

Aichi Financial Group Integrated Report <Disclosure Book> 2024



Closest to you



People’s lifestyles, the roles of corporations, everything keeps changing.

The challenges we face, the future we envision, and the things we seek are diverse,
and is difficult to see ahead into the future.

That is why we believe that we must support our customers at the closest level.

Sharing the daily joys, the concern for the future from the same perspective as our
customers, we help them create a secure future.

Being the first to consult and be the most reliable partner in this region.

We aim to become the No. 1 regional financial group in Aichi Prefecture.

Be solid and unwavering, unafraid to take on challenges.

Leveraging the strengths of two banks, we will create the unknown new value.

Commitment Behind Our Name

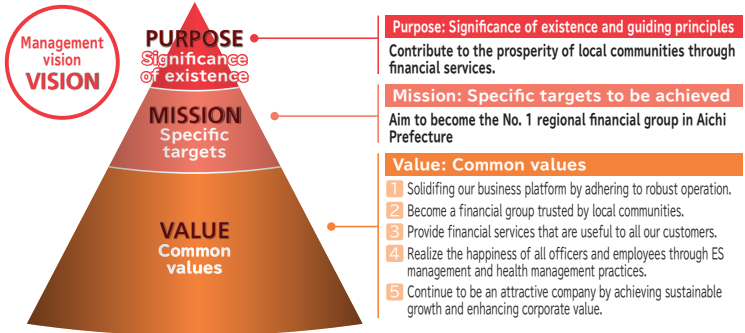


The corporate name represents our desire of aiming to become the No. 1 regional financial group in Aichi Prefecture by growing together with the prefecture while cherishing the area, which is our main base of operations.



The letter “A” of Aichi Bank, the letters “Ch” of Chukyo Bank are expressed as a desire to become together the letter “T” of Ichiban, that means the best in the region.

Management Philosophy of Aichi Financial Group



The financial Group's business philosophy is called the "VISION," a business vision composed of three elements, Purpose, Mission, and Value, intended to guide all executives and employees in decision-making and in the form we pursue.

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Editorial Policy

We have prepared this Integrated Report in order for our investors and other stakeholders to have a better understanding of our initiatives towards sustainable value creation. In compiling this report, we have referenced the International <IR> Framework proposed by the International Integrated Reporting Council (IIRC) as well as the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation. The report provides an integrated explanation of our business model and mechanisms for sustainable value creation.

Please refer to our 2024 Disclosure Book available on our website for detailed financial data and other information.

* The International Integrated Reporting Council (IIRC) and Sustainability Accounting Standards Board (SASB) were integrated in June 2021 to form the Value Reporting Foundation (VRF). The 2024 Disclosure Book prepared in accordance with the Banking Act is available on our website.

Closest to you

We strive to contribute to the prosperity of local communities and enhance the Group's sustainable corporate value.

Yukinori Ito

Aichi Financial Group, Inc.
President and
Representative Director

Results of Efforts Toward Management Integration

Over a year and a half has passed since the management integration in October 2022, and less than six months remain until the merger between The Aichi Bank and The Chukyo Bank. In the 1st Medium-Term Management Plan, we have been implementing measures to more speedily realize the effects of the integration based on the motto, "Execution of priority strategies for the promising start of the newly merged bank." As a result, we have seen the effects of the integration in various aspects, with merging operations, such as the system integration, proceeding as planned, and our operating results have been generally growing steadily.

We have had a particular focus on the development of human resources. Beginning with strategic talents essential for a consulting solutions-based business model, steady progress is being made in the development of talent necessary for future strategies. Further, we have also been emphasizing harmony between The Aichi Bank and The Chukyo Bank. I believe that this effort, which has been underway for some time, has proceeded even faster than originally planned.

For example, the block sales system which has been implemented by The Aichi Bank has also been tested out by The Chukyo Bank since October 2023. Having proven its effectiveness, plans were made for an overall rollout of the system from April 2024, before the merger. Through the active exchange of human resources through sales activities, we strive to improve our skills by sharing the know-how of the two banks and expanding cooperative fields and aim for the swift emergence of top-line synergies, in addition to working more than ever to solve issues faced by our customers.

Furthermore, we have gradually integrated the offices of the systems divisions, administrative divisions, sales divisions, and market divisions starting from November 2023, and finished the integration of other divisions by July 2024. We will now be able to achieve the shared initiatives of the banks with even greater speed.

Sales Activities Leveraging the Characteristics and Strengths of Both Banks Are Highly Regarded by Customers

Since our founding, the Group has aimed to establish a consulting solutions-based business model. Consulting services provided by banks conventionally centered on financial assistance such as financing. More recently, however, issues facing customers and communities are not limited only to funding and have become more complex and diverse, such as asset building, staffing, digitalization, business succession, carbon neutrality, and sustainability management. I believe that with these changes, we must further expand the breadth of the lineup of consulting services provided. With the easing of restrictions regarding the scope of business in the banking industry, it has now become possible for regional banks to implement operations that contribute to regional development and industry as a new business model, and the Group Strategy Department was established to strengthen our financial group functions, including those of affiliates. It was through this mindset that we acquired four companies of the AAST Group, an independent software development company, through M&A in April 2024. In addition, on May 31 we announced the establishment of an advertising company, Aichi FG Marketing, as of August 1, through a joint investment with Shinto Tsushin Co., Ltd.

Beginning with the new establishment of the Group Strategy Department, we will continue to enter new business sectors, strengthen the cooperative structure of our existing group companies, and improve the overall strength of the Group.

Furthermore, group synergies are also emerging from the integration. For example, there were no leasing companies affiliated with The Chukyo Bank, but after the integration, Aigin Lease, an affiliate of The Aichi Bank, has been providing leasing proposals to customers of The Chukyo Bank. On the other hand, no affiliates of The Aichi Bank provided collection agency services. However, Chukyo Finance, an affiliate of The Chukyo Bank, now provides proposals for collection agency services for customers of The Aichi Bank. In addition, The Aichi Bank

has great strengths in corporate solutions services such as business successions, M&As and staffing as well as mortgage services through the effective placements of loan centers and loan advisors. Meanwhile, The Chukyo Bank is skilled in the know-how pertaining to businesses targeting the wealthy. I believe that providing services and information to even more customers, including through the operations conducted by the two banks' affiliates, will enhance the Group's corporate value. This emergence of group synergies through the integration has been highly regarded by customers of both banks.

Both banks have many officers and employees who are locals and there is a familiarity between the corporate cultures of the two banks. On the other hand, the banks both have long histories and have competed against one another within the same business base. In continuing our growth as a financial services group that responds to issues faced by the local community, the two banks working in alignment toward the same goals is a great benefit.

Aiming to Become the First for Advice and First for Trust in the Region

Regarding our business environment and societal issues, first of all, we are focusing on the revision of monetary policy in Japan. I believe a shift in the direction of monetary policy, which had been leaning towards easing for over ten years, is significant.

In this phase of declining interest rates and the reduction of interest margins on loans and deposits due to continued large-scale monetary easing, we have moved away from a business model centered around lending and deposits, such as transitioning to a consulting solutions-based business model, restructuring the branch network, driving DX, achieving economies of scale through management integration and bank merger, and entering into new businesses. I believe this trend itself is irreversible. In addition, profit margins will improve if there is a move towards a continuous rise in short-term interest rates going forward, and I predict that our traditional loan and deposit operations will also see an improvement in earnings.

Regarding the economic trends in Aichi Prefecture, the main business base of the

Group, there have been signs of improvement in production and consumption with the normalization of economic activities, and the economy within the prefecture is recovering. As seen by the expansion of Nagoya Station into a super terminal in anticipation of the opening of the Chuo Shinkansen maglev line, public investment is also showing signs of recovery and is expected to be stable for the time being. Consumption is expected to make a continued recovery thanks to improvements in employment rates and income circumstances, in addition to the favorable sales at large retailers mainly due to inbound travelers.

On the other hand, there have been companies that are seeing deteriorating results due to hikes in procurement and utility expenses caused by rising raw material and energy costs, as well as pressure on earnings caused by rising personnel costs due to labor shortages, and there are concerns about a future increase in the number of companies going bankrupt. Furthermore, from the standpoint of stable business succession, another major issue is the shortage of successors, or human resources who can be entrusted with succeeding a business.

We will aim to become the region's 1st choice for advice and the most trusted local partner by providing clear answers to these issues for the prosperity of local communities, and strive to become a financial group that is regarded as No. 1 in the local community.

Toward Enhancing Corporate Value — Promoting Management Conscious of Capital Cost and Share Price —

Going forward, we will be promoting management that is conscious of capital cost and share price by increasing both the competitiveness in the local community and profitability. We currently do not achieve the PBR and ROE figures that meet the expectations of shareholders and investors, however as we steadily push forth our top-line strategy that includes post-management integration restructuring of branches and our group strategy, we hope to demonstrate an integrated synergy and raise these levels above everyone's expectations.

Group strategy is important in achieving this goal, and we will implement measures to enhance the functions of each of the Group companies. In a drastic shift

from previous perspectives, we will be dispatching talented young personnel to the various companies of the Group from the standpoint of job rotation to provide them with opportunities for career advancement. By promoting human resources exchange, such as allowing employees to demonstrate the skills they have developed at Group companies when they return to the bank, we will strive to improve the profitability of the Group as a whole.

While we estimate cost of shareholder's equity to be about 6%, the current ROE falls below that level. In order to realize ROE that exceeds cost of shareholder's equity, we will continue to focus on improving RORA and promote sustainability initiatives to improve corporate value.

While supplying risk-weighted assets within Aichi Prefecture is the responsibility of a regional financial group, the balance between profitability is also essential. While the sector of loans to small and medium-sized enterprises (SMEs) remains highly competitive, as we will be shifting to a consulting solutions foundation, we will conduct asset allocation while taking into account overall profitability that includes not only interest rates, but commissions and related transactions, to increase profitability.

Expanding Our Lineup of Consulting Solutions

The 1st FG Medium-Term Management Plan, which started in October 2022 has swiftly responded to a range of issues under the slogan of "Speed, Fusion ' & Chemistry," while endeavoring for harmony between the two banks and making steady progress towards the emergence of synergy.

In fact, as of the end of March 2024, among the major KPIs, the amount of loans to SMEs increased by 317.5 billion yen compared to the KPI of 300.0 billion yen, achieving the target ahead of schedule.

On the other hand, an issue we currently face is expanding the lineup of proposals we can make when considering advancing consulting solution measures. Although both banks are engaged in this endeavor, it is not easy in practice to work on this in tandem with the business integration process. For this reason, as previously mentioned, we are now



accelerating our group strategy and utilizing the strengths of each of the Group companies to expand our lineup of solutions. One example is our entry into the advertising field, which was done, so SMEs who may feel the utilization of advertisements to be difficult can easily consult us. There is currently an increased demand for job advertisements due to a labor shortage, and we will appropriately respond to these challenges as a group.

Good Responses from the Sales Field

When researching past cases of management integrations of financial institutions, it seems as though it was not uncommon for many employees to be caught up with operations related to the integration and were not able to conduct sales activities as they would have liked.

In response to this issue, in addition to covering for sales capabilities with a block sales system, the Group began bank agency services in October 2023 with the aim of maintaining and strengthening the business base of both banks.

This initiative began as a way for employees of sales offices of both banks to more efficiently conduct sales activities before the merger as one bank. In addition to maintaining and strengthening the business base of both banks, this move has led to providing and introducing comprehensive financial services to our customers, and our sales capabilities have not been weakened due to business integration operations. Rather, starting with the block sales system, we have unified



liaison systems, performance awards for sales offices, and even screening criteria before the merger, which we believe will make possible an aggressive sales strategy right at the start of the merger.

Meanwhile, because the system integration plans to use The Aichi Bank's system, there will inevitably be a burden placed on The Chukyo Bank. To lessen the burden we are employing both the block sales system and a bank agency structure, as well as providing creative solutions such as designating neighboring branches of both banks as partner establishments and having The Aichi Bank support The Chukyo Bank for the smooth transition to the new system.

While we believe current cost synergies come largely from the system integration and branch restructuring, we have already begun joint storefronts and a synergistic effect has already emerged through unifying the headquarters office location and promoting operational efficiency through collaboration.

After the merger of the banks, we expect the full-scale emergence of cost synergies, including optimizing personnel allocation, by promoting the conversion of duplicate branches into in-branch branches and radical cutting of system costs. We will also be steadily executing a range of measures to achieve integration synergy goals of 8.0 billion yen in FY2027 and 10.0 billion yen in FY2030.

We recognize that promoting DX is an important issue when it comes to improving operational processes, creating a new business model, and establishing a

competitive advantage. We formulated a DX Promotion Plan in July 2023 and have begun its full-scale rollout. As previously mentioned, in April 2024 we acquired the AAST Group, an independent software development company. We will make the most of the approximately 250 IT personnel that have joined the Group in sales based on creditworthiness and the network of the Group. We will utilize IT to solve issues faced by our customers and improve the Group's productivity and abilities.

We also hope to steadily develop consulting services that utilize IT as a component of our Group strategy, as it leads to expanding opportunities for profit, for example through proposals on laborsaving and efficiency in manufacturing, and beyond that, applying for manufacturing subsidies and loans for building systems.

I have been making time to go around each branch of our two banks to exchange opinions with employees. I have heard from younger employees from both banks that "The management integration was a good idea; in particular, there are high expectations for many new movements such as making an IT-related company part of the Group." Furthermore, I have felt the high motivation among employees as they are engaged in their studies in fields that interest them as well as acquiring different qualifications, and I sense a bright future ahead.

As the 1st Medium-Term Management Plan moves along steadily, what I feel most strongly is a positive outlook towards the management integration in the sales field.

Promoting Sustainability Management While Taking Into Account Employee Feedback

In realizing our Purpose to "Contribute to the prosperity of local communities through financial services," the Group has prioritized measures for sustainability to realize a sustainable society and the sustainable growth of the Group. On the other hand, it is difficult to respond to all manners of societal issues and demands. In such circumstances, we have identified materiality (key issues) in November 2023 to determine priority issues to be addressed and engage in sustainability initiatives while efficiently allocating necessary resources.

In identifying material issues, we have selected issues relevant to the Group from the 169 SDGs targets and issues within Japan as well as issues facing our regional community that acts as our business base. We then narrowed these down by taking into account the relevance to various stakeholders and reflecting the opinions of management and Outside Directors. In addition, we also conducted a survey by workplace based on the selected issues and took these results into account when identifying materiality with the hopes that employees engage in such issues with a sense of conviction.

Concerning the environment, we have been putting forth measures towards carbon neutrality based on TCFD recommendations. In June 2024, we began centralized calculations of our emissions as well as financed emissions by utilizing a carbon accounting platform. As there will be a rapid increase in the demand for calculations of and reduction needs for GHG emissions going forward, particularly in the manufacturing industry, we will engage in dialogue with our customers, and accompany and support them in preparing necessary data as well as inputting, calculating, and visualizing GHG emissions.

When it comes to the promotion of human capital management, we are currently putting forth measures based on the standpoints of the development of human resources, as well as diversity and inclusion (hereinafter "D&I"). In light of our priority strategy of a "large-scale shift of employees towards a profile necessary for a consulting solutions-based business model" outlined in the 1st FG Medium-Term Management Plan, we are particularly aiming to train 450 strategic talents within the timeframe, which has led to 410 people who have already achieved this goal.

By having as many experts playing an active role as possible, we hope they provide a positive effect on those around them bringing about synergy where others can be motivated to work harder as well.

With regard to D&I, initiatives of the Diversity Promotion Committee (Ai Team), which started in The Aichi Bank in 2019 as a cross-organizational body that transcended age, gender, and branches, have been put in place jointly at both banks and has developed into a variety of

measures. As the promotion of female advancement is still in progress, we will be conducting measures to increase the ratio of female managers based on the Female Manager Development Plan formulated as a Group.

Regarding corporate governance, as previously mentioned, "Actions to Implement Management that is Conscious of Cost of Capital and Stock Price" is a pressing issue. In order to resolve PBR below 1 in the long term, we will aim to improve corporate value by striving to increase profitability and realizing an ROE that exceeds the cost of shareholder's equity.

With regard to cross-shareholdings, as a regional financial institution, we have thoroughly reviewed the necessity as well as economic rationality of such holdings, and if it is determined that they do not lead to the maintenance and improvement of the Group's corporate value, we strive to reduce our holdings with the full understanding of the corporations in which we have such holdings. In June 2024 we reviewed our reduction goals for cross-shareholdings and will strive to reduce the percentage of cross-shareholdings to about 20% of consolidated net assets on market value basis by the end of FY2030.

"Closest to you"

I would like to reiterate that we have declared to "aim to become the No. 1 regional financial group in Aichi Prefecture" within the Mission of the Group's management vision. This does not simply pertain to becoming No. 1 in terms of size after the management integration, but becoming the region's 1st choice for advice and the most trusted local partners that is always closest to our customers.

In the messages I give to employees, I constantly convey that we must strive to become No. 1 in terms of trust by our customers. It is through this that every employee within the Group shares the same vision to contribute to the local community and achieve sustainable growth of the Group.

I would like to sincerely ask for the continued support of all of our stakeholders.



Improving the Corporate Value of Aichi Financial Group

What are the management challenges facing the Aichi Financial Group as it accelerates its efforts to establish a new bank? Vice President of Aichi Financial Group Hideo Kobayashi held a roundtable discussion with Outside Directors (Audit and Supervisory Committee member) to discuss these issues.



Efforts Toward the Establishment of a New Bank

Emoto: Almost two years have passed since the Aichi Financial Group (hereinafter “Aichi FG”) was established, and I feel that the employees of The Aichi Bank and The Chukyo Bank have been steadily working together in preparation for the merger of the two banks in January 2025. On the other hand, workloads for the merger, in addition to their primary duties, have become a burden to those on the frontline, so I would like to ask the management level to continue to be considerate of the situation.

Murata: One of the issues that I recognized was the harmony between employees of the two banks, but after observing work and training sites, I was relieved to see that they were able to communicate with each another and create a collaborative structure. For example, both bank employees have been cooperating on mortgage operations to improve performance. Furthermore, I am seeing new possibilities in our challenge to expand our business domains beyond the conventional image of financial institutions, such as software development and advertising.

Azuma: Having also seen the circumstances, I think employees of the two banks began facing the same direction and accelerating their efforts, starting with the moment when the name of the new bank was decided as “Aichi Bank”. Despite the burden on both banks, such as the integration of core systems, they are responding appropriately with limited personnel. There is a certain amount of stress on The Chukyo Bank with regard to the integration because it will be adopting The Aichi Bank’s system, and The Aichi Bank’s support of them is also not easy, but I can fully appreciate how both banks are working together as one.

Emoto: As everyone has said, there is no doubt that we are working steadily towards the bank merger, including harmony between the banks. In addition, the Group Strategy Department was newly established within Aichi FG as an organization that strives for optimal solutions for the functions of group companies. It is my hope this can lead to increased earnings for the Group as a whole.

Murata: Group strategies such as the expansion of business domains will continue to become important. Enhance the functions of each company to achieve not just 1+1=2, but 3 or even 4... I believe accumulating these efforts will lead us to become the No. 1 regional financial group in Aichi Prefecture.

Azuma: The Group strategy that I am particularly focused on is the acquisition of AAST Group. I feel this was an innovative, decisive judgement. We will now be able to aim for further growth by leveraging our strength in providing customers with a combination of funds, services and information as a regional financial group. This area is something I think we should further enhance.

Kobayashi: Thank you for sharing your thoughts. I am encouraged by objective evaluations by the Outside Directors that initiatives for the bank merger are going smoothly and the harmony between the two banks is progressing. They have strengthened my resolve to establish the new bank in January 2025. Since announcing the management integration, the two banks have strengthened their efforts to realize Aichi FG’s Purpose to “Contribute to the prosperity of local communities through financial services.” I will make sure to strive for the establishment of “Aichi Bank” under the leadership of President Ito. As everyone has said Group strategy is important, and I hope to pool the collective power of the Group, including improving business efficiency with DX and providing



support for business successions, M&As and startups by utilizing resources created by the merger in order to contribute to the prosperity of local communities centered on Aichi Prefecture.

Mission of Aichi Financial Group

Shibata: As Aichi FG takes on the major mission to support the local economy, we recognize business successions of local companies to be a priority issue. It is not an exaggeration to say that it is a shared issue regardless of industry. In that sense, I believe providing a range of proposals, including utilizing Aichi FG’s vast network to refer management professionals and provide support for business successions and M&As, can aid in solving business succession crises. In addition, Aichi FG providing support for measures for societal issues such as carbon neutrality is contributing to improving the corporate value of our customers, and what I believe to be an important mission.



Itakura: As you mentioned, relieving the labor shortage, including issues with succession, is an important local issue. SMEs in particular are struggling with securing young human resources. I believe one of our missions is to leverage Aichi FG’s network to serve as an intermediary between companies and job seekers, as mentioned by Mr. Shibata. It is because Aichi FG is so trusted by customers that we can offer support such as advice on recruitment activities.

Azuma: Although building a management foundation through management integration for customers to conduct transactions with us with peace of mind is a big part of it, the Aichi FG mission as I think of it boils down more to providing attentive service desired by customers. When it comes to customers thinking about receiving advice

on the range of issues mentioned by Mr. Shibata and Ms. Itakura, it is important that Aichi FG be the first name they think of and turn to, just like our slogan of “Closest to you” This is what the Group as a whole is working towards, and we as Outside Directors would also like to be proactive in making related proposals.

Kobayashi: I gratefully accept everyone’s thoughts on Aichi FG’s mission. Traditionally, the mission of regional financial institutions was to provide funding for customers, but as the name “Financial Group” suggests, I believe that going forward our mission is to provide high added value from multifaceted aspects such as information and human resources. Being the No. 1 regional financial group in Aichi Prefecture does not simply mean No. 1 in terms of the scale of business, but aspiring to be No. 1 in terms of service to our customers, and contributing to the prosperity of local communities.



Recommendations for Issues Surrounding Sustainability

Shibata: When we consider Aichi FG’s mission, I believe measures for the materiality (key issues) identified in November 2023 will become even more important. There are many issues to be addressed in promoting sustainability management, such as contributing to the prosperity of local communities, working toward the sophistication of financial services, responding to environmental conservation, improving employee engagement, strengthening governance and strengthening our cybersecurity system. We need to seriously consider how to connect these issues to improving Aichi FG’s corporate value.

Murata: Amidst the existence of multiple issues regarding sustainability, I believe the most important thing is to consider everything from a long-term

perspective. In responding to a range of issues, I believe we must designate the sectors to prioritize management resources and make clear our position as Aichi FG of where our focus will be on. I hope we as Outside Directors can advocate to further deepen the discussions on these topics.

Itakura: Human capital management efforts are essential to promote sustainability management. The development of strategic talents for the creation of a consulting solutions-based business model outlined in the 1st Medium-Term Management Plan is underway, and I believe this is something we must continue to steadily put forth. On the other hand, we must ensure that knowledge and certification itself is not the objective. It is important that employees are able to share their vision of how to use the acquired knowledge and certifications in their actual duties. Further, I believe that actually using this knowledge in their work will lead increase in motivation and skill improvement among employees.

Emoto: I have great expectations for the dispatching of promising young employees to Group companies to improve overall strength. In addition, not only it is meaningful for the development of human resources, but also, we can expect a synergistic effect by strengthening the management abilities of Group companies.

Itakura: To mention one more thing about human resource issues, we must further push forward with diversity and inclusion initiatives. In particular, the initiatives regarding the issue of increasing rates of female managers need to be accelerated. It is vital that we work harder than ever as an organization to support their roles in management as well as balancing work with childcare. On this note, there needs to be similar concepts not only for gender issues, but for utilizing senior talent, and I believe tackling this as an organization-wide issue can contribute to human capital management based on this era of declining population.

Emoto: Regarding the issue of women in management, how about having a serious discussion about the quota system, which assigns a certain number of women as officers? I believe the discussion will not move forward unless we take more enforceable measures.

In addition, as mentioned by Mr. Shibata, we need to further strengthen corporate governance. For example, currently, Outside Directors comprise one-third of all Directors, but in light

of the fact that the number of listed companies with a majority of outside directors is on the rise, I believe we can begin related discussions.

Kobayashi: In regards to female advancement, while the promotion of women to management positions has begun within the Group, it is still insufficient. I believe we need to work more than ever to create a culture where many women want to further their careers and develop an environment where they can maximize their potential, such as offering support for balancing work and family life. Looking forward, I hope we can have further discussions with the Outside Directors, including the introduction of a quota system and the composition of the Board of Directors, and provide direction on this topic.

The Ideal Image of Aichi Financial Group

Murata: As a variety of initiatives are underway for the establishment of Aichi Bank, I will be working to make recommendations that will contribute to the management. While it is important to take risks and take on challenges in this new era, I would like the Group to respect the solid management it has built up to continue to be a financial group that is trusted by local communities.

Emoto: Regarding solid management, as a lawyer, I hope that compliance continues to be strictly enforced. In confirming reports from the Compliance Committee, I can see there are not many, but some minor issues. I would like preventive measures to continue to be put in place so that issues, no matter how small, are not repeated.

Itakura: Although Aichi FG is a large organization, I believe that each employee becoming an individual with a sense of vibrancy and trusted by our customers can help to improve corporate value. One thing I have upheld since I was young was to become a



trusted person, even if I lose my corporate title. It is my hope that every employee holds a high sense of awareness and strives to make it the most dependable financial group in the local community.

Shibata: In addition to each employee heightening the value of their work, as times change dramatically and as the state of the market also changes, we need to detect them quickly and reflect them in the services we provide to our customers. Sharing this type of awareness within the whole Group is important.

Azuma: I would like to mention one final thing about internal controls. Currently, joint audits are conducted by the auditing departments of both banks and the audit results are deemed to be satisfactory. However, it is possible to misunderstand the true nature of things if we are too caught up in scoring risks. There are issues where scoring is difficult, such as information security and money laundering, so we must not be content with the status quo and put forth measures to strengthen internal controls. Management equals risk management, which means that judging risk is something that must be done by top management.

Kobayashi: I am truly thankful to everyone for your opinions. As we strive towards the establishment of a new bank, this has helped me to recognize anew that there are still many management issues we face. I hope to not simply accept and be done with the opinions shared here, but conduct discussions with the Board of Directors and other organizational bodies and reflect them in problem-solving initiatives to resolve the issues, which will direct Aichi Financial Group in an even better direction, enhance corporate value and strengthened governance.

Message from Officer in Charge of Finance

We will strive for ROE that exceeds shareholder's equity by improving RORA through the creation of synergy by bank merger and establishing a consulting solutions-based business model.

Kenji Ito
Officer in charge of
finance, Director



Strategy for Increasing Corporate Value

I assumed office as Director in charge of finance at The Aichi Bank in June 2022, and as of October 2022, I have also been concurrently serving as Director in charge of finance in the Group. Being in charge of finance, I have formulated strategies conscious of the balance between increasing profitability and maintaining financial soundness, as well as our role as a regional bank since becoming General Manager of the General Planning Department in June 2019.

The market interest rate has been in steady decline since the global financial crisis in 2008, unprecedented monetary easing by the Bank of Japan in 2013, and the implementation of negative interest rates and yield curve control in 2016. Even the yield rate on 10-year government bonds has trended negatively for the past couple of years. During this period, in order to halt the decline in ROE due to the contraction of interest margins on loans and deposits, I have formulated profit plans and balance sheet plans based on the theme of "What risks can we take now?" which balancing various regulatory indicators such as capital ratio, interest risk, and liquidity risk.

At The Aichi Bank, we focused on RORA, the return relative to capital ratio risk-weighted assets, since 2019 through the Risk Appetite Framework (RAF) and have aimed to improve ROE by raising financial leverage while enhancing RORA. As non-interest profit that does not use risk-weighted assets is also important, we have moved forward with the management integration and merger of The Aichi Bank and The Chukyo Bank in order to increase service revenue by transitioning to a consulting solutions-based business model and entering into new businesses, controlling expenses such as restructuring of the branch network, and expanding the customer base that is the basis for the above.

Bottoming Out of Market Interest Rates and Reversal Expectations

We have promoted the improvement and maintenance of ROE with the aim of sustainable management as the interest margin on loans and deposits, our main business, continues to contract over the past several years as mentioned above. However, in March 2024 the Bank of Japan rescinded its negative interest rate policy and ended yield curve control, and we are now entering a phase of rising interest rates and seeing a return to an era of interest. Breaking away from the conventional bank business model being pushed forth in recent years is an irreversible move and is

something I believe we must continue to promote. However, if the current inflation continues and the Bank of Japan continues its short-term interest rate hikes, our loan and deposit operations can expect to see improvement in interest margins in the medium to long term, and I feel that we are approaching a very significant phase in valuation improvements in the banking industry.

Progress of the 1st Medium-Term Management Plan (FY2022 - FY2024)

The 1st Medium-Term Management Plan is the first management plan since the launch of the Group and started as the preparatory period towards emerging synergy after the bank merger. As shown on pages 27 and 28, it is progressing steadily. Thanks to integrating the head office functions of the two banks and sharing know-how before the merger, of our top-line goals, we have achieved management plan KPIs for loan interest and solutions-related fees one year ahead of schedule. When we include cost synergies such as transitions to joint branches and reducing a variety of administrative expenses, the integration synergies for FY2023 have stacked up to 4.2 billion yen. Although costs will be upfront for several years after the bank merger, we will make steady progress in our four priority strategies to reinforce our foundation up until the merger and connect to over 8.0 billion yen in integration synergy by the final fiscal year of the 2nd management plan, and over 10.0 billion yen by the end of the final fiscal year of the 3rd management plan.

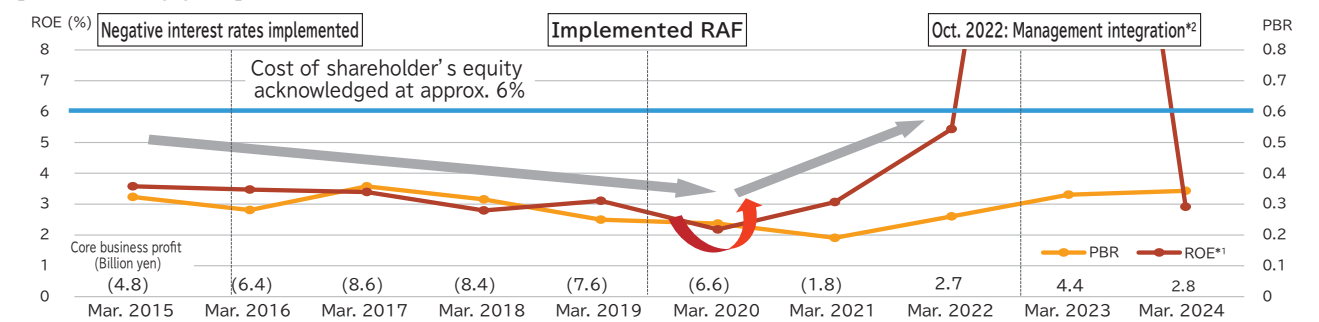
PBR, ROE and Cost of Shareholder's Equity

With regard to the March 2023 request by the Tokyo Stock Exchange for "Actions to Implement Management that is Conscious of Cost of Capital and Stock Price," we consider this an opportunity to convey the viewpoint that has been discussed internally.

The Group's PBR was falling in a low-interest environment, however, it has bottomed out since 2021 with an improvement in ROE. Although it is showing signs of recovery after the establishment of Aichi FG, there is still a large discrepancy to reach a PBR of 1.

We estimate the cost of shareholder's equity to be around 6% based on CAPM and stock yield. In order to bring up PBR, we will realize ROE that exceeds the cost of shareholder's equity through a range of measures.

[PBR, ROE by year]



*1 ROE calculated by the Company based on profit and capital derived from Basel III capital ratio calculations. *2 Figures prior to management integration calculated from The Aichi Bank and The Chukyo Bank figures *3 ROE for FY2023 was 28% due to gain on negative goodwill

Corporate Value (PBR) Improvement Logic Tree

PBR can be broken down into $ROE \div (\text{cost of shareholder's equity} - \text{profit growth rate})$, and we are striving to increase ROE and suppress the cost of shareholder's equity in order to increase PBR.

"Increase ROE"

ROE can be broken down into $RORA \times \text{financial leverage}$. Further, RORA can be broken down into $\text{profit} \div \text{risk-weighted assets}$; we are strengthening profitability, controlling costs, and controlling risk-weighted assets in a balanced way to lead to an improvement in RORA.

Regarding "strengthening profitability," we have been working on improving profit margins across our entire loans, deposits, and securities portfolio by increasing interest income through balance sheet expansion, sustained increase in service revenue by establishing a consulting solutions-based business model, expanding business domains by utilizing Group companies, and adequately reflecting rising interest rates in the market. For consulting solutions in particular, we plan to sustainably increase revenue by introducing strategic talents in anticipation of our 2nd management plan, expanding businesses targeting individual wealthy customers, and developing a new lineup of solutions for corporate customers.

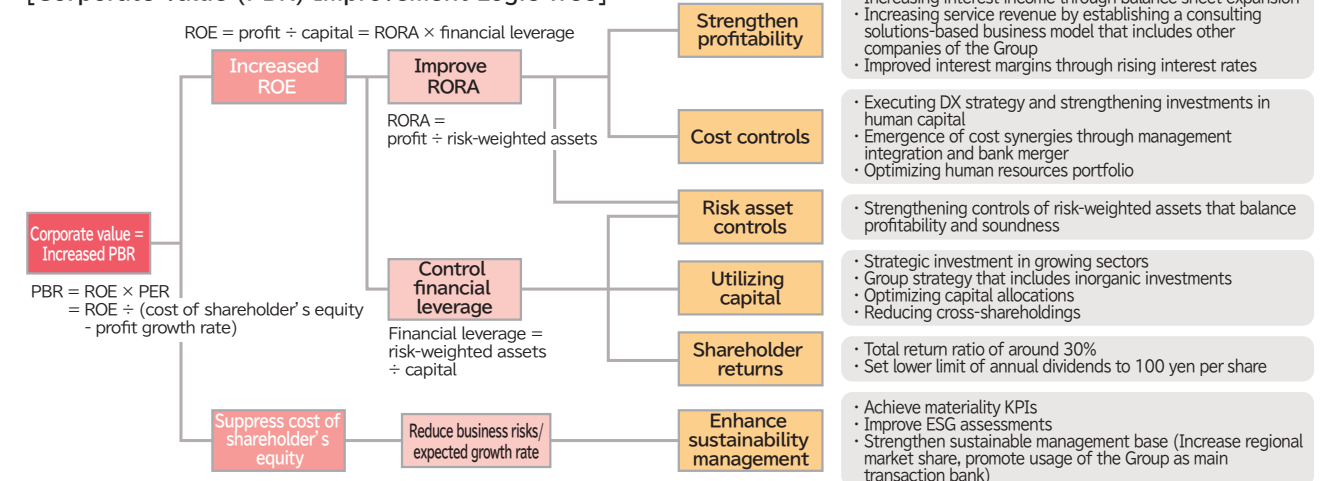
To "control costs," we will primarily strengthen investments in human capital to increase the amount of revenue per employee. While we are making a large-scale shift of employees towards a profile necessary for a consulting solutions-based business model in the 1st Medium-Term Management Plan, from the 2nd management plan onwards we will continually foster

the growth of strategic talents that can adapt to new operations that are being expanded in response to changes in the business environment and optimize our human resources portfolio to improve OHR (overhead ratio) from the top-line. On the other hand, for property expenses, we will be reducing operating costs through streamlining efforts through DX strategies, as well as reconstruction into smart branches. In addition, while large-scale investments in infrastructure such as branches and systems are unavoidable as banking is a type of process industry, it is also easier to pursue an economy of scale, and we will be working to produce cost synergy through management integration and the bank merger. Although there are cost increase factors such as the effects of inflation, we will take into consideration the balance between investments necessary to execute future strategies and the accompanying increase in added value when striving for OHR levels appropriate for the Group's size.

With regard to "controlling risk-weighted assets," as described in the Group's PURPOSE, "Contribute to the prosperity of local communities through financial services," providing risk-weighted assets to local communities is our reason for being. We control the amount of risk-weighted assets while considering the balance between profitability and soundness, with the highest priority placed on providing risk-weighted assets to local communities through loans to SMEs as well as individuals.

Regarding the "control of financial leverage," we will be conscious of increasing capital to approximately 9.5% in the medium to long term to guarantee soundness and, from a perspective of capital

[Corporate Value (PBR) Improvement Logic Tree]



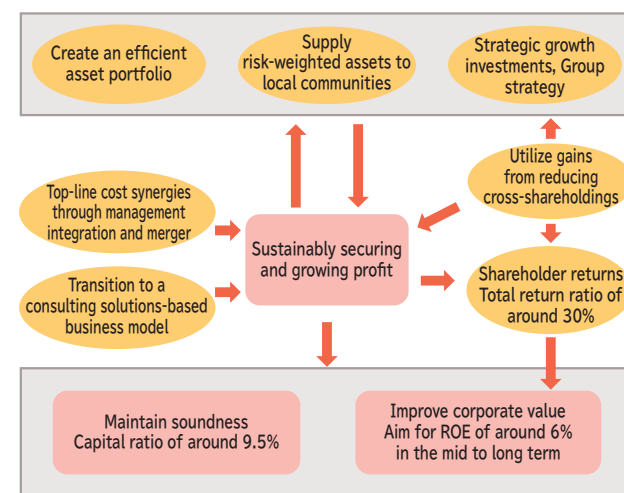
Message from Officer in Charge of Finance

allocation, strive for a level of financial leverage that is appropriate for the Group by balancing earnings, amount of risk-weighted assets, shareholder returns, and internal reserves. Furthermore, we are also considering utilizing capital for strategic investments in the growth and inorganic sectors.

“Suppressing Cost of Shareholder’s Equity”

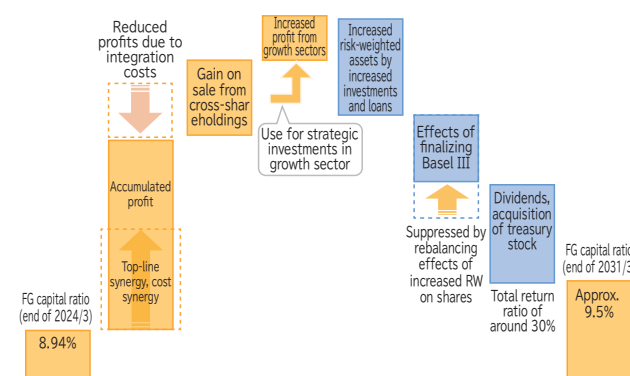
Reducing business risks and sustainable growth of profit is necessary to “suppress the cost of shareholder’s equity.” We will suppress the cost of shareholder’s equity by enhancing sustainability management that leads to the prosperity of local communities and

[Capital Policy - Basic Position (Capital Allocation)]

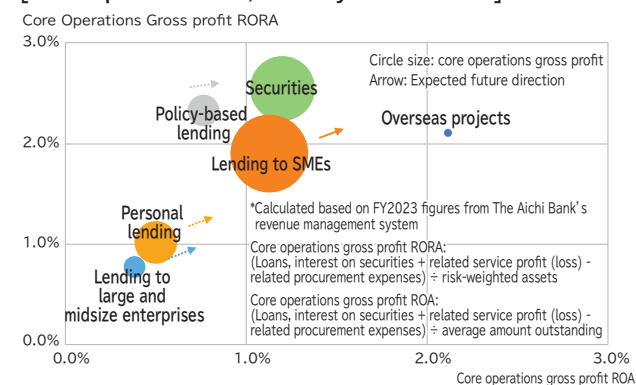


[Capital Allocation Diagram]

Up to the 3rd Medium-Term Management Plan Period (2030)



[Gross profit RORA, ROA by Asset Class]



environmental conservation, reducing business risks by restructuring our business portfolio through the expansion of our business domains, and strengthening our sustainable management base by engaging in increasing our regional market share and promoting usage of the Group as main transaction bank.

Basic Position on Capital Policy

The Group’s basic position on capital policy is to realize “sustainably securing and growing profit” to “maintain soundness” and “improve corporate value.” As we direct profit from “sustainably securing and growing profit” into our business activities, we are supplying risk-weighted assets to local communities, making strategic investments in growth sectors, creating opportunities for revenue with the Group strategy, and efficiently balancing our asset portfolio as components for further profit and growth, as we believe the prosperity of local communities is strongly tied to the Group’s sustainable management.

Since the management integration between The Aichi Bank and The Chukyo Bank in October 2022, the further strengthening of our business foundation including our sales base and human resources with the January 2025 bank merger and the top-line and cost synergies emerging from the establishment of a business structure conscious of OHR levels have been decided to be items that contribute to “sustainably securing and growing profit.” In such circumstances, we are pushing forward with further increases in service revenue through the transition to a consulting solutions-based business model within the period of the Group’s 1st Medium-Term Management Plan.

In addition, from the perspective of strengthening governance, we have declared to “reduce the percentage of cross-holdings to about 20% of consolidated net assets on market value basis by the end of FY2030.”, and will utilize the gain arising from the reduction of cross-shareholdings for supplying risk-weighted assets to local communities, human capital, and investments for strategic growth sectors and Group strategy such as our DX strategy, which will lead to the sustainable creation of value.

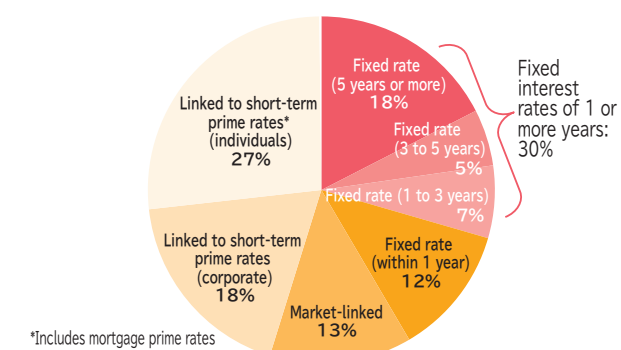
We will aim for a “total return ratio of around 30%” as returns for our shareholders through these measures, in addition to improving corporate value and maintaining soundness.

We have created a diagram of capital allocation as shown on the left based on our basic stance on capital policy. Even in the period where integration expenses inflate and profit decreases due to the management integration and bank merger, we will accumulate profit by an increase through top-line and cost synergies while utilizing profit on sales of cross-shareholdings and increase profit through strategic investments in growth sectors. While currently there are effects of building up risk-weighted assets and finalizing Basel III, we will provide shareholder returns with a total return ratio of around 30% with a minimum dividend of 100 yen per share, and aim for a capital ratio of around 9.5% by the final year of the 3rd management plan.

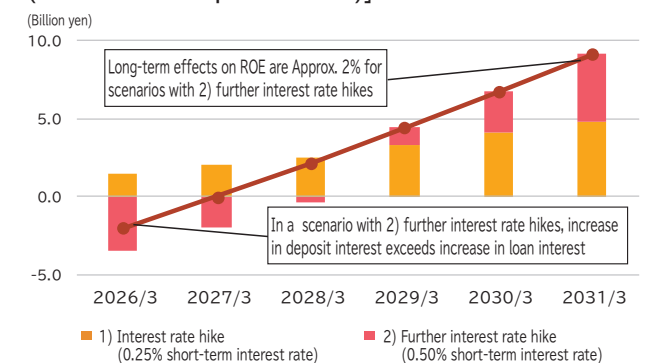
RORA, ROA by Asset Class

The diagram to the left shows our current RORA and ROA based on the core operations net profit and

[Breakdown of loans (sum total of both banks) by type of interest]



[Projected impacts of interest rate hikes on interest income (loan interest - deposit interest)]



broken down by asset class. RORA is relatively high for marketable assets such as securities and policy-based loans.

On the other hand, RORA is relatively low for lending to SMEs and individuals, which are the highest priorities for the Group. However, for lending to SMEs, it is possible to increase RORA through increased revenue from solutions by expanding the breadth of a consulting solutions-based business model. Furthermore, lending to individuals, mainly mortgages, is a central measure by the Group to capture a base of individual customers, and we can expect future RORA increases by connecting them to consumer loans and asset building measures.

If only stock-based RORA levels are used for judgment, marketable assets lead to the most revenue, however, as the mission of a regional financial services group, we place the highest priority on supplying assets for lending to SMEs and individuals. In addition to creating an asset portfolio while considering the balance of our customer base including profitability and deposits, we are striving to improve RORA and ROA by deepening the breadth of a consulting solutions-based business model and believe this to be an aspect we would like to focus on the most within the 2nd Medium-Term Management Plan.

Effects of Interest Rate Hikes

As discussed earlier, interest rates are entering a phase of rising in FY2024.

In such an interest rate environment, when looking at the composition of interest from loans from both The Aichi Bank and The Chukyo Bank, fixed-rate loans with a remaining maturity of more than 1 year that require a certain amount of time to be linked to market interest rates composes 30% of total loans by The Aichi Bank and The Chukyo Bank.

Furthermore, of variable interest, loans linked to short-term prime rates, including mortgage prime rates, account for 45% of the total, and we expect changes in profitability from future fluctuations to short-term prime rates.

The Group conducts simulations of interest income when interest rates rise, under a scenario in which the Bank of Japan raises interest rate once, and a scenario in which the Bank of Japan raises interest rate twice.

In the scenario with two interest rate hikes, interest income decreases due to deposit rates rising ahead of interest rates in the early stages of an interest rate

hike by the Bank of Japan, however with subsequent gradual interest rate increases, the increase of interest on loans will overtake the increase of interest on deposits and result in improvements to margins on loans and deposits in the long term. The contribution rate to ROE as of the end of FY2030 will be around 2%, and an increase in interest rates is expected to contribute to the Group’s profits.

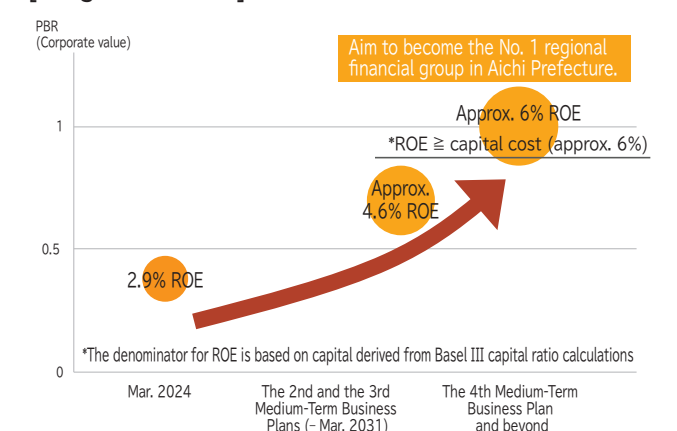
Long-term Vision

Our “Long-term Vision” is for ROE to consistently exceed capital cost in order to improve corporate value and make a recovery to a PBR of 1. While we recognize the cost of shareholder’s equity to currently be around 6%, we need ROE at levels that can consistently exceed approximately 6%.

As previously stated, we will be realizing the long-term growth of ROE by combining the maximization of synergy arising from management integration and the bank merger with a variety of measures such as increasing service revenue by increasing interest income based on RORA and deepening the breadth of a consulting solutions-based business model, controlling cost and risk-weighted assets, utilizing capital, and appropriate shareholder returns.

We will become the “No. 1 regional financial group in Aichi Prefecture” by continuing to be an attractive company by improving our corporate value through sustainable growth, and striving to realize the Purpose of the Group, “Contribute to the prosperity of local communities through financial services.”

[Long-term vision]



History of Aichi FG



- Sep. 2010
100th anniversary of founding
- Mar. 2019
First-time selection as "2019 Certified Health & Productivity Management Outstanding Organization (large enterprise category) - White 500 enterprise -" (Currently selected for 6 consecutive years)
- Jan. 2020
Established "Aigin Group SDGs Declaration"



- Sep. 1960
50th anniversary of founding
- Feb. 1964
Listed on 1st Section of Nagoya Stock Exchange

- Oct. 1951
Renamed to Chuo Sogo Bank, Ltd.
(due to enactment of the Mutual Banking Act)
- Sep. 1954
Head office relocates to current location



- Feb. 1942
Aichi Mujin K.K. established
(merger between Nagoya Mujin and Aichi Mujin)
- May 1944
Aichi Godo Mujin Corporation established
(merger between Aichi Mujin, Kangyo Mujin and Tokai Mujin)

- Sep. 1910
Japan Chochiku Kogyo K.K.
(later Nagoya Mujin)
established in Nagoya

- Jun. 1918
Aichi Mujin established in Oguchi



- Feb. 1989
Converts to an ordinary bank,
The Aichi Bank is born

- Feb. 1989
Converts to an ordinary bank,
The Chukyo Bank is born

- Feb. 1970
Listed on 1st Section of
Nagoya Stock Exchange

- Jul. 1989
Joint exhibition by The Aichi Bank and
The Chukyo Bank at the World Design
Exposition, "Tokimeki CITY Booth"
- Nov. 1989
Listed on 1st Section of
Tokyo Stock Exchange

- Feb. 1943
Hakko Mujin and Kisei
Mujin merged to establish
Hakko Mujin K.K.
- Dec. 1945
Head office relocated to
Nabari, Mie Prefecture



- Oct. 1961
Listed on 2nd Section of Nagoya Stock Exchange
- May 1969
Merged with Nagoya Shinkin Bank,
renamed to Chukyo Sogo Bank, Ltd.
- Nov. 1969
Constructed and relocated
head office to current location



- Oct. 2022
• Aichi Financial Group established
• 1st Medium-Term Management Plan launches
• Sustainability policy established
• Expressed endorsement of TCFD recommendations

- Jul. 2023
Formulated DX
promotion plan
- Nov. 2023
Formulated human
rights policy
Identified materiality

- Apr. 2024
• Newly established Group Strategy Department
• Made AAST Group a subsidiary
- May, Jun. 2024
• Participated in the TNFD Forum
• Signed a basic agreement for the
establishment of Aichi FG Marketing

**Contribute to the prosperity
of local communities
through financial services**

**Aim to become the No. 1
regional financial group
in Aichi Prefecture**

Events in society

1914: Japan joins World War I
1920: Stock market crash
1923: Great Kanto Earthquake
1945: Atomic bombs dropped on Hiroshima and Nagasaki

1964: Tokyo Olympics
1973: 1st oil crisis
1979: 2nd oil crisis

1980: Official discount rate increased (highest post-war rate)
1985: Plaza Accord
1987: New York stock market crash
(Black Monday)
1988: Seto Ohashi Bridge opens
1989: Nikkei Stock Average reaches
record high (38,915 yen)

1990: Burst of Japan's bubble economy
1991: Gulf War
1993: EU created
1995: Great Hanshin-Awaji Earthquake
1997: Asian financial crisis
1999: Euro established in Europe
2001: September 11 attacks (United States)
2003: Iraq War
2007: Subprime mortgage crisis
2008: Global financial crisis
2011: Great East Japan Earthquake
2016: Bank of Japan introduces negative interest rate policy

2019: COVID-19 spreads around the world
2022: Rising tensions in Russia-Ukraine situation
2024: Bank of Japan abolishes YCC
and ends negative interest rate policy
Nikkei Stock Average exceeds 40,000 yen,
highest price in 34 years

Business Foundation of Aichi FG

Diverse Industrial Structure Centered on Manufacturing

Aichi Prefecture is known as the “monozukuri (manufacturing) prefecture,” with a thriving manufacturing industry. Not only has it been 1st in Japan in value of manufactured goods shipped for 45 consecutive years since 1977, it also ranks 1st in terms of number of industrial establishments.

Aichi is also an agricultural prefecture, ranking 8th in Japan for agricultural output, utilizing its diverse natural environment and geography proximal to large consumption and production areas.

Prefectural gross product	40,586.0 billion yen	3rd in Japan	(FY2021)
Value of goods shipped, etc.	47,894.6 billion yen	1st in Japan	(2021)
Annual retail sales	39,419.9 billion yen	3rd in Japan	(2020)
Agricultural output	311.4 billion yen	8th in Japan	(2022)

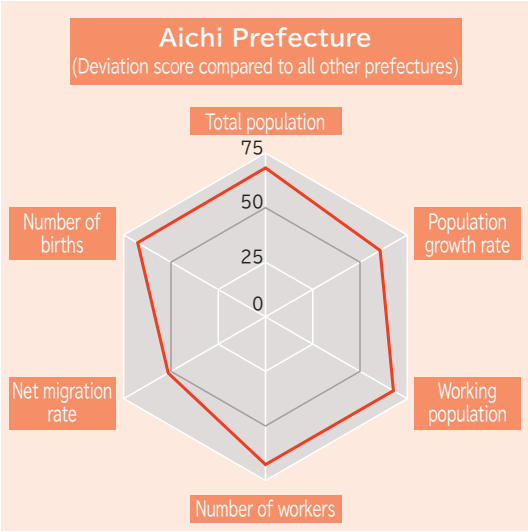


Top-class Population and Demographics

Aichi Prefecture is the 4th most populous prefecture in the country with a total population of 7.47 million, and the core prefecture of the economy of the Chubu region of Japan. It also ranks highly compared to the rest of the country with regards to demographics such as population growth rate, working population, and birth rate.

Item	Aichi Prefecture	
	Figure	Ranking
Total population (Total number) [people]	7,477,000	4th/47
Population growth rate [%]	-0.29	9th/47
Working population (Census data) [people]	3,728,752	4th/47
Number of workers (Census data) [people]	3,605,438	4th/47
Net migration rate [%]	-0.11	20th/47
Number of births [people]	48,402	4th/47

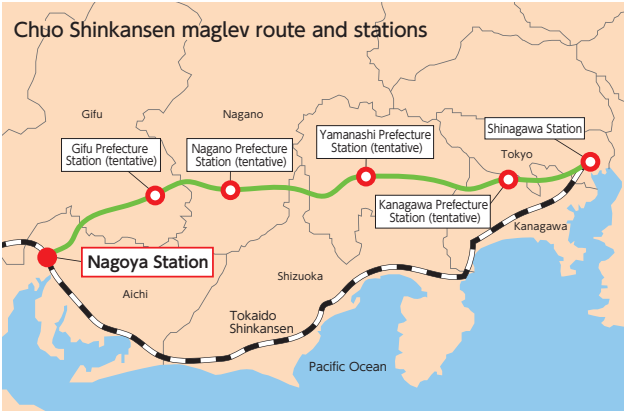
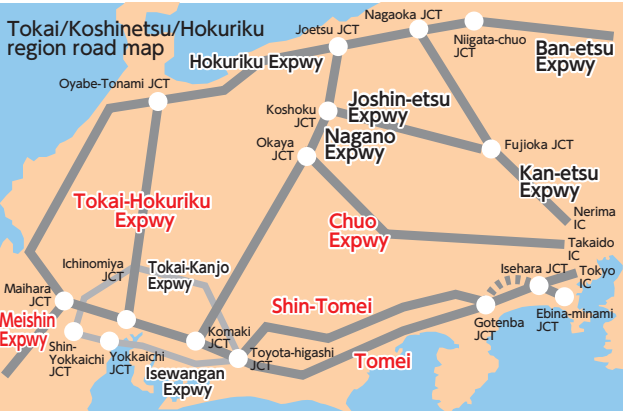
(Source: Ministry of Internal Affairs and Communications, Ministry of Economy, Trade and Industry and 2021 Economic Census data extracted by the Group)



(Source: Prepared using data from the Statistics Dashboard (<https://dashboard.e-stat.go.jp/>))

Advantageous Transportation Infrastructure Network

As a transportation and logistics hub for land, sea, and air, infrastructure networks for roads, ports, airports and rail are in place in Aichi Prefecture. The Tomei, Shin-Tomei, Meishin, Chuo, and Tokai-Hokuriku Expressways create a renowned network of highways. Centered around the international hub port of the Port of Nagoya, the ports of Aichi serve as distribution bases linking Japan with other countries. In addition, the Chubu Centrair International Airport and the Nagoya Airport cater to both business and tourism needs. For railways, plans are in progress to connect Tokyo and Nagoya in as little as 40 minutes via the Chuo Shinkansen maglev line. When completed, this is expected to lead to further revitalization of the region around Aichi Prefecture.



Aichi Topics of Future Interest

Aichi Prefecture has focused on vitalizing the tourism sector, such as the opening of “Ghibli Park” within the Expo 2005 Aichi Commemorative Park (Morikoro Park) in 2022, and the “Special Historic Site Nagoya Castle Ruins Preservation and Utilization Plan” to ensure the succession of historic sites and further enhancement of their appeal. In addition, efforts that lead to regional revitalization, such as the opening of the New Aichi Prefectural Gymnasium (Aichi International Arena) in summer 2025 and the “20th Asian Games / Asian Para Games” planned for 2026, are demonstrating the presence of the region as well as a focus on sports promotion.

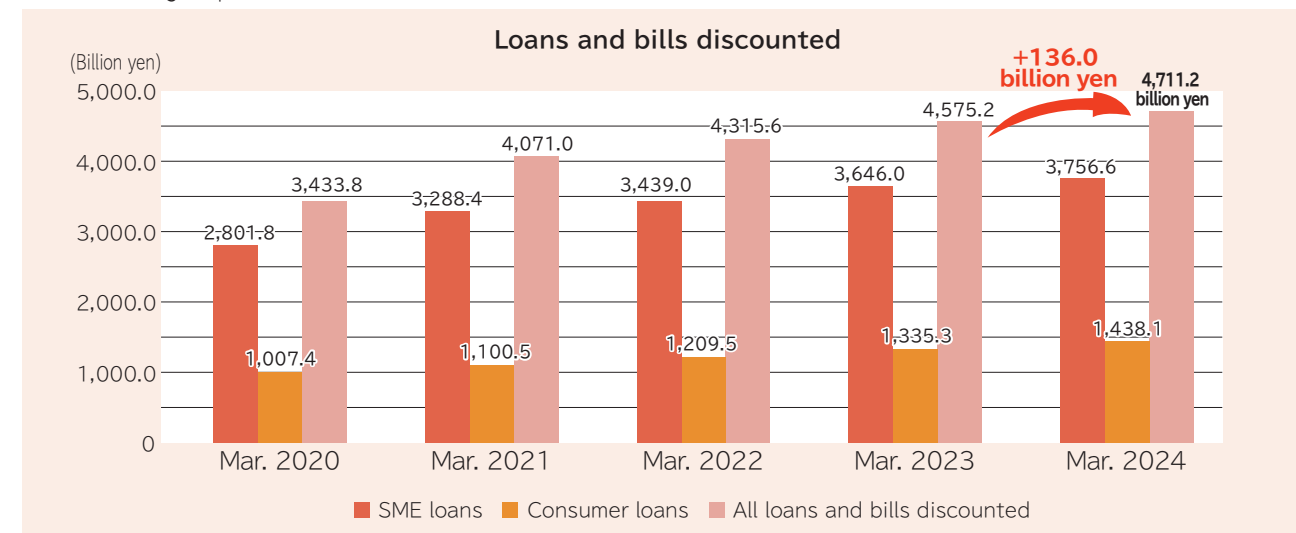


Strengths of Aichi FG

1. Balance of Loan and Bills Discounted

The sum total of period-end loans and bills discounted of the two banks increased by 136.0 billion yen year on year to 4,711.2 billion yen, centered mainly on proactive financing support for local small and medium enterprises as well as mortgages. The total deposit and loan balance of the two banks was 10,547.0 billion yen.

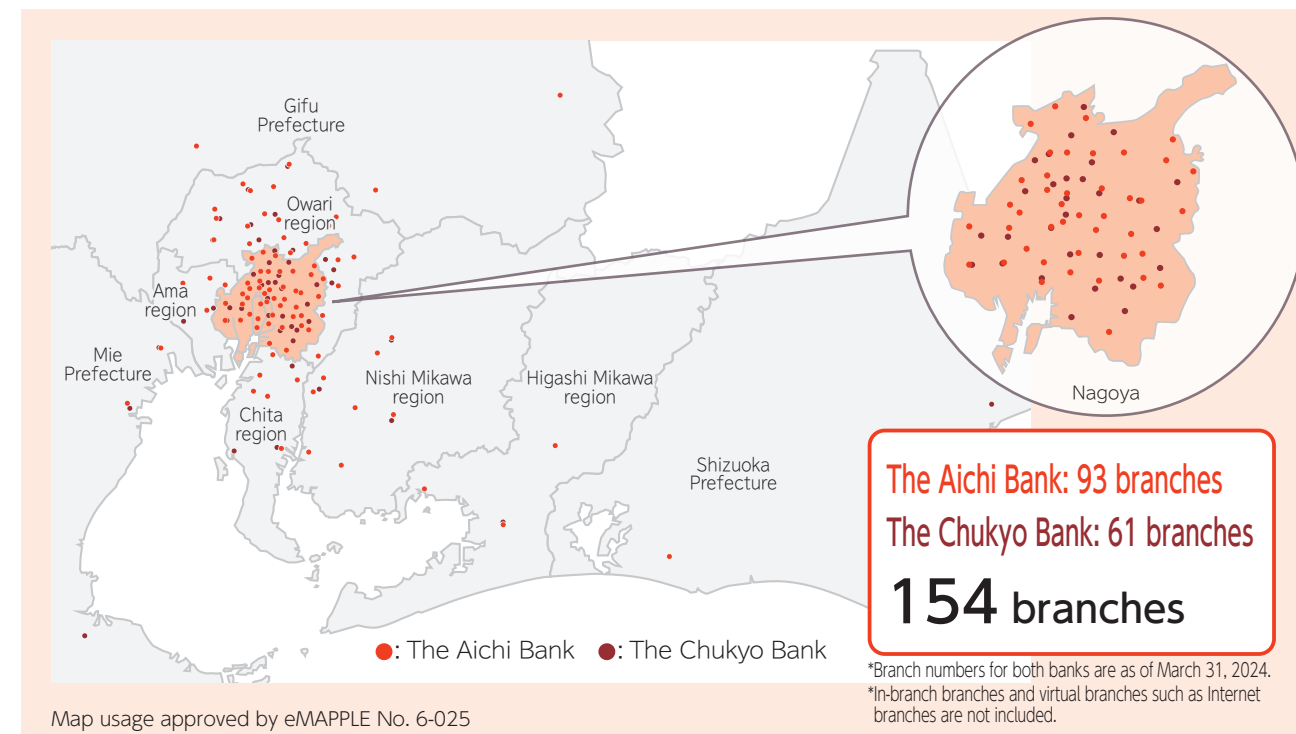
The balance of loans and bills discounted is now the highest among regional financial groups within Aichi Prefecture thanks to the management integration, and we boast one of the highest levels among regional financial groups within the three Tokai region prefectures of Aichi, Gifu, and Mie.



2. Network of The Aichi Bank + The Chukyo Bank

Regarding the branch networks within the Group's main market of Aichi Prefecture, the sales foundation has been expanded significantly with the addition of branches of the two banks due to the management integration.

Aichi Prefecture boasts a solid industrial foundation and is an exceedingly favorable region with considerable growth potential, even when factoring future population decreases. By responding to the region's growth and the needs of our customers, we will accomplish sustainable management as the chosen regional financial group of the local community and customers.



3. Customers' Usage as Main Bank

The percentage of companies in Aichi Prefecture that recognize The Aichi Bank or The Chukyo Bank as its main bank is 12.37%, which is the highest share among regional banks, 2nd-tier regional banks, and shinkin banks.

	FY2021 (ranking)	FY2022 (ranking)	FY2023 (ranking)
Aichi Financial Group	12.31% (1st)	12.36% (1st)	12.37% (1st)
The Aichi Bank	8.08% (2nd)	8.12% (2nd)	8.16% (2nd)
The Chukyo Bank	4.23% (6th)	4.24% (6th)	4.21% (6th)

*Rankings are within regional banks, 2nd-tier regional banks and shinkin banks

No. 1 main bank share among regional and shinkin banks
(Research by TEIKOKU DATABANK, Ltd.)

4. Human Resources

In strengthening our consulting solutions-based business model, we have placed sales support staff in specialized areas in our head office to strengthen our sales support structure.

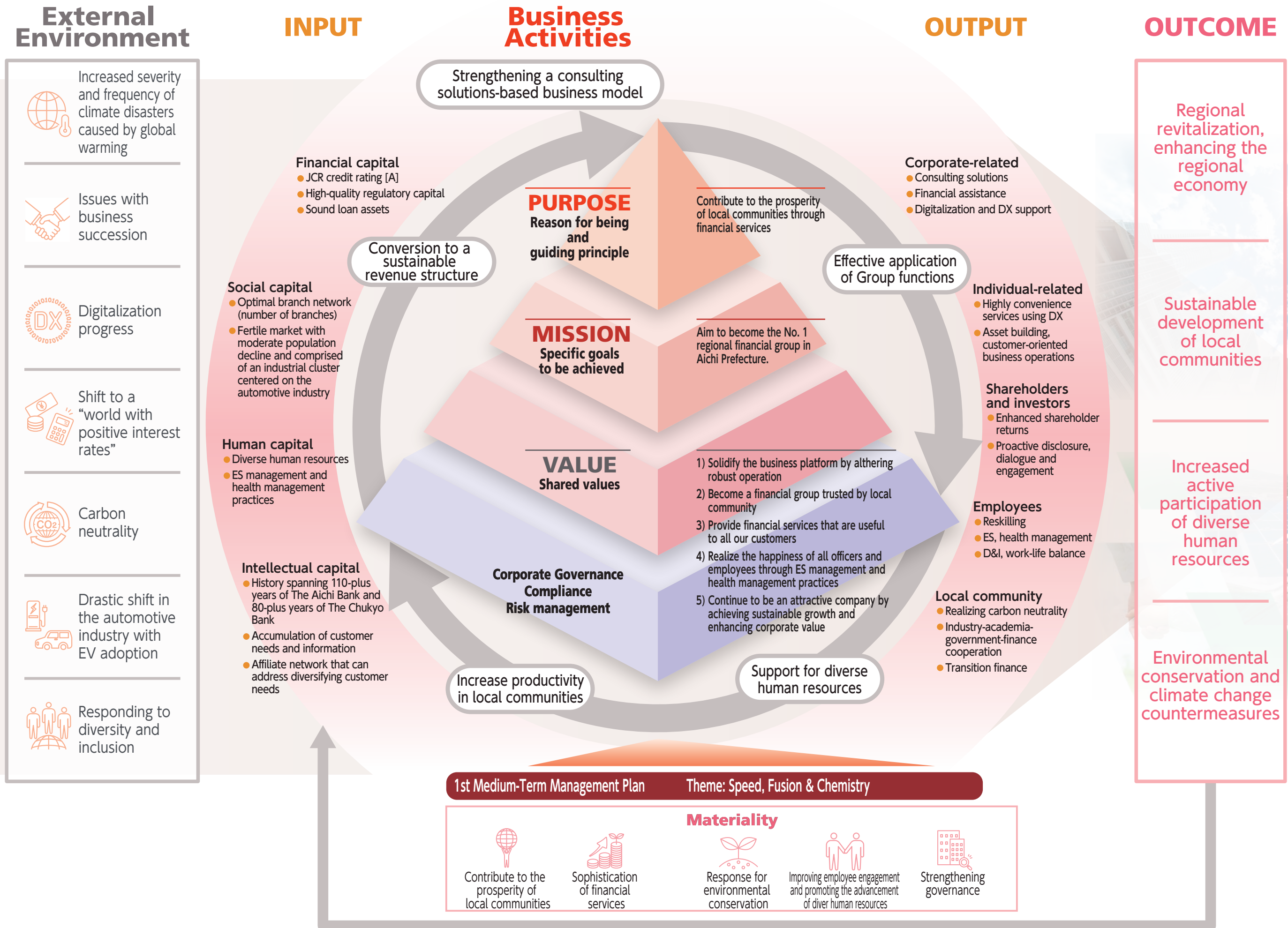
	Corporate sales				Individual sales
The Aichi Bank	Solutions Sales Group 24 people	Business Succession and M&A Group 12 people	Private Banking Group, Business Insurance Team 7 people	Overseas Business Promotion Group 8 people	Private Banking Group, Private Banking Team 7 people
The Chukyo Bank	Solutions Team 16 people			Foreign Exchange Support Team 2 people	Wellness Management Team 11 people
Total (both banks)	40 people	12 people	7 people	10 people	18 people

We have defined the human resource profile necessary for the Group as "strategic talents," and are striving to achieve our assigned KPI to "train 450 strategic talents" during the 1st Medium-Term Management Plan. 410 people have been successfully trained as of the end of March 2024, and our achievement rate for this KPI is 91.1%. We will continue deploying the development programs for the creation of further strategic talents outlined below to maximize the synergistic effects up to the merger.

[Development program for the creation of strategic human capital]

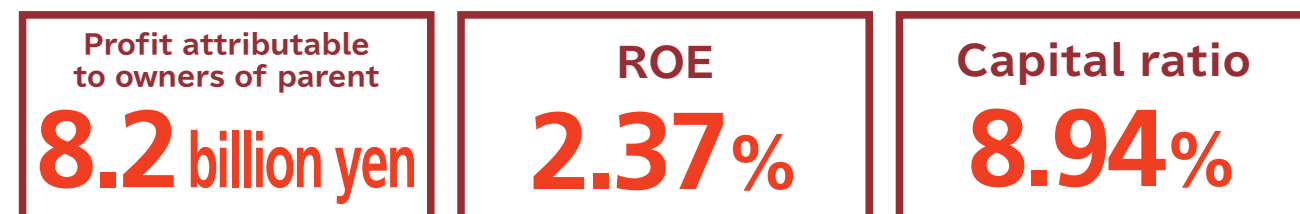
Category	FY2024											
	1st half						2nd half					
	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Sales branch professional RM (RM)	3rd professional RM candidate program [Advanced] 57 participants (workshop-based) [Intermediate] 81 participants (lecture-based) Check skills → Aggregate/RM certification											
Head office solutions expert (SE)	●Held year-round: Development based on OJT by operation, external training, dispatching trainees, etc.											
Strategy reskilling human resources (RS)	●Held year-round: Self-development through "Reskilling Study Menu"											
DX-based human resources	●Held year-round: Internal training (TVMS, e-learning, etc.), external courses (DX, AI, RPA, etc.), self-development courses											
Multi-skill human resources			Check skills	Aggregation			Check skills	Aggregation		Nominated training		Certification
	●Held year-round: Operational training for multi-skill acquisition (loans, mortgages, assets under custody), self-development courses											
Professionally based human resources		Nominated training	Certification		Check skills	Aggregation		Nominated training	Certification			
	●Held year-round: Operational training to acquire solutions skills, self-development courses											
New sales force human resources	Sales communications training, training for financial analysis/composing cases/proposals, short-term trainees (LA, leases, liaison operations)											
Human resources for new domains	Certification upon completion of training (External secondment, external training, etc.)											
High skills human resources	●Acquiring challenging certifications (Small and Medium Enterprise Management Consultant, tax accountant, labor and social security attorney, 1st-grade Certified Skilled Professional of Financial Planning, etc.)											

Value Creation Process

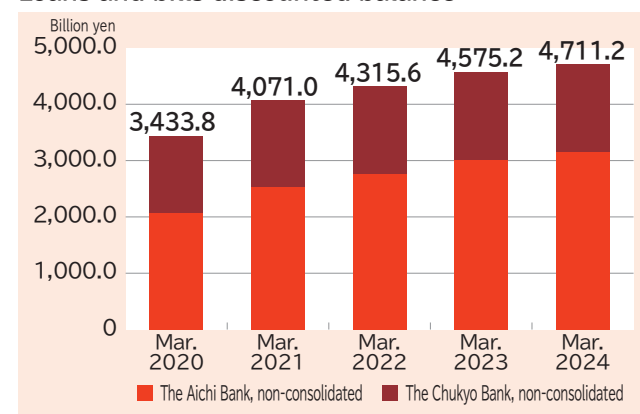


Financial and Non-financial Highlights

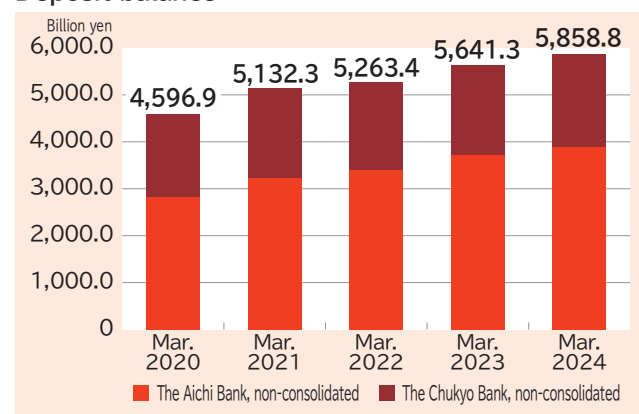
Financial Highlights



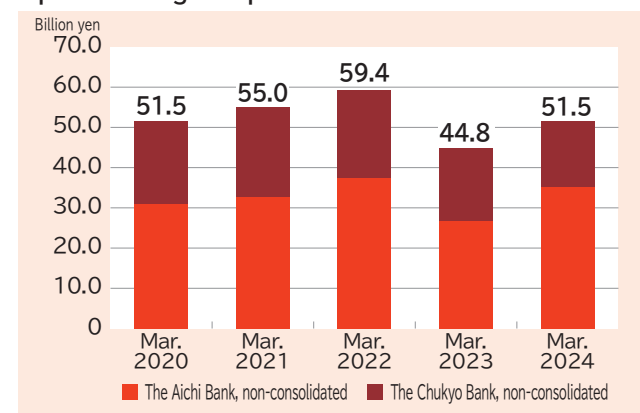
Loans and bills discounted balance



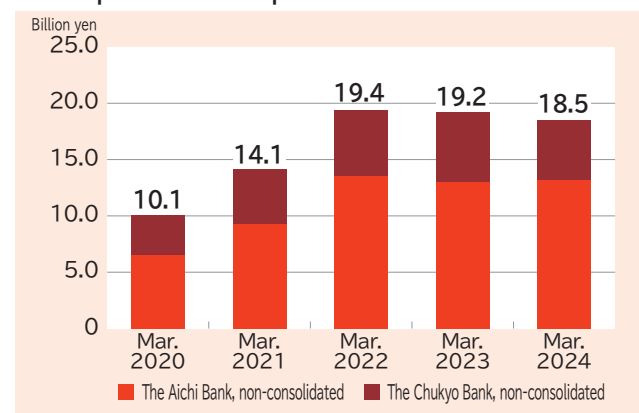
Deposit balance



Operational gross profit



Core operations net profit



Aichi FG consolidated results

	FY2023	FY2023 plan		
		Against plan	Achievement rate	
Ordinary income	88.6	—	—	—
Ordinary profit	12.5	8.0	+4.5	156.2%
Profit attributable to owners of parent	8.2	5.6	+2.6	146.4%

Dividends

- ◆ Fiscal year ended March 2024
2nd quarter: 50 yen
Year-end: 50 yen
Total **100yen** (Consolidated payout ratio of 59.0%)
- ◆ Fiscal year ended March 2025 (forecast)
2nd quarter: 50 yen
Year-end: 50 yen
Total **100yen**

Non-financial Highlights

GHG reduction rate



58.8%
(Relative to FY2013)
(Both banks)

Sustainability-related investments



215.0 billion yen
(FY2023 results)
(Both banks)

SDGs private placement bonds



637 cases
(+132 YoY)
40.2 billion yen
(+8.35 billion yen YoY)
(Both banks)

Business successions and M&A consultation result



594 cases
(FY2023 results)
(Both banks)

Paid business matching results



2,486 cases
(FY2023 results)
(Both banks)

Percentage of independent Outside Directors



33%
(Of 15 Directors, 5 Outside Directors)

Percentage of female managers



9.7%
(FY2023 results)
(Both banks)

Male childcare leave percentage



94.1%
(FY2023 results)
(Both banks)

Credit rating



[JCR]
Aichi FG: **A**
The Aichi Bank: **A**
The Chukyo Bank: **A**

For Sustainable Growth Long-Term Plan—Medium-Term Management Plan KPIs and Integration Synergies

The Company was established on October 3, 2022, through a joint share transfer as the wholly-owning parent company of The Aichi Bank and The Chukyo Bank. In January 2025, the two banks will be merged along with their systems, and Aichi Bank will be established. We have designated our VISION, a management vision to follow and set our PURPOSE to “contribute to the prosperity of local communities through financial services” in order to achieve our MISSION to “aim to become the No. 1 regional financial group in Aichi Prefecture.”

In addition, we have designated the theme of the 1st Medium-Term Management Plan as “Speed, Fusion & Chemistry,” and have positioned this period from October 2022 to March 2025 as an important preparation phase for the promising start of the newly merged bank. During this period expenses such as system integration expenses, systems-related expenses and branch restructuring expenses are forecasted to be upfront and increase up until FY2024, and then decrease thereafter.

The following the 2nd Medium-Term Management Plan from April 2025 to March 2028 will be a period for the swift emergence of synergy, while the 3rd Medium-Term Management Plan from April 2028 to March 2031 will be a period to maximize synergy from the merger. After the integration, we are expecting the maximization of synergy through initiatives such as large-scale development of strategic talents through the functional integration of the two banks, sharing consulting know-how regarding each of the bank’s strengths and cost reduction effects by post-merger branch restructuring.



FG 1st Medium-Term Management Plan

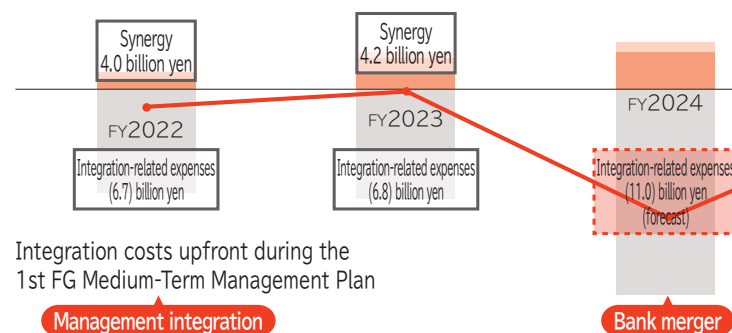
Execution of 4 priority strategies for the promising start of the newly merged bank

- 1) Prepare for the complete transition to a consulting solutions-based business model
 - 2) Large-scale shift of employees towards a profile necessary for a consulting solutions-based business model
 - 3) Swift emergence of synergy through management efficiency
 - 4) Project 6: 6 priority PMI measures in 6 months after establishment of FG
- Completed March 2023 ✓

Major KPIs up to merger (1st FG Medium-Term Management Plan)

Top-line synergy KPIs	Number of strategic talents developed	450 employees
Cost synergy KPIs	Number of plans for branch restructuring (BinB) (To be conducted during the 2nd FG Medium-Term Management Plan period)	40 branches -50 branches
KPIs to strengthen infrastructure until merger of subsidiary banks (both banks)	SME loan balance increase (relative to FY2021)	300.0 billion yen
	SME usage of the Group as main transaction bank (relative to FY2021)	1,000 companies
	Number of solution proposals increased (relative to FY2021)	650 proposals

<FY2023 results>	
Top-line synergy + cost synergy	4.2 billion yen
Integration-related expenses	(6.8) billion yen
Integration synergy (net)	(2.6) billion yen



The 2nd FG Medium-Term Management Plan

Swift emergence of synergistic effects

3-year post-merger (FY2027) synergy (The 2nd FG Medium-Term Management Plan)

Integration synergy (net) **8.0** billion yen or more

The 3rd FG Medium-Term Management Plan

Maximization of merger synergy

6-year post-merger (FY2030) synergy (The 3rd FG Medium-Term Management Plan)

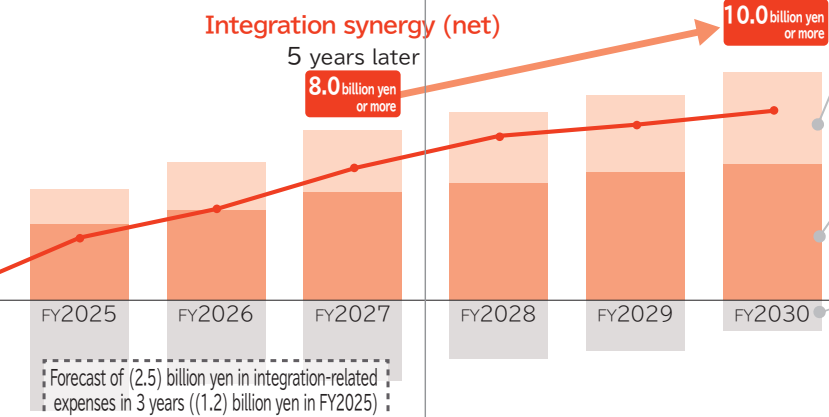
Integration synergy (net) **10.0** billion yen or more

Consolidated net income **19.5** billion yen

ROE **4.6** % or more

Core OHR **60** % Less than

Capital ratio **9.5** % Approx. 8 years later



Aim for swift emergence of synergy during next medium-term management plan period

Aim for emergency of cost synergy from integration and further emergence of top-line synergy

Category	Synergy measures
1) Top-line synergy	Through the development of large numbers of strategic talents by management integration: • Increase in solution-related fees • Increase in fees for assets under custody • Increase in mortgage fees • Increase in loan interest from increase in loan balance • Others (Creation of new revenue streams)
2) Cost synergy KPIs	• Cost reduction from branch restructuring (BinB) • Cost reduction from system integration • Other cost reductions • Cost reduction from optimizing employee placement
3) Integration-related expenses	• System modifications • Installation of office equipment • Branch restructuring expenses • Other integration-related expenses

Integration synergy (net) = 1) + 2) - 3)

* Integration synergy (net) calculated relative to FY2021 amounts

Financial targets

Item	FY2021 results	FY2023 results	6 years post merger FY2030 targets
ROE	4.53%	2.37%	4.6% or more
Consolidated (interim) net income	14.7 billion yen	8.2 billion yen	19.5 billion yen
Core OHR	67.70%	69.51%	Less than 60%
Capital ratio	9.36%	8.94%	Approx. 9.5%

Top-line targets

Item	FY2021 results (Millions of yen)	FY2023 results (Millions of yen)	FY2024 targets (Millions of yen)
Loan interest	34,567	36,060	36,000
Service revenue	14,377	15,669	16,000
Of which, Solution-related fees	3,051	4,017	3,900

* Loan interest targets are based on if interest levels at time of management plan announcement (Oct. 2022) continues

Major KPIs up to merger (both banks)

Item	FY2023 results	FY2024 targets
Number of strategic talents developed	410 employees	450 employees
SME loan balance increase (relative to FY2021)	317.5 billion yen	300.0 billion yen
SME usage of the Group as main transaction bank (relative to FY2021)	485 companies	1,000 companies
Number of solution proposals increased (relative to FY2021)	563 proposals	650 proposals



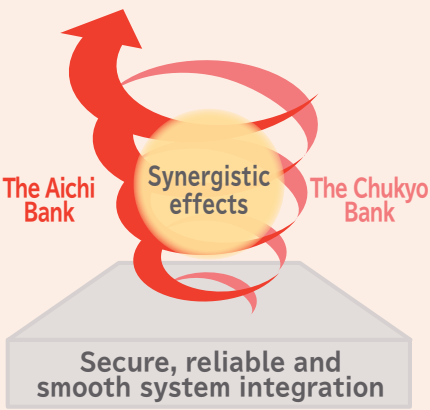
For Sustainable Growth
(Special Feature) Toward the Establishment of Aichi Bank

I. System Integration and Synergistic Effects

In preparation for the establishment of Aichi Bank in January 2025, after the merger the operations administrative departments of The Aichi Bank and The Chukyo Bank have led the way with the system integration.

The basic policy of the system integration is to minimize the impact on customers while prioritizing reducing systems and administration risks so that operations at Aichi Bank after the merger can begin in a secure, reliable and smooth manner.”

In addition, we will strive for the swift emergence of synergistic effects by reducing costs through system integration.



Daisuke Kito
Systems Group, Operations Administration
Department, Aichi Financial Group

While we are aiming for the swift emergence of synergistic effects during the period of the 2nd Medium-Term Management Plan of Aichi Financial Group, one area where we already see synergistic effects through the system integration is the integration of the groupware workflow.

The groupware workflow which has been in use at The Chukyo Bank since April 2021 was introduced for shared use at The Aichi Bank in December 2023.

With this method, we were able to cut the physical costs of implementation as well as personnel costs to support the implementation and reduced initial costs by approximately 30%.

System implementation has been going efficiently, such as reducing workload during implementation through utilizing precedent from The Chukyo Bank to formulate operational rules and creating workflows as well as the shared use of the workflow already in place at The Chukyo Bank.

In addition, by sharing internal emails and schedules, etc. we have been able to realize speedy information-sharing within a secure network. (Please see P.50 “Measures to Promote DX” for details)

II. Exchange of Human Resources and its Synergistic Effects

Unification of Head Offices

We have been progressively unifying the office locations for each department of our headquarters since November 2023.

Although the head offices of The Aichi Bank and The Chukyo Bank were located close to one another, until now it took a long time for each matter to be approved as employees worked in physically separate locations.

Cooperation has been further progressing by unifying locations and having employees working in the same space, such as sharing policies between the two banks, detailed meetings, and the swift exchanging of opinions.

Implementing a Two-Bank Block Sales System

A block sales system was implemented at both banks in April 2024. A block sales system is a sales system that creates blocks comprised of several branches that collaborate to provide better service to customers within the block.

Introducing this sales system allows us to provide service that leverages to the full extent the strengths each of the banks has accumulated.

Synergistic Effects on Sales

Since the management integration, we have been promoting the exchange of human resources such as seconding employees from The Chukyo Bank to the Business Solution Department of The Aichi Bank and dispatching trainees.

Furthermore, we are also conducting “wide-area matching” initiatives where referrals are made for The Aichi Bank partners to The Chukyo Bank customers, and likewise The Chukyo Bank partners to The Aichi Bank customers. Expanding the breadth of proposals has made it possible to make recommendations in line with customers’ issues.

We will continue to maximize the use of management resources through collaboration between the two banks to achieve synergistic effects.

[Number of agreements from collaborative synergy (FY2023 results)]

Agreement	Number of agreements from collaborative synergy
M&A advisory agreements	5
Business insurance agreements	14
Cross-border loans	1
Overseas expansion consulting	1
Total	21

(Special Feature) Group Strategies



Approach to New Business

Aichi Financial Group is working to establish a consulting solutions-based business model to better respond as a Group to our customers’ management issues as they become more sophisticated and diverse. Under the revised Banking Act, it is now possible to engage in new businesses tailored to regional characteristics. We are strengthening Group functions to provide a one-stop solution to our customers’ management issues, including considerations to enter into advertising and consulting businesses, which are highly relevant to the banking business.

The Group Strategy Department

Regional financial institutions are expected to contribute to the growth of the economy and industry in local communities through not only the traditional loan and deposit business but also by establishing new business models. The Group Strategy Department strives to increase the Group’s overall strength by entering into new businesses and strengthening cooperation among Group companies while utilizing the functions of a holding company for Group strategy, including Aichi Financial Group, The Aichi Bank, The Chukyo Bank and affiliates.

Current Initiatives

In April 2024, we acquired through M&A four companies of the AAST Group, an independent software development company that provides high-quality system services mainly in Aichi Prefecture. Using AAST Group’s technology and knowledge in the digital sector, we will provide sophisticated solutions and consulting regarding the digital sector to our customers, strengthen DX sales for sales branch offices within the Group and promote operational efficiency.



Future Initiatives

In May 2024, we entered a basic agreement to establish a new company for advertising and marketing operations through a joint investment with Shinto Tsushin Co., Ltd. As a comprehensive advertising company, Shinto Tsushin Co., Ltd. conducts a wide range of businesses such as organizing international events and exhibitions, in addition to their advertising business. Utilizing their expertise, we will meet our customers’ advertising and marketing needs.



I am in charge of new graduate recruitment at AAST Group.

Based in both Aichi and Tokyo, AAST Group has grown as an independent system development company rooted in the community by providing system services.

I was very surprised at first to hear that we became a member of Aichi FG, and felt a little worried. However, I felt a sense of pride for this company after hearing from President Ito that our technological capabilities can contribute to the prosperity of the regional economy.

Now as a member of Aichi FG, I am looking forward to interacting with our local customers as well as the new colleagues we will be working with. I hope to grow along with Aichi FG through the new connections we will be making.

Sustainability Policy

The Group pledged to “Contribute to the prosperity of local communities through financial services” under the Purpose of its management vision. With this philosophy, we strive for the realization of a sustainable society and sustainable growth of the Group through our business activities.

The Sustainability Policy was developed to promote the Group’s efforts to address the variety of issues pertaining to sustainability in a unified manner.

1. Response Policy to Environmental Issues

- In order to realize a sustainable society, we have recognized responding to environmental issues to be a key management issue and will address the reduction of environmental impact and conservation of biodiversity through our business activities.
- We will support customers who are addressing environmental problems by developing and providing products and services that are conscious of the environment.
- We will strive to promote the conservation of resources, energy, etc. in our business activities.
- We will work to foster awareness of environmental issues among officers and employees.

2. Response Policy to Societal Issues

- We will contribute to realizing sustainable local communities by assertively and proactively engaging in a variety of societal issues affecting local communities.
- We will comply with laws and regulations related to human rights, and be considerate of people’s rights in all business activities.
- We will contribute to the sustainable growth of local communities by providing comprehensive solutions as a Group for the development of local economies and the resolution of customer needs and issues.
- We will respect the values of each and every officer and employee, and establish a work environment where diverse human resources can work in health with fair and appropriate treatment.

3. Sustainability Promotion Structure

- In order to promote sustainability initiatives, we have established the Sustainability Committee to discuss important sustainability matters such as climate change, adequately allocate business resources and develop a system necessary to create and promote an appropriate business portfolio.

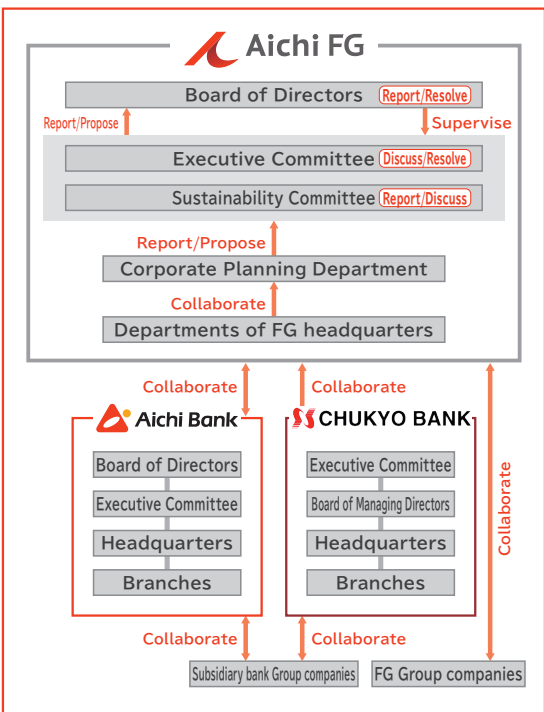
Sustainability Promotion Structure

The Group considers sustainability initiatives such as addressing climate change, human capital, and ensuring diversity as important management issues. In October 2022, we established our sustainability policy simultaneously with the establishment of the Company, and also expressed our support of TCFD recommendations.

In addition, in November 2023 we identified key issues (materiality) of the Group to be “Contributing to the Prosperity of Local Communities,” “Sophistication of Financial Services,” “Environmental Conservation,” “Improving Employee Engagement and Advancement of Diverse Human Resources” and “Strengthening Governance.”

The Sustainability Committee was established to adequately respond to identified materiality, to improve the efficacy of medium- to long-term measures and to promote and strengthen the sustainable management of the Group. The Sustainability Committee mainly discusses and reports on strategy proposals regarding materiality related to sustainability, as well as the supervision and management of progress for measures.

The supervision and management of progress for sustainability measures is reported to the Sustainability Committee at least once a half year and to the Board of Directors at least once a year. Important matters are discussed by the Board of Directors and at an Executive Committee to reach a decision.



Discussions & Matters to be Reported by the Sustainability Committee

Matters to be discussed	<ul style="list-style-type: none">● Formulation of Aichi Financial Group Human Rights Policy [Proposed to Board of Directors]● Establishment of TCFD disclosure items [Proposed to Executive Committee]● Disclosure of measures for TCFD recommendations [Proposed to Executive Committee]● Identification of materiality related to sustainability measures and establishing KPIs [Proposed to Executive Committee]● Endorsement of TNFD and participation in TNFD Forum, etc.
Matters to be reported	<ul style="list-style-type: none">● Status of sustainability initiatives at The Aichi Bank and The Chukyo Bank● Results and future plans of Aichi FG’s climate change response operational measures● Sophistication of disclosure items based on TCFD recommendations● Sustainability initiatives by financial institutions, etc.

Efforts to promote internal awareness of sustainability

Training, seminars, etc.

The Group has held the following trainings and seminars to improve internal literacy on sustainability issues.

[Main events]

Event name	Content	Eligible participants
Study session on identifying materiality [Held Sep. 2023]	<ul style="list-style-type: none">● Regarding sustainability and materiality● Examples of sustainability initiatives	All employees
Debriefing session on ESG assessments [Held Feb. 2024]	<ul style="list-style-type: none">● Lecture by external experts on sustainability management of financial institutions● Report by external consultants on current status and issues regarding the Group’s ESG assessment	Directors General Managers of each department
Internal training on respecting human rights [Held Feb. 2024]	<ul style="list-style-type: none">● Perspectives on respecting human rights within corporations● Content of the Aichi Financial Group Human Rights Policy● The Group’s approach for the respect of human rights	All employees

Publication of Aigin SDGs News

The Aichi Bank has been publishing the Aigin SDGs News since September 2020 to widely share initiatives related to sustainability, ESG and SDGs with employees.



Akihiro Kawamura **Yumiko Kido**
Aichi Financial Group
Sustainability, General Planning Group

We promote sustainability initiatives of the Group as part of the Corporate Planning Department. The Group has determined its sustainability policy at the same time as its establishment in October 2022 and has engaged as a whole in activities for the realization of a sustainable society.

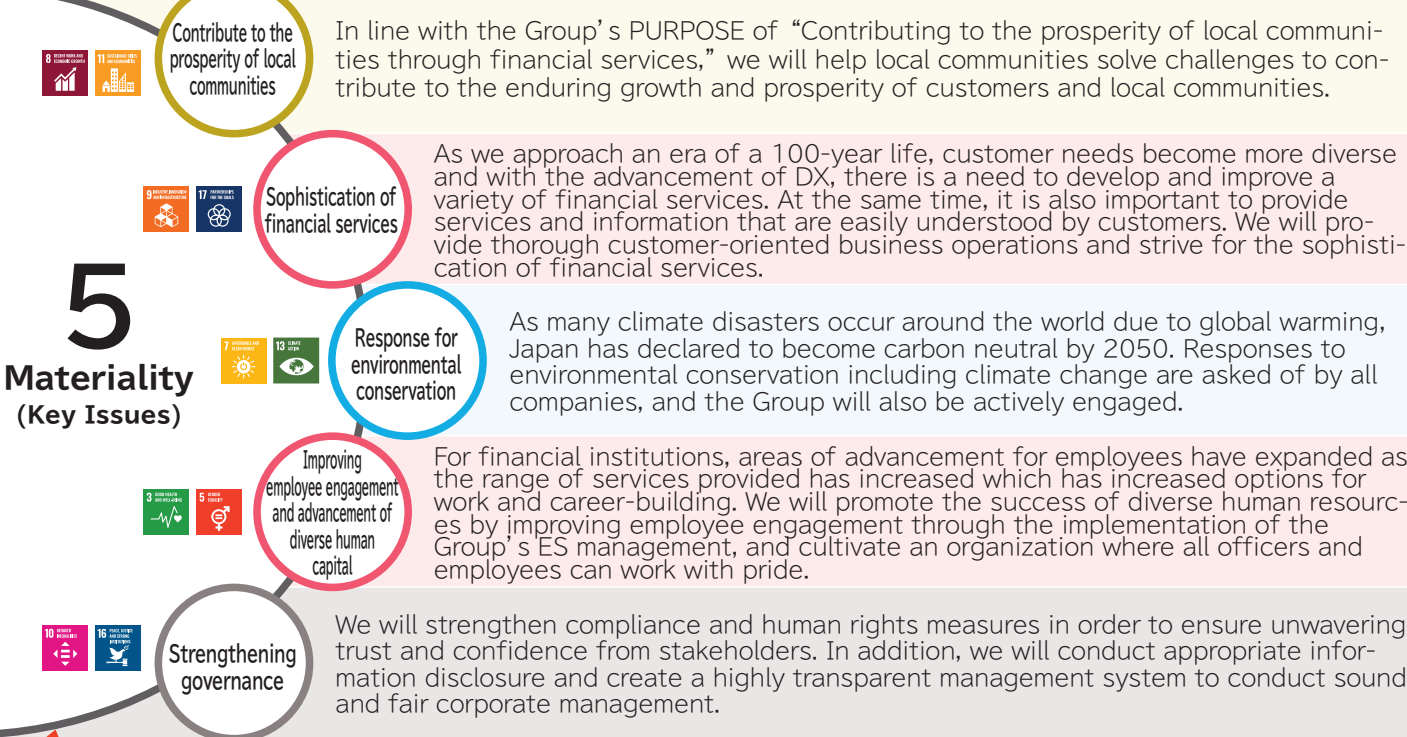
We believe sustainability to be not simply a goal, but the foundation of all activities. Various sustainability activities, such as measures for the prosperity of local communities, environmental conservation and D&I are all connected to the future of our customers, colleagues, and local residents.

There is a wide range of societal issues we need to address, from a shift to a decarbonized society to adequate conservation of natural resources and responding to human rights issues. In addition, as a regional financial institution, it is important for the Group to contemplate our impact on society in contributing to important issues facing our business foundation of Aichi Prefecture, such as establishing a new industrial base and increasing the attractiveness of the region. We hope to proactively take measures to carefully face these issues.

We will continue to strive for the No. 1 sustainability management in Aichi Prefecture, and contribute to the realization of a sustainable society in which everyone can live happily through our daily activities.

Five Identified Materiality

In November 2023, the Group identified materiality (key issues) and set KPIs in accordance. We will contribute to the prosperity of local communities through financial services by practicing business activities based on the identified materiality.

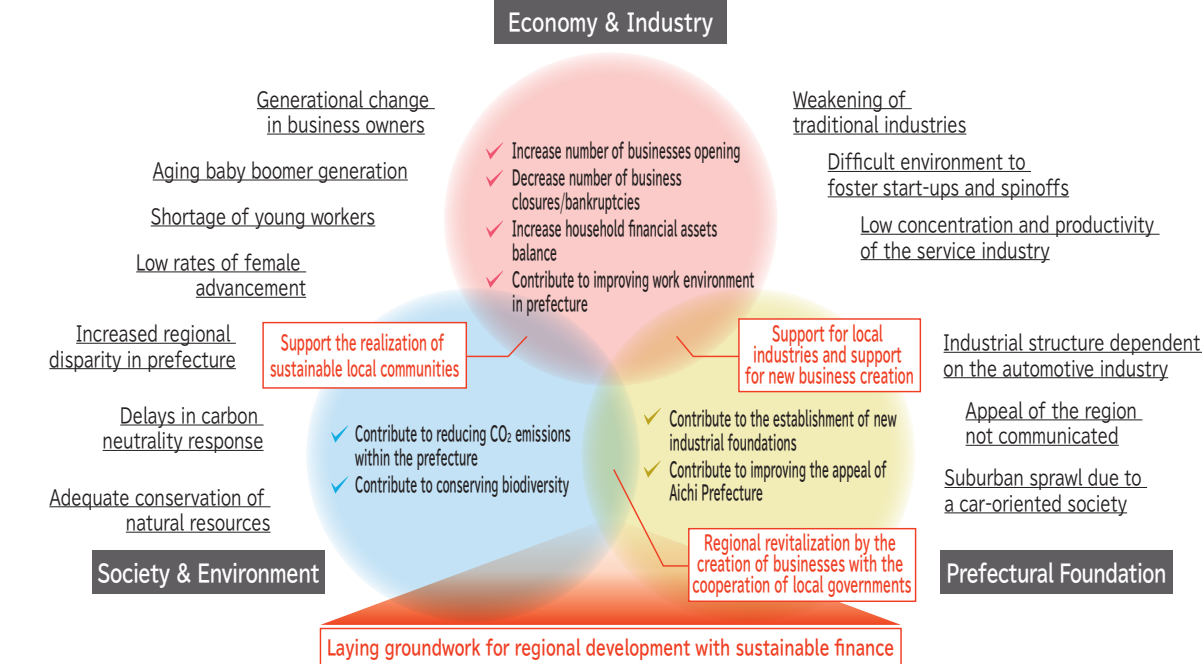


KPI	Achieved	Status	Initiatives
✓ Investments and loans related to sustainability: 1,000.0 billion yen (of which, 500.0 billion yen related to the environment) *Cumulative total from Apr. 2022	FY2030	⇒FY2023 cumulative results: 210.5 billion yen of which, 92.3 billion yen related to the environment	• Contributing to the Local Communities Through Investments and Loans
✓ Number of solution proposals increased: 650 cases *relative to FY2021	FY2024	⇒FY2023 cumulative results: 563 cases	• Sustainability-related Investments and Loans
			• Providing Support for Solving Local Communities Issues
✓ Banking app registrations: 200,000 cases	FY2024	⇒FY2023 cumulative results: 187,000 cases	• Promoting DX
✓ Smart bankbook registrations: 45,000 cases	FY2024	⇒FY2023 cumulative results: 50,000 cases	• Asset Building Support and
✓ NISA account opened: 12,000 accounts *Cumulative total from Apr. 2023	FY2024	⇒FY2023 cumulative results: 88,000 cases	Customer-oriented Business Operations
✓ SCOPE 1, 2 GHG emissions: 70% reduction (relative to FY2013)	FY2030	⇒FY2023 reduction results: 58.89% reduction	• Addressing Climate Change (Measures taken for TCFD Recommendations)
✓ Achieving carbon neutrality	FY2050		
✓ Strategic talent: 450 people	FY2024	⇒FY2023 cumulative results: 410 people	• Human Resource Development
✓ IT/digital foundational talent: 1,000 people	FY2024	⇒FY2023 cumulative results: 957 people	• Health Management and Work Style Reform
✓ Percentage of paid leave taken: over 80%	Ongoing goal	⇒FY2023 results: 78.3%	• Diversity and Inclusion
✓ Employee ES survey conducted: once a year	Ongoing goal	⇒FY2023 results: held once	
✓ Dialogue with investors: around 10 investors per year	Ongoing goal	⇒FY2023 results: 8 investors	• Communication with Shareholders
✓ Internal study sessions on compliance, human rights, etc.: 2 or more times per year	Ongoing goal	⇒FY2023 results: held 3 times	• Efforts to Respect Human Rights
			• Compliance Measures

Regional Issues of Aichi Prefecture and the Social Impact the Group Can Contribute

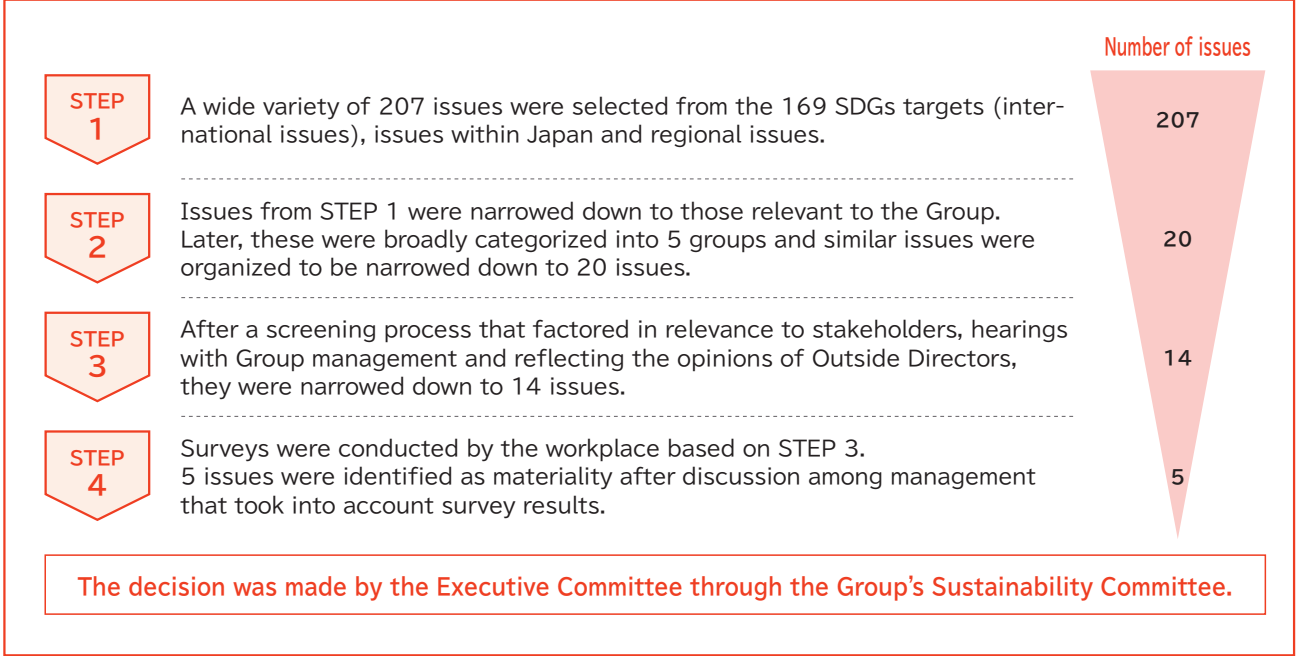
The Group has organized significant regional issues faced by Aichi Prefecture and the social impact the Group can contribute as follows.

Social impacts organized by Economy & Industry, Society & Environment and Prefectural Foundation are connected to the Group's materiality.



Identification Process

When identifying materiality, we have selected issues pertinent to the Group from a wide variety of issues, then narrowed these down by taking into account their relevance to stakeholders, conducting hearings with management, and reflecting the opinions of Outside Directors. 5 materiality were then identified after discussion by management that took into account the results of a survey conducted by the workplace on the selected issues.



Contributing to the Prosperity of Local Communities Contributing to the Local Communities Through Investments and Loans

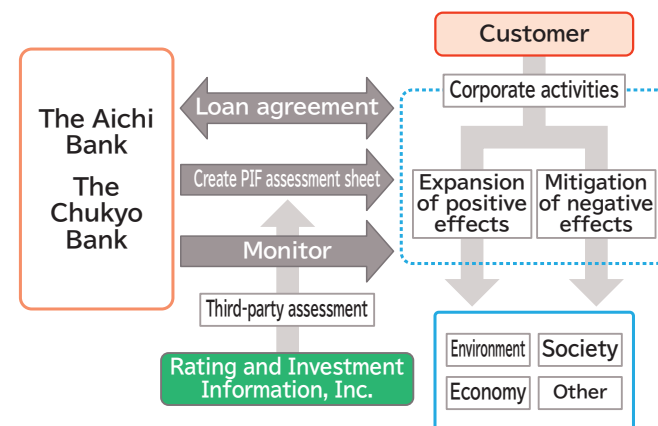
Financial services play an important role in shifting society to a more sustainable form by responding to environmental issues such as climate change as well as societal issues of local communities. As a regional financial group, the Group supports the sustainable growth and development of local communities through financing.

Investments and Loans that Address Societal Issues

Financing Utilizing Positive Impact Finance

- Positive Impact Finance is a financial product in line with an international framework of finance principles that comprehensively analyzes and assesses the environmental, societal and economic impacts of a customer's business activities (hereinafter "Impact Assessment"). Targets are set and monitored to support efforts to increase positive effects and decrease negative effects identified by Impact Assessments (hereinafter "KPIs"). Furthermore, by externally communicating the process of achieving KPIs, we can expect to improve the public esteem of our customers.
- A sample of KPIs set by our customers in FY2023 is as follows. We are contributing to the sustainable growth and development of local communities by accompanying and supporting our customers in achieving their KPIs.

Positive Impact Finance Scheme



Environmental KPIs (Examples)	Societal KPIs (Examples)
<ul style="list-style-type: none"> Reduction of CO₂ emissions (20% reduction from FY2020 levels by FY2030) Shift from gasoline-powered forklifts to electric-powered (From 50% to 60% by FY2030) Conversion of factory lighting to LED lights (90% LED conversion rate by FY2025) Reduction of copier paper consumption (50% reduction from FY2022 levels by FY2030) etc. 	<ul style="list-style-type: none"> Acquire certification of Kurumin as a child-care support company (by FY2027) Acquire certification of Aichi Women's Brilliance Company (by FY2027) Increase acquisition rates of paid leave (50% by FY2030) Increase the number of foreign employees hired from 24 to 35 by FY2030 etc.

Financing Utilizing SDGs Private Placement Bonds

We donate a portion of issuing fees for private placement bonds, either through donations for items such as books and sporting goods for schools and regional public organizations of the issuing company's choice, or monetary donations to organizations designated by the Group that engage in SDGs. In FY2023, we made donations to local aquariums and zoos and started working with relief funds for the Noto Peninsula Earthquake.

Other Financing Products to Support ESG and SDGs Initiatives

In order to support efforts for ESG and SDGs, the Group has an array of financing products other than the ones above.

For specific financing products, see "Business Opportunities Related to Climate Change" on P. 51.

In addition, for results of sustainability-related investments and loans, see "Sustainability-related Investments and Loans" on P. 58.

Investments in Sustainability Bonds and Green Bonds

Sustainability bonds and green bonds are bond instruments issued by companies and regional governments that limit the use of funds raised to either those that 1) have environmental improvement effects (environmentally linked) or 2) contribute to solving societal issues (societally linked). Through such investments, we are contributing to solving environmental and societal issues.

Support for Startup Companies

Established Investment Specialist Subsidiary, Aichi Capital Co., Ltd.

In January 2022, we established Aichi Capital Co., Ltd., an investment subsidiary specializing in fund management services and supplying equity, for the purposes of contributing to local communities through the nurturing of venture companies and startup companies and supporting business successions.



[Managed funds]	Aigin Venture Fund No. 1 Investment Limited Partnership (a.k.a. Kin-shachi) Aigin Venture Fund No. 2 Investment Limited Partnership (a.k.a. Kin-shachi 2) Aichi Startup Fund No. 1 Investment Limited Partnership (a.k.a. Takechiyo) Aigin Business Succession Fund No. 1 Investment Limited Partnership (a.k.a. Kakehashi)
[Investment performance]	Cumulative investment: 23 companies/ 980 million yen (As of June 30, 2024)

Aichi Startup Consortium "Hina no Kai"

The Aichi Bank, The Chukyo Bank, Aichi Capital, Aichi Credit Guarantee Corporation, Nagoya Credit Guarantee Corporation, Nagoya Chamber of Commerce & Industry and Japan Finance Corporation collaborated to establish the Aichi Startup Consortium "Hina no Kai" in September 2022 with the aim of discovering and supporting startup companies in the Tokai region, centered on Aichi Prefecture. In cooperating and collaborating with participating supporting organizations, we strived to contribute to creating a sustainable society by offering financial support for startup companies that will play a leading role in innovation, as well as by hosting joint seminars and entrepreneurship training*.

*Please see "Initiatives for Financial Education" on P. 41



Dispatching Employees to STATION Ai

Starting from August 2023, we have engaged in support for startups by dispatching employees to STATION Ai Corporation, which supports and nurtures startup companies within Aichi Prefecture.

As the enterprising body, STATION Ai Corporation is responsible for the design, construction, management and maintenance of "STATION Ai", the largest incubation facility in Japan and the core project of the "Aichi-Startup Strategy," scheduled to open on the south side of Tsuruma Park in Nagoya in October 2024.



Masanao Hayashi
Aichi Capital Co., Ltd. Senior Capitalist

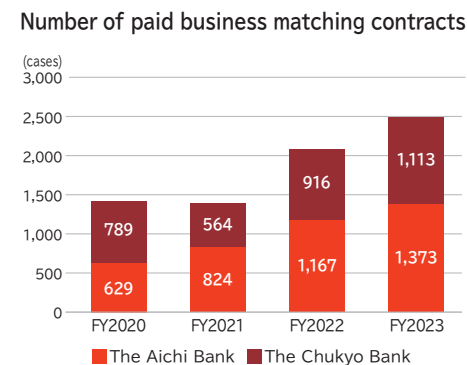
Aichi Capital is a venture capital firm that was established to support and cultivate venture companies, as well as to contribute to regional communities by supporting customers' business successions. Our business operations include growth capital investments to venture companies, investment of startup capital, and investments in succession support for SMEs with business succession challenges. We strive to support the creation of new growing industries within the region, the development

of the local economy and contribute to the business successions of SMEs.

After investing, we endeavor to provide advice and share information from a variety of angles to improve the corporate value of our investee companies such as proposals for business strategy as a shareholder, management support, providing a network and support for marketing and branding. We place particular emphasis on solution support in collaboration with Aichi FG, with previous successes in sales growth after matching with The Aichi Bank's client company or implementing a service of the investee company within The Aichi Bank. In addition, we also provide services for client companies of both banks in corporation with investee companies. Aichi Capital is always accompanying companies, from the establishment, the business growth phase, business succession and the second startup phase, to the next succession. Aichi Capital will continue to be the region's first choice for advice and the most trusted local partner so we can cultivate venture companies whose names are associated with the region, and support business successions of regional companies that will continue for the next one hundred years.

Support for Solving Management Issues Through Business Matching

To solve customers' management issues, the Group utilizes its extensive domestic and international network to actively facilitate business matching among business partners. The program covers a wide range of topics, mainly, expansion of sales channels, diversification of businesses, ESG and SDGs, use of buildings and real estate, staffing, employee benefits, rationalization and optimization, digitalization and DX and cost reductions. We have worked with 875 companies (as of March 31, 2024), not just business partners of our head-quarters, but business partners of our branch groups with unique products and services, to introduce to our customers.



Business Succession Support for SMEs

In an aging society, the number of SMEs struggling with business succession is increasing every year. Further, business succession issues vary by company so it is necessary to take measures that match each customer's issue. Within the Group, dedicated staff from the bank and external specialists collaborate on shareholding strategies in line with customers' issues and advice for business succession schemes. We provide a one-stop response to a variety of business succession needs, including intra-family successions, extra-family successions to employees and M&As.

Support Submission of Special Succession Plan for Business Succession Tax System

The Group provides support for the preparation and submission of Special Succession Plans, a requirement to utilize the exemption for the Business Succession Tax System which was started in FY2018 by a revision to the tax system to grant a deferment of tax payments that arise when owners of SMEs gift or bequeath their shares of their company to an inheritor.

Number of submissions of Special Succession Plans supported

While there have been **14,540*** Special Succession Plan applications submitted across Japan (cumulative from April 2018 to March 2023), of these the Group has provided support for **625** applications (as of March 31, 2024).

(*) From the Ministry of Economy, Trade and Industry, "FY2024 METI-related Tax Reform"

Seminars and Individual Consultations

We have hosted a range of seminars and individual consultations related to business successions to share information with our customers. For FY2023, in addition to hosting individual consultation sessions in three regions, we have also hosted seminars on the theme of "exemption for the Business Succession Tax System as well as an online seminar specific to business successions in the medical field."

[Seminars and Individual Consultations Held in FY2023]

Event details	Participants	Event details	Participants
Individual business succession consultations (Nagoya)	4	Business succession seminar (Theme: exemption for the Business Succession Tax System)	32
Individual business succession consultations (Toyohashi)	8	Medical business succession online seminar	3
Individual business succession consultations (Yokkaichi)	4		
Total 51 participants			

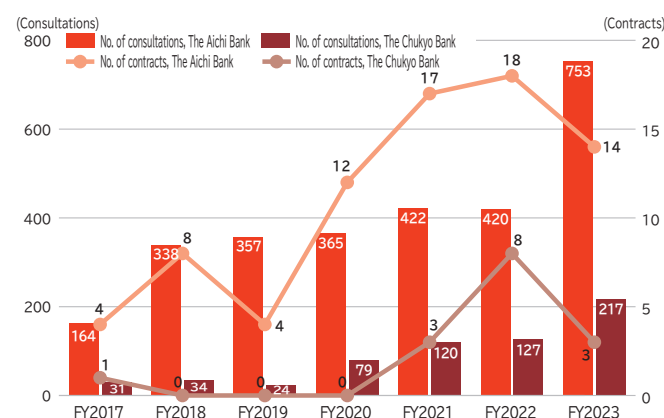
M&A Support

As the demand for M&A increases as an option for business succession, the Group provides M&A support that utilizes our transaction base in the Chubu region fostered over the years.

Furthermore, we also respond to business expansion needs arising from M&As of customers considering the strategic growth of their businesses, such as expanding operational areas and diversifying their business.

The Group accepted a total of 970 consultations on M&As in FY2023, with 17 contracts signed.

Number of M&A consultations and contracts



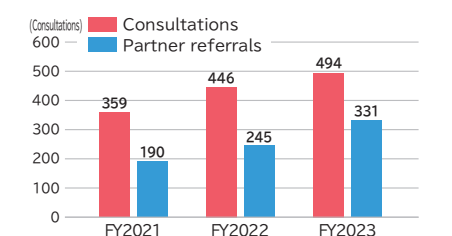
Consulting Support for Customers Concerned With Asset Succession

Beginning with the asset diagnosis to assess the status of a customer's assets, the Group works in partnership with external experts to propose solutions through the provision of loans, financial products and consulting services for customers who have concerns about the succession of their assets.

Made-to-order Asset Succession Proposals

We create a profile of a customer's assets through a certified public tax accountant partner and conduct a simulation of the inheritance tax amount. Based on these results, we provide made-to-order proposals in line with customers' needs, such as measures to divide assets for those who wish to decide in their lifetime to whom, what and how much to leave, or measures for tax-paying funds for customers who may have trouble paying a lump-sum payment of inheritance taxes in cash.

Number of asset succession consultations, partner referrals (Total of both banks)



Individual Consultations for Inheritance and Wills

In addition to collaborating with a group of specialists that comprehensively support leading medium enterprises and small and medium enterprises including certified public tax accountant corporations and certified administrative procedures legal specialist corporations based mainly in the Tokai region, we regularly host individual consultations for customers who have concerns about inheritance and their wills.

[FY2023 individual consultations hosted]

Number of consultations held	6 times
Total consultors	21 people

Expansion of Trust Services

As there has been an increase in customers who are concerned about wills and inheritance, we have begun offering Testamentary Substitute Trusts and Gifts in Trust from October 2023 to meet the needs of such customers regarding inheritance and gifts inter vivos, with 129 contracts signed in FY2023.

Total Support for Customers' Overseas Business Expansion

The Group collaborates with specialist institutions both in Japan and abroad to host overseas seminars and offer support that meets the needs of our customers such as overseas expansion, overseas purchasing and market expansion and trade transactions. We will contribute to increasing the corporate value of our local customers and the development of the regional economy by expanding our lineup of solutions for various issues depending on project phases such as overseas expansion and trade.

[Overseas business support menu]

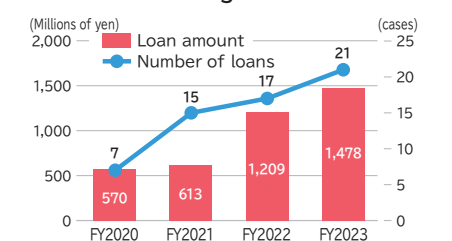


Finance for Overseas Subsidiaries

The Group has business alliances with 8 banks in 7 countries, offering proposals for made-to-order loan products that meet the needs of our customers.

Notably in recent years, there has been a trend in overseas subsidiaries in countries such as Thailand and Indonesia raising funds independently from parent companies in consideration of currency exchange risks. For such customers, the Group proposes Cross-border Loans that directly provide funding in local currency.

Overseas lending amounts



Overseas Consulting Operations—Food Product Export Consulting—

In January 2023, we became the first private financial institution to enter into an Agreement on Cooperation with the Tokai Regional Agricultural Administration Office of the Ministry of Agriculture, Forestry and Fisheries.

In addition to jointly hosting food product export seminars and individual consultations with the Tokai Regional Agricultural Administration Office, the Group provides consistent support for customers from the planning stages of food product export, including advice on export plans and attending negotiations with potential business partners.

At the request of contracted customers, food export consulting covers a wide range of support such as advice on exporting business, market research, support for formulating export business plans, referrals and cooperation with a variety of specialist institutions and government organizations and referrals to potential business partners and attending negotiations.

Business Succession and M&A Support Initiatives

Connecting the Technology and Traditions Built by Customers to the Future



Kazuhisa Nakamae
Manager, Business Succession and M&A Group,
Business Solution Department, The Aichi Bank

The Business Succession and M&A Group which I am a part of supports the resolution of management issues through solving problems related to business successions faced by companies. The strengths of the Group's business succession support lie in the fact that we can handle intra-family successions, intra-company successions and third-party successions (M&A), the principal options for business succession. Although customers' thoughts on business succession often change over the course of multiple discussions, I believe we are able to flexibly meet the needs of our customers by providing a one-stop shop for multiple options.

Recently, there has been an increase in cases where M&A is used as a way for companies to solve the management issues they face, or as a part of their growth strategy. In addition to succession problems, we also provide support for companies that are considering matters such as business expansion, entry into new businesses, supplementing human resources and know-how and selecting and concentrating their businesses.

In the business successions and M&As I have been involved in, many business owners were worried about being unable to find clues to solving their issues on their own. I strive to gain a deeper understanding of the issues our customers face and provide as many options as possible for their resolution to help business owners make the best possible decision. With companies' continuation of business made possible through business successions and M&As, I believe that it is my mission to connect the technology, traditions and local employment fostered by our customers to the future.

Business successions and M&As are not the goal, but a start. I hope to continue to use the special characteristics of financial institutions and build a path to contribute to the development of the regional economy through lasting relationships with our customers, such as providing support in solving emerging management issues.

Overseas Business Support Initiatives

Supporting Customers Across Borders Through Overseas Business



Katsunori Mitsui
Manager, Overseas Business Promotion Group,
Business Solution Department, The Aichi Bank

Through my experience being seconded to banks in China and Vietnam, I studied the financial and business practices of each country. I currently work in overseas business services within the Business Solution Department. Around 10 years ago when I was seconded, overseas operations at the Bank mainly referred to business surrounding trade transactions, however as I met with our overseas subsidiary customers, I saw with my own eyes the many issues they faced other than trade transactions. It was then that I started to think that I wanted to provide support as a trading bank regardless of international borders, and after returning to Japan, I developed products to solve issues. I am now widely involved in a range of products, beginning with overseas lending and including consulting support and sales channel development support.

Because financing at overseas locations is challenging for SMEs, the demand for Cross-border Loans wherein we directly provide funding in local currency has increased dramatically. Being able to comprehensively support an overseas affiliated company in Thailand through this Cross-border Loan particularly left an impression on me. At that company, the Japanese president of the local subsidiary did everything alone, from managing the factory to sales, human resources and accounting. Due to cost issues, it is not rare overseas for the representative to be the only Japanese person. In this case, we worked with our employee dispatched overseas to improve cash flow with the Cross-border Loan, then provided a multitude of support for issues faced by the overseas subsidiary, such as conducting business matching with local companies and making referrals for Thai workers. The customer was very grateful for our attentive support system, and we currently have deep relationships with the parent company as well.

I hope to continue to provide consulting solutions not thinking within a framework of overseas business, but from a perspective of how to meet the needs of our customers.

Asset Succession Support Initiatives

Customer-specific Solutions Without Abandoning a Sense of Adventure



Akihiro Omae
Assistant Manager, Private Banking Group,
Business Solution Department, The Aichi Bank

After working in liaisons at a sales branch, I have been in asset succession consulting for wealthy customers such as real estate and corporate owners since the new establishment of the Private Banking Group in 2020. The concerns of each customer regarding asset succession, which is a reflection of the life they have led, vary widely, and neither one is exactly the same. I am constantly improving myself to propose solutions tailor-made for each customer to meet a variety of needs, working together with external experts.

This is one such example, but when I assist customers who own a lot of real estate, I believe how to give shape to their love for family is very important. I conduct multiple discussions to make clear their goals including bequeathing or utilization, and to make succession proposals for peace of mind for their children's and even grandchildren's generations. For intra-family successions for corporate owners, instead of focusing solely on held shares, I make proposals for succession methods based on an understanding of all assets that organize personal assets and business assets.

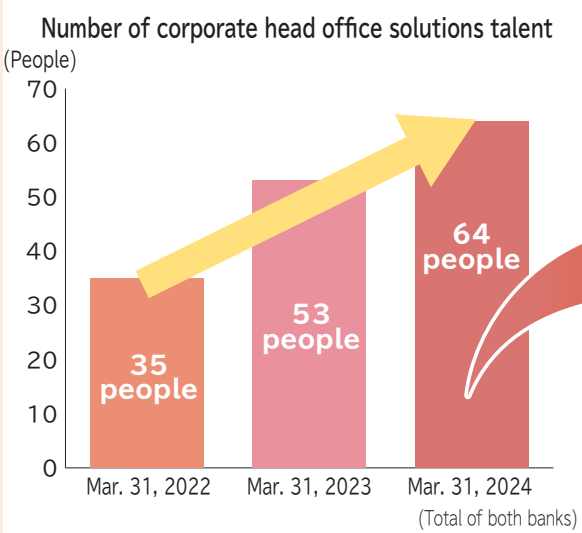
Depending on the case, I may work with customers for over a year. When as a result I receive comments such as, "I appreciate for your support" from customers who have had their issues resolved, I also derive a great sense of accomplishment.

Further, from October 2023, the Private Banking Group has started offering Testamentary Substitute Trusts, Gifts in Trust, Testamentary Trusts and Estate Liquidation Services, further expanding our proposals to assist our customers in asset succession. I will continue to do my best by assisting in asset succession so that we may always walk together with our customers.

Human Resources to Solve Customers' Issues

The Group is expanding our corporate head office solutions talent who provide support in resolving various issues faced by our client companies.

Many of our customers have issues that require specialized knowledge, the expansion of existing businesses or the deployment of new businesses. In order to create a system that can meet the wide range of our customers' needs, the Group has positioned talent that have high levels of skill.



Of corporate head office solutions talent, number of persons with high-level certifications (as of Mar. 31, 2024)	
Certified public tax accountant	1 person
Persons who have passed the Certified Public Tax Accountant Examination	1 person
Specified Labor and Social Security Attorney	1 person
SME management consultant	2 people
Real estate transaction specialist	12 people
Master of Business Administration (MBA)	1 person
1st-grade certified skilled professional of financial planning	9 people
3rd-grade medical management consultant	1 person
Securities analyst	2 people

(Total of both banks)

Initiatives to Solve Management Issues of SMEs

As a regional financial group, the Group is contributing to the prosperity of local communities by supporting SMEs solve a variety of management issues, including securing human resources and improving productivity.

Staffing Services The Aichi Bank

We obtained a Paid Employment Placement Service license, and have been conducting staffing services since October 2020. We have continued to participate in the Pioneering HR Matching Project put forth by Japan's Cabinet Office, supporting efforts to solve human resources issues with a focus on high-level human resources.

Total consultations: **2,038 cases** (From Oct. 2020 entry into employment placement operations to March 31, 2024)

Monozukuri (Manufacturing) Technology Support Team Services The Aichi Bank

In addition to strengthening the functions of Workplace Improvement Advisors, we provide a selection of services for Monozukuri-related companies. Since March 2017, a former employee of promising automotive parts companies has been supporting manufacturing sites in improving productivity as a Workplace Team Advisor.

Results: **Total companies visited: 161 companies / Total number of visits: 694 times**

Initiatives for Financial Education

The Group takes in tours of our banks for elementary and junior high school students and conducts visits to high schools and endowment lectures at universities as activities for financial education. We contribute to the improvement of financial literacy among students through these activities.

Entrepreneurship Education Program "Come, Future Managers!—Learning the Job of a Company President Through Games—" The Aichi Bank The Chukyo Bank

We hosted a learning event geared toward elementary school students as a part of industry-academia collaboration with Nagoya City University to foster children's challenging spirit, creativity and inquisitiveness by learning and thinking about the basics of business such as how business works and the flow of money through board games.

Economics Koshien The Aichi Bank The Chukyo Bank

Every year, The Aichi Bank and The Chukyo Bank host the Economics Koshien Aichi Tournament for high school students in Aichi Prefecture. The objective is to have students learn about finance and economics through quizzes on financial economy while having fun.

Total participants: **714 students** (2nd Tokai Region Tournament - 18th Aichi Tournament)



Startup Seminar The Aichi Bank

Along with Japan Finance Corporation and Aichi Credit Guarantee Corporation, participating organizations of Aichi Startup Consortium "Hina no Kai," The Aichi Bank hosted a total of three seminars based on the theme of creating a business plan, for approximately 30 students from the National Institute of Technology (Kosen), Toyota College who are interested in starting a business.

Endowment Lecture at Nagoya Institute of Technology The Aichi Bank The Chukyo Bank

We hosted an endowment lecture at the Nagoya Institute of Technology titled, "Finance Studies." The lecture held in FY2023 was our fifth lecture held at the venue and was designed to provide financial education opportunities for local students of the next generation. A total of 80 students had registered for the course. In addition to financial theory and basic knowledge of finance such as risk analysis, the curriculum was organized in a way to easily engage the students, including topics such as industry-academia-government cooperation, digital transformation and cybersecurity.



Nagoya City University, "Invitation to Data Sciences" The Aichi Bank

We hosted a lecture on data utilization in the banking industry as part of "Invitation to Data Sciences," a course lectured by several companies and government agencies under the theme of how data analysis is used in business. This course is offered on the occasion of the new establishment of the School of Data Science of Nagoya City University.

Other Initiatives for Financial Education The Aichi Bank

In response to an expansion in the content of financial and economic education in high schools, we dispatch lecturers on financial education geared toward high school students. In addition, we also host workplace tours for elementary and junior high school students to observe actual bank operations such as the teller windows of sales branches and dealing operations as well as facilities within banks.

Cooperation Agreements with Local Universities

We are widely cooperating with local universities and other organizations to provide a wide range of assistance, such as supporting issues faced by client companies, supporting student career development and sustainability measures.

<Cooperation agreement partners (by order of execution)>

The Aichi Bank	Nagoya Institute of Technology, Toyohashi University of Technology, Nagoya University, Nagoya City University, Meijo University, National Institute of Technology (Kosen) Toyota College, Nihon Fukushi University, Aichi University, Gifu University, Nagoya University of the Arts, Umemura Educational Institution (11 schools)
The Chukyo Bank	Nagoya Institute of Technology, Nagoya University, Kindai University, Chubu University, Gifu University, Nagoya University of the Arts, Umemura Educational Institution (7 schools)

<Collaborations>

Collaboration Between Nihon Fukushi University and Local Companies The Aichi Bank

From April to July 2023, Nihon Fukushi University and Plus Fukushi Inc., a startup company and client of The Aichi Bank, collaborated on a Project Based Learning (PBL) based on the theme of creating a new business with an eye on startups.

Collaboration Between The Aichi Bank and Nagoya University of the Arts The Aichi Bank The Chukyo Bank

In December 2023, a collaborative event titled "Alumni Collection Exhibit" was held as part of the Agreement for Cooperation and Collaboration signed with the Nagoya University of the Arts. Artwork from Nagoya University of the Arts alumni in the university's possession were exhibited at the Shikatsu-Nishiharu Branch of The Aichi Bank and the Shikatsu-chuo Branch of The Chukyo Bank, providing a space for artists and contributing to the promotion of the arts in the local community.

Collaboration Among Chukyo University, Port of Nagoya Public Aquarium and Aichi Financial Group The Aichi Bank The Chukyo Bank

With the aim to solve issues in the local tourism industry and provide an educational opportunity in business for students, a collaborative event titled "Chukyo University x Port of Nagoya Public Aquarium x Aichi Financial Group Collaboration" was launched in April 2024 as part of the Comprehensive Cooperation Agreement signed in March 2024 with Umemura Educational Institution, which operates Chukyo University. This is a collaborative project in which Chukyo University students will analyze the purpose of guests' visits to the Port of Nagoya Public Aquarium, analyze the attributes of visitors and propose solutions to problems using marketing methods to make the aquarium an even more attractive tourist facility.

Volunteering Activities

The Group conducts community-based volunteer and community contribution activities. Through these activities, we aim for each employee to contribute to local communities.

Cleanup Activities at Fujimae-higata The Aichi Bank

The Aichi Bank Employee Union continues to conduct community contribution activities by branch and workplace. Once a year, the Meinan branch of the union conducts cleanup activities at Fujimae-higata (tidal flats) which is located within their area. (A total of 45 employees participated in cleanup activities in FY2023, contributing to creating a clean tidal flat environment.)



Cleanup Activities Around Head Office The Chukyo Bank

The Chukyo Bank hosted cleanup activities, first held in 2013 to celebrate the 70th anniversary of its founding, of the area surrounding the head office in FY2023.



Volunteering for Marathon Event The Aichi Bank The Chukyo Bank

The employee unions of both The Aichi Bank and The Chukyo Bank have joined the "Marathon Festival Nagoya/Aichi" as group volunteers every year, participating in course control and guiding the flow of spectators. In FY2023, a total of 103 officers and employees of the Group participated.

Others

Aigin Education Cultural Foundation The Aichi Bank

Every year, the Foundation provides grants to individuals and organizations involved in education and culture in various regions of Aichi Prefecture, as well as provides assistance for cultural and physical education activities of high schools within Aichi Prefecture.

Cumulative total of grant recipients: **824 cases/310.90 million yen**

Donations The Aichi Bank The Chukyo Bank

A total of 6.00 million yen was donated from The Aichi Bank, The Chukyo Bank and officers and employees of the Group to support those that were affected by the Noto Peninsula Earthquake that occurred on January 1, 2024, as well as to help reconstruction efforts in the affected area.

Contributing to the Prosperity of Local Communities

Providing Support for the Automotive Industry

Message for
Our Stakeholders

Source of Value Creation

Strategy for
Sustainable Growth

Corporate Data

The “Carbon neutrality of the supply chain,” “Advancement of EV adoption,” “Advancement of overseas production,” and “Development of the mobility industry (structural change of added value)” have been accelerating in the automotive industry, the main industry of Aichi Prefecture. We will support our client companies that sustain the automotive industry through our financial services.

1 Trillion Yen in Sustainability-Related Investments and loans
(To be achieved between FY2022 and FY2030)

Reinforce service revenue by exhibiting consulting functions

Lineup of support services

- ◆ Sustainability-linked loans
- ◆ Positive impact finance
- ◆ SDGs assessment services
- ◆ Support for formulating GHG emissions/SBT reduction targets (greenhouse gas emissions reduction targets)

Carbon Neutrality of the Supply Chain

- Strive for carbon neutrality within the entire life cycle of the automotive industry by 2050
- Encourage investee companies to take measures for carbon neutrality

 **Carbon neutrality**

Advancement of EV adoption

- The U.S.A, Europe, and Japan, etc. have declared to become carbon neutral by 2050
- Japan announced to have 100% of new cars sold to be electric vehicles by 2035
- While vehicles will be equipped with motors, batteries and other parts in accordance with the EV shift, engines and transmissions will become unnecessary and the number of parts will decrease

 **Understanding impacts on own businesses**
 **Capturing opportunities to receive orders based on own management resources**

Development of the Mobility Industry Structural Change of Added Value

- Increased competition with entry of mobility service providers and suppliers of important units and parts
- With the development of CASE and MaaS, the composition of added value will shift from vehicles and parts to services, solutions, and systems


 **Responding to reducing development costs for products and services with higher added value**

Lineup of support services

- ◆ Support to establish overseas bases
- ◆ Support to cultivate overseas suppliers/customers
- ◆ Cross-border M&A support
- ◆ Dispatching lecturers to overseas business seminars

Advancement of overseas production

- OEM and major parts suppliers are accelerating local production and local procurement in expanding overseas markets to prevent the fracture in supply chains due to geopolitical risks such as trade friction and disaster risks such as the COVID-19 pandemic

 **Global production structure and stable supply**

Lineup of support services

- ◆ Business matching
- ◆ Support to formulate business plans
- ◆ Business succession and M&A support
- ◆ Staffing operations (management executives, specialized human resources)
- ◆ Digitalization and DX support
- ◆ Support for subsidies applications
- ◆ Manufacturing technology support team (site improvement advisors, etc.)
- ◆ Support for industry-academia cooperation (technological consultation, joint research, etc.)

Sophistication of Financial Services

Asset Building Support and Customer-oriented Business Operations

As we approach an era of a 100-year life customer needs become more diverse, and the development and improvement of a variety of financial services is needed. At the same time, the Group recognizes that it is also important to provide services and information that are easily understood by customers.

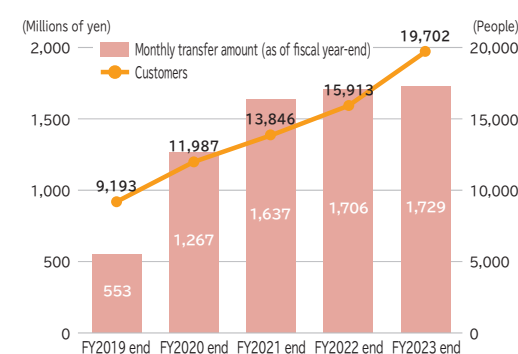
In addition to supporting the asset building of our customers, the Group ensures customer-oriented business operations and the enhancement of our financial services.

Measures to Support Asset Building

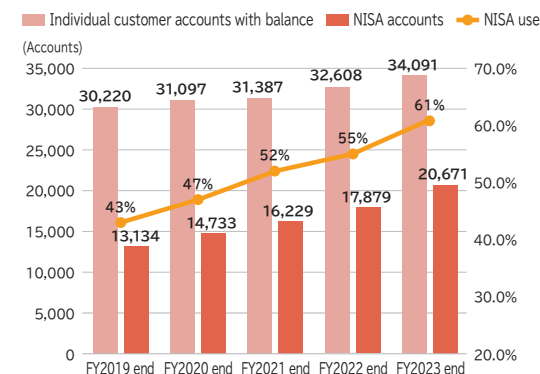
The Group has focused on proposals for investment trusts and NISA (Nippon Individual Savings Account, a tax exemption scheme for small investment), which are effective for customers' stable medium- to long-term asset building.

Through these measures, the monthly transferred amount and number of contracts for investment trusts have both increased, and an upward trend has continued for rates of customers using NISA.

Monthly transfer amount, contract for investment trusts (total for both banks)



NISA use rate (total for both banks)



Measures for Customer-oriented Business Operations

The Group aims to “Contribute to the prosperity of local communities through financial services” as the PURPOSE of our management vision and has formulated the Customer-oriented Business Operation Policy to pursue the best interest of our customers by providing proposals and information for asset building. Furthermore, we ensure sound business operation by officers and employees under the VALUE of our management vision, “Provide financial services that are useful to all customers.” The Group will periodically confirm our specific measures based on this policy, disclose the results and conduct continuous reviews. Please see the Group's website for more details. (<https://www.aichi-fg.co.jp/customeroriented/>)

<Specific measures>

- Provide ongoing follow-up services
The Group provides regular follow-up with all customers who own investment trusts or life insurance that meet follow-up criteria. In the event of a sharp decline in the market or a reduction in dividends, we provide timely and appropriate information to customers who hold the products in question.
- Proposals for financial products, services and portfolios based on life plans

The Group uses a money plan guide to confirm the necessary amount of funds based on customers' life events, classify funds for the appropriate allocation of assets, make proposals suited to customers and explain key points of asset management.

- Seminars for customers
The Group has hosted seminars for customers to boost the asset income doubling plan and provides useful information to increase their financial literacy and to build assets.
- Confirming Awareness of Customer-oriented Business Operations Policy Among Employees
With regard to the Customer-oriented Business Operation Policy, the Group informs employees of the contents of the policy at the time of its annual announcement and provides training for branch General Managers to ensure that all employees are aware of the



contents of the policy. In addition, we also provide regular online training for all employees who hold a sales certification and conduct tests using an e-learning system to deepen their understanding of this policy as well as its initiatives. Furthermore, head office employees visit sales branches to conduct on-site monitoring to confirm whether sales are conducted based on the Customer-oriented Business Operation Policy, such as confirming the process behind negotiations and conducting interviews with employees in charge.

ESG-related Funds

The Group selects products from a neutral standpoint that are suitable for long-term, diversified and accumulative investments that are in the best interest of customers, and provides a lineup for customers to select appropriate products based on their investing experience, status of assets, asset management needs and stance on risks. We have continued to carry ESG-related funds which select stocks based on an ESG viewpoint, with 12 ESG-related fund products as of March 2024. ESG is an important factor in investing, and we also offer an ESG investment opportunity for our customers.

Personal Loans

Mortgages

The combined total of The Aichi Bank and The Chukyo Bank's personal loan balance, primarily mortgages, has increased steadily.

In addition to having begun cooperating between both banks for mortgage operations in anticipation of the merger since October 2022, the Group has also relocated loan centers and increased the number of loan advisors so customers can ask for advice with peace of mind.

We have also introduced online applications for preliminary review and electronic contracts to allow for contactless procedures and increase convenience for our customers. Furthermore, The Aichi Bank website also provides a mortgage product informational video to reduce in-store processing time and provide a better understanding of the nature of mortgage products and important matters to consider. (<https://www.aichibank.co.jp/loan/housing/>)

We will continue to expand both face-to-face and non-face-to-face services, and strive to be a bank chosen by many customers.

Loan Plaza Okazaki (opened March 1, 2024)

The location was opened within The Chukyo Bank Okazaki-chuo Branch. The collaboration between the two banks in anticipation of the merger will provide further added value to individual customers and housing-related businesses.



Loan Plaza Toyokawa (opened May 10, 2024)

Loan Center Toyokawa was newly opened in Yawata-cho, Toyokawa. The opening of a new facility in an area where there had been no nearby branches previously has increased customer convenience.



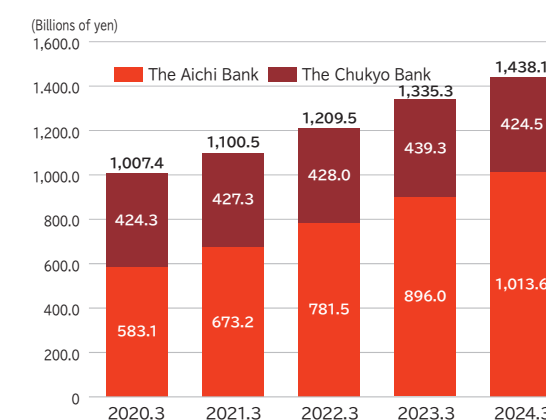
Unsecured Loans

The Aichi Bank provides products that can be handled in a variety of different ways, such as web-based products that can be processed without visiting a branch, purpose-specific loans such as for car purchases and loans on credit cards and card-based education loans with no restrictions on deposits and withdrawals. The Aichi Bank also provides proposals for preferential interest rate plans to customers who are currently using housing funds.

The Chukyo Bank provides loan products that do not require a visit to a branch and can be completed from application to contract online (Web Car Loan, Web Education Loan, Web Free Loan, The Chukyo Bank Card Loan C-style).

In addition to proposals for such loans, we strive to assist customers in optimizing their whole life plan, such as reviewing insurance policies.

Personal loan balance



Formulation of DX Promotion Plan

To improve the Company and the Group’s operational processes, create new business models and ensure a competitive advantage by establishing a strategic approach to realizing digital transformation (hereinafter “DX”), we formulated the Aichi Financial Group DX Promotion Plan in July 2023.

Defining DX in the Company

DX has three developmental steps, which the Company defines as follows.

Step 1	Digitization	Promotion of digitization and electronification (analogue to digital)
Step 2	Digitalization	Promote efficiency and streamlining of operations and business with digitalization
Step 3	Digital transformation (DX)	Creation of new business models and business reformation with digital technology

We believe to realize DX it is important that the previous steps of digitization and digitalization move forward reliably. The Group’s policy is for management to show proactive leadership and proceed with the creation of a digital foundation, development of effective data for decision-making and improving analytical capabilities and development and securing of digital talent necessary for the realization of DX in stages to reliably transform into a DX company.

Measures to Promote DX and Digitalization

Even while digitalization has progressed, the Company’s strength as a regional financial institution is providing courteous service and trustworthiness starting with our sales branches and employees in liaison operations. In addition to seamlessly blending our strength in “real” services with the “digital” services needed by our customers, the Group will combine the strengths and skills of The Aichi Bank and The Chukyo Bank to robustly promote DX, striving to provide high-quality, convenient and safe financial services and new customer experiences (CX) to contribute to local communities and remain a financial group trusted by them.

We will also provide a safe DX by enhancing our cybersecurity measures.



DX Promotion Policy



“Plus digital” concept: mainly customers

- Current mainly “real” services, plus “digital”
- Improve conveniences with “digital” services and add new customer experiences (CX)



“Digital shift” concept: mainly internal

- Current mainly “real” operations, shift to “digital”
- Operational efficiency + data utilization, establish a foundation for DX promotion

▶ Promote digitalization and DX in the below four realms in line with the above concepts

▶ Realize effective promotion through synergistic effects of collaboration between realms

1

Strengthen non-face- to-face channels

- Provide a service foundation for customers to connect with banks anytime, anywhere and easily.
- Create a scheme that enables paperless procedures from smartphones and computers, increasing convenience and promoting laborsaving.

2

Customer support, support for local communities

- Create a system to support customers and local communities regarding issues related to IT, digital, and DX, from problem identification to resolution.
- Development of IT and digital talent, as well as creating systems and solutions needed for problem-solving in collaboration with IT and DX-related companies, etc.

3

Operational reforms, branch reforms

- Digitalize and automate internal operations such as written and manual work to promote laborsaving and speed.
- Allocate resources created through laborsaving to highly productive sectors such as promotion of digitalization and DX and sales activities.

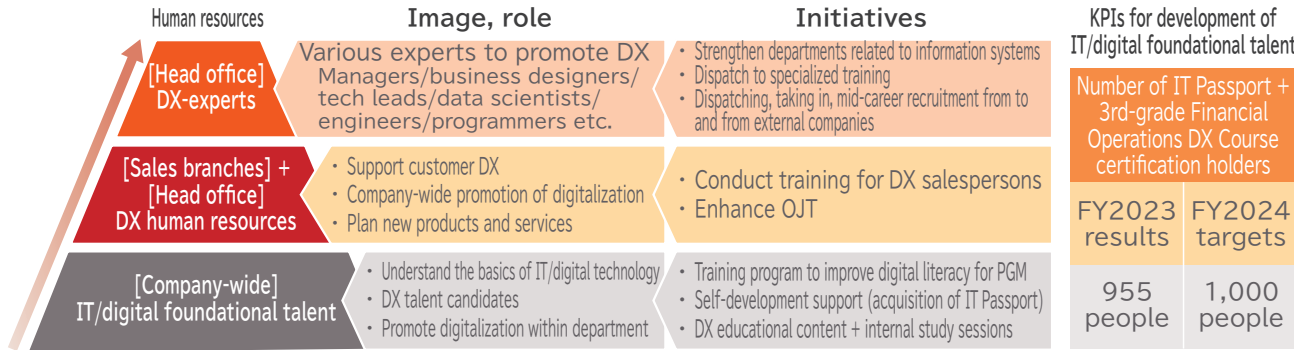
4

Construct IT and computer system foundations

- Transfer the current system environment into one that is highly compatible with the digital sphere such as the Internet and cloud, constructing it as an IT and computer system foundation necessary for DX.
- Promote a transition to a data-driven organization through the reconstruction of information systems and the creation of AI-based foundations.

Developing and Securing DX Human Resources

In addition to human resources development within the Group, we hire external experts and cooperate and collaborate with systems vendors and tech companies to secure IT and digital talent and the digital skills necessary for a shift to a DX company in stages.



Strengthening DX Promotion System

Under strong leadership by management, the Group as a whole is cooperating and collaborating to robustly promote DX.

The goal of DX is the use of digital technology to reform business and operations. In order to achieve there must be a system for operational divisions to lead DX, while the systems and human resources departments support them.

The Group will swiftly promote DX by creating the DX Promotion Team, an agile organization comprised of the four departments deeply involved in DX promotion.



Collaboration with Group Companies

Developing the Group Structure for Digitalization and DX

In April 2024, we welcomed AAST Group, an independent development company that provides high-quality system services mainly in Aichi Prefecture, to our Group. By including AAST Group’s technology and knowledge in the digital domain, it is now possible to provide solutions and consulting services related to the digital domain to our customers. In addition, we will also strengthen DX sales and measures to improve operational efficiency within the Group.

Collaboration to Improve Productivity with Digitalization

Group companies have been taking the lead in improving customer services through the use of digital technology as well as streamlining and automating internal operations. We will improve productivity for the Group as a whole by promoting collaboration such as standardization and mutual support for such measures, including among affiliates.

Collaboration for the Creation of New Businesses Through DX Utilization

The Group endeavors to create new businesses by DX through the emergence of synergy by strengthening collaboration between Group companies and affiliates to maximize the use of their respective knowledge on DX and business.

Acquiring Certification as a DX Certified Company



In January 2024, the Company was certified as a DX Certified Company based on the Digital Transformation (DX) Certification Initiative as a company ready to promote digital transformation (DX-ready).

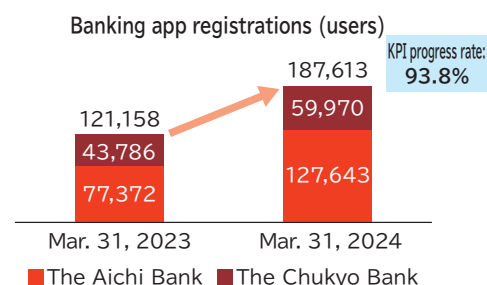
The Company will continue our transformation into a DX company based on the promotion policies outlined in the DX Promotion Plan.

Transforming Services for Individual Customers

Enhancing Functions of Non-Face-To-Face Channels

The Group aims to enhance the functions of non-face-to-face channels such as our banking app so customers may conduct bank transactions anytime, anywhere and easily depending on their lifestyles.

As of March 31, 2024, the banking apps for both banks have had approximately 187,000 registrations in total, with a solid progress rate of 93.8% compared to our KPI of 200,000 registrations by March 31, 2025.



Functions of banking app

(1) Opening eKYC accounts <Aigin App>

- We are improving convenience with the process to open an account by eKYC (online customer verification), wherein notification of the account number is sent to the customer's email by the next business day after application at the earliest.
- With the option of using an Individual Number Card in addition to a driver's license as a document for proof of identity, now customers 15 and older can use the app.

(2) Submitting documents <Aigin App>

It is now possible to submit a change-of-address form, send a report of loss or theft, report of discovery or reissuance of bank books and ATM cards and complete such procedures within the app, making it no longer necessary to visit a branch or present proof of identity.

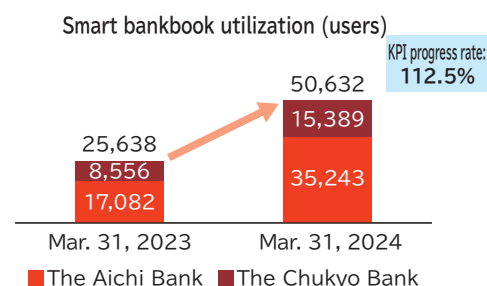
*The Chukyo Bank app currently only accepts procedures for change of address and requires either a driver's license or an Individual Number Card.

(3) Paperless and environmentally friendly smart bankbook <Aigin App, The Chukyo Bank app>

Switching from conventional paper bankbooks to smart bankbooks within the apps makes it possible to manage accounts without updating or carrying over information at ATMs.

Users can see up to 1,000 entries in their account statements (up to two years or 200 entries for The Chukyo Bank app), and can also select dates to save or print statements of a certain period.

As of March 31, 2024, the smart bankbook function has had approximately 50,000 users for both banks in total, with a solid progress rate of 112.5% compared to our KPI of 45,000 users by March 31, 2025.



Customer Support Through Social Media

The Aichi Bank provides videos on its services, products, and procedures on its official website and official YouTube channel. Customers can follow along with the video and has been used by many customers who are unsure of different procedures.

We will continue to expand our range of introductory videos using social media to provide easily understood information and improve the convenience of our services.



The Aichi Bank official YouTube channel
www.youtube.com/@user-qh1yo4je9e

Transforming Services for Corporate Customers

Aigin Business Portal

As a measure towards digitalization, in November 2023, The Aichi Bank became the first regional bank with its head office in one of three prefectures of the Tokai region to provide a portal site, Aigin Business Portal, for corporate and sole proprietor customers. In addition to balance inquiries and account statements, the Aigin Business Portal also features content on seminars and subsidies, sharing information that can be a tip for business with customers.

In addition, an e-delivery service was launched that allows notices to customers that were sent out in paper format to be viewed, saved and printed from Aigin Business Portal and Aigin Business Direct (corporate IB) to accelerate paperless measures.

Measures to Promote DX

DX Promotion for Corporate Customers

The Group regularly hosts the Back Office BPR Individual Consulting with the aim of supporting efforts by client companies for their digitalization of operations and DX.

This consulting event discusses issues faced by customers such as optimizing administrative tasks through digitalization, implementing cloud systems and responding to the revised Electronic Books Preservation Act and invoice system, providing advice and proposals for the introduction of new systems and DX promotion. It has been well received as a first step for customers interested in the digitalization of operations and DX promotion, as well as a space for advice for further acceleration for those who are already engaged in DX.



Internal DX Promotion

Under the concept of the digital shift, the Group is engaged in creating a foundation for DX promotion through the digitalization of operations, streamlining operations and data utilization. From the second half of FY2023, both banks have been using the same system (POWER EGG RPA) to work on the swift emergence of synergistic effects and the digitalization and streamlining of operations.

*POWER EGG is groupware provided by D-CIRCLE, INC.

1. Digitalization and streamlining of operations by POWER EGG

(1) Groupware

Communication tools such as internal emails and messages as well as schedules have been standardized between the two banks, leading to speedy inter-bank information-sharing and smooth operations. We are also working for seamless operations looking ahead to after the merger, such as unifying all internal notifications to POWER EGG.

(2) Workflow, web database

The Aichi Bank has utilized The Chukyo Bank's know-how to create 22 workflows such as systems for circulating proposals that require approval or need to be circulated and has used web browsers to create databases, totaling 25 web databases for systems for search and reference functions.

In particular, for frequently used approval documents and reports in addition to a shift to paperless operations, we expect to save approximately 825 hours of work per year.

2. Digitalization and streamlining of operations by RPA expansion

Starting from November 2023, The Aichi Bank has progressively introduced RPA in each of its departments, saving approximately 2,300 hours of work per year by the robotization of routine tasks. In addition, RPA has been used to automate the process of periodically distributing emails to all branches with POWER EGG, thereby enhancing the effectiveness by linking them together.

[Annual work hours saved]

Workflow	Approx. 825hrs (estimate)
RPA	Approx. 2,300hrs



Governance

For governance, please see “Sustainability Promotion Structure” on P. 31

Strategy

Opportunities and Risks Related to Climate Change

The Group analyzes the opportunities and risks related to climate change. Short-term, medium-term and long-term timelines have been set for such analyses. In addition, in order to capture the impact of climate change which is highly uncertain, we have used the IEA’s^{*1} 1.5°C scenario (NZE scenario) and the IPCC’s^{*2} 4°C scenario (RCP8.5 scenario) and categorized the extent of effect by large, medium and small to better understand the impact of each of the opportunities and risks.

Category of opportunity/risk			Details	Risk category	Extent of effect of scenario		Timeline
					1.5°C	Over 4°C	Short-term: 2025 Long-term: 2050
Risks	Transition risks	Policies and regulations	Impact on business activities of clients due to increased costs resulting from the introduction of the carbon tax	Credit risk	Lrg	Sml	Short- to long-term
		Market	Impact on business activities of clients due to increased raw material prices resulting from the transition to a decarbonized society	Credit risk	Lrg	Sml	Short- to long-term
			Price fluctuations of held securities related to industries affected by the transition to a decarbonized society	Market risk	Lrg	Sml	Short- to long-term
	Physical risk	Reputation	Lowering of corporate value due to delay in appropriate response and disclosure of climate change and environmental conservation	Operational risk	Lrg	Sml	Short- to long-term
		Urgent	Impact on business activities of clients and devaluation of pledged assets due to increasing severity of weather phenomena such as typhoons and flooding	Credit risk	Med	Lrg	Short- to long-term
			Damage to the Group’s sales offices due to increasing severity of weather phenomena such as typhoons and flooding	Operational risk	Med	Lrg	Short- to long-term
			Outflow of Aichi FG deposits due to deteriorating cash flow of clients from weather phenomena such as typhoons and flooding	Liquidity risk	Med	Lrg	Short- to long-term
Opportunities	Chronic	Impact on business activities of clients and devaluation of pledged assets due to increased average temperature and rising sea levels	Credit risk	Sml	Lrg	Long-term	
		Products, services	Demonstrate financial intermediation functions in response to increased demands for funds such as capital investments, including ESG financing, for clients engaged in environmental conservation measures	—	Lrg	Sml	Short- to long-term
	Demonstrate consulting functions for clients that face issues related to decarbonization and environmental conservation responses		—	Lrg	Sml	Short- to long-term	
	Asset efficiency		Lowering business costs through the utilization of energy-saving options, renewable energy and new technologies	—	Lrg	Med	Short- to long-term
Resilience	Increase in corporate value due to appropriate response and disclosure of climate change and environmental conservation	—	Lrg	Med	Short- to long-term		

*1 IEA: International Energy Agency *2 IPCC: Intergovernmental Panel on Climate Change

Business Opportunities Related to Climate Change

Providing Finance that Contributes to Decarbonization

We provide a range of financial products to meet the capital requirements of our customers’ decarbonization efforts.

Sustainability-Linked Loans

The Aichi Bank

Sustainable Management Support Loan

The Chukyo Bank

SDGs/ESG Goal-Setting Contributory Loan

Positive Impact Finance

Investments in sustainability bonds and green bonds

A financing product that sets SDGs in accordance with the internationally set Sustainability-Linked Loan Principles or targets pertaining to ESG (Sustainability Performance Targets: SPTs), and borrowers can receive interest incentives in conjunction with the achievement rate of SPTs.

We contribute to the advancement of our customers’ decarbonization management by incentivizing goal attainment by linking decarbonization goals to lending terms.

A financing product that sets management targets related to SDGs and ESG (one target from a selection of specified targets), and borrowers can receive interest incentives based on the achievement of management targets.

We contribute to the advancement of our customers’ measures for decarbonization by setting goals for GHG (greenhouse gas) emissions in the management targets.

A financial product in line with an international framework of finance principles that comprehensively analyzes and assesses the environmental, social and economic impacts of a customer’s business activities (hereinafter “Impact Assessment”). Targets are set and monitored to support decarbonization efforts to increase positive effects and decrease negative effects identified by Impact Assessments.

Bond instruments are issued by companies and regional governments that limit the use of funds raised to either those that 1) have environmental improvement effects (environmentally linked) or 2) contribute to solving societal issues (societally linked). Through such investments, we are contributing to society’s decarbonization efforts.

Financing Cases for the Transition to a Decarbonized Society

The Group actively supports through financial means business activities related to the realization of a decarbonized society as well as energy-saving measures and renewable energy. We were selected as a designated financial institution for the FY2023 Regional Decarbonization Financing Promotion Loan Subsidy Program, and have been actively supporting our customers’ capital investments that contribute to regional decarbonization, as well as large-scale regional decarbonization businesses.

In the Tokai region, we have provided financial support for the construction of Aichi Prefecture’s biomass power station as well as the construction of a mega-solar power station, and we are actively participating in multiple renewable energy projects across regions.

We will continue to contribute to the expanding use of renewable energies with low environmental impact and the development of the regional economy.



Supporting Customers’ Decarbonization

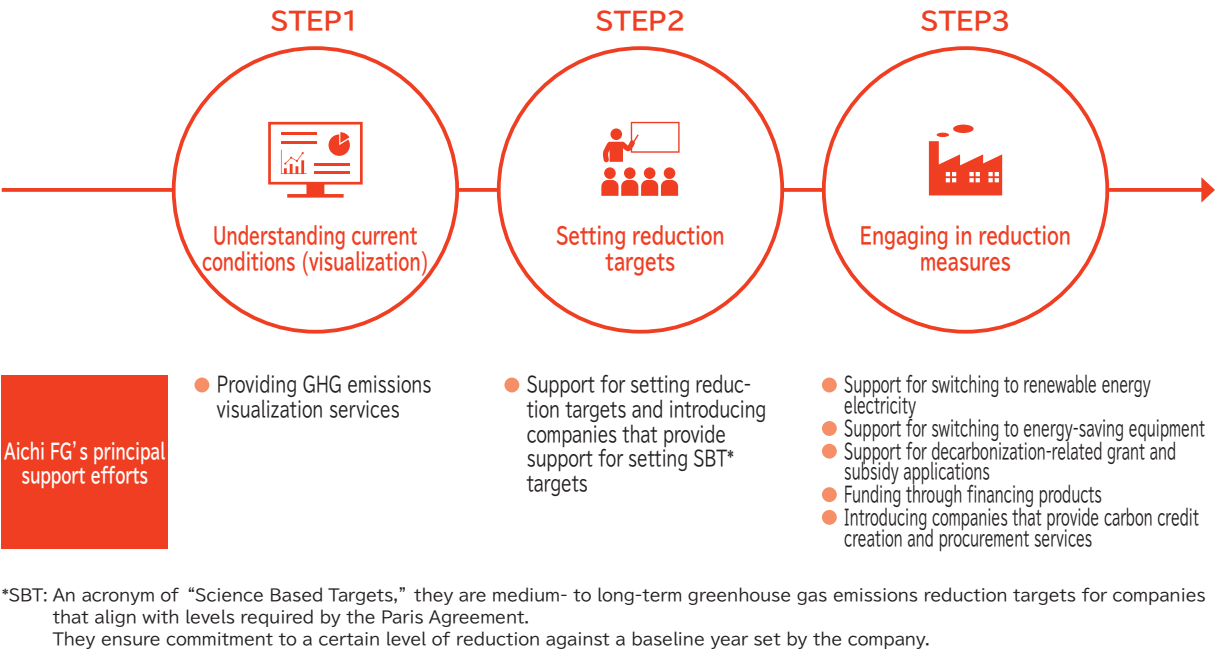
With regard to GHG emissions, companies’ measures for decarbonization proceed with the three steps of 1) understanding current conditions (visualization), 2) setting reduction targets, and 3) engaging in reduction measures. The Group supports customers’ decarbonization efforts by establishing a support system at each step of the process.

Cumulatively, we have provided 308 cases of decarbonization solutions from FY2021, promoting customers’ measures for decarbonization.

[Number of Decarbonization Solutions Provided]

FY2021	FY2022	FY2023
91	96	121

Cumulative total: 308 cases (cases)



Collaborative Decarbonization Initiatives

We are contributing to the decarbonization of society through collaborative efforts with the governmental sector.

Cooperative Agreement with the Ministry of Environment Chubu Regional Environment Office

We became the first regional bank to enter into a collaborative agreement with the Ministry of Environment Chubu Regional Environment Office to contribute to the realization of local SDGs which aim to create a decarbonized, circular society in harmony with nature in the Chubu region.
In addition, we jointly hosted a seminar with the Ministry of Environment Chubu Regional Environment Office titled, “The Realization of Local SDGs Through Decarbonization”.

Participation in Ministry of Environment's Regional Decarbonization Management System Building Model Project

We are participating in the Ministry of Environment's Regional Decarbonization Management System Building Model Project with Aichi Prefecture as a representative applicant, along with banks and shinkin banks within Aichi Prefecture.
For this fiscal year, we are mainly engaged in 1) establishing a one-stop consultation counter, 2) hands-on energy-saving diagnosis, and 3) fostering human resources for decarbonization management.
We will share and promote decarbonization management among leading medium enterprises and small and medium enterprises within Aichi Prefecture through our menu of support services.

Investment in Japan Green Investment Corp. for Carbon Neutrality (JICN)

JICN is a corporation that is engaged in fund businesses with capital from Japan's Fiscal Investment and Loan Program (Industrial Investments) and private investment to supply risk money such as mezzanine financing for businesses that play a part in decarbonization and aims to stimulate decarbonization investments by private ESG funds.

Scenario Analysis

- We conduct scenario analyses regarding both transition risks and physical risks to better understand the effects climate change risks may have on the Group.

Transition risk

For the analysis of transition risks, of industries that are said to be susceptible to climate change effects by TCFD recommendations, the electricity sector and automotive sector were selected as we believe they will have significant impacts on transition risks of the Group. Details of the analysis are as follows.

Target sector		Electricity sector, automotive sector
Selection reason	Electricity sector	When broken down by sector, GHG emissions of the electricity sector account for approximately 40% of Japan's emissions
	Automotive sector	The main industry of the Group's main sales area of Aichi Prefecture
Scenario		IEA's 1.5°C scenario
Content of analysis		Analyze the effects of increased costs from the introduction of the carbon tax on financial performance
Target period		Calculated based on March 31, 2024, and covering the period up to 2050
Analysis results		Annual increase of approximately 1.6 billion yen in the impact on credit cost (based on March 31, 2024)

Physical risk

Based on the IPCC's 4°C scenario and assuming an increased frequency of flooding, we analyzed the impact on credit costs of damage to real estate collateral held by clients of the Group's operating basis (see a hazard map) where flooding is predicted. Details of the analysis are as follows.

Scenario	Based on IPCC's 4°C scenario
Content of analysis	Assuming an increased frequency of flooding, impact on credit costs of damage to real estate collateral held by clients of the Group's operating basis (see a hazard map) where flooding is predicted.
Subject of analysis	Estimated for flood damage and business-based credit
Target period	Calculated based on March 31, 2024, and covering the period up to 2050
Analysis results	Cumulative increase of approximately 1.3 billion yen in impact on credit cost (based on March 31, 2024)

The results of scenario analysis are estimated based on certain assumptions. These estimates based on the current assumptions showed a limited impact on the Group, however, we will continue to review our assumptions including the method of analysis to further refine the process.

Risk Management

Climate Change Risk Management Process

- Regarding risks faced by the Group, in order to ensure the soundness of management, we conduct Integrated risk management, a self-managed risk management that comprehensively compares and contrasts risks assessed by risk category against the Group's strength of management.
- We manage climate change risks under the recognition that they have the possibility of affecting our business activities or financial performance. Specifically, we mainly manage credit risks, such as those arising from effects on business activities or changes in business conditions of the Group's clients caused by climate change, and operational risks, such as those arising from damage to the Group's sales offices from disasters, and take various measures as necessary.

Climate Change Risks

- The Group has organized climate change risks into the four categories of credit risks, market risks, liquidity risks and operational risks. Examples of transition risks and physical risks that may arise from climate change are as follows.

Risk category	Definition	Transition risk examples	Physical risk examples	Timeline Short-term: 2025 Long-term: 2050
Credit risk	Risks that the Group will incur losses when the value of assets declines or disappears due to worsening financial conditions of the party to whom credit has been extended	Effects on business activities and finances of clients arising from the inability to respond to changes in policies, regulations, customer requests, or technological development	Spillover effects on customer business activities and finances arising from direct damage to customer assets due to extreme weather or indirect impacts on the supply chain	Short- to long-term
Market risk	Risks that the Group incurs loss from changes in the value of assets and liabilities held due to fluctuations in a variety of market risk factors such as interest rates, value of securities, etc. and foreign exchange, and risk that the Group incurs loss from fluctuations in income generated from assets and liabilities	Price fluctuations of held securities related to industries affected by a transition to a decarbonized society	Market confusion due to the effects of extreme weather, and accompanying fluctuation in the value of securities held	Short- to long-term
Liquidity risk	Risks of incurring loss due to difficulty in securing necessary funds because of a mismatch between operational and procurement timeframes or unforeseen outflow of funds or being forced to raise funds at interest rates significantly higher than normal, or risk of incurring loss due to the inability to conduct market transactions due to market confusion or being forced to conduct transactions at significantly less favorable prices than normal	Worsening market procurement environment due to lowered reputation arising from delayed response to a transition to a decarbonized society	Increase in the outflow of funds arising from deposit withdrawals for the restoration and recovery by clients affected by extreme weather	Short- to long-term
Operational risk	Risks that the Group indirectly or directly incurs loss due to inappropriate internal processes or inappropriate conduct by officers or employees, the system not functioning properly, or external events	Worsening reputation arising from delayed response to a transition to a decarbonized society	Interruption in operations at sales offices and data centers due to damage from extreme weather	Short- to long-term

Carbon-related Assets

- Of carbon-related assets encouraged to be disclosed by the TCFD recommendations, loan balances by sector and proportion by all sectors are shown to the right.

Applicable assets	General business loans for corporations and individuals of The Aichi Bank and The Chukyo Bank (excludes repackaged loans and other policy-based loans)
Applicable balance	Loan balance as of March 31, 2024
Sector classification method	Industry classifications for the Group are categorized into sector classifications defined by the TCFD according to the Japan Standard Industrial Classification and reference sheet for the 18 TCFD classification equivalents released by the Ministry of the Environment

		(Millions of yen)	
Sector		Aichi FG loan balance	Share
Energy	Oil & gas	40,090	1.40%
	Coal	0	0%
	Electric utilities	56,509	1.98%
Transportation	Air freight	3,701	0.13%
	Passenger air transportation	917	0.03%
	Maritime transportation	2,665	0.09%
	Rail transportation	38,888	1.36%
	Trucking services	106,703	3.73%
Materials and buildings	Automobiles and components	109,921	3.85%
	Metals and mining	54,826	1.92%
	Chemicals	66,785	2.34%
	Construction materials	37,368	1.31%
Agriculture, food, and forest products	Capital goods	565,845	19.80%
	Real estate management and development	483,492	16.92%
	Beverages	20,233	0.71%
	Agriculture	2,092	0.07%
	Packaged foods and meats	43,258	1.51%
Total	Paper and forest products	24,928	0.87%
		1,658,229	58.02%

Investment and Loan Policy to Realize a Sustainable Society

- The Group will conduct investments and loans to specific businesses and sectors that may have an effect on the environment or society based on the policy below, taking appropriate actions to contribute to realizing a sustainable society.
- Starting from FY2024, the Policy for Specific Businesses and Sectors Likely to Have a Negative Impact on the Environment and Society has been sectioned into Cross-sectional and Specific sectors.

Policy for Businesses Likely to Have a Positive Impact on the Environment and Society

- 1) The Group actively supports business activities related to the transition to a decarbonized society as well as energy-saving measures and renewable energy.
- 2) The Group actively supports business activities related to the enhancement of medical, welfare, and education that respond to issues such as an aging population and declining birthrates.
- 3) The Group actively supports business activities that have a positive impact on creating a sustainable society such as business successions and, the establishment of companies that contribute to regional development, and innovation.
- 4) The Group actively supports business activities that contribute to the maintenance and development of social infrastructure and the disaster prevention and mitigation of local communities.

Policy for Specific Businesses and Sectors Likely to Have a Negative Impact on the Environment and Society

Cross-sectional

- 1) **Businesses related to child labor, forced labor, human trafficking, etc.**
The Group does not engage in investments and loans for businesses where human rights violations are taking place such as child labor, forced labor, and human trafficking that infringe upon the aims of the Group’s human rights policy and international standards for human rights (Universal Declaration of Human Rights and Guiding Principles on Business and Human Rights, etc.)
- 2) **Businesses related to human rights violations in conflict regions**
The Group recognizes that there may be significant negative human rights impacts in conflict regions. We are abundantly cautious of businesses that trigger or encourage human rights violations in conflict zones, or businesses directly tied to human rights violations, and respond carefully.
- 3) **Other businesses**
The Group does not engage in investments and loans for illegal businesses or those with illegal intent, businesses that violate public order and morals, or businesses that are in violation of the Washington Convention.

Specific sectors

- 1) **Coal-fired power generation business**
The Group does not engage in investments and loans for the new construction of coal-fired power generation plants and expansion projects that may lead to an increase in greenhouse gasses. However, we will respond carefully when considering exceptions such as disaster response and projects that are in line with the Japanese government’s energy policy.
- 2) **Businesses for the production and development of inhumane weapons**
The Group does not engage in investments and loans for companies that produce and develop cluster bombs, nuclear weapons, biological and chemical weapons, and anti-personnel landmines.
- 3) **Deforestation businesses, palm oil plantation businesses**
While lumber and palm oil are important resources necessary for maintaining daily life and society, we recognize that illegal deforestation and large-scale destruction of forests can have significant negative impacts on climate change and the ecosystem. We will respond carefully with due consideration to the status of both the environment and social considerations.

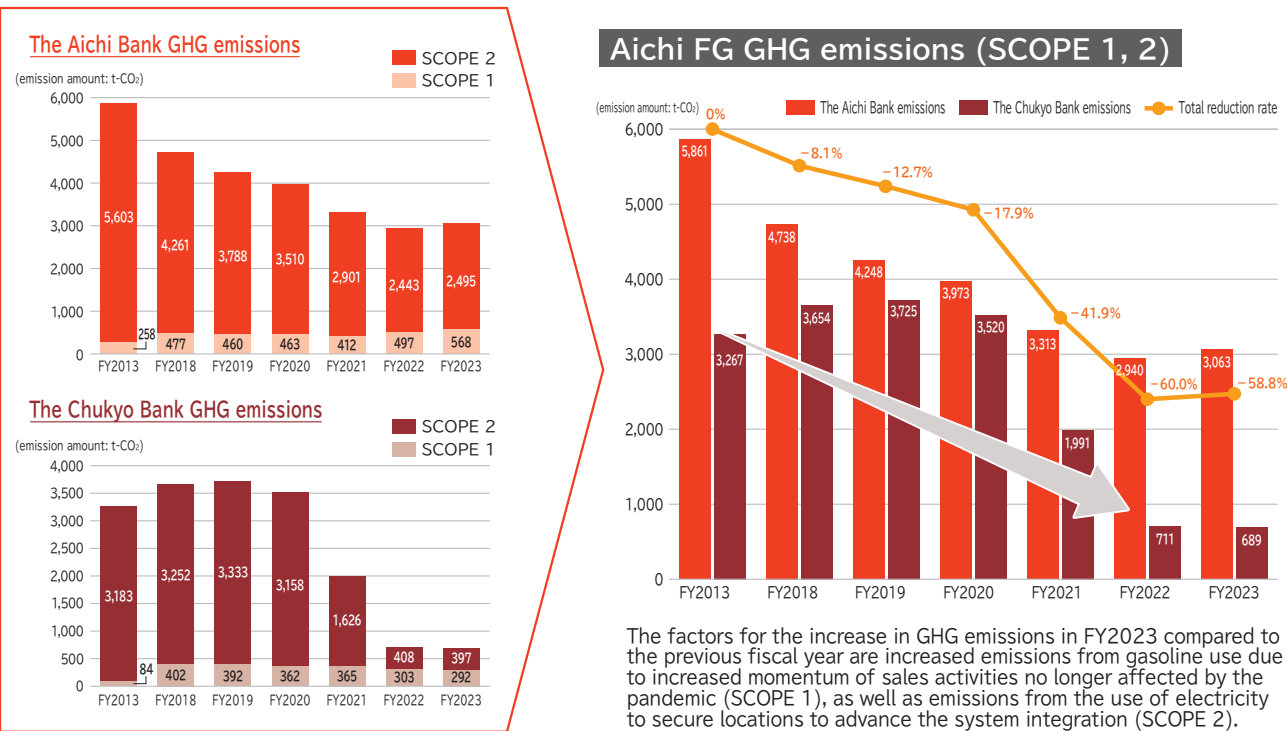
Indicators and Targets

GHG Emissions: SCOPE 1, 2

- Regarding SCOPE 1 and 2 GHG emissions, we have set our **FY2030 reduction target to a 70% reduction from FY2013 levels**. In addition, we are also striving to achieve **carbon neutrality by 2050**.

Principal measures to reduce GHG

- Expand the use of CO₂-free electricity in use at the head office of The Aichi Bank, the head office of The Chukyo Bank, and branches within Aichi Prefecture, Mie Prefecture, and Shizuoka Prefecture (excluding tenant branches)
- Implement energy-saving measures when rebuilding branches **FY2023 Adopted the use of solar panels and thermal insulation materials when rebuilding the Minato Branch**
- Replacing gasoline-powered vehicles with hybrid and electric vehicles **FY2023 Replaced 19 hybrid vehicles and 1 electric vehicle**



GHG Emissions: SCOPE 3

- In addition to GHG emissions of the Group (SCOPE 1, 2) and Categories 6 and 7 of supply chain emissions (SCOPE 3), from FY2023 we have also calculated SCOPE 3 emissions Categories 1-5.
- We will continue to expand our scope of calculations and advance the sophistication of our calculation methods.

FY 2023 GHG Emissions (SCOPE 3)

				(unit: t-CO ₂)
Calculated item		FY2023	Details and calculation methods	
SCOPE 3	Category 1	Purchased goods and services	17,907	● bank books, cards, office supplies, repair fees, maintenance fees, etc.
	Category 2	Capital goods	9,678	● Buildings, personal property, software
	Category 3	Fuel-and-energy-related activities not covered in SCOPE 1 or 2	897	● Electricity not covered in SCOPE 1 or 2
	Category 4	Upstream transportation and distribution	1,717	● Interbank mail, postal service fees, etc.
	Category 5	Waste generated in operations	15	● Industrial waste, magazines, newspapers, etc.
	Category 6	Business travel	449	● Calculation method: GHG emissions = Σ (number of employees × emissions per unit)
	Category 7	Employee commuting	1,011	● Calculation method: GHG emissions = Σ (number of employees × number of business days × emissions intensity)
Category 15		Investments	8,037,060	● See P. 57 for details
SCOPE 3 Total			8,068,734	● Of the SCOPE 3 categories, Categories 8, 9, 10, 11, 12, and 14 are not applicable.

GHG Emissions: SCOPE 3 Category 15

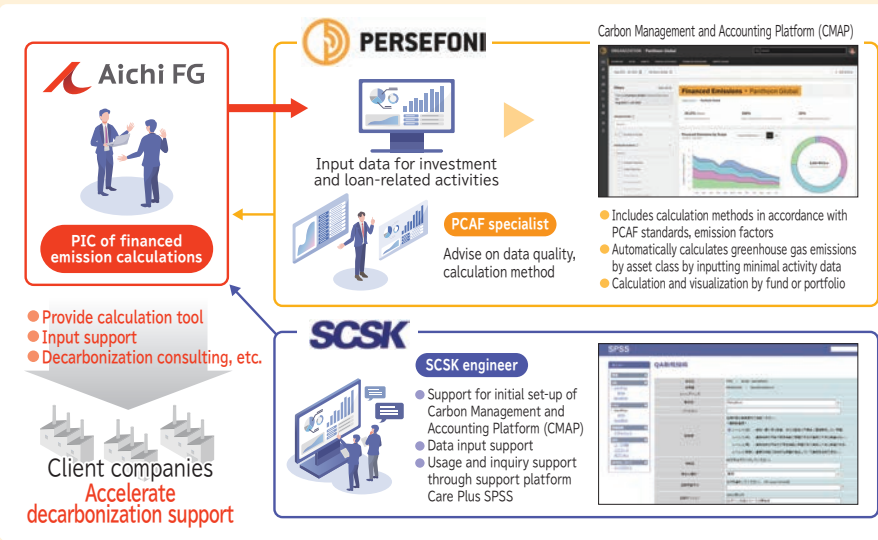
- Investments (SCOPE 3 Category 15, financed emissions) account for over 99% of GHG emissions by financial institutions. Decarbonization of recipients of such investments and loans is essential to realize carbon neutrality for financial institutions.
- The Group began calculating financed emissions using a carbon accounting platform provided by Persefoni, which strictly adheres to PCAF standards. Going forward, we will expand our scope of calculations and improve our data quality score.
- These calculated results are likely to change significantly in the future with increased disclosure by our customers as well as advancements in estimation techniques.

Sector	GHG emissions (t-CO ₂)	Applicable assets	General business loans for corporations and individuals of The Aichi Bank and The Chukyo Bank (excludes repackaged loans and other policy-based loans)
Oil & gas	708,849	Applicable balance	Loan balance as of March 31, 2024
Coal	0	Data source	● Emissions: corporate disclosure data, CDP data ● Financial information: Internal data, corporate disclosure data
Electric utilities	604,398	Calculation method	● Financed emissions = emissions of each loan recipient × attribution factor - Emissions of each loan recipient Use figures disclosed by each loan recipient, or use estimated value if unavailable. - Attribution factor Loan amount ÷ (Liabilities + assets of each loan recipient) ● Score 5 PCAF calculations were not made for FY2023. ● Calculations are made using a carbon accounting platform provided by Persefoni, which strictly adheres to PCAF standards.
Air freight	2,066	Data quality score	3.54
Passenger air transportation	2,975	Calculation coverage rate	64.2%
Maritime transportation	11,538		● Of applicable assets, loans by The Aichi Bank and The Chukyo Bank for listed companies and loans by The Aichi Bank for unlisted companies and sole proprietors were calculated for FY2023.
Rail transportation	38,647		● Due to current merger operations, loans by The Chukyo Bank for unlisted companies and sole proprietors will be calculated in the next fiscal year.
Trucking services	169,643		● In addition, calculations were not made if financial data was insufficient due to reasons such as companies have not yet completed one fiscal year since establishment.
Automobiles and components	1,129,122		
Metals and mining	587,727		
Chemicals	235,722		
Construction materials	478,241		
Capital goods	2,383,406		
Real estate management and development	138,695		
Beverages	17,639		
Agriculture	8,414		
Packaged foods and meats	170,790		
Paper and forest products	160,441		
Other	1,188,747		
Total	8,037,060		

Measures for Engagement with Customers for Decarbonization
—Hands-on Support Using Persefoni’s Carbon Accounting Platform—

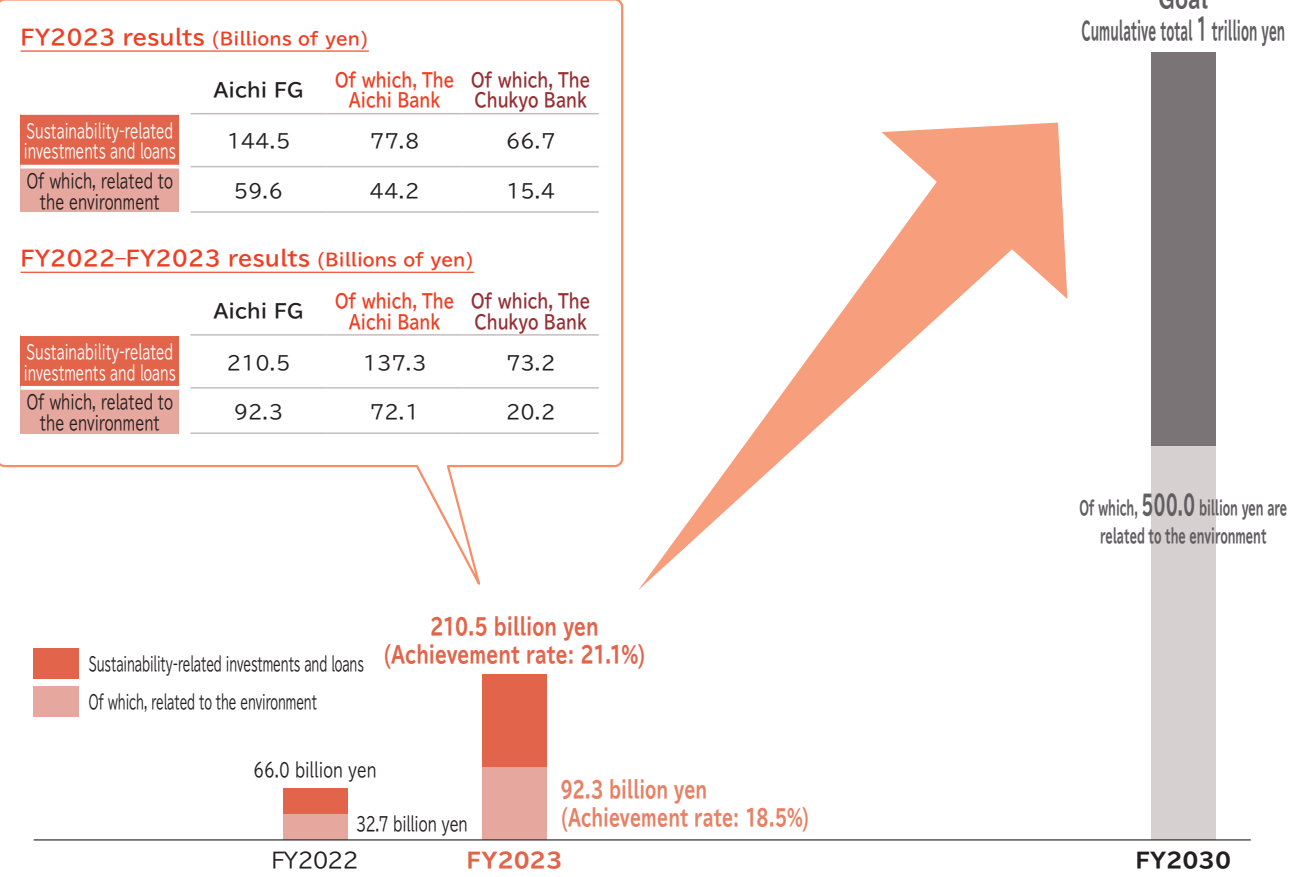
Since March 2024, the Group has used Persefoni’s carbon accounting platform with support from SCSK Corporation, the sales agent of the service, to implement a program that offers hands-on support for our customers to calculate SCOPE 1 and 2 and visualize emission data, including working together with our customers to gather the data necessary to calculate GHG emissions and inputting data into the platform through dialogue with customers.

Customers who have joined this program and calculated their GHG emissions for the first time have told us, “It provided an opportunity to think about decarbonized management,” and “We would like continued support from a financial institution on how to use the inputted data and reduction methods.” Through this hands-on support, the Group has also been able to re-recognize issues in calculating our customers’ GHG emissions. We will continue to promote support for calculations of our customers’ GHG emissions for the transition to a decarbonized society.



Sustainability-related Investments and Loans

- The Group has set a goal of executing sustainability-related investments and loans to a cumulative total of 1 trillion yen (of which, 500.0 billion yen are related to the environment) from FY2022 to FY2030.
- Investment and loan results are aggregated based on each bank’s criteria up until FY2022 and from the unified criteria of both banks from FY2023.



—Measures for the Conservation of Natural Capital and Biodiversity—

In order to realize a sustainable society, there is increased importance of appropriate conservation of natural capital and biodiversity in addition to responses to climate change. The Group’s business foundation of Aichi Prefecture is a region with diverse ecosystems, including the mountain ecosystem of the mountain zone, a hilly managed woodland ecosystem, a plains ecosystem covered by farmland and cities, a seashore and managed coastal ecosystem that includes seaside seaweed forests and tidelands, a river and lake ecosystem, and marsh and wetland ecosystem. In addition, there are approximately 12,450 species of animals and 4,490 species of plants within the prefecture, and assessments show that of which, 364 animal species and 529 plant species are in danger of going extinct.* The Group has identified “Response for Environmental Conservation” in our materiality, and as a regional financial institution of our business foundation of Aichi Prefecture, we recognize that engaging in the conservation of natural capital and biodiversity in the prefecture is essential. While many companies are in the phase of beginning measures while searching for a direction to take, the Group will also promote measures to realize the sustainability of the environment and society of the region.

*From the Aichi Biodiversity Strategy 2030 (summary)

<Endorsement of the Taskforce on Nature-related Financial Disclosures (TNFD) and Participation in the TNFD Forum>

In May 2024, the Group endorsed the initiatives of the Taskforce on Nature-related Financial Disclosures (TNFD) and participated in the TNFD Forum. With the knowledge gained through participation in the TNFD Forum, we will prepare for appropriate information disclosure related to natural capital and promote measures for the appropriate conservation of natural capital and biodiversity.

Human Capital Management

We believe the source of realizing the Group’s management vision and increasing corporate value lies in human resources. The Group recognizes 1) investing human resources in growth sectors and new business domains, 2) expanding opportunities to demonstrate individual capabilities, 3) swiftly realizing the emergence of merger synergies, 4) increasing productivity and 5) increasing engagement as issues that must be addressed to draw out the best from our human resources and enhance corporate value in the medium- to long-term.

To appropriately respond to these issues, the Group has put into practice human resources management through the 4 themes of personal development, diversity and inclusion, ES management and health management, based on the pillars of the Basic Policy on Human Resources and reinforcing the internal environment. By organically connecting each of these themes and initiatives, we will bring out the abilities and passion of all employees in the Group, to enhance the competitive power of the Group.

Basic Policy on Human Resources

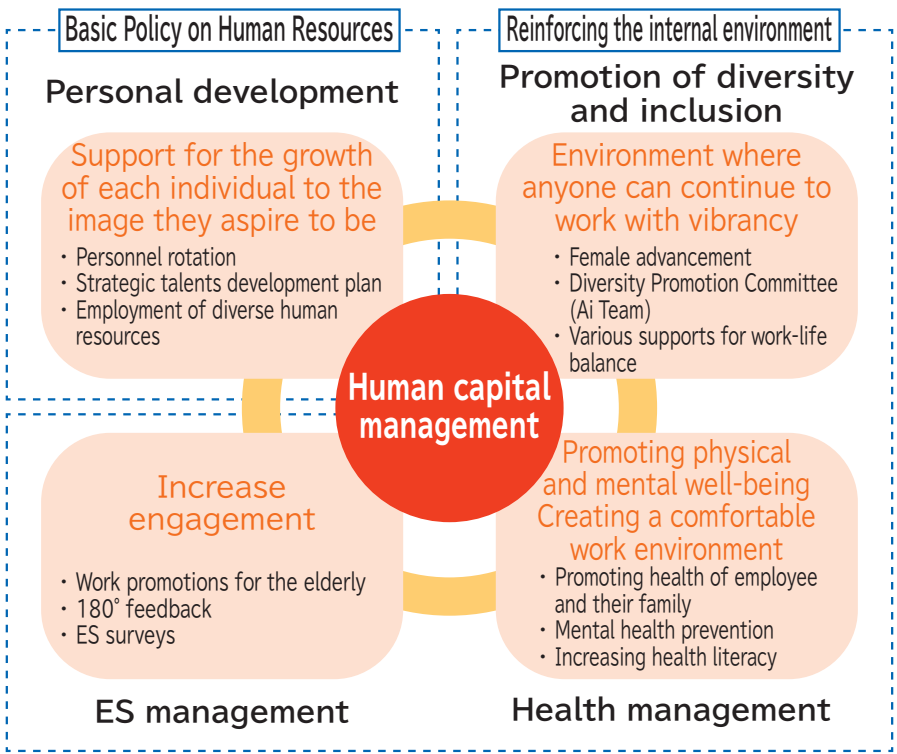
We formulated the Basic Policy on Human Resources based on the Group’s management philosophy and have indicated to work from the perspective of human resources to realize the objectives of the management integration as well as the human resource profile that Aichi Financial Group aims for.

To realize the objectives of the management integration, from the perspective of human resources, we are engaged in 1) responding to increasingly sophisticated and diverse customer needs, 2) establishing a vigorous corporate culture willing to take on challenges, 3) optimizing the application of management resources, 4) maximizing the benefits of the integration and 5) contributing to the development of the regional economy. In addition, we have defined the human resource profile that Aichi Financial Group aims for to be 1) human resources that continue to take on challenges based on Aichi Financial Group’s management philosophy, 2) professional human resources who change the customer experience, 3) experts at the headquarters who support sales offices and 4) human resources that take on operational reform challenges, and support the growth of each individual to the image they aspire to be.

Reinforcing the Internal Environment

For the happiness of all employees, we will realize a work-life balance and reinforce an environment where everyone can bring out the best of their abilities and skills and feel a sense of meaning in their work.

Specifically, we will create an internal corporate environment where anyone can continue to work with vibrancy under the themes of promotion of diversity and inclusion, practicing ES management to contribute to increasing employee engagement and health management that promotes physical and mental well-being and creates a comfortable working environment.



Nobuhiko Kuratomi
Officer in charge of human resources,
Director

Our Group believes that each employee is an important asset to the company. It is from this perspective that we regard human resources as human capital within the company, and have been engaged in measures based on our Basic Policy on Human Resources and reinforcing the internal environment since the establishment of the Group to realize human capital management.

The Basic Policy on Human Resources has defined four human capital profiles that Aichi Financial Group aims for to realize our goals for management integration, namely 1) human resources that continue to take on challenges based on Aichi Financial Group’s management philosophy, 2) professional human resources who change the customer experience, 3) experts at the headquarters who support sales offices and 4) human resources that take on operational reform challenges. Specifically, for our priority strategy of a “large-scale shift of employees towards a profile necessary for a consulting solutions-based business model” outlined in the 1st FG Medium-Term Management Plan, we set a KPI to train 450 strategic talents within the timeframe of the 1st Medium-Term Management Plan, supporting the growth of each employee to become the human capital they aim to be. In addition, the Group is aiming to place over half of all employees in priority strategic fields by FY2030 through the reskilling of all employees to raise the Group’s overall skill level.

With regard to reinforcing the internal environment, we are principally engaged in the promotion of diversity and inclusion and practicing ES management and health management. We aim to create an environment that enhances a sense of meaningfulness at work so that all employees of the Group can experience a sense of happiness.

Regarding the first initiative of “promoting diversity and inclusion,” it is necessary to take in a diverse range of human capital into our corporate organization and transform it into an organization where employees can maximize their own abilities while taking advantage of this diversity. We are promoting initiatives so that all employees can demonstrate their ability and work with a sense of vibrancy regardless of position, age, gender, nationality or disability. In particular, the Group provides active support for balancing work and childcare. The Diversity Promotion Committee (Ai Team) which includes employees from both The Aichi Bank and The Chukyo Bank has been working on a wide range of themes, such as support for balancing childcare and work as well as female advancement. We have reflected the discussions at the Ai Team in our initiatives, such as hosting the Return-to-work Seminar for Childcare Leave Employees, introducing e-learning that allows employees to study at home and social exchange events for employees who work shortened workdays due to childcare. We believe that there is more we can do to support parents who give their all for both work and childcare and will continue to support them to the best of our ability.

The second initiative of practicing ES management includes the ES survey which has been conducted annually at the Aichi Bank for the past three years and is being conducted at both The Aichi Bank and The Chukyo Bank from June 2023. Analysis results of the survey are reported to the Group Management Committee, participated by all Directors, to be reflected in management measures. For issues discovered through analysis, the departments at the head office related to such issues discuss and execute improvement measures and a PDCA cycle is implemented, including confirming improvement status in the next year’s ES survey, to improve employee engagement.

With regard to the third initiative of practicing health management, our ongoing efforts have been highly regarded, as seen by The Aichi Bank’s certification in the 2024 Certified Health & Productivity Management Outstanding Organizations (large enterprise category- White 500 enterprise - for six consecutive years, and The Chukyo Bank also being recognized in the 2024 Certified Health & Productivity Management Outstanding Organizations (large enterprise category) - White 500 enterprise - for five consecutive years. The Aichi Bank and The Chukyo Bank jointly host the monthly Health Conference, holding discussions on identifying issues about the physical and mental health of employees and measures for improvement and sharing results with management at the Executive Committee.

The Group will continue to strive to maximize human capital through a variety of measures for the realization of our management philosophy and medium- to long-term growth in corporate value.

Measures for the Creation of Strategic Talents

The Aichi Bank

The Chukyo Bank

The Group defines strategic talents as the human resource profile necessary for a consulting solutions-based business model that our group is aiming for. We have set a KPI of 450 strategic talents developed in our 1st Medium-Term Management Plan and are engaged in human resources development.

In FY2023, the Group has hosted programs for professional RM candidates (experts) from sales branches as well as a mortgage practical trainee program with the goal of fostering strategic talents. Thanks to proactive training programs, the number of strategic talents has steadily increased to 410 personnel compared to the KPI of 450 (91.1% progress rate) as of March 31, 2024.

[Number of strategic talents developed] (as of March 31, 2024) (People)

Human resource profile	Aichi FG	Aichi	Chukyo	Goal (KPI)	Progress rate
1) Sales branch professional talents [RM]	173	108	65	200	86.5%
2) Head office solutions experts [SE]	76	51	25	100	76.0%
3) Business reform internal consulting staff [CS]	58	33	25	50	116.0%
4) Strategy reskilling talents [RS]	103	60	43	100	103.0%
Cumulative total (total of 1) - 4))	410	252	158	450	91.1%

[FY2023 training to develop strategic talents] (Times, people)

Name of training	Number of training sessions held	Participants
Sales branch professional RM candidate (expert) program	8	114
Sales branch professional RM candidate (intermediate) program	2	181
Mortgage practical trainee	22	165
Centralized claims documents trainee	16	24
Distressed asset calculation practical trainee	2	39
Foreign exchange practical trainee	8	14

Measures for the Creation of DX Talents

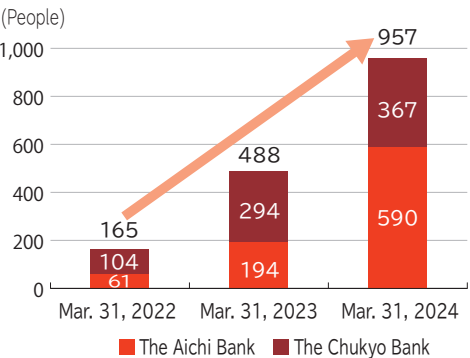
The Aichi Bank

The Chukyo Bank

In order to develop and secure digital talent based on the DX Promotion Plan formulated in July 2023, in addition to human resources development within the Group, we hire external specialized talent and cooperate and collaborate with systems vendors and tech companies to secure IT and digital talent and the digital skills necessary for a shift to a DX company in stages.

We are working toward our major KPI of developing 1,000 IT/digital foundational talents (IT Passport or 3rd-grade Financial Operations DX Course certification holders) by March 31, 2025. By establishing an environment that encourages employees to obtain qualifications, such as conducting an Introductory course on cybersecurity measures for all employees as well as an IT literacy improvement course as a self-development course, the number of IT/digital foundational talents has increased significantly to 957 employees (a year-on-year increase of 469 employees) as of March 31, 2024.

[Number of IT/digital foundational talents] (People)



Support to Acquire Certifications

The Aichi Bank

The Chukyo Bank

As part of developing strategic talents, one of the KPIs of the 1st Medium-Term Management Plan, the Group has designated human resources who have highly difficult professional certifications as high skills human resources. Further, to increase motivation for employees' self-development, interviews with employees who have passed difficult certification exams are shared internally as Self-development NEWS.

To improve the skills and qualifications of each and every employee, The Aichi Bank has established the Capacity Development Incentive Program Regulations, while The Chukyo Bank has established the Self-development Incentive Program. By providing exam preparatory courses, the number of 1st-grade certified skilled professionals of financial planning has increased by 12 people from the previous year to 85 people.

Development of Experts Through Public Recruitment

The Aichi Bank

The Chukyo Bank

The Group conducts the placement of experts within the headquarters through public recruitment to establish a challenging corporate culture.

We conduct open recruitment for human resources who specialize in areas such as business successions, M&As, overseas-related operations and structured finance, and make decisions based on motivation and aptitude among applicants. We, then, dispatch them as trainees to partner financial institutions for them to acquire specialized skills before placing them in specialized departments of our headquarters.

Enhancing Training Curriculum

The Aichi Bank

The Chukyo Bank

In addition to conventional in-person group training, we have utilized online training to establish an environment where each employee can develop their career.

Training for newly joined employees was held jointly for both banks as Aichi Financial Group for the first time in FY2023, strengthening our investment in new employee training such as expanding the curriculum. Further, we are also expanding educational opportunities for the development and creation of strategic talents the newly merged bank will aim for.

[FY2023 training]

	Aichi FG	The Aichi Bank	The Chukyo Bank
Annual total training hours	96,328 hours	54,364 hours	41,964 hours
Training hours per person	42.0 hours	36.3 hours	52.7 hours
Number of days participated per person	7.0 days	5.7 days	9.3 days

Leadership Training

The Aichi Bank

The Chukyo Bank

The Group hosted Training on the treatment of the younger generation geared toward general managers and next-in-rank for all sales branches. The training provided an opportunity for them to gain a deeper understanding of how the younger generation thinks and how they should interact with younger generations, in order to manage departments and branches in a way that increases the motivation of the younger generation and makes the workplace the place where they can work with vigor.

In addition, lectures on leadership as well as group work were conducted at the Career Development Training for Female Managers geared toward female managers also conducted.

Dementia Supporter Training Programs by Local Support Centers

The Aichi Bank

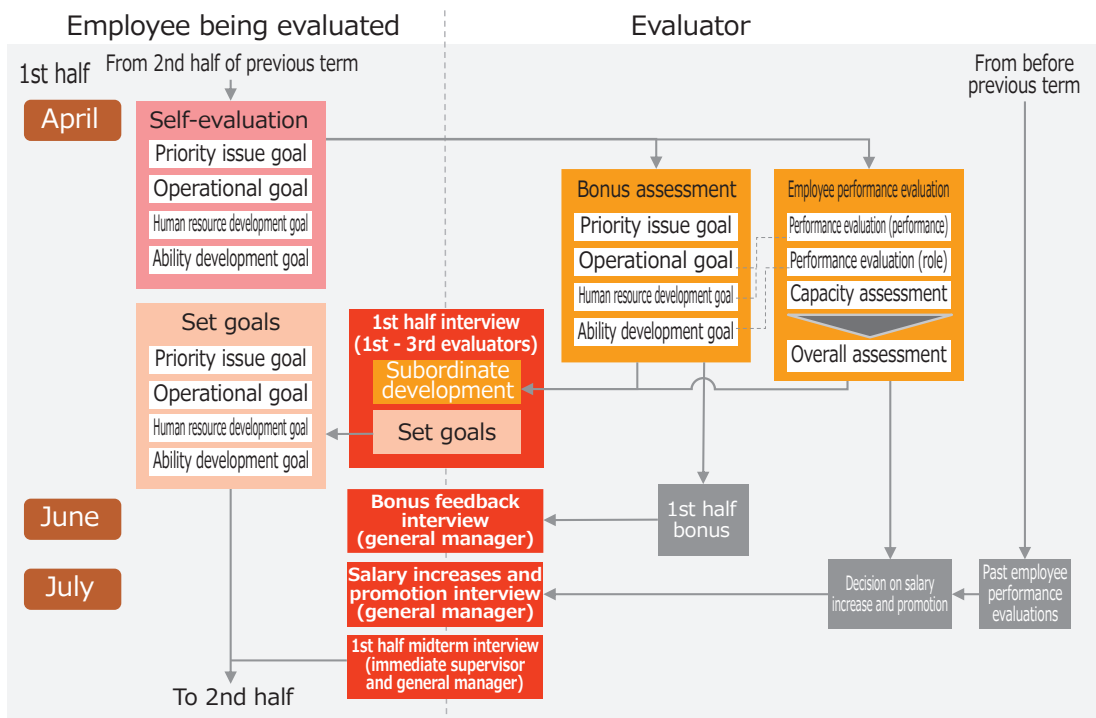
Every year, the Nagoya Naka-ku Lively Support Center holds a Dementia supporter training program for Group employees to learn about the mindset as a supporter for dementia patients and their families as well as proper knowledge on the subject.

Employee Performance Evaluation System

The Aichi Bank

The Chukyo Bank

The Group has established an employee performance evaluation system to properly evaluate employees' attendance records, attendance status and abilities to provide fair compensation and suitable placement. Superiors and subordinates periodically meet to set adequate goals, confirm the progress of such goals, and also provide support to improve on any issues. Through these interviews, the Group effectively promotes employee motivation and skill development, fostering human resources that continue to challenge themselves based on the Group's management philosophy.



Feedback

The Group provides feedback from subordinates to superiors with the goal of improving the management abilities of department and branch general managers. Feedback from subordinates encourages awareness, which is then reflected in department and branch management.

<180-degree feedback>

The Aichi Bank

180-degree feedback is conducted once a year, with feedback results communicated to branch general managers during branch general manager training.

<Upward assessment>

The Chukyo Bank

Upward assessments are conducted once a year, and along with the results shared as feedback to branch general managers, they reflect on the feedback with the Officer in charge of human resources and the General Manager of the Human Resources Department to clarify issues to lead to improvements.

Internships

The Aichi Bank

The Chukyo Bank

Internship programs are held every year to provide an opportunity for students who wish to apply to the Group to experience banking operations. In FY2023, the Group held four internship programs for applicants joining in April 2025 during the summer and winter seasons respectively for a total of eight programs, with approximately 450 students participating.

We provide an opportunity for students to deepen their knowledge of the industry during their job search by acquainting them with banking operations, such as the experience of making proposals to issues through group discussions.

Health Management




To “Realize the happiness of all officers and employees,” an aspect of our management vision, the Group has formulated the Aigin Health Declaration and The Chukyo Bank Health Declaration, engaging in improving each employee’s health awareness, promoting physical and mental well-being and creating a comfortable work environment.

Major Initiatives

Goal	Details	Eligible participants
Lifestyle improvement	● Hosted a walking event using a smartphone app to improve exercise habits ● Full subsidy for the cost of sleep apnea screening tests to improve sleep habits	All officers and employees
Increasing health literacy	● Held health literacy improvement seminars	Newly joined employees
Improvement of women-specific health issues	● Viewing of training video on health issues faced by working women ● Full subsidy for online medical services for the improvement of menstrual pain and premenstrual syndrome	All officers and employees All female employees
Dental and oral health improvement	● Awareness activities for dental checkups and full subsidy for dental checkup expenses	All officers and employees

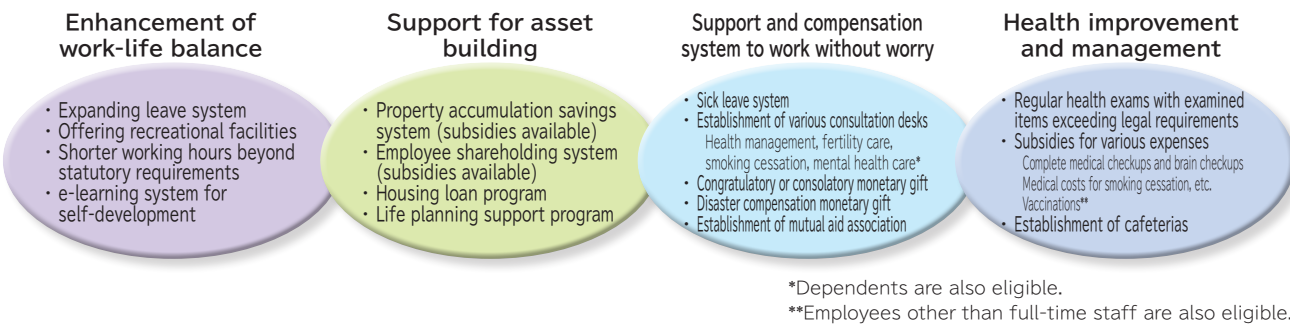
Assessment by External Organizations

The Group’s initiatives have been acknowledged through certifications by external organizations.

Certifying external organization	Certification year	Certification	
Ministry of Economy, Trade and Industry Nippon Kenko Kaigi	2019–2024 (6 consecutive years)	Certified Health & Productivity Management Outstanding Organizations (White 500 enterprise)	
	2020–2024 (5 consecutive years)	Certified Health & Productivity Management Outstanding Organizations	
Ministry of Economy, Trade and Industry Tokyo Stock Exchange	2022 (1 enterprise per industry certified)	Health & Productivity Stock Selection	
Aichi Prefecture	2022	Aichi Health and Productivity Award (large-enterprise category)	

Employee Benefits System

The Group has expanded its benefits system to enhance employees’ sense of meaning and satisfaction in their work.



Compliance with Laws and Regulations

- The Group ensures strict compliance with all labor laws and regulations such as minimum wage and equal pay for equal work, regardless of form of employment such as full-time staff and part-timers. At Aichi Financial Group, there have been no violations of laws and regulations such as the Labor Standards Act.
- The Group honors collective agreements by providing opportunities to hear the opinions of employees, such as the Management Council and Central Labor-Management Conference with employee unions.

Work Style Reform

Measures to Reduce Overtime

- The Aichi Bank has endeavored to reduce overtime work by streamlining operations at sales branches by advancing the centralization of sales branch administrative duties to its headquarters, and introducing an internal chatbot (a.k.a. AiChat) to reduce the headquarters’ burden of responding to inquiries.
- The Chukyo Bank has been reducing overtime work by establishing a customer support center that seeks to centralize the administrative duties of sales branches to its headquarters, as well as introducing a system that processes bank account openings and reporting on tablet devices.
- The Group as a whole encourages employees to leave work on time to improve productivity and maintain employee health in compliance with the 36 Agreement, such as designating 2nd Wednesday of every month as “On-time Leave Reinforcement Day.”

Measures to Improve Paid Leave Acquisition Rates

- The Group has announced a “percentage of paid leave taken of 80% or more” as a materiality KPI. We strive to create a culture where employees can easily take paid leave, and improve employee engagement.

We also offer a variety of institutional leave, providing an environment where employees can take paid leave in a planned manner. As specific examples to improve the rate of paid leave taken, the Human Resources Department sends out information to encourage employees to take paid leave as well as uses the leave plan utilization chart.

[Paid leave acquisition rates]

	FY2021	FY2022	FY2023
The Aichi Bank	65.2%	73.8%	75.5%
The Chukyo Bank	67.2%	79.1%	83.9%
Aichi FG	—	75.5%	78.3%

Promotion of Male Taking Childcare Leave

- The Aichi Bank was the first regional financial institution with its head office in one of three prefectures of the Tokai region to endorse the Declaration for 100% of Male Taking Childcare Leave. In addition, starting from October 2022, the leave system was revised so up to 10 days of saved paid leave can be allocated if an employee acquires leave for the birth of a child, creating an environment where both men and women can balance work and childcare.
- The Chukyo Bank encourages spouses to attend the Daddy-Mommy Seminar started in FY2015 for employees taking childcare leave, endorses couples to raise children together and supports balancing childcare with work.

[Male childcare leaves acquisition rates]

	FY2021	FY2022	FY2023
The Aichi Bank	47.7%	88.4%	105.9%
The Chukyo Bank	16.7%	62.5%	70.6%
Aichi FG	—	78.6%	94.1%

*Rate exceeded 100% at The Aichi Bank due to employees taking childcare leave in FY2023 after giving birth in FY2022.



Hiroaki Fujiura

Section Chief, Ozone Branch, The Aichi Bank

This was my first time taking childcare leave. Taking leave allowed me to experience the joy that can only come from always being with my child, such as their growth every day and changes in expression, and has changed the way I think about raising children.

Since my wife had just given birth, I focused on supporting my wife during my childcare leave. She raised our newborn daughter within reasonable limits until she regained her strength postpartum, while I did all of the housework and childcare (Take care of our older son).

When I told the Block Chief of my wife’s pregnancy, I was actively encouraged to take childcare leave. My superior and my colleagues were all understanding and it was thanks to their support that business operations never slowed down while I was on leave, and I was able to smoothly return to work when I came back from childcare leave. I felt that with men taking childcare leave, how families spend time at home will greatly change in the future. I highly recommend men who will become new fathers to proactively take leave.

Yuna Fujiura (currently on childcare leave)

Compared to when I gave birth to my son four years ago, it feels like it has become an easier environment for men to take childcare leave at The Aichi Bank. For the birth of our daughter, I asked my husband to take childcare leave to share both the difficulties and joys of childcare with him. Once we started working on childcare together, my husband’s presence was so significant that the burden felt smaller despite the fact that there were more children, and I am glad that he took leave. Furthermore, our son has become even more of a daddy’s boy because the amount of time he spends together with his father increased.

It is said that a father spends about three years and four months with his child in his lifetime. This is very short, and this very moment is precious. I am grateful for the understanding and cooperation of the people at the workplace who made this an invaluable moment for us.



Officers and employees from a diverse range of backgrounds and experiences from a variety of generations work together in the Group. Among these employees, some balance work with childcare, nursing care or their own treatment. Each officer and employee have a differing sense of values.

At the Human Resources Strategy Department, we believe that it is important to create a corporate culture where we can understand and respect the diverse values of all officers and employees. Diversity is an asset to a company, and bringing together officers and employees with diverse backgrounds and experiences will increase creativity and generate innovation. We work every day to provide an environment for all officers and employees where they can fully exercise their abilities, feel they want to work for this company and continue to work with a sense of vibrancy.

Major Initiatives

ES Management Initiatives The Aichi Bank The Chukyo Bank

- The Group strives to practice ES management to improve employee engagement with the goal of reforming corporate culture for the realization of our management philosophy. To measure progress on ES improvement measures enacted by departments of FG headquarters, the ES Survey is conducted once a year for all employees as an effort to understand the substance of the initiatives and further improve the effectiveness of such measures.
- In addition, the Group has established an Employee shareholding system to increase employees' sense of belonging to the Group and improve their motivation. This system can be used by employees and re-hired contract employees, and financial incentives are also offered as subsidies. Many employees participate in the system as a way to reflect employee initiatives and success into their own asset formation.

Initiatives to Become a Bank Where Employees Can Continue to Work with Peace of Mind The Aichi Bank The Chukyo Bank

- The Return-to-work Seminar for Childcare Leave Employees is jointly hosted by both banks for a smooth return to work after taking childcare leave, relieving the concerns of employees who take childcare leave. Furthermore, we have introduced e-learning that allows employees to study at home so that they can work on self-development while on childcare leave.
- Other than the initiatives above, The Aichi Bank also holds events such as Childcare Leave Employee Return-to-work Training, Aigin Mommy Cafe Seminar and Pre-Mommy Support Seminar. Furthermore, The Aichi Bank added medical visits for fertility care as eligible for the use of the preserved paid leave system from April 2024 and has held training to deepen understanding of fertility care for all employees so that anyone can use such systems without hesitation.
- The Chukyo Bank has established a helpdesk for women that accepts inquiries from those who are on childcare leave and also invites employees who are on childcare leave and their spouses to attend the Pre-return-to-Work Seminar (Daddy-Mommy Seminar) which includes roundtable discussions with other parents and advices on children's health from a public health nurse.
- Both banks also provide self-development seminars to learn about nursing care insurance systems to balance work and nursing care.

[Seminars in FY2023]

Name of seminar	Number of participants
Aigin Mommy Cafe Seminar The Aichi Bank	10 (online)
Seminar on Support for Balancing Work and Nursing Care—Nursing Care Scheme for Your Family and Yourself— The Aichi Bank The Chukyo Bank	37 (in-person)
Pre-return-to-Work Seminar (Daddy-Mommy Seminar) The Chukyo Bank	14 employees in person (+5 spouses), 15 employees online
Career Development Training for Female Managers The Aichi Bank The Chukyo Bank	49 (in-person)
Return-to-work Seminar for Childcare Leave Employees The Aichi Bank The Chukyo Bank	28 (in-person)
Childcare Leave Employee Return-to-work Training The Aichi Bank	As needed
Pre-Mommy Support Seminar The Aichi Bank	As needed

Initiatives for Female Advancement The Aichi Bank The Chukyo Bank

- As female advancement becomes increasingly important for the sustainable growth and development of corporations, the Group recognizes the percentage of female managers as an issue and believes that in order to increase this ratio, it is important to create a culture in which employees with high skill and ambition are appreciated and a sense of challenge is fostered. Under this philosophy, the Group is engaged in measures to increase the percentage of female managers based on the Female Management Development Plan formulated in April 2024.
- In career training for employees in their fifth year of employment, interviews are conducted with the Human Resources Department to support the optimistic career advancement of female employees.
- The Group holds Career development training for female managers with the goal of fostering further career consciousness among female managers.
- In FY2023, The Aichi Bank was recognized for its activities related to women's advancement and acquired certification of Aichi Women's Brilliance Company. The Bank has also acquired Platinum Kurumin certification (Ministry of Health, Labour and Welfare) as well as Eruboshi certification (ibid.).



Initiatives of the Diversity Promotion Committee (Ai Team) The Aichi Bank The Chukyo Bank

- The Diversity Promotion Committee (Ai Team), founded at The Aichi Bank in 2019 as a working group to promote diversity, has included employees from The Chukyo Bank from FY2023 in its activities. The committee is an effective opportunity for the valuable exchange of ideas, holding discussions on themes such as female advancement, development of the younger generation, increasing acquisition rates of paid leave and integration efforts up to the mergers as well as actually deploying different measures. (FY2023: held 3 times)



Percentage of Female Employees

- The percentage of female employees has increased by establishing an environment where women can work more easily, such as shorter working hours systems and support for returning to work from childcare leave. The Group strives for an environment where employees can thrive regardless of gender, placing female employees at the same positions as male employees such as in liaison operations in sales offices and specialized positions at our head offices.

[Percentage of female employees]

	FY2021	FY2022	FY2023
The Aichi Bank	35.1%	35.8%	36.9%
The Chukyo Bank	33.1%	33.2%	33.8%
Aichi FG	—	34.9%	35.8%

Responding to Abuse of Authority and Sexual Harassment

<Harassment consultation desk>

- The Aichi Bank has established consultation desks to ask for advice on harassment at the general manager and branch general manager level, Human Resources Department and employee unions, respectively. The Chukyo Bank has established consultation desks within the Human Resources Department and an external specialized institution.

<Increasing understanding of harassment>

- The Aichi Bank conducts an awareness event spanning five sessions based on the theme of, "Management Skill Improvement—Rooting out Human Rights Violations and Harassment—" to deepen understanding of harassment by all employees and prevent harassment. The series shared information on the expansion of harassment consultation desks, the existence of other forms of harassment other than abuse of authority and sexual harassment, and the use of harassment self-diagnostic to reflect on one's own actions.
- The Chukyo Bank has conducted a Harassment prevention seminar geared for all general managers and branch general managers. A clinical psychologist acted as a lecturer to deepen understanding of points of concern when supervising subordinates, based on the Labor Measures Comprehensive Promotion Act.

[Management skill improvement]

—Rooting out Human Rights Violations and Harassment— List of theme

1st session	Expanding scope of consultation for harassment consultation desks
2nd session	Sexual harassment, pregnancy discrimination
3rd session	Abuse of authority, alcohol-related harassment
4th session	Psychological abuse, age discrimination, gender discrimination, "harassment" harassment, paternal discrimination
5th session	Creating a harassment-free workplace

Human Rights Consultation Desk

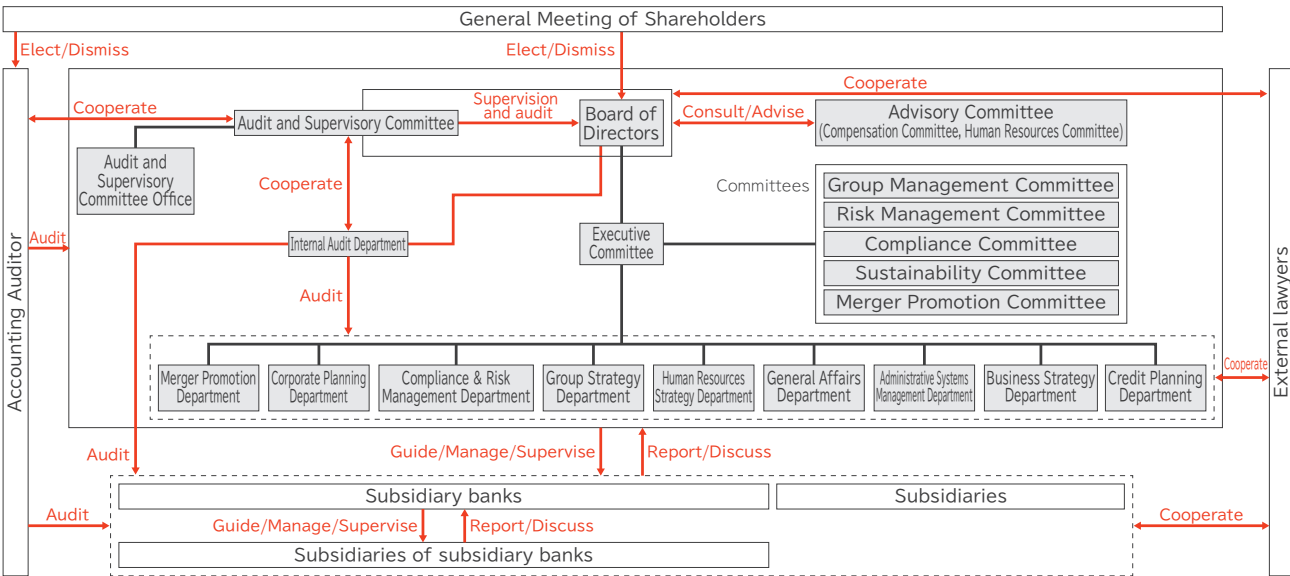
- At Aichi Financial Group, we engage in eliminating and abolishing discrimination of any kind in hiring and employment. We do not accept any discrimination based on race, nationality, creed, religion, disability, family origin, gender, sexual orientation, gender identity, age or health status, as well as harassment, forced labor and child labor.
- In addition to ensuring thorough compliance with the above by officers and employees, we established a consultation desk for workplace human rights violations, creating a system that prevents such actions.

Employment of Persons with Disabilities

- The percentage of employees with disabilities as of March 31, 2023, was 2.37% at The Aichi Bank and 2.62% at The Chukyo Bank, with both banks exceeding the legally mandated level.
- The Human Resources Department, in-Bank clinics and assigned workplaces work together to consider and discuss job duties and placement so employees with disabilities can steadily work over a long period of time.

Basic Stance

Of the three aspects of our management philosophy, the Company has determined to “Contribute to the prosperity of local communities through financial services” within our PURPOSE. In order to further ensure trust from all stakeholders including our customers, local community, employees, and shareholders, and contribute to the prosperity of local communities as a regional financial group, we will work to strengthen and enhance an effective corporate governance system that aims to ensure transparent, fair, prompt and decisive decision-making, as one of our most important management priorities.



Board of Directors

As a general rule, the Company’s Board of Directors meetings are held every month to discuss and resolve business matters such as matters required by law as well as important matters related to management and supervise the Directors’ execution of their duties. There are 15 Directors, and 6 are Directors who are Audit and Supervisory Committee members (of which, 5 are Outside Directors). In addition, the Board of Directors has established two advisory committees, the Compensation Committee as an organization to discuss matters relating to Directors’ compensation and the Human Resources Committee as an organization to discuss matters relating to the election and dismissal of Directors. Outside Directors become members of each of the committees (an Outside Director acts as the chair for each committee) to increase the objectivity and transparency of the selection process.

Audit and Supervisory Committee

As a general rule, the Company’s Audit and Supervisory Committee meets every month, conducting the audit and supervision of duties of Directors in accordance with laws and regulations and Audit and Supervisory Committee Rules, etc. There are 6 Directors who are Audit and Supervisory Committee members, of which 5 are Outside Directors.

Matters related to audits by the Audit and Supervisory Committee are outlined in the Audit and Supervisory Committee Rules formulated by the Audit and Supervisory Committee as well as Audit and Supervisory Committee Audit, etc. Standards. Directors who are Audit and Supervisory Committee members attend Board of Directors meetings as directors with voting rights and also attend important meetings of the Group Management Committee, Sustainability Committee, and Merger Promotion Committee to verify the content of proposals and audit and supervise the execution of business operations.

As a general rule, full-time Audit and Supervisory Committee members attend meetings of the Compliance Committee and Risk Management Committee held every other month, provide input as needed, and supervise compliance with laws and regulations and risk management.

- [Specific topics of discussion by the Board of Directors]
- (1) Basic policy of the Group’s management, matters relating to management strategy and management plan
 - Management policy
 - Profit plan and sales policies of Group companies
 - System transition plan for bank merger
 - Progress of project for bank merger, etc.
 - (2) Matters, etc. relating to sustainability issues and DX strategy
 - Status of sustainability initiatives
 - DX promotion plan
 - Formulation of human rights policy, etc.
 - (3) Matters relating to risk management, compliance and internal audits
 - Group Compliance Program
 - Risk management policy
 - Basic plan for internal audits, etc.
 - (4) Matters relating to corporate governance
 - Effectiveness of Board of Directors
 - Maintenance and operating status of internal controls system
 - Status of dialogue with investors, etc.

Executive Committee and Committees

As a general rule, the Executive Committee, comprised of Directors who are not Audit and Supervisory Committee members and established beneath the Board of Directors, meets once a week. In addition to discussing and deciding on important management matters and matters delegated from the Board of Directors, the Executive Committee deliberates on matters delegated to the Board of Directors to ensure transparency and fairness in decision-making.

There is a system in place where Audit and Supervisory Committee members join the Executive Committee and state their opinions as necessary.

In addition, for important matters related to the execution of the Group’s operations, we have established various cross-organizational committees to increase managerial involvement and widely discuss important management matters such as adherence to laws and regulations and profit management.

[Matters for discussion at committees]	
Group Management Committee	Discusses important management matters, including the Group’s management policy, management plan, total budget, sales initiatives, personnel planning, ALM, etc.
Risk Management Committee	Discusses the Group’s policy for managing various risks, matters relating to systems and methods, and matters related to the status and analysis of various risks.
Compliance Committee	Recognizes the social responsibility and public mission of the Group as a whole, and discusses matters related to compliance at each company of the Group in accordance with laws and regulations.
Sustainability Committee	Discusses responses to improve the sustainability of the Group as a whole through considerations of the sustainability of the environment, society, and economy.
Merger Promotion Committee	Discusses the overall integration, progress management, and issue handling for the smooth advancement of the management integration and bank merger.

Policies and Standards, etc. for the Election of Director Candidates and the Dismissal of Directors

Policies for the Election of Director Candidates and the Dismissal of Directors

The Board of Directors is structured so as to provide for a good overall balance of the knowledge, experience, and skills required to effectively perform its roles and duties in light of the Company’s corporate principles, specific business strategies, and external business environments, etc., and in a way that balances diversity and appropriate size.

Procedures for the Election of Director Candidates and Dismissal of Directors

The decisions on elections and dismissals are made by the Board of Directors based on discussions in the Human Resources Committee of which the majority of its members are Outside Directors.

Standards for the Election of Director Candidates and the Dismissal of Directors

Standards for the Election of Inside Director Candidates

1. As a Director, the candidate is expected to contribute to the sustainable growth of the Company and improve its corporate value over the medium and long term.
2. The candidate must perform duties faithfully and in accordance with the three elements of the Company’s management vision (PURPOSE, MISSION, and VALUE) and the Basic Compliance Policy, and must have the character and insight appropriate for a Director.
3. The candidate must have a wealth of experience and an excellent track record in banking, and have the knowledge and skills required for management.

Standards for the Election of Outside Director Candidates

1. As a Director, the candidate is expected to contribute to the sustainable growth of the Company and improve its corporate value over the medium and long term.
2. The candidate must understand and comply with the three elements of the Company’s management vision (PURPOSE, MISSION, and VALUE) and the Basic Compliance Policy, and must have the character and insight appropriate for a Director.
3. The candidate must have expert knowledge and a wealth of experience in areas such as management, law, finance and accounting, public administration, and education, and be able to advise and supervise management.
4. The candidate must meet the requirements for independence formulated by the Company.

Standards for the Dismissal of Inside and Outside Directors

Discussions regarding dismissal will be held at the Human Resources Committee if any of the following apply to a Director:

1. If committed an act that violates laws and regulations or the Articles of Incorporation
2. If caused significant harm to corporate value due to negligence of duties
3. If becomes unable to perform duties for health reasons, etc.
4. If any of the criteria outlined in the standards for election is no longer met

Effectiveness Assessments

Every year, the Company conducts self-assessments and analyses to measure the effectiveness of the Board of Directors and shares issues and items to be strengthened based on assessment results to further improve the effectiveness of the Board of Directors.

Self-assessments and analyses are conducted with the following method with advice from external organizations. Analysis, discussion, and assessment were conducted at the June 2024 Board of Directors meeting, based on the aggregate results.

Execution Method

Implementation period: March 2024

Assessment method: A survey conducted for all Directors (including Audit and Supervisory Committee members) who are members of the Board of Directors (survey comprised of questions that can be answered using a 5-point scale, as well as open-ended questions that allow for free-text responses)

Response method: Directly responding to an external organization to ensure objectivity and transparency

Main Assessment Items for Effectiveness Assessment

- Composition of Board of Directors
- Operation of Board of Directors
- Discussion by Board of Directors
- Monitoring functions of Board of Directors
- Performance of Outside Directors (including Audit and Supervisory Committee members)
- Support system for Directors (including Audit and Supervisory Committee members)
- Training
- Dialogue with shareholders (investors)

Summary of Effectiveness Assessment of Board of Directors for FY2023

(1) Conclusion

- Based on analysis and assessment, the effectiveness of the Board of Directors has been confirmed.

(2) Analysis and assessment

- There was a high proportion of responses rated “5. Adequate/sufficient” or “4. Generally adequate/generally sufficient” for many items in the results of the conducted survey.
- In particular, “Number of board members and their skill balance,” “Cooperation between Directors (including Audit and Supervisory Committee members) and internal auditing division” and “Establishing KPIs to realize the sustainable growth of the company” within the Board of Directors were highly rated.
- Over 90% of items have improved scores compared to the previous fiscal year, and it has been confirmed that improvements are underway. “Deep discussions on sustainability measures,” which was identified as an issue or item to be strengthened in the previous fiscal year, was improved by regularly holding Sustainability Committee meetings, participated by all Directors including Audit and Supervisory Committee members, as an opportunity to share the progress of measures and discuss deployment policies.
- Regarding the operation of the Board of Directors, efforts were made to create more easily understood documents by reviewing materials and attachments. While the Board of Directors was assessed as functioning as an active meeting body with vigorous discussions on various agendas, we also identified ongoing challenges, such as time allocation for discussions and the timing of material provision, which need continuous improvement. Although there are a range of topics to discuss during this transition period for the bank merger, the Board of Directors will make improvements to ensure further effectiveness.

(3) Actions based on assessment results

- A briefing session by the organization that conducted the survey was held to obtain objective opinions. We shared the analysis and commentary of issues sampled from survey results, as well as issues and points of improvement of the Company that can be gained from comparisons to past results and with other companies.
- Based on the effectiveness assessment, we will thoroughly consider the issues and items to be strengthened and take swift action.
- We will continue to strengthen the functions of the Board of Directors for the sustainable growth of the Group in the medium to long term and increase corporate value.

Standards for the Election of Outside Director Candidates

Name	Audit and Supervisory Committee member	Independent officer	Supplemental explanation of criteria	Reason for appointment
Yasutoshi Emoto	●	●	—	Yasutoshi Emoto has the specialized legal knowledge and extensive experience as an attorney-at-law and is expected to provide advice on and oversight, etc. of management as an outside Director who is an Audit and Supervisory Committee member. Although his only corporate management experience to date is as an outside officer, for the reasons stated above, we judged that he would be able to fulfill his duties appropriately as a Director who is an Audit and Supervisory Committee member of the Company. He has been judged to be an executive with a high degree of independence not likely to cause any conflict of interest with general shareholders in light of criteria for determining independence set forth by the stock exchange and the Company and has thus been designated as an independent officer.
Yuki Shibata	●	●	Yuki Shibata held previous roles at Nagoya Railroad Co., Ltd. and Meitetsu Transportation Co., Ltd., clients of the Group. The two companies and the Group have normal banking transactions, but as it has been determined that there are no concerns about independence in light of the size and nature of transactions and an overview has been omitted.	Yuki Shibata has held important positions such as Representative Director and Vice President of Nagoya Railroad Co., Ltd. and Representative Director and President of Meitetsu Transportation Co., Ltd. We expect him to provide advice and proposals based on his abundant experience and discernment in company management. He has been judged to be an executive with a high degree of independence not likely to cause any conflict of interest with general shareholders in light of criteria for determining independence set forth by the stock exchange and the Company and has thus been designated as an independent officer.
Chieko Murata	●	●	—	Chieko Murata has held important positions at the National Tax Office and served as district director of Tax Offices since joining the Nagoya Regional Taxation Bureau, and has an extensive knowledge of taxation and accounting. In her current position as a certified tax accountant, she is expected to provide opinions and advice on banking taxation and accounting methods, as well as contribute to ensuring the accuracy and transparency of finances. For the reasons stated above, we judged that she would be able to fulfill her duties appropriately as a Director who is an Audit and Supervisory Committee member. She has been judged to be an executive with a high degree of independence not likely to cause any conflict of interest with general shareholders in light of criteria for determining independence set forth by the stock exchange and the Company and has thus been designated as an independent officer.
Takumi Azuma	●	●	Takumi Azuma held previous roles at INTEC Inc., with which the Group has transactions. An overview has been omitted as it has been determined that there are no concerns about independence in light of the size and nature of transactions.	Takumi Azuma has a long track record of holding important management positions at INTEC Inc. and Hokkoku INTEC Service Inc., both TIS INTEC Group companies. We expect that he will use his experience and insights in the IT and systems area to make proposals and, based on his experience as a corporate auditor, perform a management oversight function as a Director who is an Audit and Supervisory Committee member of the Company. For the reasons stated above, we judged that he would be able to fulfill his duties appropriately as a Director who is an Audit and Supervisory Committee member. He has been judged to be an executive with a high degree of independence not likely to cause any conflict of interest with general shareholders in light of criteria for determining independence set forth by the stock exchange and the Company and has thus been designated as an independent officer.
Asako Itakura	●	●	Asako Itakura held previous roles at Nagoya Broadcasting Network Co., Ltd., with which the Group has transactions. The company and the Group have normal banking transactions, but as it has been determined that there are no concerns about independence in light of the size and nature of transactions and an overview has been omitted.	Asako Itakura has served for many years in key management positions at Nagoya Broadcasting Network Co., Ltd. and NagoyaTV Enterprise Co., Ltd. She has professional knowledge as an active labor and social security attorney and small and medium enterprise management consultant, as well as extensive experience in the personnel and labor affairs department; therefore, we expect her to provide competent advice and recommendations to the Company's management. She has been judged to be an executive with a high degree of independence not likely to cause any conflict of interest with general shareholders in light of criteria for determining independence set forth by the stock exchange and the Company and has thus been determined to be qualified as an independent officer.

Expertise and experience, etc. (skills matrix) of Directors of the Company (including Audit and Supervisory Committee members)

List of Directors (excluding Directors who are Audit and Supervisory Committee members)

Name	Position	Expertise and experience						
		Corporate management and sustainability	Financial services	Finance and accounting	Legal affairs and risk management	IT and computer systems	Human resources and labor	Regional revitalization
Yukinori Ito	President and Representative Director	●	●	●	●	●		
Hideo Kobayashi	Vice President and Representative Director	●	●	●		●		●
Nobuhiko Kuratomi	Director	●	●	●	●	●	●	
Hiroaki Yoshikawa	Director	●	●	●		●	●	
Makoto Hayakawa	Director	●	●	●	●	●	●	●
Norimasa Suzuki	Director	●	●		●		●	
Kenji Ito	Director	●	●	●		●	●	
Hisashi Sebayashi	Director	●	●	●			●	●
Takehiro Suzuki	Director	●	●			●		●

List of Directors who are Audit and Supervisory Committee members

Name	Position	Expertise and experience						
		Corporate management and sustainability	Financial services	Finance and accounting	Legal affairs and risk management	IT and computer systems	Human resources and labor	Regional revitalization
Masahiro Kato	Director (Full-time Audit and Supervisory Committee member)	●	●				●	
Yasutoshi Emoto	Outside Director (Audit and Supervisory Committee member)				●			
Yuki Shibata	Outside Director (Audit and Supervisory Committee member)	●		●	●			
Chieko Murata	Outside Director (Audit and Supervisory Committee member)			●				
Takumi Azuma	Outside Director (Audit and Supervisory Committee member)	●	●			●		
Asako Itakura	Outside Director (Audit and Supervisory Committee member)	●			●		●	

Advisory Committees of the Board of Directors

In order to supplement the functions of the Board of Directors, the Human Resources Committee, an organization to discuss matters relating to the election and dismissal of Directors, and the Compensation Committee, an organization to discuss matters relating to Directors' compensation, have been established within the Board of Directors. Independent Outside Directors become members of each of the committees (an Outside Director becomes committee chair) to increase the objectivity and transparency of the decision-making process.

		Human Resources Committee		Compensation Committee	
Matters for discussion		<ul style="list-style-type: none">● Matters relating to the election and dismissal of Directors● Matters relating to the election and dismissal of Representative Directors and Executive Directors● Other matters related to personnel changes of Directors		<ul style="list-style-type: none">● Matters relating to the compensation of Directors	
Composition of members		An Outside Director serves as committee chair and the committee is comprised of 3 Outside Directors including the committee chair and 2 Representative Directors.			
Committee chair and members		Name	Attendance rate	Name	Attendance rate
Committee chair	Outside Director	Yasutoshi Emoto	100%	Chieko Murata	100%
Members	(Independent officers)	Chieko Murata	100%	Yasutoshi Emoto	100%
		Yuki Shibata	100%	Yuki Shibata	100%
		Yukinori Ito	100%	Yukinori Ito	100%
	Representative Director	Hideo Kobayashi	100%	Hideo Kobayashi	100%
Number of meetings held		5 times		3 times	
Main matters for discussion		<ul style="list-style-type: none">• Election of Outside Directors• Election of Representative Directors and Executive Directors• Division of duties among Directors and delegation of duties to general managers		<ul style="list-style-type: none">• Deciding matters to be reported at General Meetings of Shareholders (maximum compensation, introduction of a restricted stock compensation plan, etc.)• Revisions to basic policy on compensation for Directors• Decision on the amount of compensation for Directors	

*Attendance rates, number of meetings held, and main matters for discussion are actual FY2023 results.

Officer Compensation System

To ensure the sustainable growth and medium- to long-term improvement of the corporate value of the Company and affiliates of the Group, we have established a policy on the calculation method for the amount of compensation for officers of the Company. Furthermore, the same policy as the Company's system is established in the officer compensation system at The Aichi Bank and The Chukyo Bank, major consolidated subsidiaries of the Company.

Basic Policy

The compensation system functions as an incentive for the sustained improvement of corporate for the Company and affiliates of the Group as a whole that takes into account the link to shareholder profit and attainment level of the medium-term management plan.

Director Compensation Structure

Compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) is comprised of basic compensation, short-term performance-linked compensation, and restricted stock compensation. To ensure neutrality in light of the responsibilities of the position, compensation for Directors who are Audit and Supervisory Committee members is comprised only of basic compensation.

Type of compensation	Directors (excluding Audit and Supervisory Committee members)	Audit and Supervisory Committee member	Outline of compensation
Basic compensation	●	●	Compensation paid monthly based on position
Short-term performance-linked compensation	●	—	Compensation paid at a certain time each year that reflects performance indicators for a single fiscal year
Restricted stock compensation	●	—	Stock compensation to motivate employees to increase share prices and improve corporate value

Resolution by General Meeting of Shareholders Regarding Compensation

The total amount of Director compensation is resolved at General Meetings of Shareholders.

Eligible persons	Type of compensation	Total compensation amount (yearly amount)	Resolution body	Date of resolution
Directors (excluding Audit and Supervisory Committee members)	Basic compensation	260 million yen	First Annual General Meeting of Shareholders	June 23, 2023
	Short-term performance-linked compensation			
	Restricted stock compensation	100 million yen		
Audit and Supervisory Committee members	Basic compensation	90 million yen		

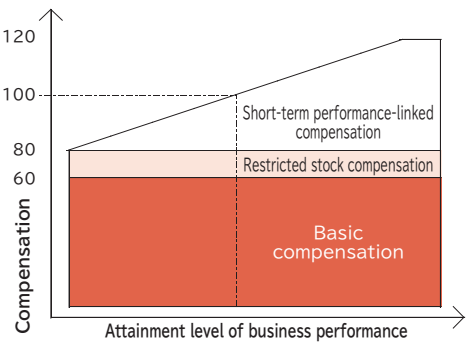
Decision-making Process

Compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) is resolved by the Board of Directors after discussion by the Compensation Committee, an advisory committee of the Board of Directors, based on the above basic policy and Compensation Committee rules. Compensation for Directors who are Audit and Supervisory Committee members is resolved through discussion by Directors who are Audit and Supervisory Committee members, based on Audit and Supervisory Committee rules.

Overview of Short-term Performance-linked Compensation

The Company's short-term performance-linked compensation is a system in which the amount paid fluctuates based on the attainment level of Profit attributable to owners of parent and Core operations net profit of subsidiary banks.

If the compensation amount for achieving the target value is set at 100, the system is designed so that the amount will be adjusted by approximately $\pm 20\%$ depending on attainment level. The figure to the right shows the relationship between the compensation amount paid and the attainment level of business performance.



Enacting the Aichi Financial Group Human Rights Policy

As respect for human rights in business activities is becoming increasingly important both within Japan and overseas, in November 2023 the Group established the Aichi Financial Group Human Rights Policy in accordance with international standards for human rights, such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the Guiding Principles on Business and Human Rights. In moving forward with various activities, we recognize respect for human rights as a key management issue and will fulfill our responsibility to respect human rights in all of our business activities.

Conducting Internal Training on Respecting Human Rights

The Group held the Aichi FG Human Rights Training for all officers and employees for a better understanding of the Aichi Financial Group Human Rights Policy. After the training, study sessions were held by branch and department to deepen understanding of human rights in corporate settings and specific human rights measures by the Group.

Implementing Process to Confirm Human Rights Compliance Upon Loan Application

The Aichi BankThe Chukyo Bank

The Aichi Financial Group Human Rights Policy aims to solve human rights issues together with our customers and also asks that they respect and do not infringe upon human rights. From April 1, 2024, The Aichi Bank and The Chukyo Bank have implemented a process during the loan application procedure to confirm whether customers are in accordance with the Aichi Financial Group Human Rights Policy. If customers are confirmed not to be in compliance, the Group will respond appropriately by fostering dialogue with the customer and encouraging them to take adequate measures. In addition, Aigin Lease, an affiliate of The Aichi Bank, has also implemented a process to confirm compliance with the Human Rights Policy during the leasing application procedure since May 2024.

Main Efforts Regarding Human Rights

Initiatives for Customers

Initiatives for the elderly and customers with disabilities	The Aichi Bank The Chukyo Bank	By stationing dementia supporters and creating a counter for written communication, we have made it so that the elderly and customers with disabilities can comfortably and safely visit our branches. In preparation for customers who are not under an adult guardianship system or the support program for self-reliance in daily life having issues with banking transactions, we allow a proxy designated by the customer to conduct banking transactions such as withdrawals for everyday living expenses.
Initiatives for gender equality	The Aichi Bank The Chukyo Bank	As one aspect of creating a work-friendly society, customers who wish may open a bank account under their maiden name.
Initiatives for LGBTQ	The Aichi Bank	Same-sex partner was included as a definition for a spouse for mortgages, and customers can apply for pair loans or with the combined income of their same-sex partner.

Initiatives for Officers and Employees

Establishing a harassment consultation desk	The Aichi Bank The Chukyo Bank	We are engaged in creating a comfortable working environment, such as by establishing a consultation desk for sexual harassment and workplace abuse of authority, which can respond to inquiries in a variety of ways, including email and over the phone.
Initiatives to prevent long working hours	The Aichi Bank The Chukyo Bank	We are working to manage and improve working hours through measures to prevent long working hours by officers and employees, including monitoring for any violations of the agreement stipulated in Article 36 of the Labor Standards Act as well as the number of overtime hours worked.
Respecting the freedom of association and the right to collective bargaining	The Aichi Bank The Chukyo Bank	Employee unions are organized at both The Aichi Bank and The Chukyo Bank. The banks and unions meet periodically to discuss a variety of topics while being in consideration of and respectful to each other's positions.

Aichi Financial Group Human Rights Policy

Aichi Financial Group pledged to “Contribute to the prosperity of local communities through financial services” under the PURPOSE of its management vision. With this philosophy, we strive for the realization of a sustainable society through our business activities. In moving forward with various activities, we recognize respect for human rights as a key management issue and fulfill our responsibility to respect human rights in all of our business activities.

1. Human Rights to be Respected

Aichi Financial Group respects international standards for human rights such as the Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the Guiding Principles on Business and Human Rights.

2. Positioning of Human Rights Policy

The Aichi Financial Group Human Rights Policy (hereinafter “Policy”) respects human rights in business activities based on the Charter of Ethics & Code of Conduct, which is established based on a vision for all officers and employees to aspire to, and as a management vision that acts as a clear guiding principle to all decision-making.

3. Scope of Application

Based on the Policy, officers and employees of each Group company shall strive to respect human rights.

4. Human Rights of Officers and Employees

At Aichi Financial Group, we engage in eliminating and abolishing discrimination of any kind in hiring and employment. We do not accept any discrimination based on race, nationality, creed, religion, disability, family origin, gender, sexual orientation, gender identity, age or health status, as well as harassment such as sexual harassment and workplace abuse of authority, and infringements on human rights such as forced labor and child labor.

Furthermore, in addition to ensuring thorough compliance with the above by officers and employees, we established a consultation desk for workplace human rights violations, creating a system that prevents and does not allow such actions. In addition, we strive for each officer and employee to properly understand and deepen their recognition of human rights issues.

5. Request Our Customers to Respect Human Rights

Aichi Financial Group aims to solve human rights issues together with our customers and also asks that they respect and do not infringe upon human rights. If the products and services we provide are directly tied to the occurrence of human rights violations, as Aichi Financial Group, we will respond appropriately and encourage our customers to take adequate measures.

6. Request Our Suppliers to Respect Human Rights

Aichi Financial Group also asks our suppliers that they respect and do not infringe upon human rights. Furthermore, if suppliers have a negative impact on human rights, as Aichi Financial Group, we will respond appropriately and encourage our suppliers to take adequate measures.

7. Remedial Measures, etc.

If officers and employees of each of the Group companies or the products and services we provide have a negative impact on human rights, Aichi Financial Group will respond appropriately when it becomes clear the above are involved, and take remedial measures.

8. Governance and Administrative Structure

The Policy is decided by the Board of Directors. In addition to periodic considerations of the need for review, it will also review the Policy as necessary.

Measures for human rights are periodically reported to the Sustainability Committee and the Board of Directors.

We will also appropriately and proactively conduct information disclosure on measures for human rights to ensure transparency.

9. Dialogue with Stakeholders

With regard to measures based on the Human Rights Policy, Aichi Financial Group will strive to enhance and improve efforts to respect human rights through dialogue with all related stakeholders.

Communication with Shareholders

1. Basic Policy

- The Company strives for constructive dialogue with our shareholders to a reasonable extent and in a reasonable manner to contribute to sustainable growth and medium- to long-term improvement in corporate value.
- The officer in charge of the Corporate Planning Department is responsible for dialogue with shareholders, and provides opportunities for dialogue and responds in organic cooperation with related divisions.
- As an aspect of dialogue with shareholders, we strive for appropriate and easily understood information disclosure through informational meetings as well as through our website, integrated reports and disclosure books.
- We provide appropriate feedback to management regarding opinions received through dialogue with shareholders.
- In dialogue with our shareholders, we ensure proper management of insider information and the fairness of information disclosure in accordance with the Financial Instruments and Exchange Act.

2. Status of Activities

- The status of dialogue with shareholders and investors for FY2023 is as follows.
President: General Meeting of Shareholders, financial results briefing (2 times)
Officer in charge of the General Planning Department: financial results briefing (2 times), dialogue with investors (9 times)
- Opinions received through dialogue with our shareholders are reported at Board of Directors meetings and used as reference for the consideration of the Company's management strategy and management policy.

Cross-shareholdings

1. Policy on Cross-shareholdings

- The Group thoroughly reviews the necessity of cross-shareholdings as well as economic rationality as a regional financial group and reduces its holdings with the full understanding of the corporations in which it has such holdings if they do not lead to the maintenance and improvement of the Group's corporate value.
- If a cross-shareholder expresses an intent to sell such shares, we will not prevent the sale, such as by suggesting a reduction in transactions.
- In addition, we do not conduct transactions with a cross-shareholder that harm the interest of both the Company and the cross-shareholder, such as continuing transactions with the cross-shareholder without verifying the economic rationality of such transactions.

2. Verification, etc.

The Board of Directors reviews annually the necessity of holding and the economic rationale of cross-shareholdings for each share.

3. Standards for Exercising Voting Rights

Voting rights of cross-shareholdings will be exercised based on whether or not such exercise is adequate for the sustainable growth and medium- to long-term improvement in corporate value of both the Group and the company in which we hold cross-shareholdings.

For proposals that require careful consideration, such as those that affect the Group's corporate value or shareholder interests, we will determine whether to vote for or against through individual dialogue with the company in which we hold cross-shareholdings.

Reducing Cross-shareholdings

1. Reduction Targets

The Group formulated reduction targets for cross-shareholdings in May 2023, however, targets were changed in June 2024.

Before change We aim for a 20% reduction (approximately 8.6 billion yen) from FY2022 level on a book value basis by the end of FY2030.



After change We aim to reduce the percentage of cross-shareholdings to around 20% of consolidated net assets on a market value basis by the end of FY2030.

2. Reason for Change

Based on the aims of the Corporate Governance Code, the Group has fully verified the necessity and the economic rationale of cross-shareholdings as a regional financial group, and if it was determined that such holdings did not lead to the maintenance of improvement of the Group's corporate value, the Group sought to reduce cross-shareholdings through dialogue with the cross-shareholder. This time, however, the reduction target was changed and reduction measures have been enhanced for the further strengthening of corporate governance functions and increasing capital efficiency to enhance our corporate value.

In reducing cross-shareholdings, we continue to hold thorough dialogue with the companies in which we have such holdings for them to understand the Group's policy while giving due consideration to the management environment surrounding such companies.

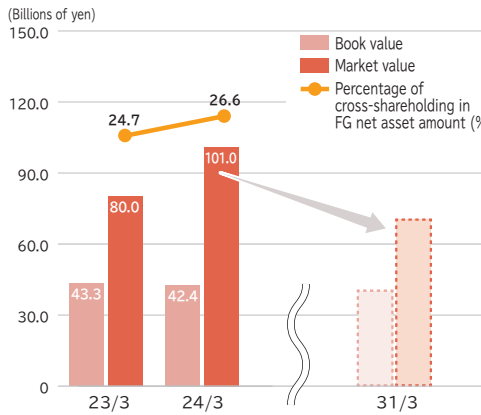
3. Reduction Status

[Status of listed cross-shareholdings]

	Mar. 31, 2023	Mar. 31, 2024	YoY change
Number of stocks	117 stocks	112 stocks	(5) stocks ^(*)
Book value	43.3 billion yen	42.4 billion yen	(0.9) billion yen ^(*)
Market value (A)	80.0 billion yen	101.0 billion yen	+20.9 billion yen
Nikkei Stock Average	27,986 yen	40,369 yen	+12,383 yen
FG consolidated net asset amount (B)	323.4 billion yen	379.5 billion yen	+56.0 billion yen
Percentage of cross-shareholding in FG consolidated net asset amount (A/B)	24.7%	26.6%	+1.8%

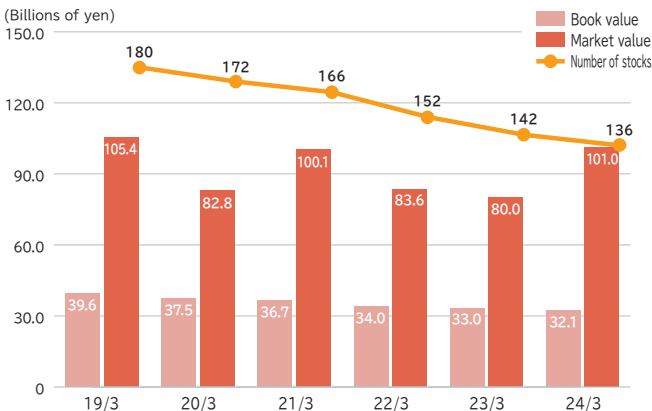
^(*) Market value of 5 stocks reduced in FY2023 was 3.8 billion yen (Calculated based on stock price as of March 31, 2024)

Reduction status (FG basis)



[Reference]

Reduction status (Simple total of both banks)



*The book value for the simple total of The Aichi Bank and The Chukyo Bank differs from that of FG book value because Aichi Financial Group, Inc. acquired listed cross-shareholdings held by The Chukyo Bank at the market value as of September 30, 2022, from The Chukyo Bank for accounting purposes in the management integration. (On FG basis, the book value of cross-shareholdings by The Chukyo Bank has been revalued to the book value as of September 30, 2022)

4. Use of Funds Arising from Reduction

Funds arising from the reduction of cross-shareholdings will be used for the medium- to long-term improvement of corporate value while taking into consideration capital efficiencies, such as growth investments in human capital, the digital sector, and deployment of Group strategy as well as enhancing capital that serves to supply risk-weighted assets to local communities, and shareholder returns.



Communication with Employees

Management Council The Aichi Bank The Chukyo Bank

- The employee unions of both The Aichi Bank and The Chukyo Bank hold the Management Council for the betterment of the banks with members of both labor and management in attendance.
- The Aichi Bank Employee Union held a Management Council in December 2023 under the theme of aiming to become the No. 1 financial group in the region. The union side made specific proposals in light of issues faced by both the organization and employees such as strengthening expertise, efficient branch management and strengthening sales power which was discussed enthusiastically by both labor and management.
- The Chukyo Bank Employee Union held a Management Council in June 2024.

In addition to sharing the opinions of employees with management regarding the merger and the new human resource system, as expressed through the All-Branch Organization, workplace roundtables and surveys, progressive discussions were held looking ahead to the merger.

The Aichi Bank: Proposals from FY2023 2nd half Management Council

- Proposal I: Strengthening expertise
- Proposal II: Effective branch management
- Proposal III: Strengthening sales power

The Chukyo Bank: Confirmed and discussed matters from June 2024 Management Council

- 1) Opinions from employees on the merger
- 2) The new human resources system of Aichi Bank



Aichi FG All Branch Volleyball Tournament Held for All Employees The Aichi Bank The Chukyo Bank

In July 2023, the employee unions of both The Aichi Bank and The Chukyo Bank hosted a volleyball tournament which was attended by approximately 1,900 people including employees of our group companies and their families. In addition to fostering interactions between employees through sports, officers walked around the venue and had conversations with many employees. It became a productive opportunity to harmonize communication within the organization.



Informal meeting between President and Branch General Managers The Aichi Bank

Every year, The Aichi Bank Employee Union hosts an informal meeting between the President and branch general managers as an opportunity for branch general managers who represent the workplaces of their respective areas (branches) to meet the President and share issues based on the on-site realities of employees and make policy proposals. For FY2023, issues brought up by branch general managers based on the theme of aiming to become the No. 1 financial group in the region were broken down into three subjects 1) development of the younger generation, 2) Expanding the customer base and 3) strengthening sales power to share the voices of those on-site.

ES Management The Aichi Bank The Chukyo Bank

Both banks have conducted yearly ES surveys for all officers and employees with the aim of reforming corporate culture to realize our management philosophy.

Survey results and portfolio analysis are sent as feedback to management and all employees, while each department of the head office identifies points of improvement along with the voices of employees gained through ES surveys to reflect in measures.

In addition, ES measures of each department of the head office are checked twice a year to implement a PDCA cycle. With each employee considering what they can do for ES management, we work to improve awareness of ES and engagement.

Communication with Local Communities

Donations Through Financial Products The Aichi Bank The Chukyo Bank

Both banks utilize an amount equivalent to a certain percentage of our customers' deposit balances, or products that donate a portion of trust fees received by the Bank for investment trusts to make donations to the foundations to the right founded by Aichi Prefecture and Mie Prefecture.

Total donations made (total of both banks, FY2023): 7.14 million yen

[Donation recipients]

Children's Bright Future Fund	Mie's Children Support Project
Aichi Forest and Greenery Creation Fund	Aichi Prefecture Social Welfare Council
Human Resources Development Program for Environmental Capital Aichi Project	Mie Prefecture Council of Social Welfare

Dispatching Bank Employees to Hospitality Training for Shinshiro City Employees The Aichi Bank

The Aichi Bank dispatched employees as a lecturer to the Hospitality Training: Learning from the Power of the Private Companies! held by Shinshiro City (Mayor: Hiroyuki Shimoe) for city government employees. The Group entered into an Agreement on Comprehensive Collaborative Cooperation with Shinshiro City in March 2016, and this dispatch to the training was conducted as a part of this agreement. We will continue to strive for our growth along with the local community as a financial institution based in the region.

Appointment as Aichi SDGs Partners Business Supporter The Aichi Bank The Chukyo Bank

We were appointed as a supporter who provides support for business-related matters as part of the Aichi SDGs Partners registration program promoted by Aichi Prefecture.

Co-sponsorship of Chubu Region SDGs Festival The Aichi Bank The Chukyo Bank

The Group co-sponsored the Chubu Region SDGs Festival, which was held to increase interest in SDGs in the Chubu region and contribute to the acceleration of achieving SDGs, and placed an SDGs monument in the lobby of the Head Office, in light of the intent of this initiative.



Communication with Customers

Business Owner Surveys The Aichi Bank The Chukyo Bank

Both banks conducted surveys to better understand the business confidence of business owners of client companies as well as their response to management issues.

By understanding and analyzing the results of the survey, we strive to develop products and services tailored to the actual situations of customers and local communities.

- Survey method: Anonymous online survey
- Survey targets: Business owners that have loan transactions above a certain amount with either The Aichi Bank or The Chukyo Bank
- Eligible participants: 11,750 companies (of which, valid responders: 3,664 companies)

Customer Feedback Survey The Aichi Bank The Chukyo Bank

Both banks have customer feedback survey forms available in their branches to gather a wide range of voices from customers.

The valuable feedback we receive from customers is used to improve the quality of various services.

Customer Satisfaction Survey The Aichi Bank The Chukyo Bank

Both banks conducted a customer satisfaction survey for customers who opened accounts between December 2023 and January 2024. We strive to conduct operational improvements and further improve customer satisfaction from the feedback we received through this survey.

Results of the survey conducted for customers who opened a bank account are as follows.

- At The Aichi Bank, 82.3% of responses were "Satisfied," 17.6% responded "Neither satisfied nor dissatisfied" and 0.1% responded "Dissatisfied" in total satisfaction.
- At The Chukyo Bank, 83.6% of responses were "Satisfied," 16.0% responded "Neither satisfied nor dissatisfied" and 0.4% responded "Dissatisfied" in total satisfaction.



Placing Service Care Attendants (SCAs) The Chukyo Bank

The Chukyo Bank has placed SCAs at many of its branches so that all customers, not limited to elderly customers and those with disabilities, can use services with ease.

Strengthening Governance

Company Officers (Directors)

Message for
Our Stakeholders

Source of Value Creation

Strategy for
Sustainable Growth

Corporate Data

Aichi Financial Group

Yukinori Ito

President and Representative Director
(Concurrent position: President of The Aichi Bank, Ltd.)



Apr. 1980 Joined Chuo Sogo Bank, Ltd. (currently The Aichi Bank, Ltd.)
June 2010 General Manager of Operations Administration Department
June 2013 Director, General Manager of Internal Audit Department
June 2015 Director, General Manager of Securities & Foreign Business Department
June 2017 Managing Director
June 2019 President (current position)
Oct. 2022 President and Representative Director of the Company (current position)
In charge of Group Strategy Department (current position)

Hideo Kobayashi

Vice President and Representative Director
(Concurrent position: President of The Chukyo Bank, Ltd.)



Apr. 1984 Joined Chukyo Sogo Bank, Ltd. (currently The Chukyo Bank, Ltd.)
June 2015 Executive Officer
General Manager of No. 3 Nagoya Sales Department
June 2017 Director and Executive Officer
June 2019 Director and Managing Executive Officer
Apr. 2021 President (current position)
Oct. 2022 Vice President and Representative Director of the Company (current position)
In charge of Internal Audit Department (current position)

Takehiro Suzuki

Director
(Concurrent position: Director of The Aichi Bank, Ltd.)



Apr. 1988 Joined Chuo Sogo Bank, Ltd. (currently The Aichi Bank, Ltd.)
June 2019 Executive Officer, General Manager of Business Department
June 2021 Executive Officer, General Manager of Securities & Foreign Business Department
June 2022 Senior Executive Officer, General Manager of Business Planning & Promotion Department
Oct. 2022 Senior Executive Officer, General Manager of Business Planning Department
June 2023 General Manager of Operations Administration Department of the Company
June 2023 Director, General Manager of Business Administration Department of The Aichi Bank, Ltd. (current position)
Apr. 2024 General Manager of Business Strategy Department of the Company
June 2024 Director of the Company (current position)
In charge of Business Strategy Department (current position)

Masahiro Kato

Director (Audit and Supervisory Committee member)
(Concurrent position: Director (Audit and Supervisory Committee member) of The Aichi Bank, Ltd.)



Apr. 1985 Joined Chuo Sogo Bank, Ltd. (currently The Aichi Bank, Ltd.)
Oct. 2007 General Manager of Akaike Branch
Jan. 2010 General Manager of Tochi Branch
Oct. 2012 General Manager of Kanayama Branch
June 2014 Deputy General Manager of Corporate Administration Department
June 2020 Director (Audit and Supervisory Committee member) (current position)
Oct. 2022 Director (Audit and Supervisory Committee member) of the Company (current position)

Nobuhiko Kuratomi

Director
(Concurrent position: Senior Managing Director of The Aichi Bank, Ltd.)



Apr. 1981 Joined Chuo Sogo Bank, Ltd. (currently The Aichi Bank, Ltd.)
June 2014 General Manager of Compliance Management Department
June 2016 Director, General Manager of Compliance & Risk Management Department
June 2017 Director, General Manager of Internal Audit Department
June 2019 Managing Director
June 2021 Senior Managing Director (current position)
Oct. 2022 Director of the Company (current position)
In charge of Compliance & Risk Management Department and Human Resources Strategy Department (current position)

Hiroaki Yoshikawa

Director
(Concurrent position: Managing Director of The Aichi Bank, Ltd.)



Apr. 1985 Joined Chuo Sogo Bank, Ltd. (currently The Aichi Bank, Ltd.)
June 2015 General Manager of Corporate Administration Department
June 2017 Executive Officer, General Manager of General Planning Department
June 2019 Executive Officer, General Manager of Operations Administration Department
June 2020 Director
June 2022 Managing Director (current position)
Oct. 2022 Director of the Company (current position)
In charge of Administrative Systems Management Department (current position)

Yasutoshi Emoto

Director (Audit and Supervisory Committee member) (Outside)
(Concurrent position: Director, Emoto Law Office)



Apr. 1990 Joined the Legal Training and Research Institute of the Supreme Court of Japan
Apr. 1992 Registered as an attorney-at-law
Apr. 1992 Joined Fuji Law Office
Apr. 1997 Established, Director of Emoto Law Office (current position)
Oct. 2007 Domestic Relations Conciliator (part-time judge) of Nagoya Family Court
Sep. 2009 Resigned as Domestic Relations Conciliator (part-time judge) of Nagoya Family Court
Apr. 2016 Inspector of the Aichi Bar Association
Mar. 2017 Resigned as Inspector of Aichi Bar Association
June 2018 Director (Audit and Supervisory Committee member) (Outside) of The Aichi Bank, Ltd.
Oct. 2022 Resigned as Director (Member of the Audit and Supervisory Committee) (Outside) of The Aichi Bank, Ltd.
Oct. 2022 Director (Audit and Supervisory Committee member) (Outside) of the Company (current position)

Yuki Shibata

Director (Audit and Supervisory Committee member) (Outside)



Apr. 1973 Joined Nagoya Railroad Co., Ltd.
June 2000 Branch President of Tokyo Branch
July 2005 Director, Assistant Division Director of Railroad Operations HQ
July 2006 Director, General Manager of Corporate Planning Department
June 2007 Managing Director
June 2009 Senior Managing Director
June 2011 Representative Director and Vice President
June 2012 Representative Director and Vice President, Meitetsu Transportation Co., Ltd.
June 2013 Representative Director and President
June 2019 Outside Director of The Chukyo Bank, Ltd.
Oct. 2022 Resigned as Outside Director of The Chukyo Bank, Ltd.
Oct. 2022 Director (Audit and Supervisory Committee member) (Outside) of the Company (current position)

Makoto Hayakawa

Director
(Concurrent position: Director and Managing Executive Officer, General Manager of General Planning Department of The Chukyo Bank, Ltd.)



Apr. 1985 Joined Chukyo Sogo Bank, Ltd. (currently The Chukyo Bank, Ltd.)
June 2011 Executive Officer, General Manager of General Planning Department
May 2013 Executive Officer, General Manager of Operations Administration Department
May 2014 Executive Officer, General Manager of Business Planning & Promotion Department
Mar. 2016 Executive Officer, General Manager of Risk Management Department
Apr. 2018 Executive Officer, General Manager of General Planning Department
June 2019 Managing Executive Officer, General Manager of General Planning Department
Oct. 2022 Director and Managing Executive Officer, General Manager of General Planning Department
Oct. 2022 Director of the Company (current position)
In charge of Merger Promotion Department (current position)

Norimasa Suzuki

Director
(Concurrent position: Managing Director of The Aichi Bank, Ltd.)



Apr. 1986 Joined Chuo Sogo Bank, Ltd. (currently The Aichi Bank, Ltd.)
June 2017 General Manager of Corporate Administration Department
June 2018 Executive Officer, General Manager of Corporate Administration Department
June 2020 Executive Officer, General Manager of Compliance & Risk Management Department
June 2021 Director
Oct. 2022 Director of the Company (current position)
June 2024 Managing Director of The Aichi Bank, Ltd. (current position)
In charge of Credit Planning Department (current position)

Chieko Murata

Director (Audit and Supervisory Committee member) (Outside)
(Concurrent position: Head of Chieko Murata Certified Public Tax Accountant Office)



Apr. 1982 Joined Nagoya Regional Taxation Bureau
July 2015 District Director of Ogaki Tax Office
July 2016 Manager of Information Technology of Large Enterprise Examination Division, Examination Department, Nagoya Regional Taxation Bureau
July 2017 Manager of Accounts Division, Planning and Administration Department, Nagoya Regional Taxation Bureau
July 2018 Deputy Manager of Planning and Administration Department, Nagoya Regional Taxation Bureau
July 2019 District Director of Nagoya/Naka Tax Office
Aug. 2020 Registered as certified public tax accountant, established, Head of Chieko Murata Certified Public Tax Accountant Office
June 2022 Director (Audit and Supervisory Committee member) (Outside) of The Aichi Bank, Ltd.
Oct. 2022 Resigned as Director (Member of the Audit and Supervisory Committee) (Outside) of The Aichi Bank, Ltd.
Oct. 2022 Director (Audit and Supervisory Committee member) (Outside) of the Company (current position)
June 2023 Outside Statutory Auditor of KIMURA UNITY CO., LTD. (current position)

Takumi Azuma

Director (Audit and Supervisory Committee member) (Outside)



Apr. 1981 Joined INTEC Inc.
Apr. 2013 Executive Officer, General Manager of No. 2 Financial Solutions Division
June 2015 Managing Director, General Manager of General Affairs Department, Hokkoku INTEC Service Inc.
June 2016 President and Representative Director
Apr. 2018 Managing Executive Officer, Manager of Chubu Headquarters, INTEC Inc.
Apr. 2019 Managing Executive Officer, Manager of Hokuriku Industrial Division
June 2021 Full-time Audit & Supervisory Board Member
Oct. 2022 Director (Audit and Supervisory Committee member) (Outside) of the Company (current position)
Mar. 2023 Resigned as Full-time Audit & Supervisory Board Member, INTEC Inc.

Kenji Ito

Director
(Concurrent position: Managing Director of The Aichi Bank, Ltd.)



Apr. 1987 Joined Chuo Sogo Bank, Ltd. (currently The Aichi Bank, Ltd.)
June 2017 General Manager of Securities & Foreign Business Department
June 2018 Executive Officer, General Manager of Securities & Foreign Business Department
June 2019 Executive Officer, General Manager of General Planning Department
June 2022 Director
Oct. 2022 Director of the Company (current position)
June 2024 Managing Director of The Aichi Bank, Ltd. (current position)
In charge of Corporate Planning Department (current position)

Hisashi Sebayashi

Director
(Concurrent position: Director and Executive Officer of The Chukyo Bank, Ltd.)



Apr. 1986 Joined Chukyo Sogo Bank, Ltd. (currently The Chukyo Bank, Ltd.)
May 2017 General Manager of General Planning Department
Apr. 2018 General Manager of Ozone Branch
Dec. 2021 Executive Officer, General Manager of General Planning Department
Oct. 2022 Director and Executive Officer
Oct. 2022 Director of the Company (current position)
June 2023 Director and Executive Officer, General Manager of Human Resources Department of The Chukyo Bank, Ltd. (current position)
Oct. 2023 Director and Executive Officer (current position)
In charge of General Affairs Department
Aid to Director in charge of Human Resources Strategy Department (current position)

Asako Itakura

Director (Audit and Supervisory Committee member) (Outside)
(Concurrent position: Representative of Office Itakura Asako)



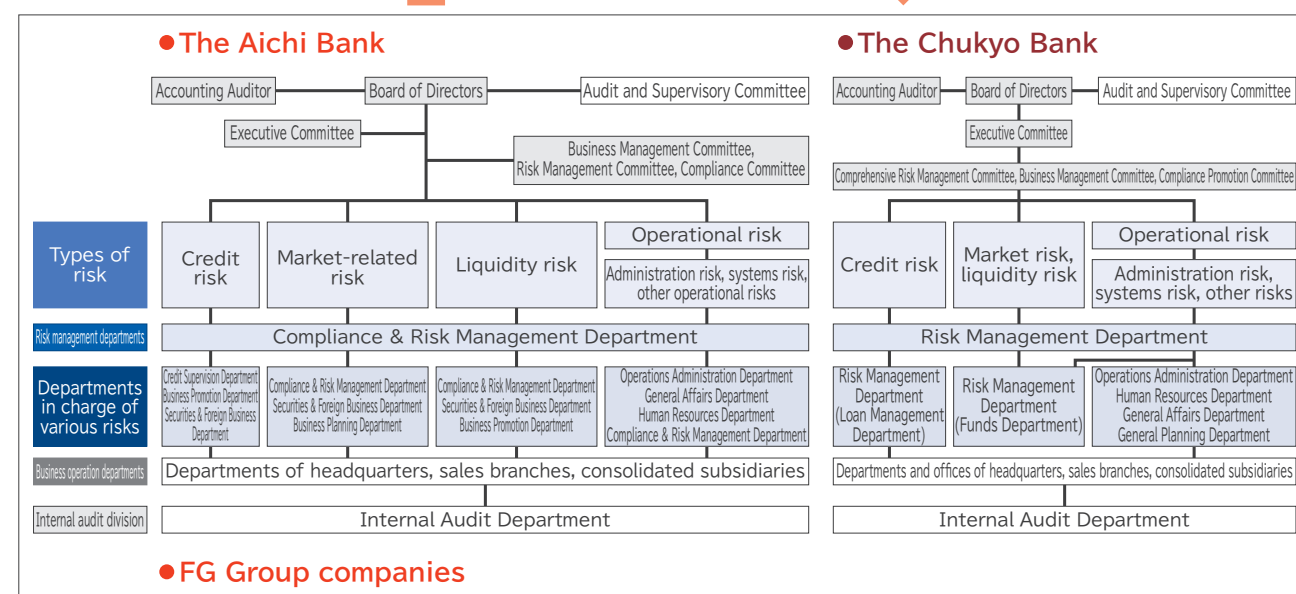
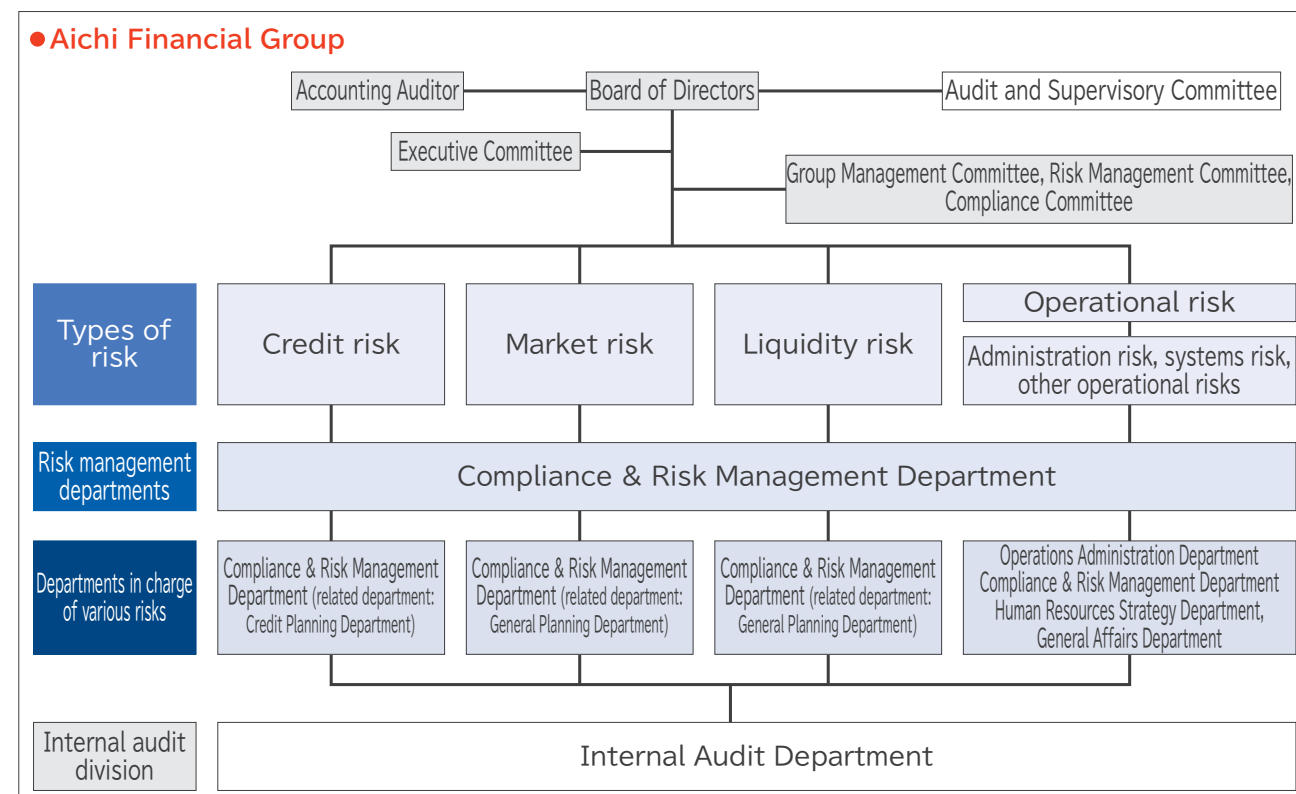
Apr. 1983 Joined Nagoya Broadcasting Network Co., Ltd.
Feb. 2004 Executive Officer and Station Manager
Oct. 2005 Executive Officer and Station Manager
General Manager of Compliance Office
June 2008 Assistant to President's Office, Senior Managing Director of NagoyaTV Enterprise Co., Ltd.
Mar. 2013 Deputy Director (Station Manager) of Corporate Strategy Office
June 2016 Senior Managing Director of NagoyaTV Enterprise Co., Ltd.
July 2021 Business Advisor for NagoyaTV Enterprise Co., Ltd. (current position)
Feb. 2022 Office Itakura Asako (Specified Labor and Social Security Attorney and Small and Medium Enterprise Management Consultant Office) (current position)
June 2023 Director (Audit and Supervisory Committee member) (Outside) of the Company (current position)
June 2024 Outside Director of Aichi Tokai Denki Co., Ltd. (current position)

(As of June 30, 2024)

Risk Management Policy

The Group positions risk management as one of the most important issues in Group management to ensure confidence by all stakeholders including customers, local communities, employees and shareholders and contribute to the development of local communities as a regional financial group. Regarding risks faced by the Group, in order to ensure the soundness of management, we conduct Integrated risk management, a self-managed risk management that comprehensively compares and contrasts risks assessed by risk category against the Group's strength of management.

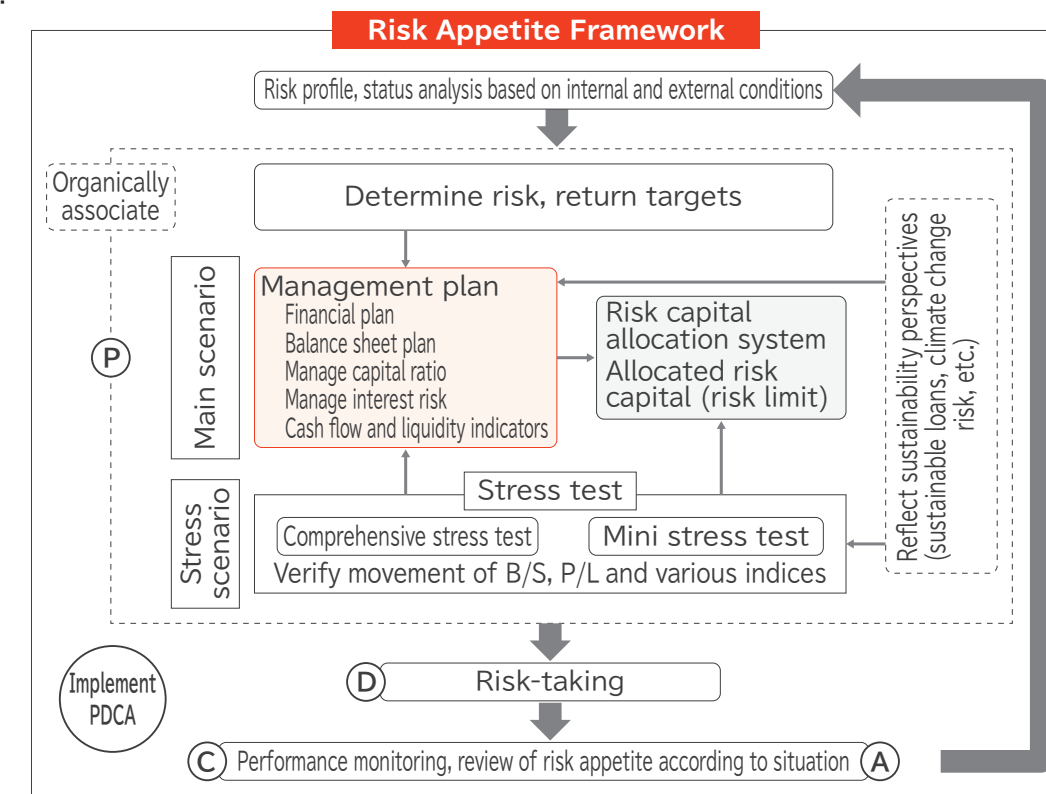
[Risk management system]



Risk Appetite Framework

In order to realize our management vision, the Group has implemented a Risk Appetite Framework (RAF) that clarifies the types and total amount of risk known as risk appetite and uses this as a starting point to conduct business management and risk management with an integrated view of earnings, risk and capital.

The Group properly manages and operates earnings, risk and capital within a certain scope by implementing PDCA cycles without interruption based on the RAF to achieve expected returns while properly managing risk and reflecting a sustainability perspective in order to optimize the balance between the expansion of revenue opportunities and capital.



Identifying Risks and Management System

The Group categorizes recognized risks as either credit risk, market risk, liquidity risk or operational risk, and in addition to assigning a department in charge to manage each risk, we have established the Compliance & Risk Management Department as the supervisory department of such risks to monitor the risk situation of the Group as a whole.

Identified risk situations are reported to the periodically held Risk Management Committee meetings, and appropriate risk management is practiced and we are engaged in measures to enhance our risk management.

When introducing new products and services by the Group's subsidiary banks, departments in charge of each of the risks identify and evaluate inherent risks beforehand. The risk management departments of each subsidiary bank generalize the risks identified and evaluated by the risk management departments by not just the type and degree of risk, but perspectives on the possibility of monitoring and managing such risks, and if necessary, the introduction of new products and services is discussed at various meeting, including the management team.

The officer in charge of the Compliance & Risk Management Department clearly recognizes the status of the Group's risk management and reports such information to the Board of Directors. In order to properly execute risk management activities, the Board of Directors verifies either periodically or as necessary the efficacy of the risk management system based on reports and investigative results related to the risk management status, and reviews the system in a timely manner.

Credit Risk Management System

Credit risk is the risk the Group will incur losses when the value of assets (including off-balance sheet assets) declines or disappears due to worsening financial conditions of the party to whom credit has been extended.

The Group formulated the Credit Risk Management Regulations to establish a basic policy to manage credit risks to control the amount of credit risk that arises through credit transactions, establishing appropriate risk management and necessary systems.

As the basic policy for credit risk management, the Group strictly adheres to laws and regulations and rules based on the Group's public and social mission. In addition, the Group strives for a more enhanced risk management and appropriate organizational management system that prevents the credit risk concentration toward specific industries and specific groups and diversifies risk as well as human resources development such as adequate placement of human resources that takes into account knowledge and experience for reasonable credit risk management and training.

Market Risk Management System

Market risk is the risk the Group incurs loss from changes in the value of assets and liabilities held due to fluctuations in a variety of market risk factors such as interest rates, value of securities, etc. and foreign exchange, and risk that the Group incurs loss from fluctuations in income generated from assets and liabilities.

The Group formulated the Market Risk Management Regulations to recognize the measurable amount of risk by category of market risk that occurs in the course of operations, and strives for the efficient operation and management of funds within a certain range and improve our risk management abilities.

In managing market risk, VaR and BPV are measured. In order to recognize risks that cannot be captured by VaR alone, stress tests are conducted on a regular basis and reported to the Risk Management Committee.

Liquidity Risk Management System

Liquidity risk is a risk of incurring loss due to a mismatch between operational and procurement timeframes and unforeseen outflow of funds, difficulty in securing necessary funds, or being forced to raise funds at interest rates significantly higher than normal (funding risk), or risk of incurring loss due to the inability to conduct market transactions due to market confusion or being forced to conduct transactions at significantly less favorable prices than normal.

The Group formulated the Liquidity Risk Management Regulations to conduct efficient and stable funding and prepare for market confusion by creating a Group-based liquidity crisis management system that anticipates normal conditions, concerning conditions and crisis conditions.

Further, we secure a certain level of liquid assets that can be converted into cash to ensure soundness and compliance status is reported to the Risk Management Committee.

Operational Risk Management System

Operational risk is a risk that the Group indirectly or directly incurs loss due to inappropriate internal processes or conduct by officers or employees, the system not functioning properly, or external events.

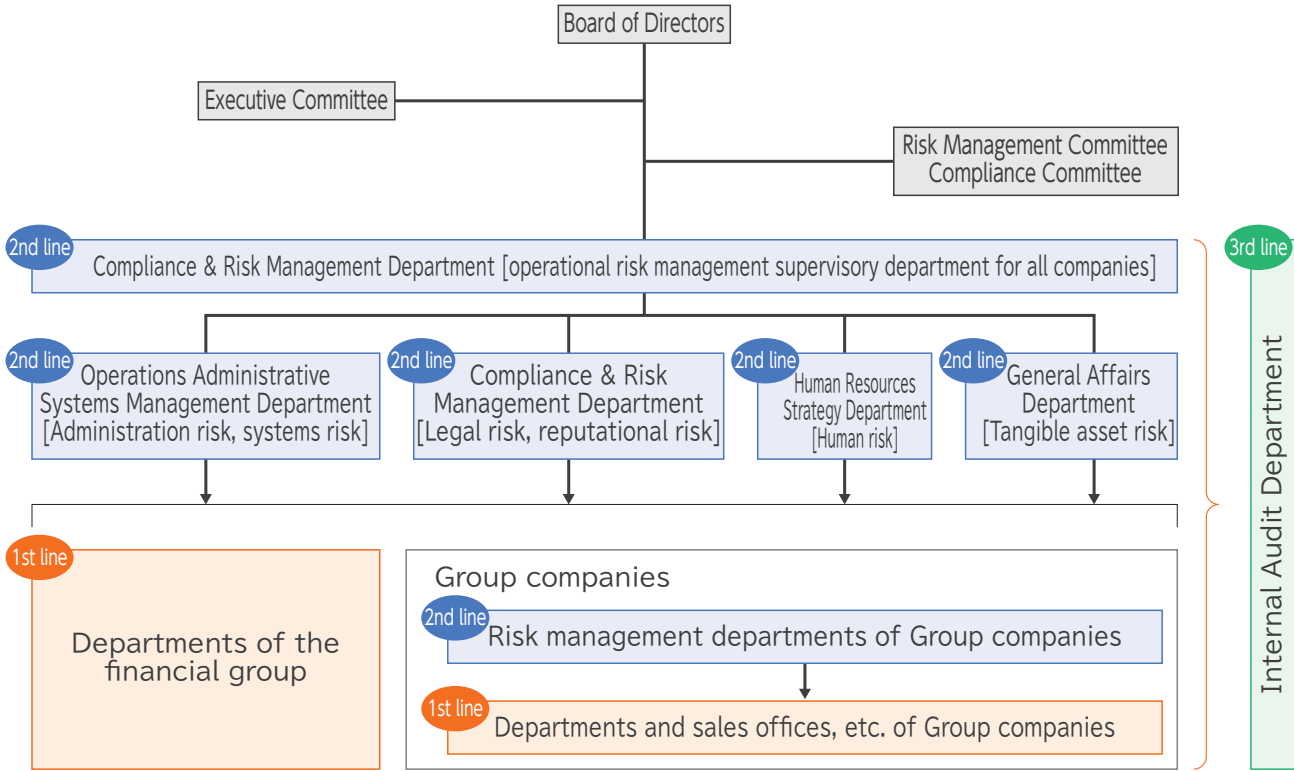
The Group formulated the Operational Risk Management Regulations, categorizing operational risks by cause of occurrence into multiple risk categories and assigning a department in charge of each risk category with the Compliance & Risk Management Department overseeing and managing all operational risks.

Further, we are engaged in strengthening the operational risk management system by gathering and analyzing internal loss data.

The types and definitions of operational risks subject to management by the Group are as follows.

Administration risk	Risk of loss due to negligence of officers and employees to perform accurate administration, accidents or fraud
System risk	• Risk of loss due to system inadequacies such as computer systems going down or malfunctioning • Risk of loss due to the unauthorized use of computers (including cyber-attacks)
Human risk	Risk of loss or damage due to inequity and unfairness in human resource operations (issues pertaining to compensation, benefits, dismissal, etc.), discriminatory behavior (sexual harassment, etc.)
Tangible asset risk	Risk of damage or loss to tangible assets arising from disasters and other events
Legal risk	Risk of loss or damage due to negligent breach of duty to customers and improper business and market practices (Including supervisory actions and fines arising from settlements, etc., penalties and damages)
Reputational risk	Risk of loss or damage due to decreased trust arising from deterioration of reputation and spread of rumors, etc.

[Operational risk management system]



To protect customers from increasingly severe and sophisticated cyber-attacks, the Group is engaged in strengthening and improving cybersecurity measures.

We promote the expansion of financial services and operational reforms utilizing digital technology while ensuring system security and strive to provide high-quality financial services to our customers.

Cybersecurity Governance

Involvement by Management

The Group has positioned cybersecurity risks as an important issue in management and is engaged in management-led cybersecurity measures.

The Administrative Systems Management Department oversees the cybersecurity systems for the entire Group. In addition to sharing incidents in a timely manner within the Group, it is also responsible for identifying and defending against risks, detecting and responding when incidents occur, and creating a system for swift recovery and resolution, as stipulated in information security management regulations. The system is arranged to periodically report to the Group's Risk Management Committee on the status of security measures and various measures based on threats and external trends.

Further, such reported matters are also reported to the Executive Committee and Board of Directors as appropriate to changing conditions.

Incident Response System

The Group has established CSIRT, a team dedicated to cybersecurity comprised of relevant departments, at both banks, gathers information and monitors the latest method of cyber-attacks, conducts period inspections by performing vulnerability assessments and participates in trainings hosted by authorities to strengthen our structure to prepare for emergencies. We have established a system to take urgent countermeasures if a cyber-attack incident occurs, with CSIRT leading the swift internal information-sharing process and initial response, and establishing a crisis management task force under the direction of management, depending on the circumstances.

In addition, The Aichi Bank jointly established CMS-CSIRT which is comprised of banks participating in the Regional Bank Integrated Service Center where NTT DATA operates the core system, as well as banks participating in MEJAR in FY2023. We are engaged in strengthening our security posture through forming relationships with the security divisions of participating banks, as well as joint training and study sessions.

[Overview of CMS-CSIRT]

Members	Regional Bank Integrated Service Center participants: 13 banks MEJAR participants: 6 banks NTT DATA	<Regional Bank Integrated Service Center> Joint core center for regional banks and 2nd-tier regional banks created and operated by NTT DATA
Activities	(1) Promoting exchange between security departments (2) Promoting information-sharing between participants (3) Holding study sessions (4) Joint training and exercises for security response (5) Investigations, discussions, etc. to realize joint security measures	<MEJAR> Joint core center for regional banks and 2nd-tier regional banks created by NTT DATA and operated mainly by banks

In addition, The Chukyo Bank participates in the NEXTBASE Security Measures Joint Review Committee comprised of Hitachi and member banks, which operates the joint core system NEXTBASE, and is working to share information on cyber-attacks and strengthen security readiness.

Third-party Assessment

In addition to system audits by internal auditing divisions, the Group utilizes cybersecurity system assessments by third parties to strengthen cybersecurity measures and conduct continued measures to improve identified issues.

Measures to Address Supply Chain Risk

Recently, cyber-attacks that exploit vulnerabilities in supply chains have become a huge threat. The Group considers the creation of a cybersecurity posture for the entire Group, including affiliates, as a pressing issue and has held regular information-sharing meetings, and implemented measures to improve the cybersecurity posture of affiliates.

If the Group outsources all or some of its operations, in addition to an eligibility assessment at the time of selecting contractors, we regularly verify that security levels are maintained after the contract is concluded.

Access Restrictions and Data Protection

To appropriately manage internal information, the Group uses a system to restrict access based on affiliation or position.

In addition, we have created a system to prevent unauthorized access and leak of information to external parties by implementing a system of checks and balances when sending documents to external parties via email, limiting the use of unauthorized external storage media and collecting logs of computers used for business.

The Group has also implemented a variety of measures for our customers to safely use services over the Internet, such as implementing a system to swiftly detect unauthorized access, as well as encrypting communications when customers connect to Internet banking services from their devices.

Education and Awareness

Education and Training for Employees

In addition to conducting periodic training for cyber-attacks for all employees, including those of affiliated subsidiaries, the Group also holds multiple trainings for targeted email attacks to improve employees' email literacy.

Regarding training, in addition to registering an at-home learning content that utilizes an e-learning system on topics such as recent cases of cyber-attacks and how to ensure the security of information assets, the Group conducts cybersecurity training for newly joined employees and study sessions for the management level featuring external experts as a form of level-based training.

Furthermore, to improve IT literacy not limited to cybersecurity, the Group also encourages employees to take the Information Technology Passport Examination, and provide support for those aiming to obtain certification, such as by holding preparatory courses and paying incentives for skill development.

Awareness Activities for Customers

As a measure against financial crimes such as phishing scams, which have increased rapidly in recent years, both subsidiary banks provide warning information for customers on their websites about financial crimes.

The Group is also engaging in activities to improve and support our customers' cybersecurity measures, hosting a cybersecurity seminar geared toward client companies in July 2023. The Cyber Crimes Division of the Aichi Prefectural Police Headquarters also participated in the seminar.

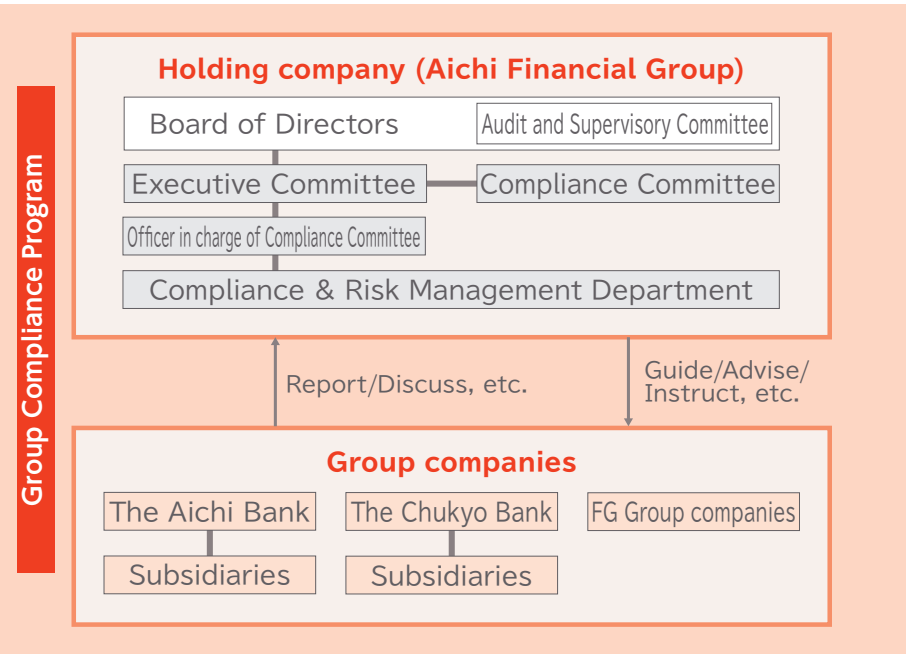


Basic Stance

The Group has identified “Strengthening governance” as a materiality and considers compliance an important issue. Each company of the Group and officers and employees work together as a whole to enhance the compliance structure under the Basic Compliance Policy.

Compliance System

- The Group considers the Compliance & Risk Management Department the supervising department on matters concerning compliance. As the person responsible for matters concerning compliance, the officer in charge of the Compliance & Risk Management Department drafts plans related to compliance, monitors recognition and awareness, supports Group companies in compliance and reports significant matters to the Board of Directors.
- Specifically, we have established the Basic Compliance Policy which is the detailed basic policy for officers and employees, and the Charter of Ethics & Code of Conduct which provides a clear explanation of laws and regulations and actions to be complied with, and we are working to ensure that the contents are understood by officers and employees. In addition, we strive for thorough compliance by continuously implementing compliance training to educate officers and employees.
- The Group formulated the Group Compliance Program as a detailed implementation plan to realize compliance and follows its progress. The FY2024 Group Compliance Program, focused on measures such as fostering an awareness of compliance, creating a Group management structure, reinforcing a misconduct prevention system, strengthening the customer protection management system, strengthening the information management system and enhancing an AML/CFT system (including severing relations with antisocial forces).
- We also regularly hold the Compliance Committee attended by the President, Vice President, Directors and General Managers to monitor the status of the Group Compliance Program, receive reports of and discuss suspected cases of compliance violations and report important cases to the Board of Directors.



Measures to Prevent Corruption

- In the Basic Policy on Prevention of Bribery, etc., the Group promotes fair transactions based on high ethical standards to maintain soundness and appropriateness of our operations and to contribute to the development of a sustainable society. To ensure competition within a society that is free and highly transparent, we have designated the officer in charge of the Compliance & Risk Management Department the person responsible for matters for the prevention of bribery, etc., and are engaged in measures to prevent bribery and corruption, stipulating that all bribery and corruption practices are strictly prohibited.

- The Group communicates the Basic Policy on Prevention of Bribery, etc., to officers and employees, and study sessions are held to ensure compliance. In addition, an internal reporting system has been established to allow reporting of infractions of laws and regulations and rules concerning bribery, etc. or the discovery of any conduct that raises such concerns to a hotline of either the Company or Group companies as well as a designated external channel. Further, we ensure that no one shall be treated unfairly due to such reports.
- Through such measures, there were no disciplinary measures or termination due to acts of corruption in FY2023. In addition, no expenses for fines or settlements have been incurred.

Internal Reporting System

- The Group recognizes its social responsibility and public mission, and in accordance with the Whistle-Blower Protection Act, has set up respective internal reporting channels at The Aichi Bank and The Chukyo Bank in order to create a work environment to practice strict adherence to laws and regulations and rules, and to the prevent, early detect, and correct fraud, illegal conduct, conduct that violates social norms and corporate ethics and bribery. The internal reporting system has set up multiple channels including not only a hotline within the Company but a reporting and consultation hotline by an external lawyer where all employees within the Group (including seconded employees, contracted employees and temporary employees) can directly report and receive advice on compliance issues.
- The reporting channel accepts anonymous tips for whistleblower protection, and investigations are conducted under strict information management by the person engaged in dealing with whistleblower disclosures so that the whistleblower cannot be identified, and that the whistleblower is not searched or treated unfavorably in any because of his or her report.
- If a report is received, a factual investigation is conducted depending on the content of the report, corrective actions and measures to prevent recurrence are enacted as necessary depending on the results of the investigation and feedback is provided to the whistleblower within the necessary scope while taking into consideration the whistleblower's trust, honor and privacy. If a lawyer is involved as the external hotline, investigation results are also reported to said lawyer.
- The Group displays posters and holds study sessions for all employees to enhance and make known the internal reporting system, including the protection of whistleblowers.

Measures to Protect Personal Information and Specific Personal Information

- In order to protect personal information, the Group has created the Declaration of Personal Information Protection for the appropriate protection and use of customer's personal information as well as customers' personal information acquired in connection with the Group's operational transactions, making it known to all officers and employees.
- Moreover, the Group recognizes the appropriate handling of customer's specific personal information as our social obligation and seeks to protect specific personal information through the formulation and announcement of the Basic Policy on the Handling of Specific Personal Information, as well as making sure officers and employees comply with such policy.
- Please see the following pages of the Group's website for detailed measures related to personal information.

- Declaration of Personal Information Protection
..... <https://www.aichi-fg.co.jp/privacy/policy/>
- Basic Policy on the Handling of Specific Personal Information
..... https://www.aichi-fg.co.jp/privacy/basic_policy/
- Shared use of personal data and corporate information within the Group
..... <https://www.aichi-fg.co.jp/privacy/share/>

Severing Relationships with Antisocial Forces

- The Group takes resolute responses to antisocial forces that threaten the order and safety of civil society and sever such relationships, establishing the Basic Policy on Antisocial Forces with the Group as a whole adhering to this policy.
- As the main department in charge of this basic policy, the Compliance & Risk Management Department strives to block relationships by each Group company with antisocial forces and, if a business partner is discovered to be an antisocial force after transactions have begun, take appropriate responses in accordance with the basic policy.
- The supervisory divisions of each company of the Group cooperate with police, lawyers, etc. to sever relationships with antisocial forces.

Customer Protection Measures

- The Group has positioned customer protection as a key management issue and practices appropriate management based on the Basic Management Policy on Customer Protections to protect customer's interests and improvement of convenience at each Group company.
- As the main department in charge of customer protection management for the Group as a whole, the Compliance & Risk Management Department ensures that all Group companies are aware of the importance of customer protection, constantly reviews the quality of operations of each Group company and implements persistent measures for their improvement, as well as ongoing efforts to protect the legitimate interests of customers and improve convenience.
- With regard to major complaints that may affect the Group as a whole or cases where there is concern that customer interests may be violated, the Compliance & Risk Management Department receives reports and discussions from each Group company, taking appropriate measures as the Group as a whole.

Response to the Financial ADR System

To swiftly, fairly and appropriately respond to complaints and inquiries by customers, the Group has entered into a basic contract for the implementation of dispute resolution procedures with the Japanese Bankers Association, a designated dispute resolution organization for banking services under the Banking Act.

The Group takes the complaints and inquiries we receive seriously and will respond appropriately.

Contact
JBA Customer Relations Center
TEL: 0570-017109 or 03-5252-3772

Measures for the Prevention of Money Laundering

- The Group has positioned responding to money laundering, financing of terrorism, proliferation financing and economic sanctions as an important management issue based on demands of the international community, and has established, under a Group-wide management system, the Basic Policy on Prevention of Money Laundering and Financing Terrorism to maintain soundness of financial systems. Furthermore, the Group has included "enhancement of AML/CFT system" as an action item in the Group Compliance Program, engaging in the prevention of money laundering Group-wide.
- In practicing the appropriate prevention of money laundering within the Group, the Group has appointed the officer in charge of the Compliance & Risk Management Department as the person responsible for the prevention of money laundering. Furthermore, as the managing supervisory department, the Compliance & Risk Management Department centrally manages significant risks that arise at Group companies.

[Specific measures]

- 1) Risk assessment document
 - A company-wide evaluation of risks such as money laundering is conducted annually, and a risk assessment document for the Group that includes results of the investigation and analysis of risks is created to put in place effective risk mitigation and customer management measures.
 - In addition to regularly reviewing the risk assessment, we regularly review it as necessary during any occurrence of events that may have significant effects on countermeasures for money laundering and the financing of terrorism.
- 2) Employee awareness
 - To ensure the effectiveness of the prevention of money laundering, the Group regularly holds training and instruction on money laundering countermeasures to deepen employee understanding.
 - Furthermore, examples of financial crimes are shared to increase awareness and strengthen the ability to respond to such crimes.

Internal Audit System

Role of Internal Audits

The Group has established the Internal Audit Department, independent of executive divisions and under the direct control of the Board of Directors, to conduct internal audits for the whole Group. The goal of internal audits is to enhance and preserve the value of the organizational entity. The Internal Audit Department ensures sound and appropriate operational management and makes internal controls function, supporting the achievement of management goals by the Group. The department mainly verifies and evaluates the status of operational

execution and organizational structure related to the governance process, risk management and controls.

The Board of Directors establishes the Group's internal auditing rules including the basic policy on internal audits, and approves internal audit plans every fiscal year. Based on approved rules and plans, the Internal Audit Department evaluates whether there are any problems in the establishment or operational status of the Group's management system, whether there are processes in place to prevent accidents, fraud and errors and whether preparations for unforeseen circumstances are appropriate.

Execution of Internal Audits

For audits of headquarters and affiliates, the Internal Audit Department first formulates individual plans and then determines the purpose, scope, timing and allocation of resources for internal audits through discussions. Preliminary investigations on the locations and themes subject to internal audit are conducted for the formulation of individual plans. In order to grasp the overall image of the audit as well as verify and identify the scope and depth of audit items, information gathering is conducted through review of data and documents and monitoring beforehand and risks related to the relevant location or themes are identified to the extent possible.

Audits on sales offices are conducted at both banks. Both banks identify the scope of the audit and items to be audited, and after conducting preliminary investigations, the content of audits is reviewed as needed when rules and procedures are changed. All audits are conducted without announcement to enhance the restraining effect of audits to prevent fraud and scandals in the frontline that is the sales field.

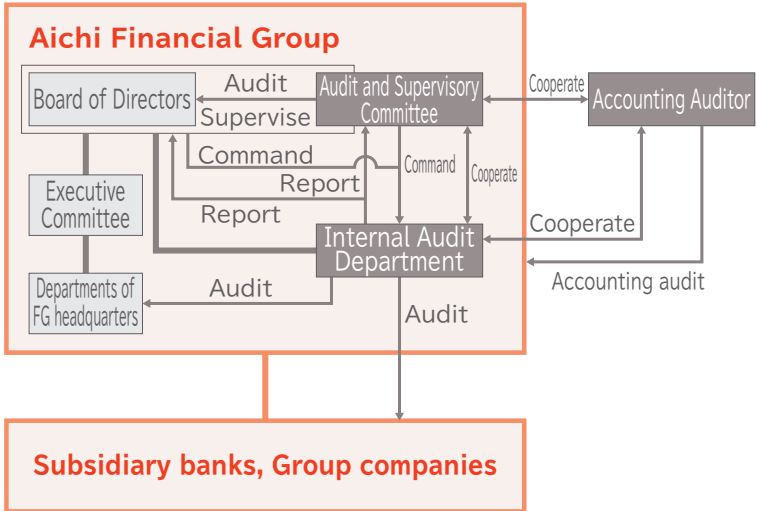
On-site audits are conducted based on individual plans formulated through preliminary investigations and approved by the General Manager of the Internal Audit Department. On-site audits mainly verify the following contents.

- 1) Creation and operation of internal controls to ensure the appropriateness of operations and prevent incidents, as well as its establishment in the organizational body
- 2) Establishment of a system for management risks that may arise from changes in daily operational activities or the surrounding environment
- 3) Management status of cooperation between companies of the Group, departments and sections, as well as of officers involved in the execution of business
- 4) Maintenance status of the security and compliance of information systems and ensuring its efficacy and efficiency as well as the efficacy of system strategy

Through such verification activities, we evaluate (1) whether risks can be prevented by deterrents for fraud and scandals within the organization and the swift detection of inappropriate events; (2) whether operations in line with rules and manuals allow controls within the organization function appropriately to maintain the efficacy and efficiency of operations and leads to a comfortable work environment; and (3) whether operations towards the Group's management targets are executed and lead to the strengthening and improvement of the management system. Evaluation results are reported to all Directors and Audit and Supervisory Committee members through an internal audit report, and recommendations for improvement are made to the audited locations, related departments and Group companies. A follow-up on improvement measures and improvement status is conducted after an audit to review the effectiveness of measures and degree of recognition.

Independence of the Internal Audit Divisions and Measures for Quality Improvement and Sophistication

- The internal audit divisions must be organizationally independent in order to play an important role in the development of the Group and ensure effectiveness in performing fair and impartial duties and responsibilities. The Internal Audit Department realizes independence within the internal audit divisions by obtaining approval from the Board of Directors that stipulates that the Audit Department maintains two reporting channels (dual reporting line), preserves access to records, persons and assets to conduct audits, and is not being subject to unnecessary interference or restrictions from other divisions.
- Due to the fact that it is necessary for audit results and improvement recommendations from the internal audit to be trusted and accepted by audited entities and their relevant locations to maintain and improve the effectiveness of internal audits while meeting management's expectations, the Internal Audit Department conducts internal evaluations on the effectiveness of internal audits by verifying whether internal audits are conducted at or above a certain level. Internal evaluations are conducted through two methods, continuous monitoring, which systemically includes the monitoring functions in management operations of internal audit divisions and continuously conducts quality assessments and improvement activities, and a periodic review, in which after audit operations, persons other than those participating in operations determines compatibility to international standards and conducts an internal review. Results of such internal evaluations are reported to the Board of Directors. Further, timely and appropriate actions are taken to improve the quality and sophistication of internal audits such as the development of human resources by encouraging the acquisition of certifications related to internal audits and attendance of external training, as well as the utilization of external institutions for sectors that require expertise.



Aichi Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets
As of March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Assets:			
Cash and due from banks	¥ 605,152	¥ 712,782	\$ 3,996,776
Call loans and bills bought	1,150	1,068	7,595
Monetary claims bought	8,180	8,788	54,025
Trading securities	0	—	0
Securities	1,367,104	1,358,391	9,029,152
Allowance for possible losses on investments	(0)	(0)	(0)
Loans and bills discounted	4,704,470	4,568,454	31,071,065
Foreign exchanges	6,826	8,811	45,082
Other assets	67,812	67,895	447,870
Tangible fixed assets	66,143	65,782	436,846
Intangible fixed assets	2,371	2,289	15,659
Employee retirement benefit asset	21,063	11,170	139,112
Deferred tax assets	520	497	3,434
Customers' liabilities for acceptances and guarantees	6,203	7,650	40,968
Allowance for possible loan losses	(25,561)	(27,576)	(168,819)
Total assets	¥ 6,831,438	¥ 6,786,007	\$ 45,118,803
Liabilities:			
Deposits	¥ 5,821,934	¥ 5,623,221	\$ 38,451,449
Negotiable certificates of deposit	23,100	7,410	152,565
Call money and bills sold	—	248,682	—
Security deposits received related to securities lending transactions	190,898	214,050	1,260,801
Borrowed money	326,089	279,937	2,153,682
Foreign exchanges	1,463	1,641	9,662
Bonds payable	—	5,000	—
Other liabilities	38,371	53,726	253,424
Reserve for employee bonuses	1,229	1,211	8,117
Reserve for bonuses to directors	105	38	693
Employee retirement benefit liability	12	588	79
Reserve for executive retirement benefits	87	63	574
Reserve for reimbursement of deposits	162	218	1,069
Reserve for contingencies	2,354	2,268	15,547
Deferred tax liabilities	35,399	12,320	233,795
Deferred tax liabilities for land revaluation	4,493	4,500	29,674
Acceptances and guarantees	6,203	7,650	40,968
Total liabilities	6,451,906	6,462,531	42,612,152
Net assets:			
Common stock	20,026	20,026	132,263
Capital surplus	37,021	34,374	244,508
Retained earnings	230,061	226,645	1,519,457
Treasury stock	(337)	(516)	(2,225)
Total shareholders' equity	286,772	280,530	1,894,009
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	76,387	28,830	504,504
Deferred gains on hedges	734	380	4,847
Land revaluation increment	8,308	8,324	54,870
Retirement benefit adjustment	6,865	326	45,340
Total accumulated other comprehensive income	92,295	37,862	609,570
Stock acquisition rights	463	537	3,057
Non-controlling interests	—	4,546	—
Total net assets	379,531	323,476	2,506,644
Total liabilities and net assets	¥ 6,831,438	¥ 6,786,007	\$ 45,118,803

Aichi Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Income
For the Years Ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Income:			
Interest and dividend income:			
Interest on loans and bills discounted and bought	¥ 36,100	¥ 28,810	\$ 238,425
Interest on and dividends from securities	19,705	14,924	130,143
Other interest and dividend income	652	606	4,306
Total interest and dividend income	56,459	44,342	372,888
Fees and commissions	17,283	13,446	114,147
Other operating income	6,561	7,118	43,332
Gain on bargain purchase	—	80,491	—
Other income	8,388	8,084	55,399
Total income	88,694	153,482	585,786
Expenses:			
Interest expenses:			
Interest on deposits	1,291	629	8,526
Interest on call money and bills sold	64	394	422
Interest on borrowings	114	97	752
Other interest expenses	2,007	872	13,255
Total interest expenses	3,479	1,994	22,977
Fees and commissions	5,435	4,108	35,895
Other operating expenses	14,946	19,729	98,712
General and administrative expenses	43,712	34,021	288,699
Provision for possible loan losses	1,121	4,918	7,403
Loss on cancellation of systems	222	2,335	1,466
Other expenses	7,747	4,009	51,165
Total expenses	76,663	71,117	506,327
Profit before income taxes	12,030	82,364	79,453
Income taxes:			
Current	3,489	978	23,043
Deferred	169	(559)	1,116
Total income taxes	3,659	418	24,166
Profit	8,371	81,946	55,286
Profit attributable to non-controlling interests	75	140	495
Profit attributable to owners of parent	¥ 8,295	¥ 81,806	\$ 54,785
Yen			U.S. Dollars
Per share:			
Basic earnings	¥ 169.40	¥ 1,930.50	\$ 1.11
Diluted earnings	168.23	1,914.75	1.11
Cash dividends (Note)	100.00	50.00	0.66

(Note) Aichi Financial Group, Inc. was established on October 3, 2022, therefore a year-end dividend for the year ended March 31, 2023 was the first dividend paid.

Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Profit	¥ 8,371	¥ 81,946	\$ 55,286
Other Comprehensive Income:			
Net unrealized gains (losses) on available-for-sale securities	47,562	(13,885)	314,127
Deferred gains on hedges	353	(255)	2,331
Retirement benefit adjustment	6,538	(598)	43,180
Total other comprehensive income	54,454	(14,738)	359,645
Comprehensive income	¥ 62,825	¥ 67,207	\$ 414,932
Comprehensive income attributable to:			
Owners of parent	¥ 62,744	¥ 67,064	\$ 414,397
Non-controlling interests	80	143	528
Total comprehensive income	¥ 62,825	¥ 67,207	\$ 414,932

Aichi Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Changes in Net Assets
For the Years Ended March 31, 2024 and 2023

	Thousands of shares	Millions of yen												
	Number of shares of common stock issued	Accumulated other comprehensive income												
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains on available-for- sale securities	Deferred gains on hedges	Land revaluation increment	Retirement benefit adjustment	Total accumulated other comprehen- sive income	Stock acquisi- tion rights	Non- controlling interests	Total net assets
Balance at April 1, 2022	10,943	¥18,000	¥13,883	¥151,391	¥ (979)	¥ 182,295	¥42,718	¥ 635	¥8,272	¥ 925	¥52,552	¥259	¥ 4,405	¥239,512
Increase by share transfers	38,326	2,000	20,463			22,463								22,463
Issuance of new shares	31	26	26			53								53
Cash dividends				(5,850)		(5,850)								(5,850)
Profit attributable to owners of parent				81,806		81,806								81,806
Purchase of treasury stock					(519)	(519)								(519)
Disposal of treasury stock			(0)		1	1								1
Cancellation of treasury stock	(176)		(981)		981	-								-
Reversal of land revaluation increment				279		279								279
Transfer to capital surplus from retained earnings			981	(981)		-								-
Net changes in items other than shareholders' equity							(13,887)	(255)	51	(598)	(14,690)	278	141	(14,270)
Balance at April 1, 2023	49,124	20,026	34,374	226,645	(516)	280,530	28,830	380	8,324	326	37,862	537	4,546	323,476
Cash dividends				(4,895)		(4,895)								(4,895)
Profit attributable to owners of parent				8,295		8,295								8,295
Purchase of treasury stock					(10)	(10)								(10)
Disposal of treasury stock			(47)		188	141								141
Reversal of land revaluation increment				15		15								15
Change in ownership interest of parent due to transactions with non-controlling interests			2,695			2,695								2,695
Net changes in items other than shareholders' equity							47,556	353	(15)	6,538	54,433	(73)	(4,546)	49,813
Balance at March 31, 2024	49,124	¥20,026	¥37,021	¥230,061	¥ (337)	¥286,772	¥76,387	¥ 734	¥8,308	¥6,865	¥92,295	¥463	¥ —	¥379,531

Thousands of U.S. dollars													
Balance at April 1, 2023	\$ 132,263	\$ 227,025	\$ 1,496,895	\$ (3,407)	\$ 1,852,783	\$ 190,410	\$ 2,509	\$ 54,976	\$ 2,153	\$ 250,062	\$ 3,546	\$ 30,024	\$ 2,136,424
Cash dividends			(32,329)		(32,329)								(32,329)
Profit attributable to owners of parent			54,785		54,785								54,785
Purchase of treasury stock				(66)	(66)								(66)
Disposal of treasury stock			(310)		1,241	931							931
Reversal of land revaluation increment				99	99								99
Change in ownership interest of parent due to transactions with non-controlling interests			17,799		17,799								17,799
Net changes in items other than shareholders' equity						314,087	2,331	(99)	43,180	359,507	(482)	(30,024)	328,994
Balance at March 31, 2024	\$ 132,263	\$ 244,508	\$ 1,519,457	\$ (2,225)	\$ 1,894,009	\$ 504,504	\$ 4,847	\$ 54,870	\$ 45,340	\$ 609,570	\$ 3,057	\$ —	\$ 2,506,644

Aichi Financial Group, Inc. and Consolidated Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Cash flows from operating activities:			
Profit before income taxes	¥12,030	¥ 82,364	\$ 79,453
Adjustments for:			
Depreciation	3,098	2,275	20,460
Impairment loss on fixed assets	285	949	1,882
Gain on bargain purchase	—	(80,491)	—
(Decrease) increase in allowance for possible loan losses	(2,014)	3,415	(13,301)
Decrease in allowance for possible losses on investments	—	(0)	—
Increase in reserve for employee bonuses	18	36	118
Increase in reserve for bonuses to directors	67	3	442
Increase in employee retirement benefit asset	(1,225)	(1,065)	(8,090)
Increase (decrease) in employee retirement benefit liability	143	(19)	944
Increase in reserve for executive retirement benefits	24	19	158
Decrease in reserve for reimbursement of deposits	(56)	(45)	(369)
Increase in reserve for contingencies	86	12	567
Interest and dividend income	(56,459)	(44,342)	(372,888)
Interest expenses	3,479	1,994	22,977
Loss on securities transactions	1,352	5,310	8,929
Gain on foreign currency transactions	(10,137)	(3,341)	(66,950)
Loss on disposal of fixed assets	47	78	310
(Increase) decrease in trading securities	(0)	49	(0)
Increase in loans and bills discounted	(136,015)	(244,869)	(898,322)
Increase in deposits	198,712	348,236	1,312,410
Increase (decrease) in negotiable certificates of deposit	15,690	(2,000)	103,625
Increase (decrease) in borrowed money (excluding subordinated loans)	46,152	(246,778)	304,814
Increase in due from banks (excluding due from Bank of Japan)	(255)	(1,012)	(1,684)
Decrease in call loans and bills bought	275	66	1,816
(Decrease) increase in call money and bills sold	(248,682)	117,562	(1,642,441)
(Decrease) increase in security deposits received related to securities lending transactions	(23,152)	56,296	(152,909)
Decrease (increase) in foreign exchanges—assets	1,985	(1,067)	13,110
(Decrease) increase in foreign exchanges—liabilities	(177)	190	(1,169)
Interest and dividend received	53,864	44,083	355,749
Interest paid	(3,431)	(1,676)	(22,660)
Other, net	(16,583)	(1,745)	(109,523)
Subtotal	(160,880)	34,490	(1,062,545)
Income taxes refund (paid)	307	(5,664)	2,027
Net cash (used in) provided by operating activities	¥(160,573)	¥ 28,825	\$ (1,060,517)
Cash flows from investing activities:			
Purchase of securities	¥(266,144)	¥ (323,544)	\$ (1,757,770)
Proceeds from sale of securities	234,313	275,534	1,547,539
Proceeds from redemption of securities	100,857	83,142	666,118
Purchase of tangible fixed assets	(3,490)	(2,073)	(23,049)
Proceeds from sale of tangible fixed assets	327	500	2,159
Purchase of intangible fixed assets	(1,057)	(528)	(6,981)
Payments for asset retirement obligations	(19)	—	(125)
Net cash provided by investing activities	64,784	33,031	427,871
Cash flows from financing activities:			
Repayments of lease liabilities	(202)	(134)	(1,334)
Redemption of subordinated bonds	(5,000)	—	(33,022)
Payments as financing activities	(56)	(28)	(369)
Purchase of treasury stock	(10)	(519)	(66)
Proceeds from sale of treasury stock	0	0	0
Dividends paid	(4,895)	(5,850)	(32,329)
Dividends paid to non-controlling interests	(2)	(2)	(13)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,930)	—	(12,746)
Net cash used in financing activities	(12,096)	(6,535)	(79,889)
Net (decrease) increase in cash and cash equivalents	(107,884)	55,322	(712,528)
Cash and cash equivalents at beginning of year	708,628	482,440	4,680,192
Increase in cash and cash equivalents by share transfers	—	170,866	—
Cash and cash equivalents at end of year	¥600,743	¥ 708,628	\$ 3,967,657

Corporate Data

Non-Consolidated Financial Statements

The Aichi Bank, Ltd.

Non-Consolidated Balance Sheets
As of March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Assets:			
Cash and due from banks	¥ 402,922	¥ 580,610	\$ 2,661,132
Call loans	1,150	1,068	7,595
Monetary claims bought	8,180	8,788	54,025
Trading securities	0	—	0
Securities	967,397	959,004	6,389,254
Allowance for possible losses on investments	(0)	(0)	(0)
Loans and bills discounted	3,149,499	3,006,979	20,801,129
Foreign exchanges	1,596	1,549	10,540
Other assets	18,665	18,171	123,274
Tangible fixed assets	34,311	33,156	226,609
Intangible fixed assets	1,206	744	7,965
Prepaid pension costs	7,092	6,409	46,839
Customers' liabilities for acceptances and guarantees	3,946	5,410	26,061
Allowance for possible loan losses	(14,456)	(15,787)	(95,475)
Total assets	¥4,581,512	¥4,606,106	\$30,258,978
Liabilities:			
Deposits	¥3,871,548	¥3,707,752	\$25,569,962
Negotiable certificates of deposit	23,100	3,100	152,565
Call money	—	248,682	—
Security deposits received related to securities lending transactions	81,367	141,242	537,395
Borrowed money	296,957	253,237	1,961,277
Foreign exchanges	1,441	1,589	9,517
Other liabilities	12,601	20,158	83,224
Reserve for employee bonuses	621	600	4,101
Reserve for bonuses to directors	41	36	270
Reserve for executive retirement benefits	71	52	468
Reserve for reimbursement of deposits	72	118	475
Reserve for contingencies	1,574	1,628	10,395
Deferred tax liabilities	25,526	6,401	168,588
Deferred tax liabilities for land revaluation	4,493	4,500	29,674
Acceptances and guarantees	3,946	5,410	26,061
Total liabilities	4,323,364	4,394,513	28,554,018
Net assets:			
Common stock	18,000	18,000	118,882
Capital surplus	13,834	13,834	91,367
Retained earnings	142,794	141,533	943,094
Total shareholders' equity	174,629	173,367	1,153,351
Valuation and translation adjustments:			
Net unrealized gains on available-for-sale securities	73,890	29,330	488,012
Deferred gains on hedges	1,320	571	8,718
Land revaluation increment	8,308	8,324	54,870
Total valuation and translation adjustments	83,518	38,225	551,601
Total net assets	258,148	211,593	1,704,960
Total liabilities and net assets	¥4,581,512	¥4,606,106	\$30,258,978

The Aichi Bank, Ltd.

Non-Consolidated Statements of Income
For the Years Ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Income:			
Interest and dividend income:			
Interest on loans and bills discounted	¥23,393	¥22,296	\$ 154,501
Interest on and dividends from securities	12,743	11,391	84,162
Other interest and dividend income	340	453	2,245
Total interest and dividend income	36,478	34,142	240,921
Fees and commissions	10,236	9,353	67,604
Other operating income	328	1,053	2,166
Gain on sale of equity securities	5,252	7,090	34,687
Other income	528	697	3,487
Total income	52,824	52,337	348,880
Expenses:			
Interest expenses:			
Interest on deposits	939	525	6,201
Interest on call money	64	394	422
Interest on borrowings	83	77	548
Other interest expenses	529	290	3,493
Total interest expenses	1,618	1,287	10,686
Fees and commissions	3,373	2,984	22,277
Other operating expenses	6,773	13,679	44,732
General and administrative expenses	27,436	25,257	181,203
Provision for possible loan losses	281	3,757	1,855
Loss on sale of equity securities	635	537	4,193
Impairment loss on fixed assets	6	897	39
Other expenses	3,031	1,331	20,018
Total expenses	43,156	49,731	285,027
Profit before income taxes	9,668	2,606	63,853
Income taxes:			
Current	3,131	1,141	20,678
Deferred	(383)	(693)	(2,529)
Total income taxes	2,748	447	18,149
Profit	¥ 6,919	¥ 2,158	\$ 45,697

Corporate Data

Non-Consolidated Financial Statements

The Chukyo Bank, Ltd.

Non-Consolidated Balance Sheets

As of March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Assets:			
Cash and due from banks	¥ 202,121	¥ 131,692	\$ 1,334,925
Securities	403,726	401,568	2,666,442
Loans and bills discounted	1,561,741	1,568,304	10,314,648
Foreign exchanges	5,229	7,262	34,535
Other assets	20,549	22,074	135,717
Tangible fixed assets	17,540	17,714	115,844
Intangible fixed assets	1,100	1,464	7,265
Prepaid pension costs	4,118	3,718	27,197
Deferred tax assets	—	888	—
Customers' liabilities for acceptances and guarantees	2,256	2,237	14,899
Allowance for possible loan losses	(9,792)	(10,544)	(64,672)
Total assets	¥2,208,592	¥2,146,379	\$14,586,830
Liabilities:			
Deposits	¥1,964,221	¥1,926,166	\$12,972,861
Negotiable certificates of deposit	—	4,310	—
Securities deposits received related to securities lending transactions	109,531	72,807	723,406
Borrowed money	20,600	19,400	136,054
Foreign exchanges	22	51	145
Bonds payable	—	5,000	—
Other liabilities	18,066	25,794	119,318
Reserve for employee bonuses	521	543	3,440
Reserve for bonuses to directors	44	—	290
Reserve for executive retirement benefits	5	—	33
Reserve for reimbursement of deposits	89	100	587
Reserve for contingencies	780	640	5,151
Deferred tax liabilities	595	—	3,929
Deferred tax liabilities for land revaluation	2,089	2,128	13,796
Acceptances and guarantees	2,256	2,237	14,899
Total liabilities	2,118,825	2,059,181	13,993,956
Net assets:			
Common stock	31,879	31,879	210,547
Capital surplus	23,219	23,219	153,351
Retained earnings	20,848	22,557	137,692
Total shareholders' equity	75,947	77,656	501,598
Valuation and translation adjustments:			
Net unrealized gains on available-for-sale securities	8,745	4,038	57,757
Deferred gains on hedges	682	1,022	4,504
Land revaluation increment	4,391	4,480	29,000
Total valuation and translation adjustments	13,819	9,541	91,268
Total net assets	89,766	87,198	592,867
Total liabilities and net assets	¥2,208,592	¥2,146,379	\$14,586,830

The Chukyo Bank, Ltd.

Non-Consolidated Statements of Income

For the Years Ended March 31, 2024 and 2023

	Millions of Yen		Thousands of U.S. Dollars
	2024	2023	2024
Income:			
Interest and dividend income:			
Interest on loans and bills discounted	¥12,709	¥ 13,101	\$ 83,937
Interest on and dividends from securities	5,671	5,656	37,454
Other interest and dividend income	310	340	2,047
Total interest and dividend income	18,691	19,100	123,446
Fees and commissions	5,433	5,684	35,882
Other operating income	277	1,052	1,829
Gain on sale of equity securities	2,117	845	13,981
Other income	522	629	3,447
Total income	27,041	27,311	178,594
Expenses:			
Interest expenses:			
Interest on deposits	351	186	2,318
Interest on call money	(0)	(0)	(0)
Other interest expenses	1,525	1,102	10,071
Total interest expenses	1,878	1,292	12,403
Fees and commissions	1,809	1,983	11,947
Other operating expenses	4,483	4,350	29,608
General and administrative expenses	15,132	15,076	99,940
Provision for possible loan losses	639	1,504	4,220
Other expenses	3,979	5,243	26,279
Total expenses	27,921	29,449	184,406
Loss before income taxes	(879)	(2,137)	(5,805)
Income taxes:			
Current	45	22	297
Deferred	(450)	(579)	(2,972)
Total income taxes	(405)	(557)	(2,674)
Loss	¥ (473)	¥ (1,579)	\$ (3,123)

Company Overview



Trade Name	Aichi Financial Group, Inc.
Location	14-12, Sakae 3-chome, Naka-ku, Nagoya
Business Description	(1) Business management of banks and companies capable of being subsidiaries under the Banking Act (2) All business that is incidental or related to the business set forth in the preceding subparagraph (3) In addition to the businesses listed in the two preceding subparagraphs, business that can be carried out by a bank holding company under the Banking Act
Capital	20.0 billion yen
Date of Incorporation	October 3, 2022
Closing Date	March 31
Stock Exchange Listings	Tokyo Stock Exchange Prime Market and Nagoya Stock Exchange Premier Market
Accounting Auditor	KPMG AZSA LLC
Shareholder Register Administrator	Mitsubishi UFJ Trust and Banking Corporation

Subsidiary Banks



Trade Name	The Aichi Bank, Ltd.
Year Incorporated	1910
Capital	18.0 billion yen
Deposit Balance	3,871.5 billion yen
Loan Balance	3,149.4 billion yen
Number of Employees	1,539
Head Office Location	〒460-8678 14-12, Sakae 3-chome, Naka-ku, Nagoya



Trade Name	The Chukyo Bank, Ltd.
Year Incorporated	1943
Capital	31.879 billion yen
Deposit Balance	1,964.2 billion yen
Loan Balance	1,561.7 billion yen
Number of Employees	828
Head Office Location	〒460-0008 33-13, Sakae 3-chome, Naka-ku, Nagoya

Affiliates

Company Name	Location	Phone Number	Main Business
Aigin Lease Co., Ltd.	〒450-0002 22-20, Meieki 4-chome, Nakamura-ku, Nagoya	052-551-0660	Leasing business
Aigin DC Card Co., Ltd.	〒450-0002 22-20, Meieki 4-chome, Nakamura-ku, Nagoya	052-551-0510	Credit card business Money lending business Credit guarantee business
Aigin Computer Service Co., Ltd.	〒450-0002 22-20, Meieki 4-chome, Nakamura-ku, Nagoya	052-551-0771	Information processing within the Group
Aigin Business Service Co., Ltd.	〒450-0002 22-20, Meieki 4-chome, Nakamura-ku, Nagoya	052-551-0881	Administrative services within the Group
Aichi Capital Co., Ltd.	〒460-8678 14-12, Sakae 3-chome, Naka-ku, Nagoya	052-212-5260	Fund management Provision of equity, etc.
Chukyo Card Co., Ltd.	〒461-0002 20-5, Daikan-cho, Higashi-ku, Nagoya	052-935-8171	Credit card business Credit guarantee business
Chukyo Finance Co., Ltd.	〒460-0008 33-13, Sakae 3-chome, Naka-ku, Nagoya	052-238-3270	Collection agency business
AASC Co., Ltd.	〒460-0003 11-20, Nishiki 1-chome, Naka-ku, Nagoya	052-219-5420	Indirect operations
AAST Co., Ltd.	〒460-0003 11-20, Nishiki 1-chome, Naka-ku, Nagoya	052-219-5420	Software development and education business
IST Co., Ltd.	〒460-0003 11-20, Nishiki 1-chome, Naka-ku, Nagoya	052-220-0005	Software development
AASTT Co., Ltd.	〒101-0052 2-8, Kanda Ogawamachi 2-chome, Chiyoda-ku, Tokyo	03-3518-9530	Software development

Major Shareholders

As of March 31, 2024

Name of shareholder	Address	Number of shares held (shares)	Percentage of shares held to total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 8-1, Akasaka 1-chome, Minato-ku, Tokyo	3,678,500	7.51
Misono Service Co., Ltd.	15-56, Heian 2-chome, Kita-ku, Nagoya	3,614,400	7.38
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	2,093,400	4.27
Custody Bank of Japan, Ltd. (Trust Account 4)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	1,650,400	3.37
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	925,845	1.89
Toho Gas Co., Ltd.	19-18, Sakurada-cho, Atsuta-ku, Nagoya	911,792	1.86
The Aichi Bank Employees' Shareholding Association	14-12, Sakae 3-chome, Naka-ku, Nagoya	861,077	1.76
NGK Insulators, Ltd.	2-56, Suda-cho, Mizuho, Nagoya	806,859	1.65
Sumitomo Life Insurance Company	2-1, Yaesu 2-chome, Chuo-ku, Tokyo	703,500	1.44
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	548,954	1.12
Total	—	15,794,727	32.24



Aichi Financial Group, Inc.