit.

For the fiscal year ending March 31, 2026, the target for net income attributable to owners of the parent is ¥31.5 billion.

Non-financial indicator coefficient

For non-financial indicators, we will adopt those related to the ESG evaluation (FTSE ESG score), DE&I, and environment. For individual evaluations, we will mainly adopt indicators related to the year-on-year achievement rate for ordinary profit and the basic objectives of the YMFG Medium-Term Management Plan (FY2026-FY2030). These objectives include "Establish a business model based on the 'all in the same boat' metaphor," "Enhance financial business," and "Deepen multi-bank, single-platform structure." We will then calculate the coefficients according to the prescribed formula.

In addition, the non-financial indicators of the ESG evaluation (FTSE ESG score), DE&I, and environment are equally allocated within their 10% allocation rate.

of granted points is the total of C and D calculated using the formula below. For the calculated points, the number of shares calculated at one point per share of the Company's stock or the amount calculated by multiplying the fair market value of one share on the day of retirement are paid at the time of retirement.

Non-financial indicator coefficient

As indicators related to establishing a business model based on the "all in the same boat" metaphor, "economic impact on the region" and "NPS (the Group's transaction recommendation survey)" are adopted, and calculated according to the prescribed formula.

Improvement measures

The Company sincerely accepted the facts recognized in the “investigation reports” by the Investigative Committee established in May 2021 in response to an internal whistleblower against the former CEO, and the Internal Investigation Group established in August 2021 with the objective of investigating how to proceed with projects related to the establishment of a new bank, etc., as well as the indicated issues and recommendations for improvement. Therefore, we identified the issues and analyzed the causes of such issues in four items in total, consisting three items of “governance,” “internal control” and “corporate culture,” which form the management foundation for the sound operation of businesses by the Group, adding the perspective of “regional revitalization,” which is one of our

major roles as a regional financial institution, and formulated improvement measures for 35 items in total on November 30, 2021.

To achieve sound business operations, which are the foundation of unwavering trust from all our stakeholders, including shareholders and customers, and to contribute to the revitalization of the local communities and economies, as well as the growth of the Group, the entire company has been working together to implement improvement measures. As a result, we have completed addressing all items as of March 31, 2024, and ongoing efforts have steadily ensured their establishment in operations.

Status of initiatives in FY2025

Even after all items had been addressed by the end of the fiscal year ended March 31, 2024, we have continued to check the progress in each responsible division twice a year and to report to management and the Board of Directors on the status of instilling these improvements.

Even now, more than three years after the formulation of improvement measures, we continue organizational

improvements through information dissemination by top management.

Among the 35 measures, the initiatives that made particular progress in the fiscal year ended March 31, 2025 are described above.

We will continue to advance these improvement measures in the fiscal year ending March 31, 2026 as well.

	FY2022	FY2023	FY2024	FY2025 Measures with particularly significant progress
1. Initiatives toward reinforcement of governance				
Enhancement of in-Group dialogue (dialogue between officers)	Completed	Ongoing	Ongoing	<ul style="list-style-type: none">Meetings held between the President and FG and officers of banks within the GroupEstablishment of opportunities for dialogue with outside Directors (both with increased frequency)
Review of evaluation method towards improving the effectiveness of the Board of Directors	Completed	Ongoing	Ongoing	<ul style="list-style-type: none">Implementation of an evaluation questionnaire on the effectiveness of the Board of Directors by an external organization
2. Initiatives toward reinforcement of internal controls				
Formulation of guidelines for internal project team management	In progress	Completed	Ongoing	<ul style="list-style-type: none">Regular internal reporting on operational status and issuance of awareness-raising communicationsRevision of the content of current guidelines
Formulation of guidelines on handling insider incidents	In progress	Completed	Ongoing	
3. Initiatives toward improvement of corporate culture				
Integrated review of personnel system and operation system	Under examination	Under examination	Completed	<ul style="list-style-type: none">Ongoing in FY2025 as well- Achieving both placing the right people in the right positions and position management- Promotion of the active participation of senior employees- Promotion of the active participation of specialized human assets- Convincing evaluation system
Development of an environment where diversity can be secured and utilized	Under examination	Completed	Ongoing	<ul style="list-style-type: none">Holding the YMFG Women’s DayStart of female leadership trainingConducting unconscious bias training by segment
4. Initiatives toward regional revitalization				
New establishment of new internal business proposal system	Completed	Ongoing	Ongoing	<div>[YMFG Growth]</div> <ul style="list-style-type: none">Implementation of the FY2025 program- December 2024: interim report meeting- March 2025: final review meeting <div>[Development of regional co-creation human assets program]</div> <ul style="list-style-type: none">Conducted for approximately five months, including our employees and employees from external companiesPresented plans for solving regional issue at the final results presentation (January 2025)

Support for outside Directors

Early issuance of meeting schedules and materials

The annual schedule for the convocation of meetings of the Board of Directors and various meetings are shared one-and-a-half to two years ahead of schedule. In addition, materials on important agenda items for the Board of Directors meetings are shared approximately one week prior to the date of the Board of Directors meeting and advance briefing sessions are held.

Promoting understanding of the business and business environment

We regularly provide study sessions on topics such as financial business and the management environment of regional banks, which are necessary for Directors of the Company. In the fiscal year ended March 31, 2025, the Group deepened Directors’ knowledge of industries related to the Group by holding briefings on each business group and Group companies at the Group Officer Retreat and advance briefing sessions,

holding study sessions with external organizations, and having Outside Directors participate in study sessions for held by outside organizations.

Improved information provision and dialogue with executive members

Two advance briefing sessions are held for Outside Directors on agenda items to be discussed at the Board of Directors meetings, where the persons in charge of relevant departments explain each agenda item directly to Outside Directors, ensuring that they fully understand each agenda item before participating in the Board of Directors meetings.

The advance briefing sessions also provide an opportunity for direct dialogue between executive members and Outside Directors and play a role in smoothly executing management’s succession plan. In addition, the Board of Directors meets at least once a year at the head office of each of the three Group banks, in an effort to gain a better understanding of the regional business environment.

Cross-shareholdings

Policy on holding cross-shareholdings

In regard to cross-shareholdings, we will not take out new holdings unless there is a reasonable reason for such holding. Decisions are made from the perspective of the appropriateness of the holding purpose and whether the benefits and risks associated with the holding are commensurate with our cost of capital.

We regularly verify the rationality of existing shareholdings from the perspective of the appropriateness of the holding purpose and whether the benefits and risks associated with the holding are commensurate with our cost of capital, and cross-shareholdings will be reduced if no

rational reason is identified.

If a company (cross-shareholder) who holds the Company’s shares as cross-shareholdings express a desire to sell these shares, we will not take any action to hinder the sale, such as by suggesting a reduction in transactions.

Moreover, we will not engage in any transactions that are harmful to the interests of companies or shareholders, such as by continuing with transactions with cross-shareholders without properly verifying their economic rationality.

Method for verifying the rationality of holdings

In the verification process for listed shares, we verify the rationality of holding based on the purpose of transactions, profitability of overall transactions, etc. with each individual company.

Specifically, we have set a RORA* hurdle rate for overall transactions in consideration of our equity ratio and cost of capital, which must be maintained for regulatory purposes. Following examinations by the Meeting for the Reduction of Cross-Shareholdings, comprising the President and Presidents of Group banks, the Board of Directors determines the appropriateness of holdings and response policies for each individual company (where to continue holdings, where to negotiate profitability improvements, and where to negotiate a reduction

in holdings) based on quantitative judgments such as whether the RORA for overall transactions of the policy investee exceeds the hurdle rate, as well as the status of transactions. If an agreement is met in negotiations to reduce shareholdings, in principle, holdings are reduced during the fiscal year in which the verification process was conducted while considering impacts on the market and other factors that should be taken into account.

* RORA (Return On Risk-weighted Assets) for overall transactions is an indicator showing the profitability relative to the risk acquired by a financial institution

Cross-shareholdings reduction target

Under the YMFG Medium-Term Management Plan (FY2026–FY2030), we aim to **reduce the book value balance to less than ¥35.0 billion by the end of March 2030** and achieve a consolidated ratio to consolidated net assets (fair value basis) of less than 10%.

Status of cross-shareholdings in the fiscal year ended March 31, 2025

Category of officer	FY2023	FY2024	FY2025	(Billions of yen) Year-on-year
Balance of cross-shareholdings (Fair value)	106.6	117.1	96.7	- 20.4
(Book value)	(59.7)	(55.0)	(48.5)	(-6.5)
Ratio to consolidated net assets (fair value basis)	17.3%	17.8%	15.5%	- 2.3%
Number of cross-shareholdings	299	284	269	- 15

Standards for exercising voting rights on cross-shareholdings

When exercising voting rights on cross-shareholdings, we decide for or against each agenda item. These items include (1) appropriation of surplus, (2) election or dismissal of Directors, (3) election or dismissal of Audit and Supervisory Board Members, etc., (4) presentation of retirement gratuities or condolence money, (5) payment or revision of

compensation for officers, (6) introduction or continuation of takeover defense measures, and (7) other items. Our decisions are based on the perspectives of improving the medium- to long-term corporate value of the investee and the Group, as well as the potential for detriment to us as a shareholder.

Skill matrix / Reason for election as Director

The Board of Directors of the Company ensures balance of the knowledge, experience and ability as required as the Board of Directors as a whole, and diversity including gender, career history, and age, in order to effectively fulfill its role and responsibilities, and maintains an appropriate number of members so that the functions of the Board of Directors may be demonstrated most effectively and efficiently in terms of promptness of decision making. Based on this basic concept, the Board of Directors nominates those who are familiar with the Company’s businesses and have exceptional ability and an abundance of experience as candidates for internal Director, nominates those who have diverse knowledge and backgrounds as candidates for outside Director in order to ensure the independence and objectivity of

the Board of Directors, and maintains a number of members of the Board of Directors within 13 members.
The skill matrix items are selected based on the key strategies of the YMFG Medium-Term Management Plan (FY2026–FY2030) (hereinafter, the “new medium-term management plan”), and they do not represent all knowledge, experience, and expertise possessed by each Director, but instead indicate the areas in which each Director is expected to demonstrate particular expertise, in light of their experience, etc.

Name	Position	Category of Skill (Expected Priority Areas of Expertise)									Reason for election
		Corporate Governance	Corporate Management / Sustainability Management	Corporate Financial Affairs / Finance / M&A	Business Strategy	Regional Co-Creation	Market Investment	Human Assets Management	DX IT	Compliance / Risk Management	
Keisuke Mukunashi	President, Representative Director and CEO	●	●	●	●	●			●		He has supervised the overall management of the Group as President, Representative Director, and CEO of the Company, and possesses the knowledge and experience required to carry out the sound and appropriate operation of the Group, and the Company has judged that he can continue to appropriately execute the duties of Director of the Company.
Narumasa Soga	Director	●	●	●	●		●				He has supervised the overall management of the Group and The Yamaguchi Bank, Ltd. as a Director of the Company and President and Director of The Yamaguchi Bank, Ltd., one of the three banks in the Group, and possesses the knowledge and experience required to carry out the sound and appropriate operation of the Group, and the Company has judged that he can continue to appropriately execute the duties of Director of the Company. In addition, the Company has determined that the focused monitoring of the business execution of the said bank by the Board of Directors of the Company, with the appointment of Mr. Soga thereto, would constitute an appropriate governance system for the Group.
Hirofumi Hiranaka	Director	●	●	●	●			●			He has supervised the overall management of the Group and Momiji Bank, Ltd. as a Director of the Company and President and Director of Momiji Bank, Ltd., one of the three banks in the Group, and possesses the knowledge and experience required to carry out the sound and appropriate operation of the Group, and the Company has judged that he can continue to appropriately execute the duties of Director of the Company. In addition, the Company has determined that the focused monitoring of the business execution of the said bank by the Board of Directors of the Company, with the appointment of Mr. Hiranaka thereto, would constitute an appropriate governance system for the Group.
Mitsuru Kato	Director	●	●	●	●			●			He has supervised the overall management of the Group and The Kitakyushu Bank, Ltd. one of the three banks in the Group, as Director and President of the said bank, and possesses the knowledge and experience required to carry out the sound and appropriate operation of the Group, and the Company has judged that he can continue to appropriately execute the duties of Director of the Company. In addition, the Company has determined that the focused monitoring of the business execution of the said bank by the Board of Directors of the Company, with the appointment of Mr. Kato thereto, would constitute an appropriate governance system for the Group.
Yuzuru Yamamoto	Director (outside)	●	●	●	●						He has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director. Based on his advanced insight and wealth of experience as a corporate manager, having served as President & Representative Director of UBE Corporation and in other executive positions, the Company expects that he will strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company and also further strengthen corporate governance of the Group by providing pertinent recommendations toward overall management taking into account local economic conditions, etc.
Takehiko Ogi	Director (outside)	●	●	●				●			He has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director. He has served as Representative Director of Kanebo Ltd., Maruzen CHI Holdings Co., Ltd., and Japan Human Resource Network following his retirement from the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry), and currently specializes in organizational theory and corporate governance as Professor in the Department of Industrial Management, Faculty of Economics, Kyushu University. The Company expects that Mr. Ogi will provide pertinent recommendations on management, including the maintenance and improvement of corporate governance, his strength, as well as support for the banks in the Group using his knowledge of corporate revitalization.
Miho Saito	Director (outside)	●	●	●	●		●				As an institutional investor, she has been managing Asian and international equities, including Japanese stocks, at overseas government funds and the United Nations Joint Staff Pension Fund, and has dedicated herself to diversity and sustainability initiatives. The Company expects that she will strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company and also further strengthen the Group’s corporate governance by providing pertinent recommendations on matters related to our market and external information disclosure, including internal relations, and the promotion of sustainability management.
Naoko Okada	Director (outside)	●	●						●		She has undertaken a role in launching the public relations department at an IT venture company and thereafter founded the public relations firm Network Communications. She has been engaged in planning and promoting communication activities linked to corporate reputation building and management issues. The Company expects that she will strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company and also further strengthen the Group’s corporate governance by providing pertinent recommendations on building relationships with our stakeholders.
Takeki Kaneko	Director Audit and Supervisory Committee Member	●				●				●	He has experience serving as Executive Officer and General Manager of the Compliance & Risk Administration Group and other divisions of the Company and General Manager of Group bank branches. He possesses the knowledge and experience required to carry out the sound and appropriate operation of the Group, and the Company has determined that he can appropriately execute the duties of an Audit and Supervisory Committee Member.
Yumiko Nagasawa	Director (outside) Audit and Supervisory Committee Member	●	●		●					●	She has been conducting corporate management supervision of the Company from a fair and objective standpoint as an Outside Director who is an Audit and Supervisory Committee Member. She possesses a wealth of experience regarding financial instruments, such as establishing a citizen group “Foster Forum (Forum for Fostering High-quality Financial Instruments)” after serving at financial institutions. The Company expects that she will continue to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company and also further strengthen the Group’s corporate governance by providing pertinent recommendations toward overall management based on her professional insight as well as the perspective of a citizen.
Kenko Shikichi	Director (outside) Audit and Supervisory Committee Member	●								●	He has supervised corporate management of the Company from a fair and objective standpoint as an Outside Director who is an Audit and Supervisory Committee Member. Furthermore, while he engages in legal practice centered on community-based attorney activities in Fukuoka City as a partner of Kitahama Law Office, he is also registered as a certified tax accountant with the Kyushu-hokubu Certified Public Tax Accountants’ Association. He possesses a wealth of experience as a legal expert, and accordingly the Company expects that he will continue to strengthen the effectiveness of the decision-making functions and supervisory functions of the Board of Directors of the Company as well as the Group’s corporate governance by providing his pertinent recommendations based on his professional knowledge.

Overview of expected priority areas of expertise

The priority strategies of the new medium-term management plan associated with the skill matrix items and their outlines are as follows.

Category	Key strategy	Summary
Corporate Governance	—	• Establish a Group management structure with a system where the banks proactively engage in business execution by expanding the executive authority and responsibilities of the banks, and enable them to demonstrate front-line initiatives.
Corporate Management / Sustainability Management	Sustainability strategy	• Effectively utilize capital as a new growth driver, including by investing in areas that contribute to the expansion of areas of business and improve profitability for the Group. • Demonstrate to both internal and external stakeholders that all YMFG activities are linked to ESG, thereby enhancing the coherence of our initiatives and accelerating sustainability management.
Corporate Financial Affairs / Finance / M&A	Business portfolio strategy	• Strengthen deposits, loans, and bills discounted, and securities in terms of both quality (profitability) and quantity (scale) as foundational businesses that account for the majority of consolidated earnings. • Solidify the earnings base and create the management resources necessary for executing growth strategies.
Business Strategy	Business growth support and business management strategy	• Provide comprehensive support to address various management issues faced by regional customers, not just in the short term, but as a long-term partner, by combining financing (debt), equity, and solutions.
	Asset support strategy	• Support the well-being of employees of our business partners who underpin the business growth of regional companies, and provide wealth management support for corporate owners, affluent seniors, and others.

Category	Key strategy	Summary
Regional Co-creation	Regional co-creation strategy	• Designate community development and infrastructure as focus areas, consider regions as a collective of regional companies and individual customers, and develop businesses aimed at solving industrial and regional issues.
Market Investment	Business portfolio strategy	• Rebuild the securities portfolio with appropriate risk-taking and risk management and convert to a stable profit structure, while increasing operational efficiency and ensuring profitability that covers our cost of capital.
Human Assets Management	Human assets management strategy	• Build a human asset portfolio linked to growth strategies and business portfolio strategies through human asset acquisition, development, and system reform.
DX/IT	DX strategy	• Realize sales, operational, and channel DX through system renewal and sales digitalization to create an environment for improved profitability.
	IT and cost management strategy	• Reduce existing operational costs while accelerating growth investments for the future.
Compliance / Risk Management	—	• Build a compliance system that covers risks of damage to the interests and expectations of customers and local communities. Strengthen the establishment and operation of the RAF management structure using stress tests and scenario analysis. • Build a forward-looking credit risk management framework and strengthen the risk management framework of each group company.

Director / Executive Officer (As of June 27, 2025)

Keisuke Mukunashi Reappointment

President, Representative Director and CEO

Years of service as a Director:
5 years



April 1995 Joined The Yamaguchi Bank, Ltd.
January 2012 General Manager, Akasakamon Branch of The Kitakyushu Bank, Ltd.
September 2013 General Manager, Ogori Branch of The Yamaguchi Bank, Ltd.
January 2016 General Manager, Customers' Business Potentials Evaluation Department of the said bank
June 2017 Representative Director of YMFG ZONE PLANNING CO., LTD.
June 2019 Executive Officer of the Company
July 2019 Representative Director of YM Career Inc.
June 2020 President, Representative Director, and Group COO of the Company
June 2021 President, Representative Director and CEO of the Company (present position)
March 2022 Outside Director, Audit and Supervisory Committee Member of Chofu Seisakusho Co., Ltd. (present position)

Hirofumi Hiranaka Reappointment

Director

Years of service as a Director:
1 year



April 1991 Joined The Yamaguchi Bank, Ltd.
July 2010 General Manager, Chofu East Branch of the said bank
November 2011 General Manager, Shingu Branch of The Kitakyushu Bank, Ltd.
July 2013 General Manager, Kurume Branch of the said bank
September 2014 General Manager, Customer Communication Department of The Yamaguchi Bank, Ltd.
January 2016 General Manager, Corporate Administration Department of the Company
January 2017 General Manager, Business Strategy Planning Department of the Company
May 2017 General Manager, Corporate Business Strategy Planning Department of the Company
June 2017 Executive Officer and General Manager, Corporate Banking Business Group of the Company
June 2018 Executive Officer and General Manager, Retail Banking Business Group of the Company
January 2019 General Manager, Ogori Branch of The Yamaguchi Bank, Ltd.
June 2020 Executive Officer and General Manager, Fukuoka Branch of The Kitakyushu Bank, Ltd.
August 2021 Executive Officer of the Company
October 2021 Executive Officer and General Manager, Corporate Planning Administration Group and Human Resource & General Affairs Administration Group of the Company
April 2022 Managing Executive Officer and General Manager, Financial Business Group of the Company
June 2023 Director and Senior Managing Executive Officer of Momiji Bank, Ltd.
April 2024 President and Director of the said bank (present position)
June 2024 Director of the Company (present position)

Yuzuru Yamamoto Reappointment

Director

Years of service as a Director:
4 years



April 1977 Joined Uber Industries, Ltd. (currently UBE Corporation)
June 2003 Executive Officer of the said company
June 2003 President and Representative Director of Ube Machinery Corporation, Ltd.
April 2007 Managing Executive Officer of Ube Industries, Ltd.
April 2010 Senior Managing Executive Officer of the said company
June 2010 Director & Chairman of the Board of Ube Machinery Corporation, Ltd.
April 2013 Assistant to President, and Group CCO of Ube Industries, Ltd.
June 2013 Representative Director of the said company
April 2015 President & Representative Director and Group CEO of the said company
April 2019 Chairman of the Board of Directors & Representative Director of the said company
June 2019 Chairman of the Board of Directors & Director of the said company
June 2020 Outside Director of The Yamaguchi Bank, Ltd.
June 2021 Outside Director of the Company (present position)
April 2025 Director of UBE Corporation
June 2025 Advisor of the said company (present position)

Narumasa Soga Reappointment

Director

Years of service as a Director:
3 years 6 months



April 1987 Joined The Yamaguchi Bank, Ltd.
April 2006 General Manager, Hatsukaichi Branch of the said bank
May 2008 General Manager, Kobe Branch of the said bank
April 2010 General Manager, Business Strategy Planning Department of the Company
April 2014 General Manager, Tokyo Branch of The Yamaguchi Bank, Ltd.
June 2015 Director and General Manager, Tokyo Branch of the said bank
June 2017 Director and General Manager, Ube Branch of the said bank
June 2019 Managing Executive Officer, General Manager, Corporate Banking Business Group, and General Manager, Regional Business Development Group of the Company
June 2019 Senior Managing Director of Momiji Bank, Ltd.
November 2019 Executive Officer and General Manager, Corporate Banking Business Group of the Company
June 2020 President and Representative Director of YM CONSULTING CORPORATION
June 2021 Senior Managing Executive Officer and General Manager, Financial Unit of the Company
December 2021 Director, Senior Managing Executive Officer, and General Manager, Financial Unit of the Company
April 2022 Director of the Company (present position)
April 2022 Senior Executive Officer of The Yamaguchi Bank, Ltd.
June 2022 President and Director of the said bank (present position)

Mitsuru Kato Reappointment

Director

Years of service as a Director:
3 years



April 1984 Joined The Yamaguchi Bank, Ltd.
October 2008 General Manager, Moji Branch of the said bank
July 2011 Deputy General Manager, Corporate Planning Department of the said bank
October 2011 General Manager, Corporate Administration Department of The Kitakyushu Bank, Ltd.
October 2011 Deputy General Manager, Corporate Administration Department of the Company
June 2016 Director of the Company
June 2018 Senior Managing Director of The Kitakyushu Bank, Ltd.
June 2019 Managing Director of the Company
June 2019 Director and President of The Kitakyushu Bank, Ltd. (present position)
June 2020 Retired as the Managing Director of the Company
June 2022 Appointed as Director of the Company (present position)
May 2023 External Auditor & Supervisory Board Member of Izutsuya Co., Ltd. (present position)

Takehiko Ogi Reappointment

Director

Years of service as a Director:
2 years



April 1984 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)
June 1999 Director of Culture Convenience Club Co., Ltd.
June 2002 Representative Director and Managing Director of the said company
July 2004 Managing Director of Industrial Revitalization Corporation of Japan
November 2004 President and Representative Executive Officer (seconded) of Kanebo Ltd.
April 2007 President and Representative Director of Maruzen Co., Ltd. (currently Maruzen CHI Holdings Co., Ltd.)
June 2013 Outside Director of Seibu Holdings
June 2015 Outside Director of Misumi Group Inc.
August 2015 President and Representative Director of Japan Human Resource Network
March 2016 Graduated from the doctoral program in Economics, Graduate School of Economics, University of Tokyo (PhD in Economics)
April 2016 Senior Advisor of Financial Services Agency
August 2018 Director of Ministry of Economy, Trade and Industry
October 2020 Professor, Department of Industrial Management, Faculty of Economics, Kyushu University (present position)
December 2020 Outside Director of Japan Platform of Industrial Transformation, Inc. (present position)
June 2023 Outside Director of the Company (present position)
June 2023 Outside Director of ICMG Co., Ltd. (present position)

Miho Saito New appointment

Director

Years of service as a Director:
— year



April 1986 Joined Nomura Securities Co., Ltd.
March 1988 Joined Credit Suisse Trust and Banking Co., Ltd.
November 1989 Joined SPARX Asset Management Co., Ltd.
June 1993 Earned a Masters of Business Administration (MBA) degree from J.L. Kellogg Graduate School of Management at Northwestern University
September 1997 Joined Government of Singapore Investment Corporation (GIC) Private Limited
January 2006 Joined Clay Finlay Inc.
November 2009 Joined United Nations Joint Staff Pension Fund
June 2024 Joined Strategy Advisors Co., Ltd.
Executive Officer, Capital Markets Division and DE&I Training Course Coordinator and Speaker of the said company
March 2025 Outside Director (Audit & Supervisory Committee Member), ELAN Corporation (present position)
June 2025 Outside Director of the Company (present position)

Takeki Kaneko New appointment

Director

Years of service as a Director:
1 year



April 1989 Joined The Yamaguchi Bank, Ltd.
March 2013 General Manager, Imabari Branch of the said bank
June 2015 General Manager, Shinshimonoseki Ekimae Branch of the said bank
October 2016 General Manager, Regional Development Department of the said bank
May 2017 General Manager, Risk Administration Department of the Company
June 2018 General Manager, Compliance Administration Department of the Company
April 2021 Executive Officer of the Company
June 2021 Executive Officer and General Manager, Regional Co-Creation Unit of the Company
April 2022 Executive Officer and General Manager, Compliance & Risk Administration Group of the Company
June 2024 Director, Audit and Supervisory Committee Member of the Company (present position)

Kenko Shikichi Reappointment

Director

Years of service as a Director:
2 years



April 1998 Registered with Osaka Bar Association, joined Kitahama Law Office
April 2006 Transferred registration to Fukuoka Bar Association
January 2007 Partner, Attorney at Law of Kitahama Partners L.P.C.
July 2012 Company Auditor, Vega Corporation Co., Ltd. (Outside Auditor)
July 2015 Director and Audit and Supervisory Committee Member of the said company (Outside Director)
July 2015 Auditor, JTC Inc. (Outside Auditor)
June 2019 Director and Audit and Supervisory Committee Member of the said company (Outside Director) (present position)
January 2020 Representative Partner of Kitahama Partners L.P.C. (present position)
June 2023 Director and Audit and Supervisory Committee Member of the Company (Outside Director) (present position)

* As Takeki Kaneko was appointed as a Director who is an Audit and Supervisory Committee Member in June 2024, he is considered a "New appointment."

Naoko Okada New appointment

Director

Years of service as a Director:
— year



April 2001 Joined Sun Microsystems, Inc.
January 2005 Joined axiv.com, Inc. (currently CARTA HOLDINGS, INC.)
March 2005 Graduated from Rikkyo University, Graduate School of Business Administration (earned an MBA degree)
January 2008 General Manager, Management Division, EC Navi Inc. (currently CARTA HOLDINGS, INC.)
July 2009 Representative Director, Network Communications Corporation (present position)
March 2020 Outside Director, Roland DG Corporation
September 2021 Outside Director, Retrieva, Inc. (present position)
June 2022 Outside Director, NITTO CONSTRUCTION CO., LTD. (present position)
December 2023 Audit and Supervisory Committee Member and Outside Director, People, Dreams & Technologies Group Co., Ltd. (present position)
August 2024 Director and CCO, Continuum.Social Inc. (present position)
June 2025 Outside Director of the Company (present position)

Yumiko Nagasawa Reappointment

Director

Years of service as a Director:
5 years



April 1984 Joined The Nikko Securities Co., Ltd.
July 1997 Vice President, Personal Lending Department of Citibank N.A. (Tokyo)
June 2000 Vice President, DC Department, SSB Citi Asset Management Co., Ltd.
December 2004 Secretary General of Foster Forum (Forum for Fostering High-quality Financial Instruments)
August 2008 Representative Director of Nagasawa Building Co., Ltd. (present position)
January 2016 Deputy Director-General of Financial Services Agency (present position)
June 2016 Commissioner of Nippon Association of Consumer Specialists (present position)
June 2018 Facilitator of Foster Forum (Forum for Fostering High-quality Financial Instruments) (present position)
June 2018 Representative Commissioner and Deputy Chairman of Nippon Association of Consumer Specialists
June 2018 Director of Japan Industrial Association (present position)
June 2018 Director of The Yamaguchi Bank, Ltd. (Outside Director)
June 2020 Director of the Company (Outside Director)
June 2021 Director of Yakult Honsha Co., Ltd. (Outside Director) (present position)
June 2021 Director and Audit and Supervisory Committee Member of GL Sciences Inc. (Outside Director)
June 2023 Director and Audit and Supervisory Committee Member of the Company (Outside Director) (present position)
October 2024 Director and Audit and Supervisory Board Member of GLTECHNO HOLDINGS, INC. (Outside Director) (present position)

Executive Officer

Senior Managing Executive Officer	Shuji Tanabe
Executive Officer and General Manager of the Market Business Group	Kenichiro Okuda
Executive Officer and General Manager of the Compliance & Risk Administration Group	Hajime Nishino
Executive Officer and General Manager of the Growth Strategy Business Group	Naoki Murata
Executive Officer, General Manager of the Corporate Administration Group and General Manager of the IT & Operations Administration Group	Kengo Okada
Executive Officer and General Manager of the Financial Business Group	Keiji Iwata
Executive Officer and General Manager of the Corporate Planning Administration Group	Tatsuya Furudo

Risk Management

Basic concepts of risk management

The Group has formulated the Risk Management Regulations and outlined the following basic policy on risk management.

- 1. We will maintain an appropriate approach to risk control by, in addition to thoroughly recognizing the importance of risk management, ensuring business management that is based on appropriate operational processes in line with our management policies and strategic targets.
- 2. In terms of risk control, we will continuously engage in initiatives to improve and enhance profitability while making effective use of our limited management

resources and maintaining sufficient equity capital in both quality and quantity in light of the overall level of risk.

3. For risks recognized as sources of income, we will aim to secure a level of income commensurate with the risks, and for other risks, we will properly evaluate the circumstances, etc. and take appropriate action to address the risks.

4. Even in the event of a crisis that cannot be dealt with through normal risk management alone, we will continue to take action, such as determining which operations to prioritize and securing management resources, to ensure business continuity.

Risk management system

The Group has established and enacted the Risk Management Rules at the Board of Directors meeting, which define the fundamental matters concerning the establishment and operation of our risk management framework.

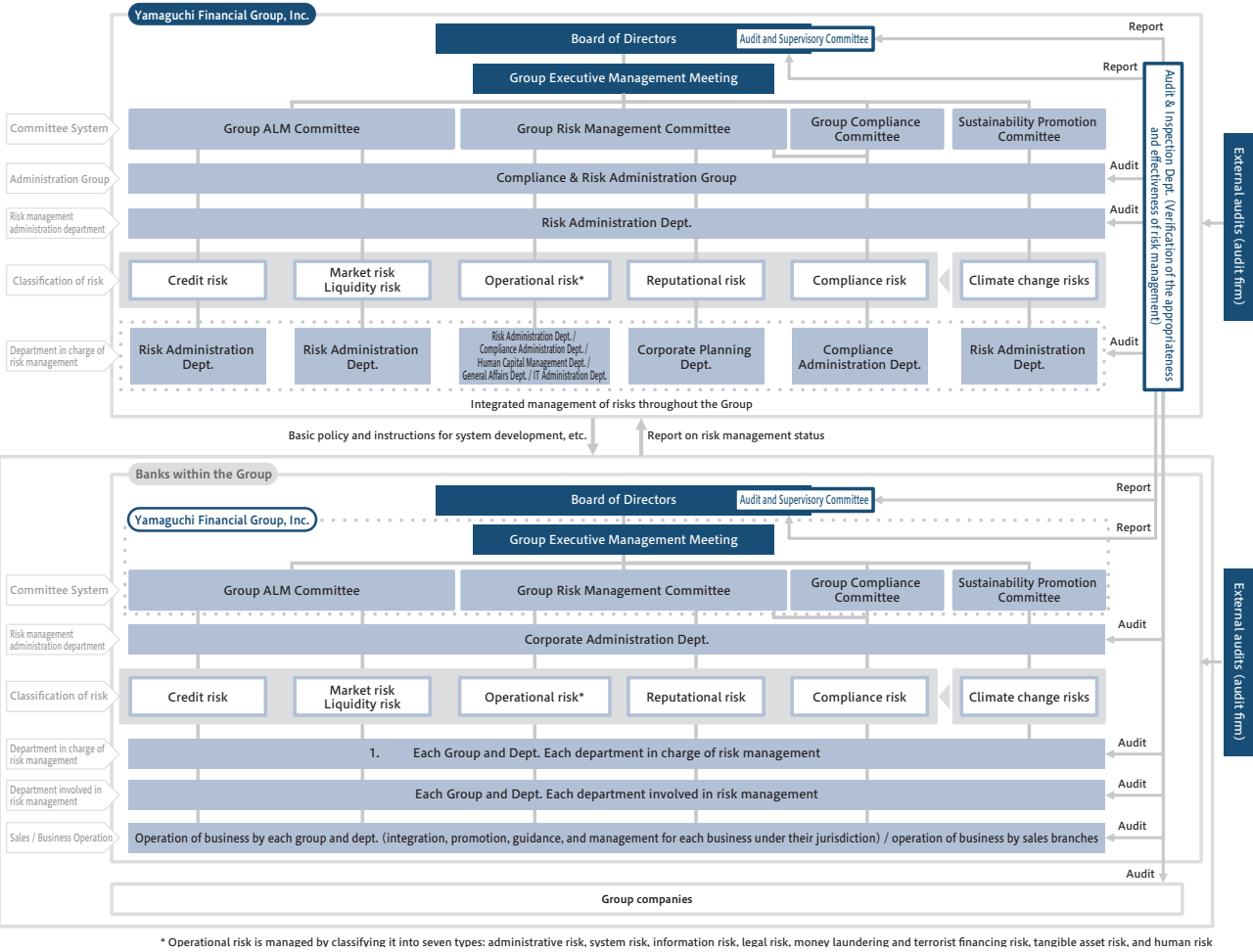
Specifically, for risks such as credit risk, market risk, liquidity risk, and operational risk, we designate a responsible department for each risk, and we assess, analyze, and evaluate the risk situation across the entire Group for each risk type, and manage these risks. Furthermore, we have established a framework for integrated risk management by discussing countermeasures

and other matters at management-level meetings including the Group ALM Committee, Group Risk Management Committee, Group Compliance Committee, Sustainability Promotion Committee, and the Group Executive Management Meeting.

In addition, important matters deliberated by each committee are reported to the Board of Directors via the Group Executive Management Meeting, which exercises oversight.

Moreover, regarding the appropriateness of risk management, audits are conducted by an internal audit departments independent from operation departments.

Risk management system



* Operational risk is managed by classifying it into seven types: administrative risk, system risk, information risk, legal risk, money laundering and terrorist financing risk, tangible asset risk, and human risk

Risk management framework

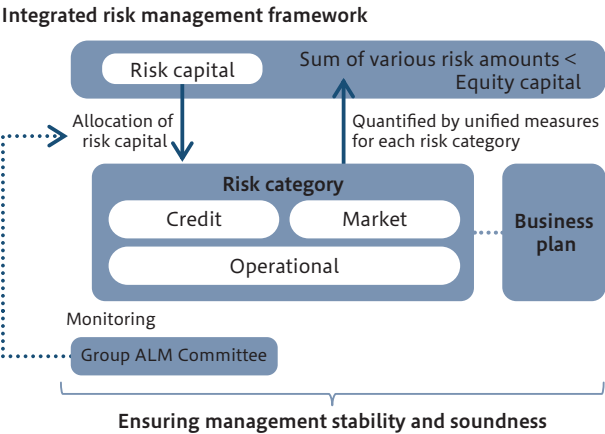
Integrated risk management

The Group stipulates in the Risk Management Rules that, for all risks we face, we will, to the greatest extent possible, take a comprehensive view of risks assessed by risk category and keep total risk within the range that can be covered by equity capital as the basic policy of our integrated risk management.

We quantify each risk category (credit risk, market risk, and operational risk) based on unified scales of measurement such as VAR (value at risk: maximum potential losses expected during certain holding periods and within specific probability levels) to calculate total risk amounts, and we have positioned risk capital allocation, which keeps risk within the range that can be covered by management strength (equity capital), at the core of our integrated risk management framework.

In our risk capital management, we allocate risk capital to each risk category within the limits of our core equity capital to ensure the stability and soundness of management if risks arise during the execution of our business plans, and we have secured a capital buffer in preparation for risks that are difficult to quantify.

In addition, the allocation amounts of capital to each risk category, transactions, etc., are deliberated and resolved at the Group Executive Management Meeting in the formulation of business plans, and the monitoring of the usage and compliance status of risk capital is conducted by the Group ALM Committee.



Risk category

Credit risk

Credit risk is the risk of a decline or the destruction in the value of assets held as a result of a deterioration in the financial condition of customers granted credit, etc. In the case of a credit risk occurring, as this may have a significant impact on the soundness of the Group's

management, particularly strict risk management is conducted on loans that has most of the credit risk. The main risk events, factors, and countermeasures are as follows, and we recognize that (1), (2), and (3) would all have a significant impact on the Group if they occur.

Risk events	Main factors	Countermeasures
(1) Although we secure sufficient allowances for non-performing loans to maintain asset soundness, depending on future trends in the Japanese and local economies, fluctuations in real estate prices and stock prices, and the business conditions of our borrowers, non-performing loans and credit-related expenses may increase, which could adversely affect our operating results and financial condition.	● Deterioration of economic conditions in Japan and overseas (especially in Yamaguchi Prefecture, Hiroshima Prefecture, and Kitakyushu City*) ● General economic downturn ● Occurrence of natural disasters such as earthquakes or typhoons * The Group's primary operating base is in Yamaguchi Prefecture, Hiroshima Prefecture, and Kitakyushu City, and we tend to be particularly affected by the regional economy.	● Should signs indicating heightened credit risk emerge, such as a deterioration in overall economic conditions, a decline in collateral value, or other unforeseen circumstances, the Group will increase its allowance for loan losses before losses materialize, thereby mitigating sharp fluctuations in equity capital
(2) Although we secure sufficient allowances by calculating expected loss rates based on counterparty conditions, coverage status of loans, and macroeconomic outlooks, if economic conditions deteriorate significantly, collateral values fall, or other unforeseen events occur versus our assumptions, we may need to increase the allowance for loan losses, which could adversely affect our operating results and financial condition.	Accordingly, the economic conditions in these regions could adversely affect our operating results and financial condition.	● For companies facing management issues due to default or similar events, we proactively discuss countermeasures and support their implementation to prevent the materialization of credit-related expenses
(3) Even if a borrower defaults, we may provide support such as additional loans or cooperate to help the borrower recover. From the perspective of recovery efficiency and effectiveness, among others, the Group may choose not to exercise certain legal rights as a creditor. Such deterioration in borrowers' credit conditions or our support measures may increase credit-related expenses, which could adversely affect our operating results and financial condition.		

Market risk

Market risk is the risk of incurring losses due to the fluctuating values of owned assets, liabilities, and off-balance transactions resulting from fluctuations in various market risk factors including interest rates, the

price of securities, and exchange rates. The main risk events, factors, and countermeasures are as follows, and we recognize that (1) and (2) would have a significant impact on the Group if they occur.

Risk events	Main factors	Countermeasures
(1) The Group's main business is banking, and the lending interest rates for loans as funding utilization means, yields on bond investments, interest rates on deposits as funding procurement means, etc., are influenced by market interest rate trends. In situations where there is a mismatch in amounts or periods between funding utilization and funding procurement, if unexpected interest rate fluctuations occur, it could adversely affect our operating results and financial condition.	● Changes in global economic and financial conditions ● Changes in fiscal and monetary policies in Japan and overseas ● Political upheaval and outbreak of conflicts ● Occurrence of natural disasters such as earthquakes or typhoons	● Set limits on securities balances ● Set consultation criteria for comprehensive gains and losses or valuation gains and losses of securities ● Quantify and monitor risk ● Reduce positions as necessary through asset sales and hedging transactions

● Market risk

Risk events	Main factors	Countermeasures
(2) We hold large amounts of marketable securities for investment and other purposes. If broad and substantial price declines persist, impairment or valuation losses on our holdings may occur, which could adversely affect our operating results and financial condition.	●Changes in global economic and financial conditions ●Changes in fiscal and monetary policies in Japan and overseas ●Political upheaval and outbreak of conflicts ●Occurrence of natural disasters such as earthquakes or typhoons	●Set limits on securities balances ●Set consultation criteria for comprehensive gains and losses or valuation gains and losses of securities ●Quantify and monitor risk ●Reduce positions as necessary through asset sales and hedging transactions
(3) The Group holds some assets and liabilities denominated in foreign currencies. If these foreign-currency assets and liabilities are not offset on a currency-by-currency basis, or are not appropriately hedged, adverse exchange rate movements could adversely affect our operating results and financial condition.		

● Liquidity risk

Liquidity risk refers to the risk of incurring losses due to inability to secure necessary funds leading to cash flow difficulties, or being forced to procure funds at significantly higher interest rates than usual due to deterioration in the bank’s financial condition, etc. (funding liquidity risk), as well as the risk of incurring

losses due to inability to transact in the market or being forced to transact at significantly unfavorable prices than usual due to market disruptions, etc. (market liquidity risk). The main risk events, factors, and countermeasures are as follows, and we recognize that (1) would have a significant impact on the Group if it occurs.

Risk events	Main factors	Countermeasures
(1) Due to a decline in the Group’s creditworthiness or significant deterioration in the market environment, fund outflows may occur or market procurement may become difficult, leading to losses from being forced to procure funds at significantly higher interest rates than usual.	●Disruptions in financial markets ●Decline in financial functions ●Concerns over our Group’s credit	●Monitor the balance between asset management and financing and the status of large-scale financing ●Set limits on the market funding gap ●Set required levels of liquidity reserves
(2) Losses may occur due to inability to smoothly sell held securities, etc., forcing sales at prices significantly more unfavorable than usual.		●Set holding limits for low-liquidity assets

● Operational risk

Operational risk is the risk that losses may be suffered due to problematic events occurring in business operations, such as internal fraud, external fraud, inappropriate responses in the working environment (acts that violate laws and regulations, etc.), inappropriate responses in transactions with customers (violations of obligations due to negligence toward customers, problems in product

design, etc.), natural disasters, accidents, system failures, inappropriate transaction processing, and inadequate process management, etc.
Operational risk is divided into the following 7 risk categories and managed. We recognize that (2), (3), (4), (5), and (7) would all have a significant impact on the Group if they occur.

Risk category	Assumed scenarios	Countermeasures
(1) Administrative risk	If officers and employees neglect accurate administrative work, causing accidents, fraud, etc., it could lead not only to direct losses but could adversely affect our operating results and financial condition due to loss of social credibility, etc.	●Thorough administrative processing based on standard procedures ●Conduct administrative inspections and implement improvement measures
(2) System risk	If system deficiencies such as computer system stoppages or malfunctions, cybersecurity incidents, or unauthorized use of computers occur, business interruption could lead to liabilities for damages and loss of social credibility, which could adversely affect our operating results and financial condition.	●Implement safety management measures based on the System Management Measure Standards ●Establish countermeasures in light of trends in cyberattacks ●Establish frameworks to minimize the scope and impact when risks materialize
(3) Information risk	If customer information or internal confidential information is leaked, lost, altered, or otherwise mishandled, we may not only be held socially responsible but also incur liabilities for damages, which could adversely affect our operating results and financial condition.	●Establish information management frameworks based on the Information Control Measure Standards ●Thorough training of officers and employees
(4) Legal risk	If responses to legal amendments are insufficient, or legal relationships in transactions are incomplete, administrative sanctions or significant lawsuits may occur, and loss of social credibility could adversely affect our operating results and financial condition.	●Establish a legal check system for law revisions and contracts
(5) Money laundering and terrorism funding risk	If controls against money laundering or financing of terrorism are inadequate, we may face large fines or termination of correspondent relationships, impairing operations and potentially causing loss of social credibility, which could adversely affect our operating results and financial condition.	●Timely and appropriate identification and evaluation of risks, and implementation of reduction measures commensurate with the risks ●Clarify the roles and responsibilities of sales departments, management departments, and audit departments, and implement organizational responses
(6) Tangible asset risk	If tangible assets are damaged or the quality of the working environment deteriorates due to natural disasters, crime, or deficiencies in asset management, costs to rebuild tangible assets may arise, which could adversely affect our operating results and financial condition.	●Implement countermeasures for natural disasters, etc. ●Renew and maintain aging facilities and equipment
(7) Human risk	Inappropriate working, office, or safety environments or insufficient talent acquisition and development may reduce the Group’s competitiveness and efficiency, which could adversely affect our operating results and financial condition.	●Promote active roles for diverse human assets by revising personnel systems and strengthening mid-career hiring, etc.

Cybersecurity

■ Basic concepts of cybersecurity

As digitalization progresses and the environment surrounding financial services undergoes change, cybersecurity is becoming increasingly important. Aiming to provide customers with even safer, more secure services, we have established a cybersecurity management system and are reinforcing our security measures.

■ Cybersecurity management structure

The Group’s system for ensuring cybersecurity is based on the “Standards for System Risk Crisis Management and Countermeasures,” which clarify responsibilities and roles, and countermeasures are implemented under the leadership of management. Specifically, we have set up the “Cybersecurity Response Team,” a dedicated, cross-organizational team comprising security managers from each Group company, which works as a Group to implement necessary measures. The team provides quarterly reports on its activities to the “Group Risk Management Committee.”
We determine the Group’s policy on cybersecurity countermeasures through deliberation by the “Group Risk Management Committee.” Based on the policy determined by the Committee, the “Cybersecurity Response Team” is working to improve its response to emergencies and its understanding of security levels in times of normality, both of which are essential for cybersecurity countermeasures.

■ Initiatives related to cybersecurity

In terms of our cybersecurity initiatives, we have formulated a cybersecurity roadmap and are engaging in relevant initiatives. To protect customers from cyberattacks that are becoming increasingly sophisticated and ingenious each year, we hold management-level discussions at the Group Risk Management Committee and update our cybersecurity roadmap each year to take appropriate action.
We are working to reinforce security measures for the services used by our customers by introducing systems to detect any unauthorized external access and conducting vulnerability assessments of our services. Moreover, to create an effective organizational structure, we host study groups for management inviting external experts every year, and conduct drills that simulate cybersecurity incidents.
Further, we have formulated a cybersecurity human assets development plan and are engaging in personnel development to continuously develop human assets with expertise and skills in cybersecurity. We create curricula based on individual skill levels, and alongside learning the Company’s operations, we dispatch trainees to Mitsubishi UFJ Financial Group, Inc., as part of the Chance System Uniform Promotion project, to improve their expertise and skills.

Internal audit

■ Basic policy of internal audits

The Group defines an internal audit as a series of processes for objectively and fairly verifying the appropriateness and effectiveness of internal controls, including risk management, and making recommendations for necessary improvements.
Based on this definition, the Company has established “Internal Audit Rules” as the Group’s basic audit policy, and the internal audit departments of the Company and each

group company conduct internal audits in accordance with this basic policy.
In addition, the medium-term internal audit plan is based on the management policy and internal and external conditions as a uniform plan for the Group. The internal audit departments of the Company and each group company endeavor to ensure the effectiveness of internal audits through the conduct of internal audits based on this plan.

■ Internal audit operation system

The Audit & Inspection Dept., the internal audit department of the Company, leads the planning and drafting of group-wide internal audits, and in addition to conducting internal audits, ascertains and manages the implementation status of internal audits at each group company.
Specifically, it formulates the various rules concerning the internal audits of the Group and the medium-term internal audit plan mentioned earlier, conducts internal audits on the compliance administration departments, the risk management departments, etc., of the Group, and conducts internal audits on the accuracy of financial reports, including the accuracy of the Group’s capital adequacy ratio.
Internal audits of front-line sales sites and outlets are conducted with a focus on verifying the status of functions of compliance and risk management and the effectiveness of the mutual checks.

In addition, it monitors the internal audit department of each group company based on the reporting on the internal audit results and improvement status, etc., received from each group company, gives necessary guidance and advice to each group company, and reports the status of internal audits of the Group to the Board of Directors and the Audit and Supervisory Committee.
Furthermore, exchanges of information and opinions are conducted by the Presidents, Directors who are Audit and Supervisory Committee Members, and the General Manager of the Audit & Inspection Dept., and it receives instructions and advice on improvement activities of the responsible departments, as well as management needs related to audit themes, reflecting them on audits.

Compliance

Basic concepts of compliance

The Group has established the “Compliance Regulations” and has set out the following basic policy regarding compliance.

The Group shares a common understanding of its responsibilities to fulfill its public mission and corporate social

responsibilities as a financial group. Accordingly, we accord topmost management priority to thorough compliance, take the seriousness of effective compliance and consider earning the trust of a broad-based society as the basic policy.

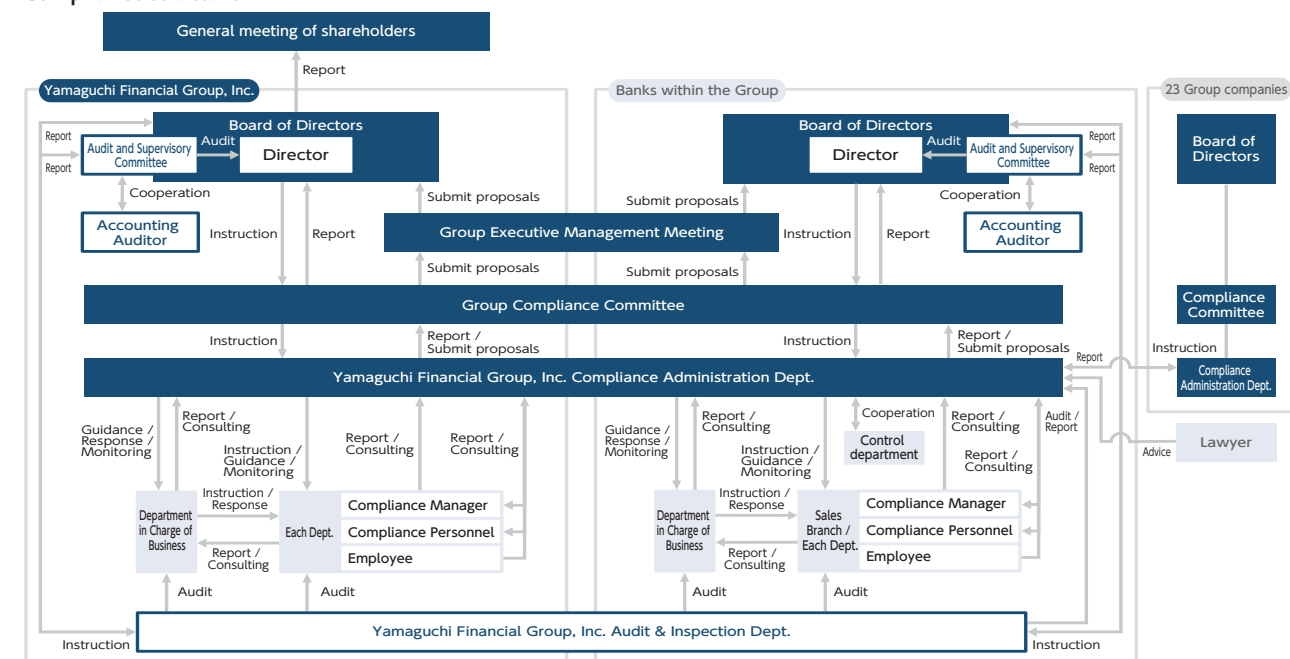
Compliance system

To ensure appropriate compliance, the Group has established the compliance administration department, and conducts the development of compliance-related system and training for officers and employees. The Compliance Administration Dept. liaises with the compliance administration department of each group company, and centrally manages compliance matters

throughout the Group.

In addition, the Group has established the Group Compliance Committee as a deliberative body, and important matters deliberated and reported at the Committee are submitted and reported to the Board of Directors via the Group Executive Management Meeting, which exercises oversight.

Compliance structure



Compliance Program

To maintain and improve the compliance system, strengthen ongoing initiatives, thoroughly prevent illegal activities, integrally manage management plans and compliance, and implement measures based on risk, formulate the “Compliance Program” as a concrete action plan every fiscal year. This program has been approved by the Board of Directors via the Group Compliance Committee and the Group Executive Management Meeting. In addition, the progress status of this program is regularly reported to the Board of Directors, and

improvements are made as appropriate according to the progress.

For the fiscal year ending March 31, 2026, we have established an approach that emphasizes the awareness and actions of officers and employees, focusing on up-to-date compliance and human rights awareness, judgment and conduct based on integrity, risk-based thinking, and acting as one's own responsibility, while continuing to instill basic knowledge of laws and regulations.

Initiatives policy Establish a compliance framework under which each employee updates their compliance and human rights awareness in step with the times and, based on integrity and sound knowledge, treats compliance as their own responsibility and puts it into practice

Priority items	(1) Realization of a comfortable working environment	(2) Strengthening of systems to prevent fraud and scandals in advance	(3) Strengthening of financial crime prevention frameworks	(4) Strengthening of information management systems	(5) Thorough customer-oriented business operations
	Eliminate all forms of harassment and realize a comfortable working environment where each officer and employee respects each other's human rights	Establishment of mutual checks and balances systems and penetration of correct actions based on each officer and employee's integrity and risk awareness; fostering an organizational culture of not turning a blind eye and saying no to what is wrong	Enhancement of anti-money laundering and other risk management systems based on the effectiveness verification of strengthened measures to prevent fraud victimization and unauthorized account use	Improvement of information literacy for each officer and employee and thorough handling of information based on correct knowledge and risk awareness; review of information management systems in response to progress and changes in IT and operations	Appropriate understanding of conduct risk and thorough customer-oriented business operations based on integrity

Promoting the Compliance Program

The Compliance Program conducts multiple regular activities, including compliance meetings, knowledge tests, level-specific training, and information dissemination through the internal intranet. These activities cover a broad range, from respect for human rights to prevention of harassment and corruption, to

instill knowledge and awareness and to encourage action.

The implementation status of the program is regularly reported to the Group Compliance Committee and the Board of Directors, which exercises oversight.

Compliance meeting	Compliance test	Level-specific training
Discuss cases of compliance violations inside and outside the company at each department and branch unit to instill awareness and encourage action	Conduct monthly tests through the internal intranet to establish knowledge of compliance, laws, internal rules, etc.	Conduct training by level, inviting not only internal but also external instructors, to update information according to the times and motivate knowledge and actions

Whistleblowing system and response to whistleblowing

Whistleblowing system

In order to prevent scandals caused by compliance violations and harassment, etc., to detect risks at an early stage, and to strengthen the company's self-cleaning function, a Group-wide whistleblowing help desk, the “Compliance Hotline,” has been established. The Compliance Hotline has been established an internal hotline and an external hotline. Callers can choose between consulting with a male or female attorney when calling the external hotline.

In addition, for cases of compliance-related concerns and

issues including acts that may be connected to a violation of internal rules and social rules, harassment, etc., we have established the “Any Compliance Issue Help Desk,” which receives a broad range of consultations and questions, and have developed a system to receive reports and consultations broadly.

This information is designed to be immediately accessible from the Compliance Hotline, which can be accessed directly via the Company's intranet.

Response to whistleblowing

In the event of a whistleblowing report, we respond according to the following procedures, in principle.

- (1) Investigation and determination of facts
 - The Compliance Administration Department immediately investigates the facts
 - Consult with legal counsel on the investigation results to determine the facts
- (2) Reporting and deliberation of investigation results
 - Report the results to management while protecting the whistleblower's identity
 - Deliberate significant matters at the Group Compliance Committee
- (3) Notification to the whistleblower and implementation of corrective measures
 - Notify whistleblower of investigation results
 - Implement corrective measures and recurrence-prevention measures for violations

Whistleblower	<ul style="list-style-type: none"> General compliance violations All forms of harassment
Compliance Hotline	External hotline (external lawyers) Internal hotline (the Compliance Administration Dept. of Yamaguchi Financial Group, Inc., Audit and Supervisory Committee Members of Yamaguchi Financial Group, Inc.)
Investigation / deliberation	<ul style="list-style-type: none"> Conduct interviews and investigations by the Compliance Administration Department Deliberate significant matters at meetings
Corrective action	<ul style="list-style-type: none"> Notify whistleblower of investigation results Corrective measures and recurrence-prevention measures

Policies related to compliance

To foster awareness regarding compliance and clearly demonstrate the Group's stance, the Group has established various policies regarding compliance and is working to

disclose and instill them inside and outside the company.

Main policies are as shown below. Please refer to the corporate website for details.

Guidelines for Prevention of Bribery	https://www.ymfg.co.jp/policy/bribery.html (in Japanese)
Customer Protection Management Policy	https://www.ymfg.co.jp/management/ (in Japanese)
Customer Harassment Response Policy	https://www.ymfg.co.jp/policy/customer_harassment.html (in Japanese)
Conflict of Interest Management Policy	https://www.ymfg.co.jp/profit/ (in Japanese)
Personal Information Protection Policy (Privacy Policy)	https://www.ymfg.co.jp/policy/privacy.html (in Japanese)
Anti-Money Laundering Policy	https://www.ymfg.co.jp/policy/money_laundering.html (in Japanese)
Basic Policy on Responding to Antisocial Forces	https://www.ymfg.co.jp/measures/ (in Japanese)

Financial ADR system (Alternative Dispute Resolution system in the financial sector)

In order to resolve complaints and disputes that are filed by customers in a fair and neutral manner, the banks in the Group have entered into a master agreement on the performance of procedures with the following designated dispute resolution organization for banking services.

Contracted designated dispute resolution organization for banking services under the Banking Act
 Japanese Bankers Association
 Contact Information: JBA Customer Relations Center
 Telephone: 0570-017109 or 03-5252-3772

Company Data

Overview of Yamaguchi Financial Group, Inc. (as of March 31, 2025)

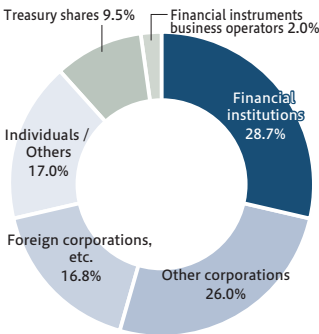
Trade Name	Yamaguchi Financial Group, Inc.
Business Description	Management and administration of banks and other companies that may be made subsidiaries under the Banking Act of Japan, and services incidental thereto
Head Office Address	2-36, 4-chome Takezaki-cho, Shimonoseki, Yamaguchi
Established	October 2, 2006
Capital	¥50.0 billion
Accounting Auditor	KPMG AZSA LLC
Company Website	https://www.ymfg.co.jp/ (in Japanese)

Stock and Shareholder Information (as of March 31, 2025)

Basic Stock Information

Stock Exchange Listing	Tokyo Stock Exchange (Prime Market)
Stock Code	8418
Number of Shares per Unit	100 shares (effective July 1, 2018, the number of shares per unit changed from 1,000 to 100)
Accounting Period	March 31 each year
Record Date for Annual General Meeting of Shareholders	March 31 each year
Annual General Meeting of Shareholders	Late June each year
Dividend Receipt Dates	Year-end dividend: March 31 Interim dividend: September 30
Number of Shares Issued	234,767,616
Number of Shareholders	36,294
Shareholder Register Administrator	Mitsubishi UFJ Trust and Banking Corporation

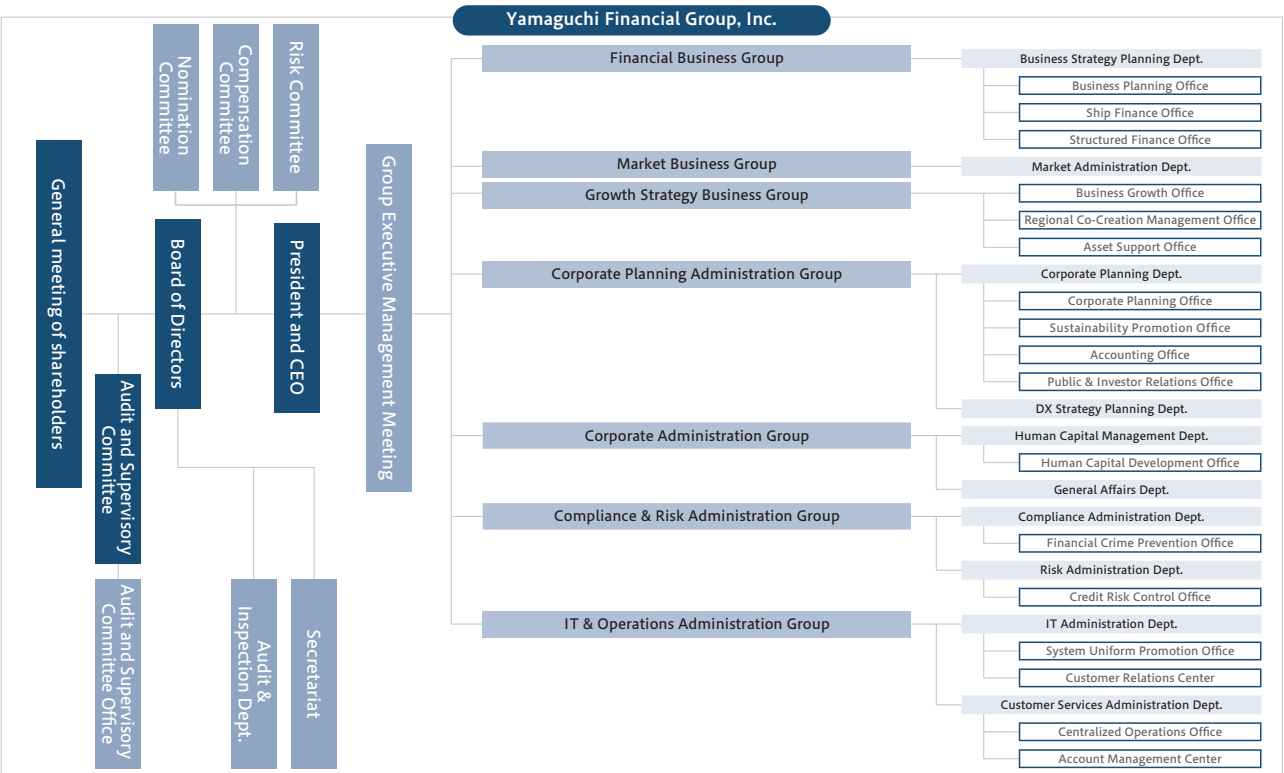
Distribution of shares by shareholder



Major Shareholders

Name	Number of shares (Thousands of shares)	Ownership ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,999	12.24%
Custody Bank of Japan, Ltd. (Trust Account)	8,370	3.94%
Meiji Yasuda Life Insurance Company	5,747	2.70%
Tokuyama Corporation	5,000	2.35%
Yamada Office Co., Ltd.	4,512	2.12%
SUMITOMO LIFE INSURANCE COMPANY	4,041	1.90%
The Master Trust Bank of Japan, Ltd. (UBE Corporation Retirement Benefit Trust Account)	4,000	1.88%
Yamaguchi Financial Group, Inc. Employee Shareholding Association	3,670	1.72%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	3,314	1.56%
Nippon Life Insurance Company	3,150	1.48%

Organizational chart of Yamaguchi Financial Group, Inc. (As of July 31, 2025)



List of Group Companies 18 Companies (as of July 31, 2025)

Company Name	Company Profile
The Yamaguchi Bank, Ltd.	Business description: Banking Address: Shimonoseki, Yamaguchi Capital: ¥10,005 million Percentage of voting rights exercised: 100.0%
Momiji Bank, Ltd.	Business description: Banking Address: Naka-ku, Hiroshima, Hiroshima Capital: ¥10,000 million Percentage of voting rights exercised: 100.0%
The Kitakyushu Bank, Ltd.	Business description: Banking Address: Kita-ku, Kokura, Kitakyushu, Fukuoka Capital: ¥10,000 million Percentage of voting rights exercised: 100.0%
YMFG Growth Partners, Inc.	Business description: Business growth and issue-solving support services Address: Shimonoseki, Yamaguchi Capital: ¥100 million Percentage of voting rights exercised: 100.0%
YMFG CAPITAL Co., LTD.	Business description: Venture capital business Address: Shimonoseki, Yamaguchi Capital: ¥96 million Percentage of voting rights exercised: 100.0%
Regional Trading Company Yamaguchi Co., LTD.	Business description: Wholesale and retail of agricultural, forestry and fishery products Address: Shimonoseki, Yamaguchi Capital: ¥50 million Percentage of voting rights exercised: 80.8%
YMFG ZONE PLANNING CO., LTD.	Business description: Research on regional issues and consulting business Address: Shimonoseki, Yamaguchi Capital: ¥30 million Percentage of voting rights exercised: 100.0%
YM Securities Co., Ltd.	Business description: Securities business Address: Shimonoseki, Yamaguchi Capital: ¥1,270 million Percentage of voting rights exercised: 60.0%
INESUS Inc.	Business description: Welfare agency business Address: Shimonoseki, Yamaguchi Capital: ¥50 million Percentage of voting rights exercised: 100.0%
YM Lease Co., Ltd.	Business description: Lease business Address: Shimonoseki, Yamaguchi Capital: ¥30 million Percentage of voting rights exercised: 100.0%
Nishiseto Regional CO-creation Servicer Inc.	Business description: Specific monetary receivables management and collection business Address: Shimonoseki, Yamaguchi Capital: ¥500 million Percentage of voting rights exercised: 90.0%
YM Credit Guarantee Co., Ltd.	Business description: Credit guarantee business Address: Shimonoseki, Yamaguchi Capital: ¥62 million Percentage of voting rights exercised: 100.0%
HOKEN HIROBA, LTD.	Business description: Insurance agent and bank agent business Address: Shunan, Yamaguchi Capital: ¥40 million Percentage of voting rights exercised: 90.0%
YAMAGINCARD CO., LTD.	Business description: Credit card business Address: Shimonoseki, Yamaguchi Capital: ¥30 million Percentage of voting rights exercised: 100.0%
Momiji Card, Inc.	Business description: Credit card business Address: Naka-ku, Hiroshima, Hiroshima Capital: ¥50 million Percentage of voting rights exercised: 100.0%
Izutsuya Withcard Company Limited	Business description: Credit card business Address: Kita-ku, Kokura, Kitakyushu, Fukuoka Capital: ¥100 million Percentage of voting rights exercised: 100.0%
YM Asset Management Co., Ltd.	Business description: Investment management business Address: Shimonoseki, Yamaguchi Capital: ¥200 million Percentage of voting rights exercised: 90.0%
Dream Incubator Inc.	Business description: Business produce and consulting business Address: Chiyoda-ku, Tokyo Capital: ¥5,019 million Percentage of voting rights exercised: 22.2%

Financial Data

Summary of profit and loss	Unit	FY2023	FY2024	FY2025
Consolidated core gross business profits	Billions of yen	100.7	113.6	126.9
Net interest income	Billions of yen	87.6	100.1	114.0
Net fees and commissions	Billions of yen	16.7	19.1	18.6
Net trading income	Billions of yen	1.0	0.9	0.4
Net other business profit	Billions of yen	(19.2)	(20.2)	(28.0)
Expenses (excluding temporary treatment portion)	Billions of yen	61.3	63.5	64.9
Consolidated core net business profit	Billions of yen	39.3	50.1	62.0
Consolidated core net business profit (excluding gain on cancellation of investment trusts)	Billions of yen	35.8	45.9	60.8
Consolidated core net business profit (excluding gains on cancellation of investment trusts and gains (losses) on cancellation of interest rate swaps)	Billions of yen	31.9	41.0	50.6
Provision for general reserve for possible loan losses	Billions of yen	(0.2)	(1.9)	(7.8)
Consolidated net business profit	Billions of yen	25.1	38.4	47.9
Non-recurring gains (losses)	Billions of yen	0.5	(1.1)	4.4
Of which, gains (losses) on stocks	Billions of yen	6.7	4.4	11.9
Of which, disposal of non-performing loans	Billions of yen	6.6	6.5	9.4
Ordinary profits	Billions of yen	25.6	37.2	52.4
Extraordinary gains (losses)	Billions of yen	0.9	0.0	(0.2)
Net income attributable to owners of the parent	Billions of yen	17.8	25.2	35.3
Credit-related expenses	Billions of yen	6.4	4.5	1.6
OHR (excluding gain on cancellation of investment trusts)	%	63.09	58.03	51.62
OHR (excluding gains on cancellation of investment trusts and gains (losses) on cancellation of interest rate swaps)	%	65.75	60.73	56.18

Balance sheets	Unit	FY2023	FY2024	FY2025
Total assets	Billions of yen	12,211.6	12,548.5	12,993.4
Loans and bills discounted	Billions of yen	8,347.8	8,589.9	8,572.1
Securities	Billions of yen	1,534.1	2,065.4	2,128.5
Total liabilities	Billions of yen	11,596.9	11,892.8	12,371.3
Deposits	Billions of yen	9,954.0	10,057.9	10,370.2
Negotiable certificates of deposit	Billions of yen	371.7	286.1	613.1
Total net assets	Billions of yen	614.6	655.7	622.1
Total shareholders' equity	Billions of yen	596.6	604.2	618.6
Retained earnings	Billions of yen	522.8	540.4	564.7
Total accumulated other comprehensive income	Billions of yen	15.1	48.5	0.3
Share acquisition rights	Billions of yen	0.0	0.0	0.0
Non-controlling interests	Billions of yen	2.8	2.9	3.1
Three banks loan total	Billions of yen	8,422.0	8,673.5	8,639.1
Of which, ship finance (three banks total)	Billions of yen	589.1	682.5	689.3
Of which, structured finance (three banks total)	Billions of yen	580.2	656.6	707.8
Of which, personal loans (three banks total)	Billions of yen	1,400.0	1,438.0	1,454.4

Financial indicators, etc.	Unit	FY2023	FY2024	FY2025
Total equity ratio (consolidated)	%	14.4	13.1	12.9
Tier 1 ratio (consolidated)	%	13.0	12.0	11.4
Dividend per share	Yen	31	43	60
Dividend payout ratio	%	40.0	37.7	36.3
Total return ratio	%	96.0	77.0	65.0
Net assets per share	Yen	2,718.04	3,009.37	2,933.92
Basic earnings per share	Yen	77.41	114.19	165.17
ROE (shareholders' equity basis)	%	3.0	4.2	5.8
ROE (net asset basis)	%	2.9	4.0	5.5

Non-financial Data

Environment

Sustainable finance ^{*1}	Unit	FY2023	FY2024	FY2025
Cumulative amount of execution	Billions of yen	232.8	452.7	650.2
Of which, sustainable finance that contributes to the environmental sector and the response to climate change	Billions of yen	151.4	281.9	382.0

^{*1} The Group defines sustainable finance as investment and loan that will contribute to the resolution of environmental issues and social issues, and investment and loan that will support efforts towards improved sustainability of customers. Specifically, if any one of the followings applies, it is a target for this finance.
Products: private placement bond (donation type, with BCP formulation support service, etc.), sustainability-linked loan, green loan, social loan, positive impact finance, etc.
Use of funds: renewable energy introduction, start-up related, business succession funds, etc.
Industry: medical care, nursing care and welfare, education-related
^{*2} KPI targets are cumulative amounts executed from FY2023 to FY2032

GHG emissions-1	Unit	FY2023	FY2024	FY2025
Scope 1 ^{*1,2}	t-CO ₂	2,543	2,389	2,395
Scope 2 ^{*1,3} (market-based)	t-CO ₂	10,958	9,093	7,823
(Reference: location-based)	t-CO ₂	9,053	8,689	8,207
Scope 1 + Scope 2	t-CO ₂	13,501	11,482	10,219
Reduction rate in the previous year	%	–	15.0	11.0
Scope3 ^{*4,5,6}	t-CO ₂	–	19,231,850	18,752,302
Category 1 Purchased goods and services	t-CO ₂	–	36,489	36,826
Category 2 Capital goods	t-CO ₂	–	13,284	7,092
Category 3 Fuel and energy-related activities not included in Scope 1 or 2	t-CO ₂	–	1,853	1,827
Category 4 Transportation and delivery (upstream)	t-CO ₂	–	349	310
Category 5 Waste generated in operations	t-CO ₂	–	341	327
Category 6 Business travel	t-CO ₂	–	533	541
Category 7 Employee commute	t-CO ₂	–	1,416	1,431
Category 15 ^{*7} Investments and loans	t-CO ₂	–	19,177,581	18,703,944

^{*1} Scope 1 and 2 calculated based on the latest emission factors at the time of calculation under the Ministry of the Environment's Mandatory Greenhouse Gas Accounting and Reporting System / ^{*2} Scope 1 calculated for city gas, LP gas, heavy oil, light oil, kerosene, and gasoline / ^{*3} Scope 2 calculated for electricity (market-based: calculated using the "Adjusted emission factor" from the "Electricity supplier-specific emission factors" published by the Ministry of the Environment and Ministry of Economy, Trade and Industry; location-based: calculated using the "Substitute value" from the "Electricity supplier-specific emission factors" published by the Ministry of the Environment and Ministry of Economy, Trade and Industry) / ^{*4} Calculated based on per-unit emissions in the Ministry of the Environment and the Ministry of Economy, Trade and Industry's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.7), the Ministry of the Environment's Emissions Intensity Database for Calculating GHG Emissions in Supply Chains (Ver. 3.5) and IDEAV2 (for calculating supply chain GHG emissions) / ^{*5} Scope 3 calculation scope covers our company and three group banks (Yamaguchi Bank, Momiji Bank, Kitakyushu Bank); Scope 3 calculation commenced in FY2024 / ^{*6} Zero emissions activities in Categories 8, 9, 10, 11, 12, 13, and 14; therefore not listed / ^{*7} Category 15 is calculated for stocks and bonds, business loans, and project finance

Society

Diversity of human assets	Unit	FY2023	FY2024	FY2025
Female officer ^{*1}	People	6	6	6
Ratio of females by job level				
Management position ^{*2}	%	4.5	6.2	8.2
Management position candidate ^{*3}	%	12.7	13.9	12.8
Section Chief position ^{*4}	%	33.9	37.6	43.3
Staff position	%	76.5	76.2	76.4
Ratio of females promoted to leadership roles ^{*5,6}	%	37.6	39.4	46.0
Number of diverse human assets ^{*7} in management positions	People	63	84	99
Ratio of diverse human assets in management positions	%	9.0	12.2	14.8
Number of employees hired through the hiring of experienced personnel ^{*8}	People	155	193	246
Of which, alumni ^{*9}	People	13	25	30
Employment rate for persons with disabilities ^{*10}	%	2.56	2.42	2.29

^{*1} Female directors refer to Directors and Executive Officers of the Group (excluding concurrent positions) / ^{*2} Management position refers to managerial personnel and supervisors under the Labor Standards Act and those with equivalent authority / ^{*3} Management position candidate refers to subordinate personnel by one level to management position / ^{*4} Section Chief refers to subordinate personnel by one level to management position candidate positions and section chief positions / ^{*6} Formula: Ratio of females promoted to leadership roles = number of females promoted (section chiefs and above) / number of people promoted (section chiefs and above) / ^{*7} Diverse human assets is a collective term for employees who have diverse backgrounds, including females, foreigners, experienced hires, alumni, staff with side jobs, and people with experience of external secondments / ^{*8} Experienced hires refers collectively to mid-career hires and alumni hires / ^{*9} Alumni refers to employees who once left the Group and were subsequently rehired / ^{*10} Employment rate for persons with disabilities calculated using the formula stipulated by the statutory employment rate system

Development of human assets	Unit	FY2023	FY2024	FY2025
Total number of participants in training	People	5,531	8,704	9,372
Total annual training hours	Hours	36,860	55,867	69,667
Training hours per person	Hours / person	9.8	15.2	19.1
Annual total investment in employee education	Millions of yen	141	220	154
Compared to FY2022	Times	2.0	3.1	2.2
Per-person investment in employee education	Thousands of yen / person	37.4	59.7	42.2

Governance

Compliance (including anti-corruption)	Unit	FY2023	FY2024	FY2025
Number of compliance (including anti-corruption) training sessions	Times	9	13	13
Number of reports received by the whistleblowing contact point	Cases	31	30	20
Total amount of fines, etc., due to violations of anti-corruption rules	Thousands of yen	0	0	0

Political contributions	Unit	FY2023	FY2024	FY2025
Total donations to political parties, etc.	Thousands of yen	1,173	1,220	540

For details on non-financial information, please refer to the ESG Data Book.

ESG Data Book <https://www.ymfg.co.jp/sustainability/data.html> (in Japanese)