

Second quarter of the fiscal year ending March 31, 2025

Company Briefing Material

Aichi Financial Group, Inc.
December 5, 2024

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I. Financial results for the second quarter of the fiscal year ending March 31, 2025: Outline

Consolidated financial results and dividends

- Ordinary income increased by 2.3 billion yen year on year to 9.9 billion yen
- Net income attributable to owners of parent increased by 1.6 billion yen to 7.1 billion yen

Aichi FG consolidated financial results

(In billions of yen)	H1 FY2023	H1 FY2024	YoY	H1 FY2024 (planned)	(Before upward revision)	
					Vs. plan	Achieve- ment rate
Ordinary revenue	44.0	47.4	3.3	-	-	-
Ordinary income	7.6	9.9	2.3	4.0	+5.9	249.9%
Net income attributable to owners of parent	5.4	7.1	1.6	2.5	+4.6	285.4%

Dividends

- ◆ Fiscal year ended March 31, 2024
Q2 50 yen and year end 50 yen: 100 yen in total
(Consolidated payout ratio 59.0%)
- ◆ Fiscal year ending March 31, 2025
Q2 50 yen and year end 50 yen (forecast): 100 yen in total

Shareholder return policy (dividend policy)

In order to improve capital efficiency by giving returns to shareholders while securing internal reserves to strengthen the earnings base, we will pay as our basic policy a minimum annual dividend of **100 yen per share** and acquire treasury shares flexibly. Specifically, we will deliver **a total return ratio of 30%**, which will be the sum of dividends and treasury shares acquired.

Aichi FG consolidated profit / loss

(In billions of yen)		H1 FY2023	H1 FY2024	YoY
1	Consolidated gross profit	28.4	28.4	0
2	Net interest income	26.5	25.9	(0.5)
3	Fees and commissions	5.5	6.0	0.4
4	Net other operating income	(3.7)	(3.5)	0.1
5	Operating expenses	21.4	22.0	0.5
6	Write-off cost for provision for loan losses	1.3	(0.4)	(1.7)
7	Of which general provision for loan losses	0	(0.6)	(0.6)
8	Of which specific provision for loan losses	1.0	0.1	(0.9)
9	Gain (loss) on stocks	3.1	3.6	0.5
10	Ordinary income	7.6	9.9	2.3
11	Extraordinary income (loss)	(0)	(0)	0
14	Income before income taxes and minority interests	7.6	9.9	2.3
15	Total income taxes	2.0	2.8	0.8
16	Net income	5.5	7.1	1.5
17	Net income attributable to owners of parent	5.4	7.1	1.6

Financial results for the second quarter of the fiscal year ending March 31, 2025: Outline

- Interest on loans and bills discounted and fees and commissions as computed on a two-bank-combined basis grew steadily. Ordinary income and net income increased greatly year on year due to lower credit costs and higher gain on sales of stocks despite recording 2.9 billion yen in integration related costs.

(In billions of yen)		Two banks combined		Aichi Bank, non-consolidated		Chukyo Bank, non-consolidated	
			YoY		YoY		YoY
1	Gross profit	27.4	1.1	17.9	0.7	9.5	0.3
2	Core gross profit	30.6	0.6	20.8	0.9	9.7	(0.3)
3	Net interest income	25.6	(0)	17.6	0.4	7.9	(0.4)
4	Fees and commissions	5.4	0.5	3.6	0.4	1.7	0.1
5	Net other operating income	(3.6)	0.5	(3.4)	(0.1)	(0.2)	0.7
6	Expenses	21.8	0.9	14.0	0.7	7.7	0.1
7	Personnel expenses	10.0	0	6.7	0.2	3.3	(0.1)
8	Non-personnel expenses	10.0	0.9	6.3	0.5	3.6	0.3
9	Of which integration-related expenses	1.5	0.4	1.0	0.4	0.4	0
10	Real net business profit	5.6	0.1	3.8	(0)	1.7	0.2
11	Core business profit	8.8	(0.2)	6.7	0.2	2.0	(0.5)
12	Core business profit (excl. net gains on investment trust cancellations)	8.6	0.1	6.7	0.3	1.8	(0.2)
13	General provision for loan losses	-	(0)	-	(0.2)	0.1	0.3
14	Business profit	5.6	0.2	3.8	0.2	1.6	(0.1)
15	Temporary gain (loss)	4.0	3.3	4.6	3.4	(0.4)	0
16	Of which gain (loss) on stocks	3.6	0.6	3.5	1.1	0.1	(0.4)
17	Of which disposal of non-performing loans	0.1	(1.0)	-	(0.5)	0.4	(0.1)
18	Of which integration-related expenses	1.3	0.3	0.6	0.2	0.6	0.1
19	Ordinary income	9.6	3.5	8.4	3.6	1.1	(0.1)
20	Extraordinary income (loss)	(0)	(0)	(0)	0	(0)	(0)
21	Net income	6.9	2.4	6.0	2.5	0.9	(0.1)

Core business profit

- Interest on loans and bills discounted and fees and commissions as computed on a two-bank-combined basis grew smoothly.
- Although 1.5 billion yen in integration-related costs was recorded under non-personnel expenses, core business profit excluding integration-related costs increased by 0.1 billion yen year on year to 10.3 billion yen.

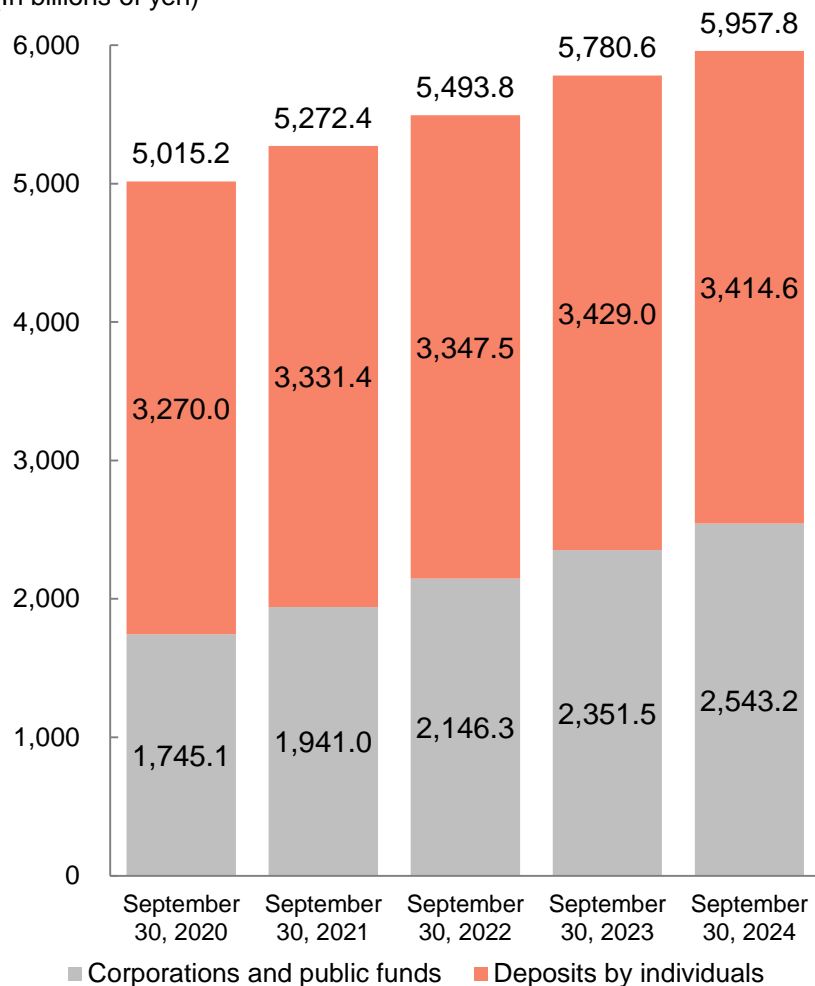
(In billions of yen)		Two banks combined		Aichi Bank, non-consolidated		Chukyo Bank, non-consolidated	
			YoY		YoY		YoY
1	Gross profit	27.4	1.1	17.9	0.7	9.5	0.3
2	Core gross profit	30.6	0.6	20.8	0.9	9.7	(0.3)
3	Net interest income	25.6	(0)	17.6	0.4	7.9	(0.4)
4	Of which interest on loans and bills discounted	18.7	0.8	12.1	0.5	6.6	0.2
5	Of which interest and dividends on securities	8.8	(0.3)	6.6	0.3	2.1	(0.7)
6	Of which interest on loans and bills discounted	1.6	0.9	1.1	0.6	0.5	0.3
7	Fees and commissions	5.4	0.5	3.6	0.4	1.7	0.1
8	Net other operating income	(3.6)	0.5	(3.4)	(0.1)	(0.2)	0.7
9	Of which 5 bond accounts	(3.1)	0.4	(2.9)	(0.2)	(0.2)	0.7
10	Expenses	21.8	0.9	14.0	0.7	7.7	0.1
11	Personnel expenses	10.0	0	6.7	0.2	3.3	(0.1)
12	Non-personnel expenses	10.0	0.9	6.3	0.5	3.6	0.3
13	Of which integration-related expenses	1.5	0.4	1.0	0.4	0.4	0
14	Real net business profit	5.6	0.1	3.8	(0)	1.7	0.2
15	Core business profit	8.8	(0.2)	6.7	0.2	2.0	(0.5)
16	Core business profit after deducting integration-related costs	10.3	0.1	7.8	0.6	2.4	(0.4)

Status of deposits

- The two banks' combined deposits (excluding negotiable certificates of deposit) increased 177.2 billion yen year on year, driven mainly by corporate deposits, while we continued main bank conversion efforts.

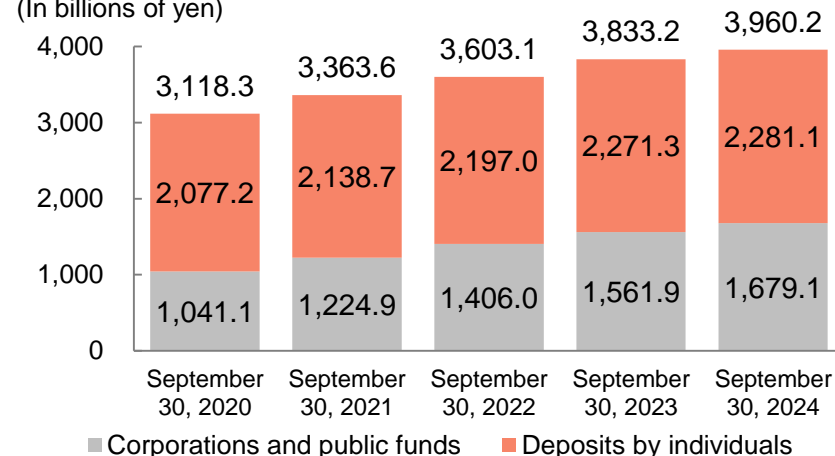
Two banks combined

(In billions of yen)



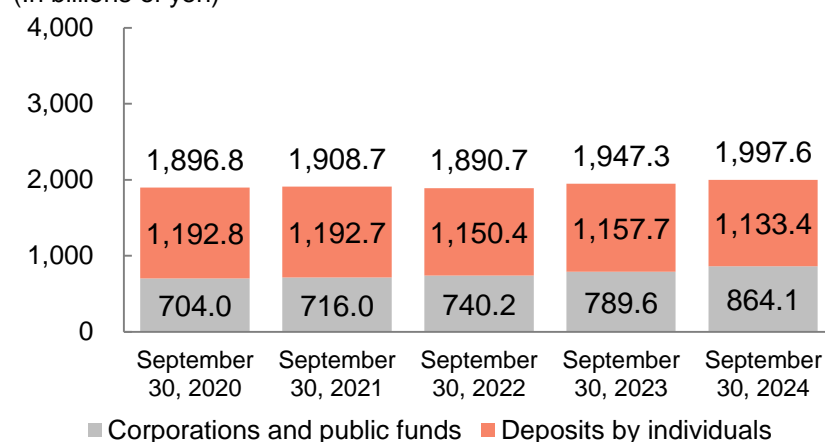
Aichi Bank

(In billions of yen)



Chukyo Bank

(In billions of yen)



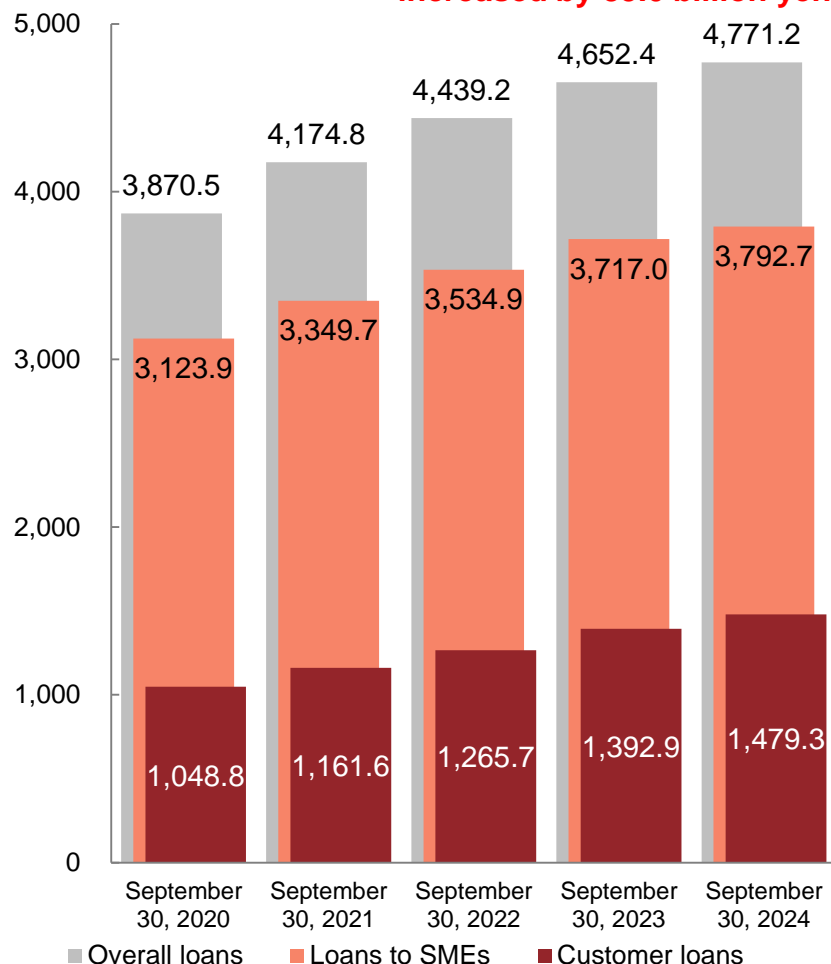
Status of loans and discounts

- The two banks' combined loans outstanding increased 118.7 billion yen year on year, driven mainly by SME loans and housing loans.
- The two banks' combined loans and deposits outstanding totaled 10,729.1 billion yen, an increase of 795.9 billion yen 2 years from the business integration.

Two banks combined

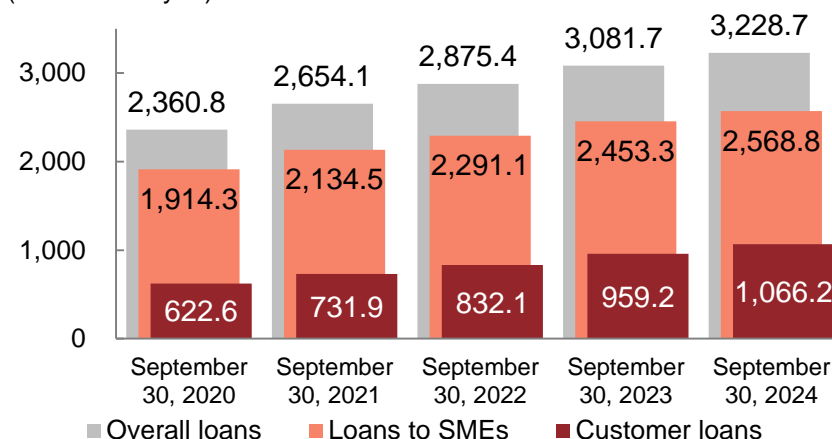
(In billions of yen)

The two banks' combined housing loans outstanding increased by 83.0 billion yen



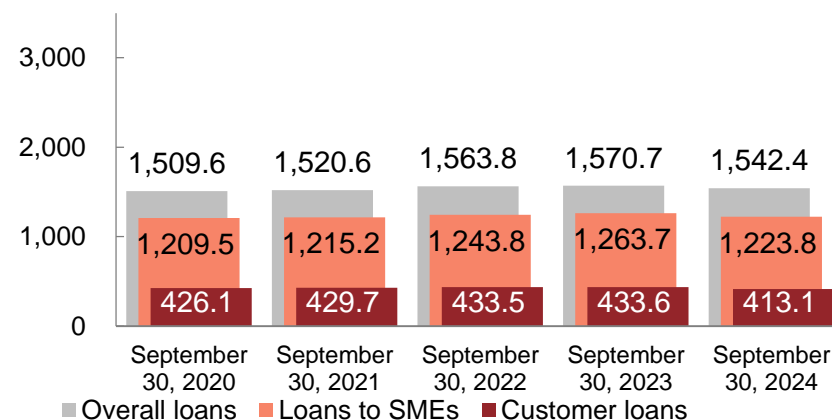
Aichi Bank

(In billions of yen)



Chukyo Bank

(In billions of yen)



Status of deposits and loans by region

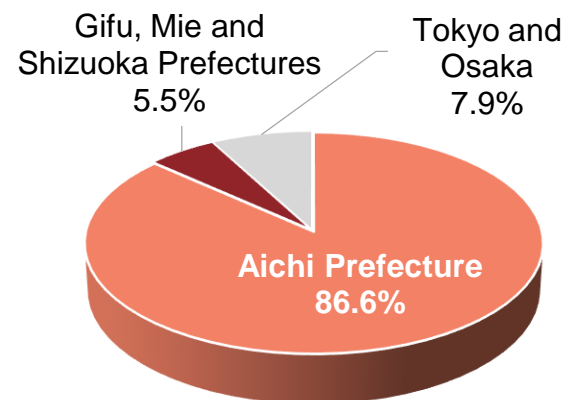
- Deposits and loans by region for Aichi Prefecture where the two banks mainly operate; deposits accounted for approx. 86% of the total, and loans accounted approx. 83% of the total.

Deposits

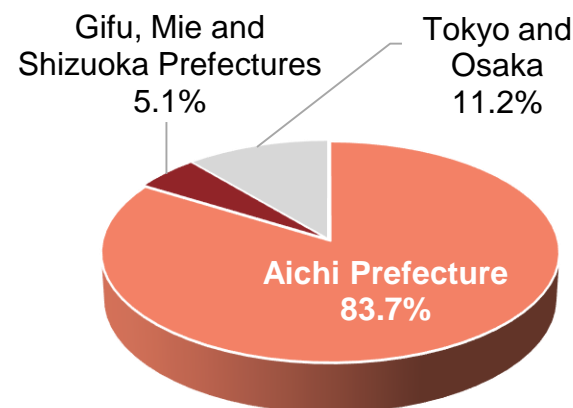
(In billions of yen)

	Two banks combined	Aichi Bank	Chukyo Bank
1 Aichi Prefecture	5,161.7	3,514.3	1,647.4
2 Gifu, Mie and Shizuoka Prefectures	325.6	147.6	178.0
3 Tokyo and Osaka	470.4	298.3	172.1
4 Total	5,957.8	3,960.2	1,997.6

Percentage breakdown of deposit balance by area



Percentage breakdown of loans outstanding by area



Loans

(In billions of yen)

	Two banks combined	Aichi Bank	Chukyo Bank
1 Aichi Prefecture	3,992.9	2,910.3	1,082.6
2 Gifu, Mie and Shizuoka Prefectures	241.4	126.7	114.7
3 Tokyo and Osaka	536.7	191.6	345.1
4 Total	4,771.2	3,228.7	1,542.4

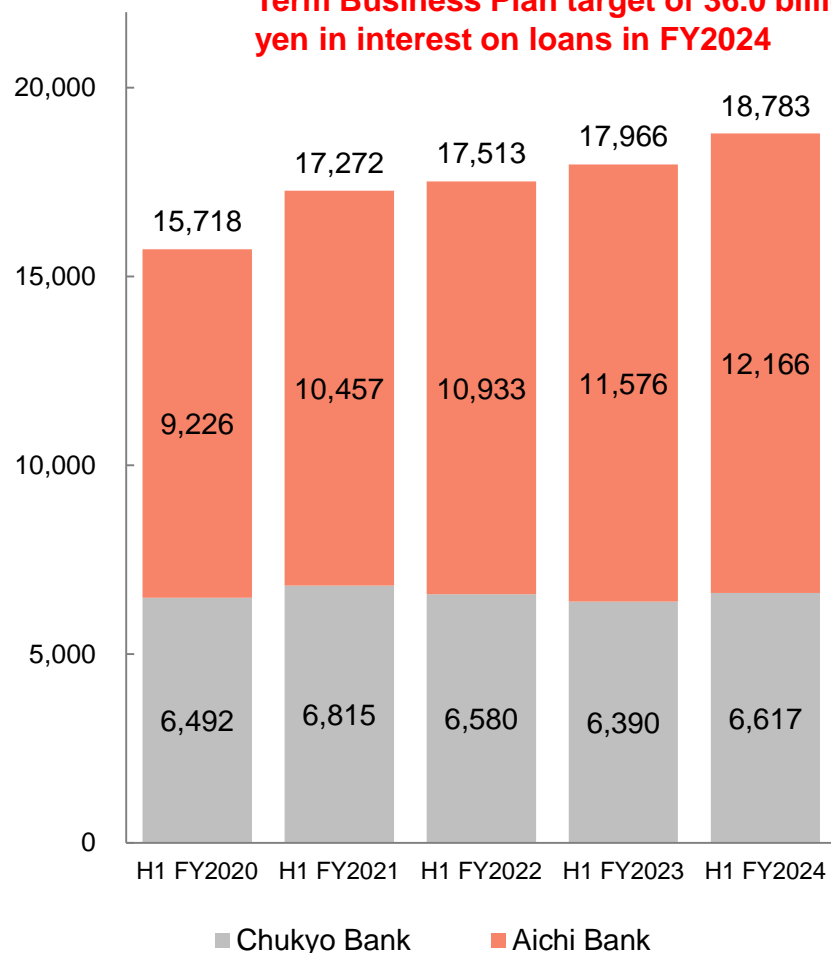
Status of interest on loans

- Both banks' loan yields rose and the two banks' combined interest on loans increased by 0.8 billion yen year on year to 18.7 billion yen due to a steady increase in the loan balance

Two banks combined

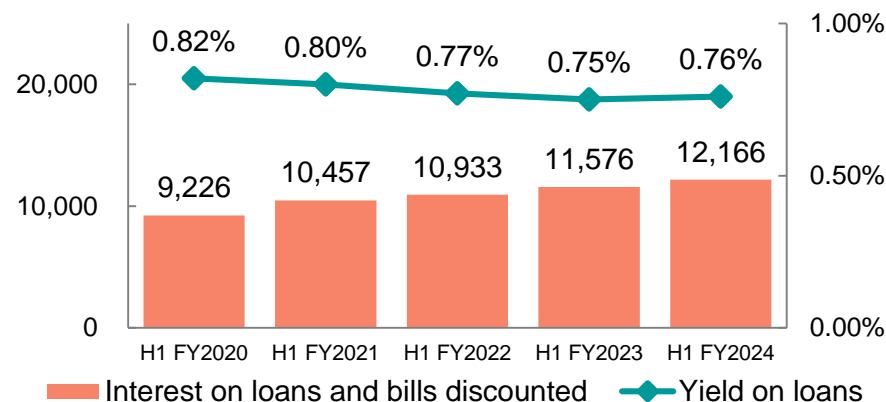
(In millions of yen)

Hovered well above the FG 1st Medium-Term Business Plan target of 36.0 billion yen in interest on loans in FY2024



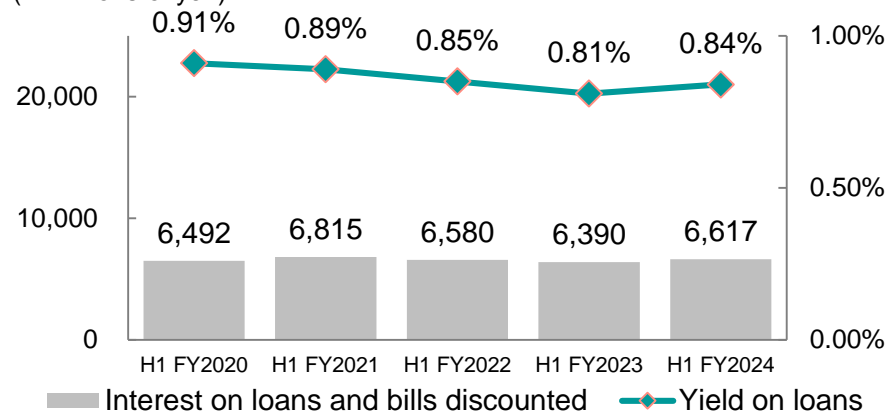
Aichi Bank

(In millions of yen)



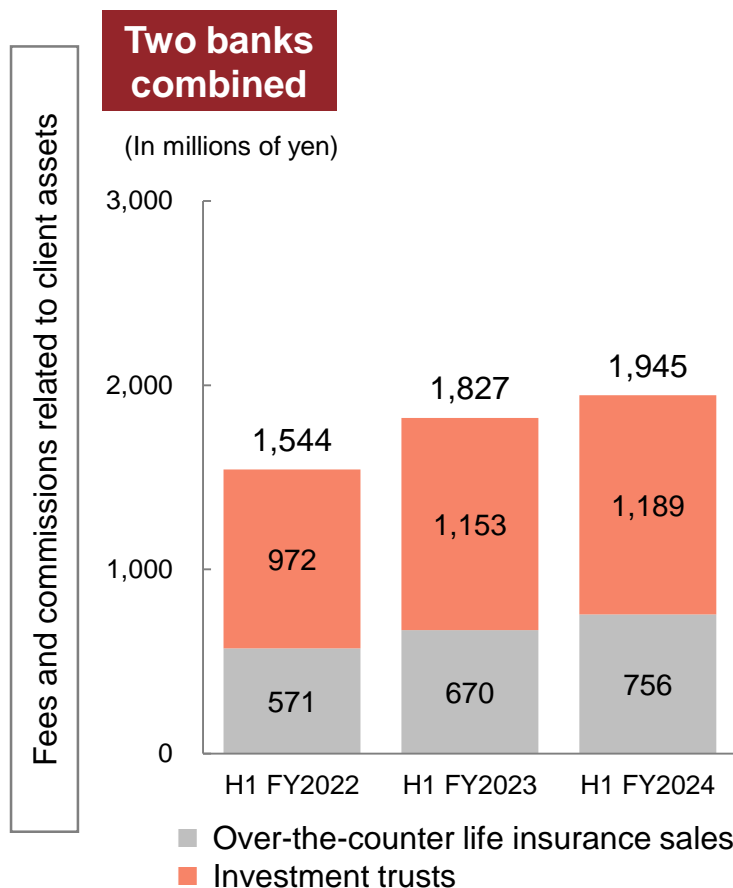
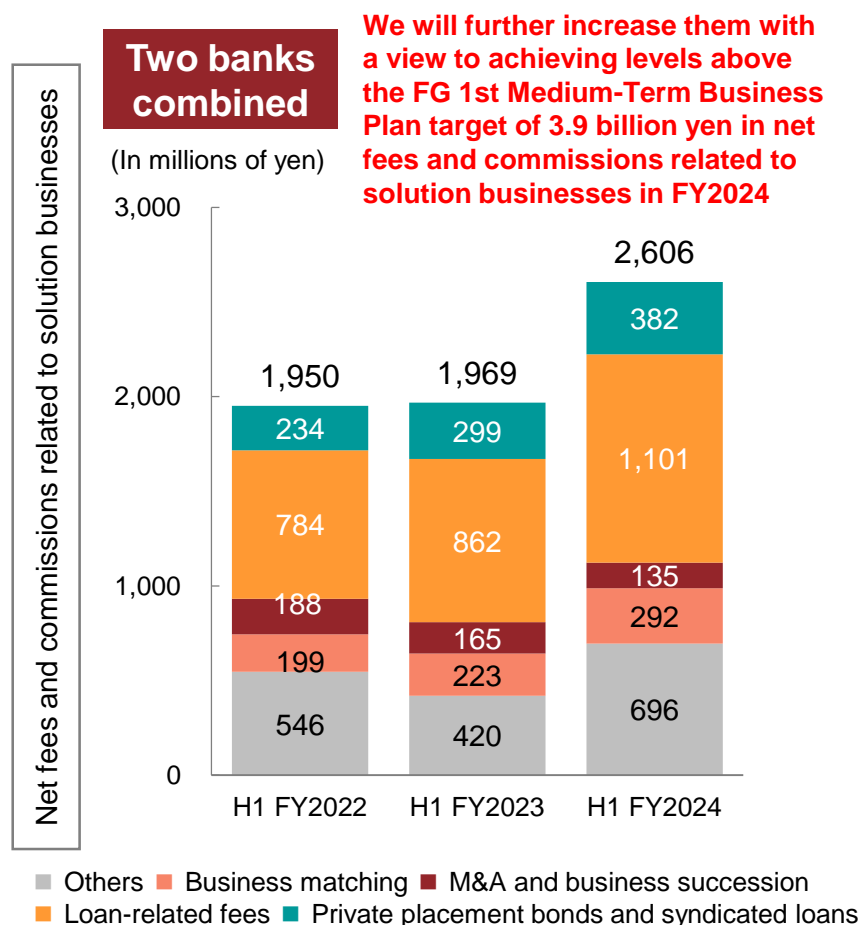
Chukyo Bank

(In millions of yen)



Status of fees and commissions related to solutions and client assets

- Solution-related fees and commissions increased in the areas of syndicated loans and other loans and business matching
- Net fees and commissions from client assets increased for both investment trusts and life insurance

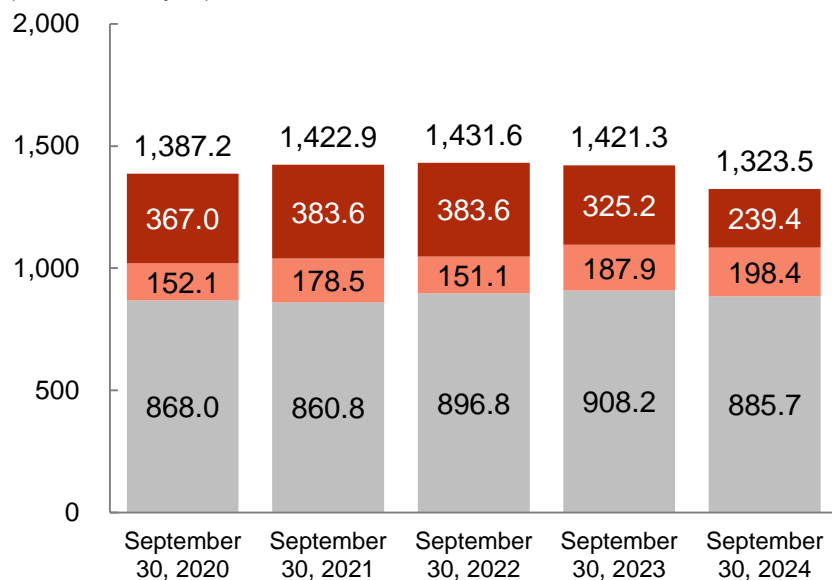


Status of balance on securities

- The two banks' combined balance of securities decreased by 97.8 billion yen year on year due to a restructuring of their bond portfolios
- Duration shortened for both yen-denominated and foreign currency-denominated bonds

Two banks combined

(In billions of yen)



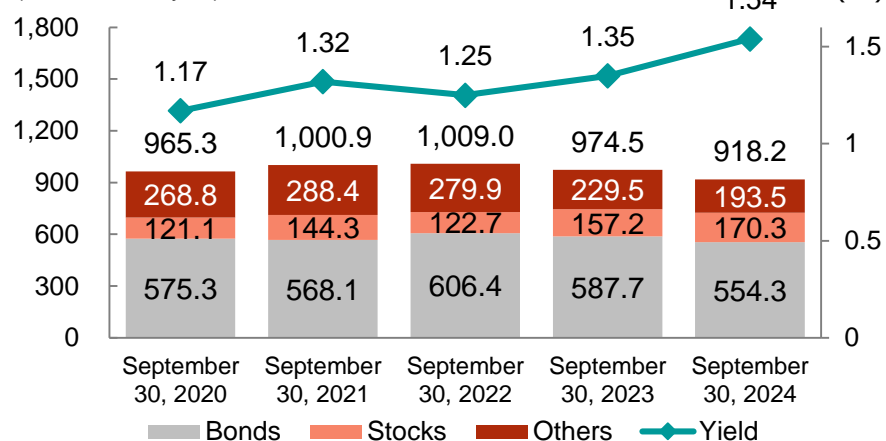
■ Bonds ■ Stocks ■ Others

Duration (years)		22/9	23/9	24/9
Aichi Bank	Yen-denominated bonds	5.94	5.18	4.17
	Foreign currency-denominated bonds	2.57	1.56	1.71
Chukyo Bank	Yen-denominated bonds	5.28	5.17	4.43
	Foreign currency-denominated bonds	4.16	2.17	1.23

* Aichi Bank's yen-denominated bond duration was after a consideration of its asset swaps

Aichi Bank

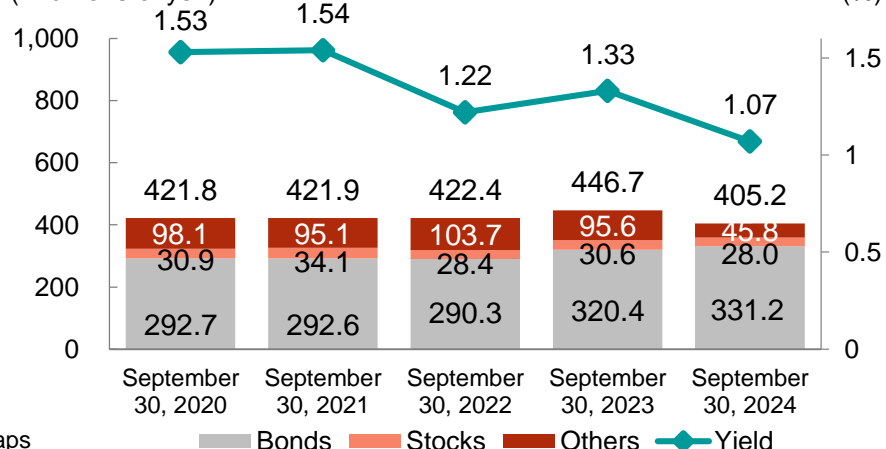
(In billions of yen)



■ Bonds ■ Stocks ■ Others ◆ Yield

Chukyo Bank

(In billions of yen)



■ Bonds ■ Stocks ■ Others ◆ Yield

Status of securities

- The two banks' combined net gain (loss) on JGBs and bonds improved by 0.4 billion yen due to a duration shortening
- Gains on valuation of securities totaled 92.1 billion yen for the two banks combined, an increase of 22.0 billion yen year on year, due to higher gains on valuation of shares and available-for-sale securities

Gain (loss) on securities

(In billions of yen)

		Two banks combined		Aichi Bank		Chukyo Bank	
			YoY		YoY		YoY
1	Interest and dividends on securities	8.8	(0.3)	6.6	0.3	2.1	(0.7)
2	Net gain (loss) on investment trust cancellations	0.1	(0.4)	0	(0.1)	0.1	(0.2)
3	Gain (loss) on securities	0.5	1.1	0.6	0.9	(0.1)	0.2
4	Net gain (loss) on JGBs and bonds	(3.1)	0.4	(2.9)	(0.2)	(0.2)	0.7
5	Gain (loss) on stocks	3.6	0.6	3.5	1.1	0.1	(0.4)
6	Gain (loss) on securities	9.3	0.8	7.3	1.3	2.0	(0.4)

Net unrealized gain (loss)

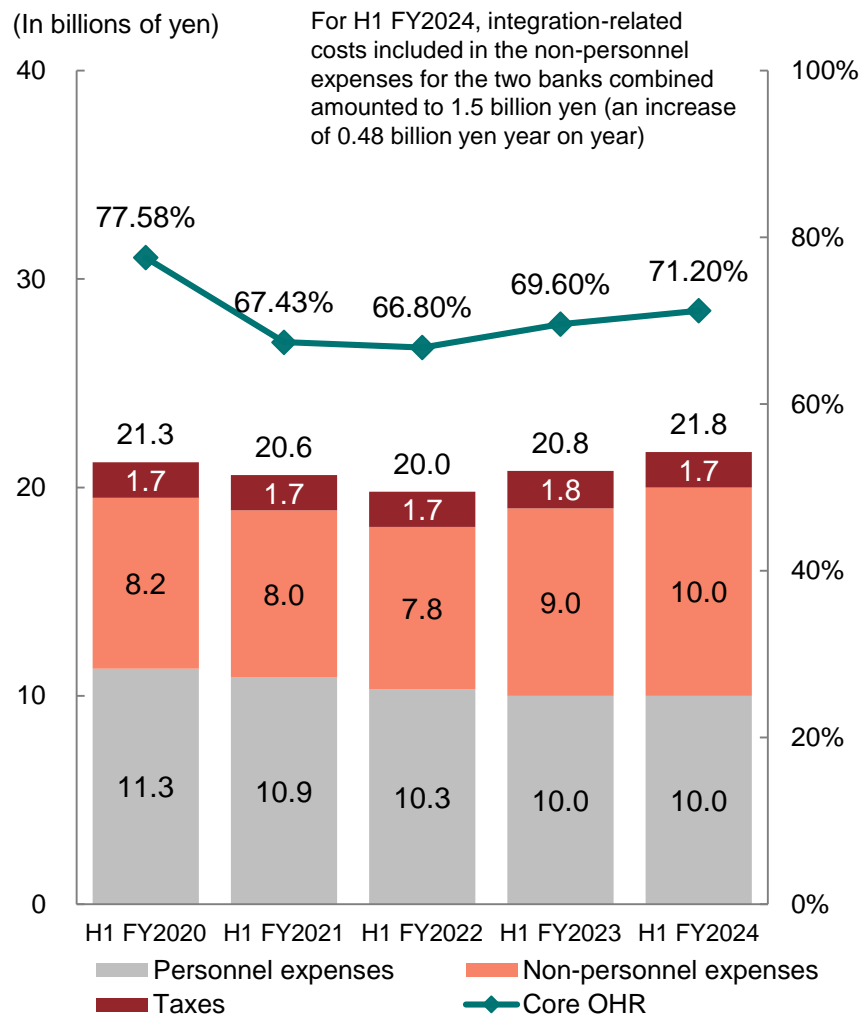
(In billions of yen)

		Two banks combined		Aichi Bank		Chukyo Bank	
			YoY		YoY		YoY
1	Net unrealized gain (loss) on securities	92.1	22.0	82.3	17.6	9.8	4.3
2	Stocks	102.0	10.7	87.1	9.5	14.9	1.2
3	Bonds	(22.3)	0.5	(18.0)	0.3	(4.2)	0.2
4	Foreign bonds and others	12.4	10.7	13.2	7.8	(0.7)	2.9
5	Net unrealized gain	122.1	17.8	106.5	16.9	15.6	0.8
6	Net unrealized loss	29.9	(4.2)	24.2	(0.7)	5.7	(3.4)

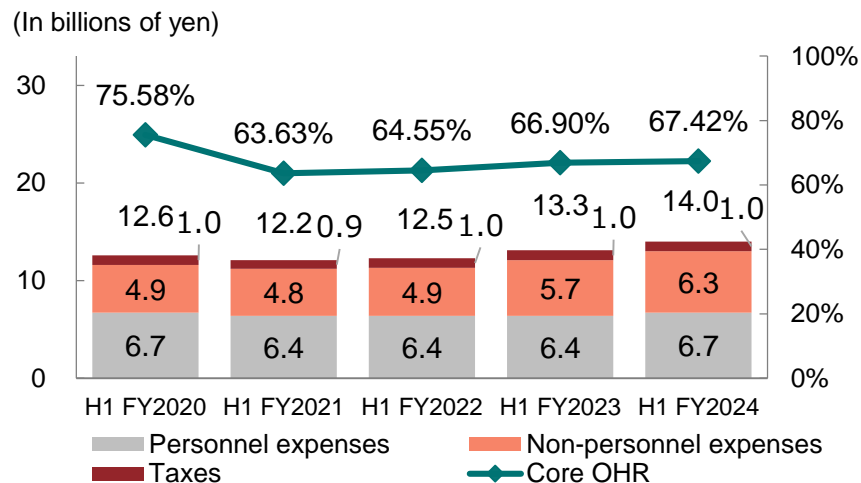
Status of expenses

- Expenses for the two banks combined totaled to 21.8 billion yen, an increase of 0.9 billion yen year on year. Core OHR increased 1.6 percentage points
- Personnel expenses were more or less flat year on year mainly due to increased non-personnel expenses stemming from a recording of integration-related costs

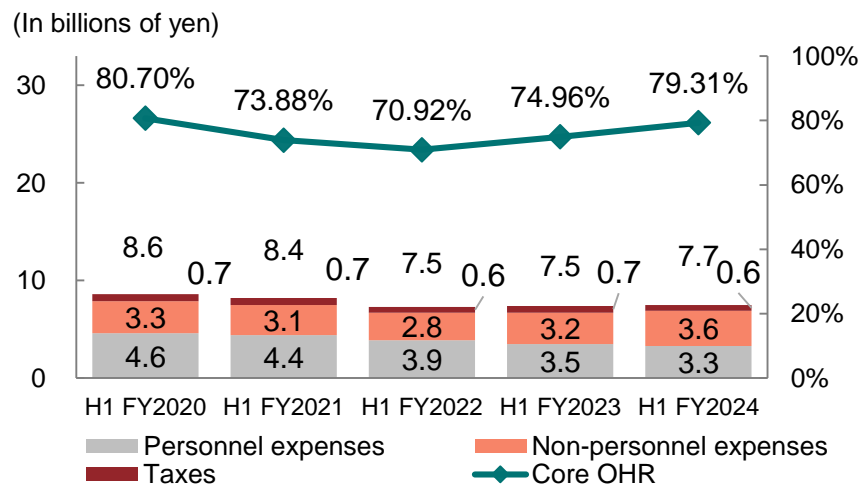
Two banks combined



Aichi Bank



Chukyo Bank

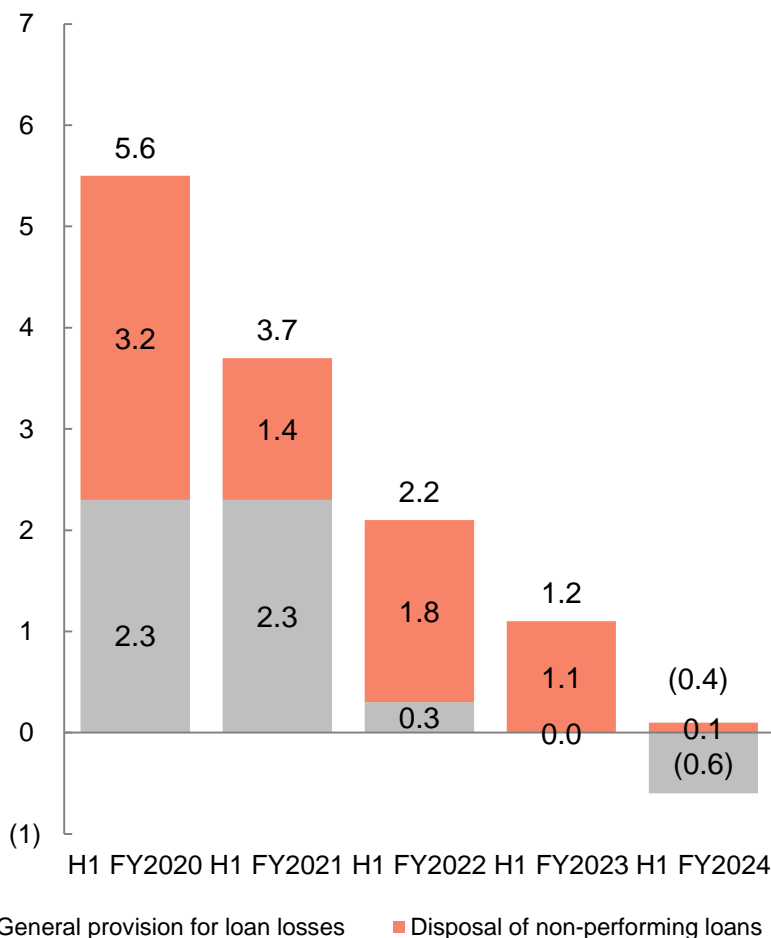


Status of credit cost

- Credit cost for the two banks combined decreased 1.6 billion yen year on year resulting in a reversal of 0.4 billion yen. This was due to a reduced balance of sub-performing loans and a progress in the recovery of non-performing loans

Two banks combined

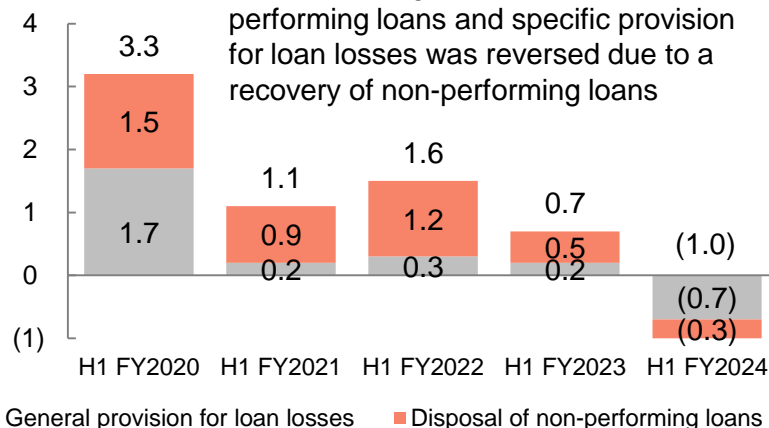
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Aichi Bank

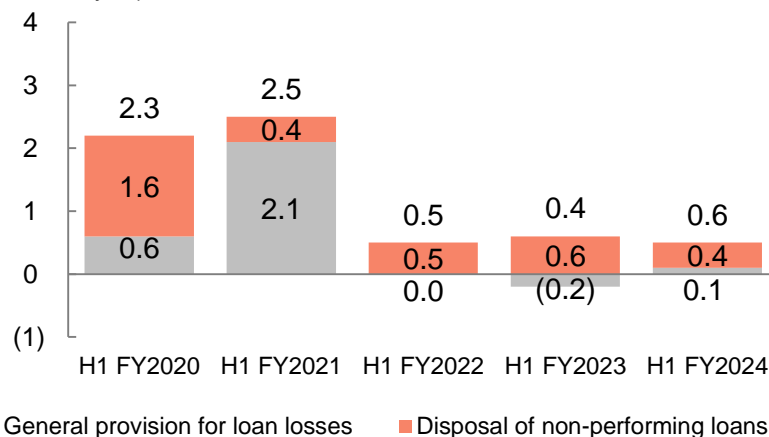
(In billions of yen)

General provision for loan losses was reversed owing to a decrease in sub-performing loans and specific provision for loan losses was reversed due to a recovery of non-performing loans



Chukyo Bank

(In billions of yen)

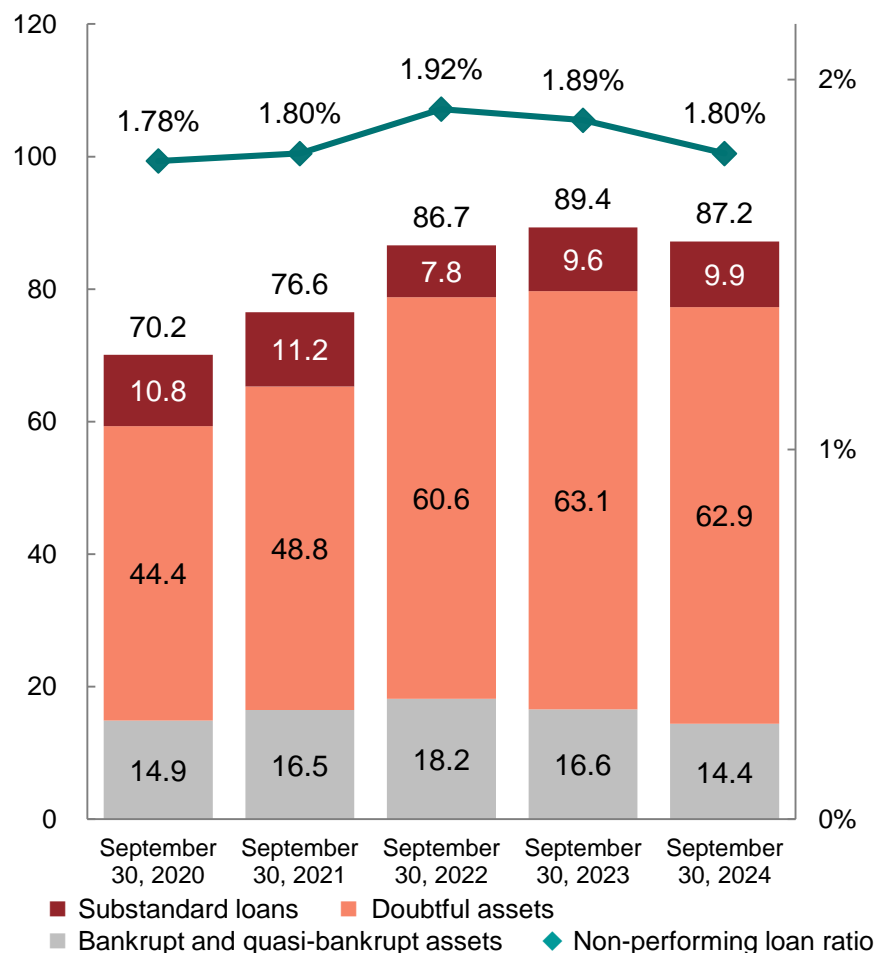


Status of credit management

- The two banks' combined non-performing loans totaled 87.2 billion yen, down 2.1 billion yen year on year, and non-performing loan ratio declined 0.09 percentage points year on year to 1.80%, being at a level that is not problematic

Two banks combined

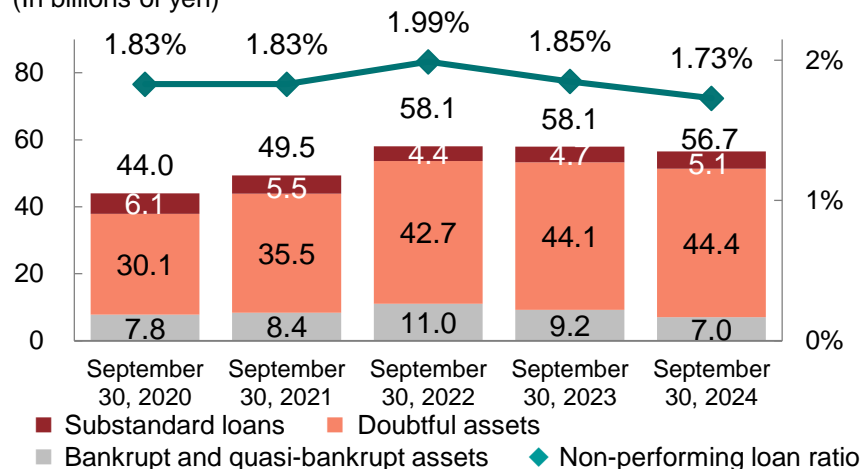
(In billions of yen)



Aichi Financial Group, Inc.

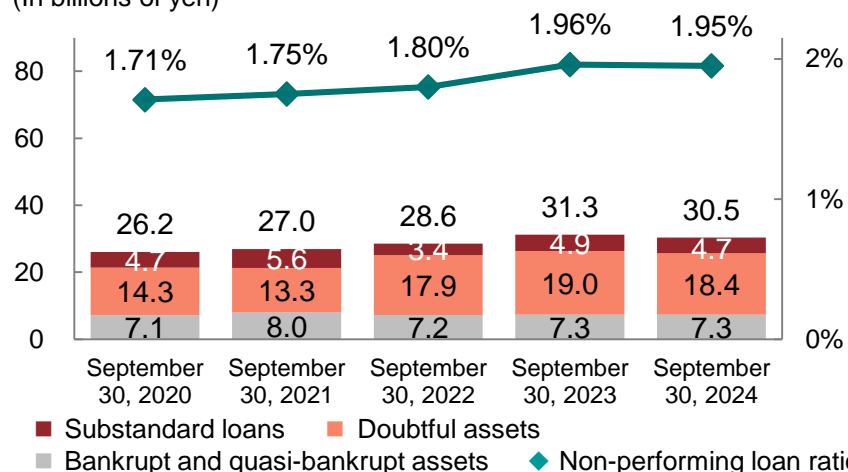
Aichi Bank

(In billions of yen)



Chukyo Bank

(In billions of yen)

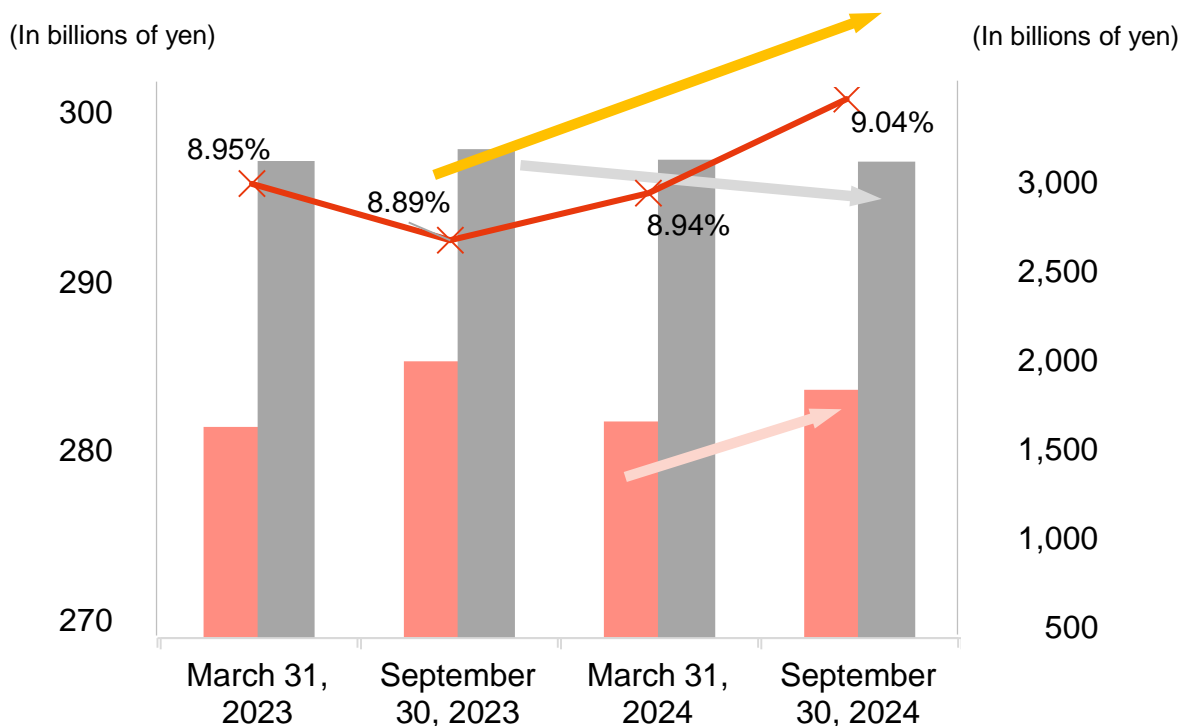


Status of capital adequacy ratio

- FG consolidated capital adequacy ratio rose by 0.15 percentage points year on year to 9.04% as shareholders' equity increased through profit accumulation and risk-weighted assets decreased due to efforts to raise RORA.

FG, consolidated

✕ Capital adequacy ratio (%) ■ Shareholders' equity (billions of yen) ■ Risk-weighted assets (billions of yen)



(In billions of yen)	March 31, 2023	September 30, 2023	March 31, 2024	September 30, 2024
Shareholders' equity	282.5	286.4	282.8	284.8
Risk-weighted assets	3,154.0	3,219.8	3,161.0	3,151.1

Earnings forecast

- We revised up our FY2024 full-year forecast in consideration of the business performance up to the second quarter of the year. FG forecasts consolidated ordinary income of 9.2 billion yen, 4.7 billion yen and 104% higher than the initial forecast, and net income attributable to owners of parent 5.1 billion yen, 4.1 billion yen and 410% higher than the initial forecast.
- Integration-related costs for FY2024 will likely amount to approx. 11.0 billion yen due to peaking out in the second half of this fiscal year with the bank merger and system integration slated for January 2025 being implemented.
- Integration-related costs, being a one-time factor caused by the bank merger, will likely decrease markedly in FY2025, and profits are expected to rise due to generating topline and cost synergies early after the merger.

FG, consolidated

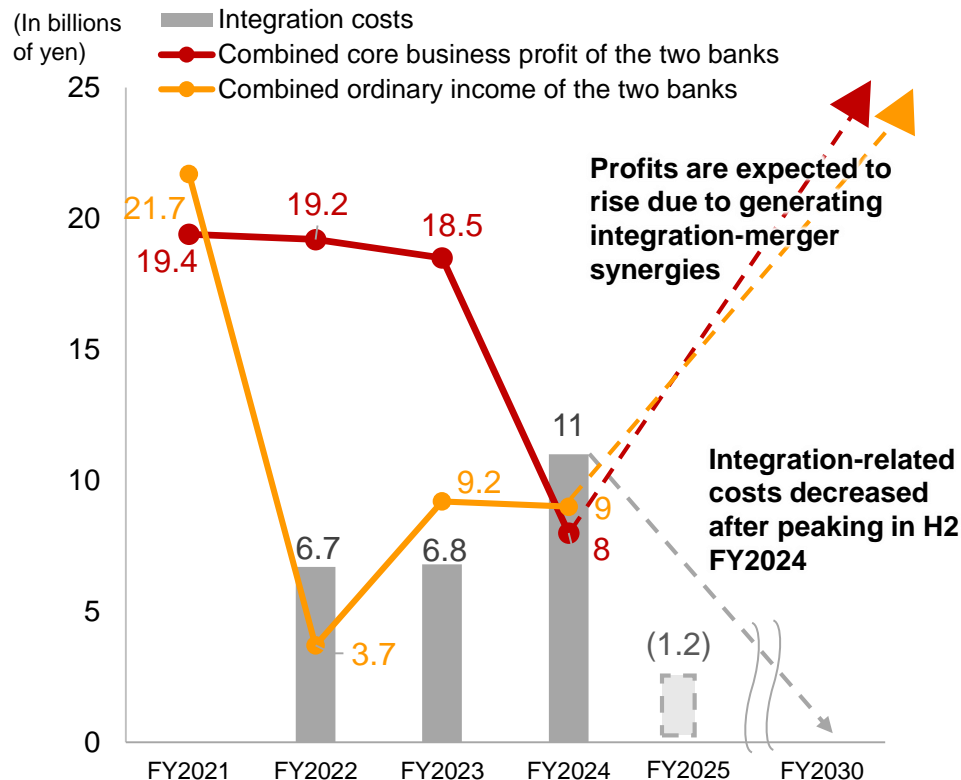
(In billions of yen)

		FY2023, actual	FY2024 initial forecast	FY2024 revised forecast	Vs. initial forecast	Vs. FY2023, actual
1	Ordinary income	12.5	4.5	9.2	+4.7	(3.3)
2	Net income attributable to owners of parent	8.2	1.0	5.1	+4.1	(3.1)

Two banks combined

(In billions of yen)

		FY2023, actual	FY2024 initial forecast	FY2024 revised forecast	Vs. initial forecast	Vs. FY2023, actual
1	Core business profit	18.5	7.8	8.0	+0.2	(10.5)
2	Ordinary income	9.2	3.2	9.0	+5.8	(0.2)
3	Net income	6.4	0	5.0	+4.9	(1.4)



* Integration-related costs are expected to total approx. 2.5 billion yen in the FG 2nd Medium-Term Business Plan (three years from FY2025 to FY2027) (approx. 1.2 billion yen in FY2025).

Consolidated bank profit / loss for the fiscal year ending March 31, 2025

- Although we expect interest on loans and fees and commissions to increase and net gains (losses) on bond transactions to improve, the company plans to post a decrease in profits as integration-related costs will peak in the run-up to the bank merger slated for January 2025.

(In billions of yen)		Fiscal year ended March 31, 2024, actual		Fiscal year ending March 31, 2025, forecast	
			YoY		YoY
1	Gross profit	51.5	6.7	52.3	0.8
2	Core gross profit	60.9	1.5	57.0	(3.9)
3	Net interest income	51.6	1.0	48.0	(3.6)
4	Of which interest on loans and bills discounted	36.0	0.7	39.0	3.0
5	Fees and commissions	10.4	0.4	10.2	(0.1)
6	Fees and commissions	15.6	0.6	16.2	0.6
7	Service cost	5.1	0.2	5.9	0.7
8	Net other operating income	(10.6)	(5.2)	(5.9)	4.7
9	Expenses	42.3	2.1	48.9	6.6
10	Personnel expenses	19.8	(0.6)	21.4	1.5
11	Non-personnel expenses	18.9	2.3	23.8	4.8
12	Real net business profit	9.1	4.5	3.3	(5.7)
13	Core business profit	18.5	(0.6)	8.0	(10.5)
14	General provision for loan losses	(0.9)	(4.8)	(1.0)	(0)
15	Business profit	10.0	9.4	4.3	(5.7)
16	Temporary gain (loss)	(0.8)	(3.9)	4.9	5.7
17	Of which gain (loss) on stocks	6.3	(0.7)	11.7	5.3
18	Of which disposal of non-performing loans	2.2	0.5	2.4	0.1
19	(Credit cost (14+18))	1.2	(4.3)	1.4	0.2
20	Ordinary income	9.2	5.5	9.0	(0.2)
21	Net income	6.4	5.8	5.0	(1.4)

* **Interest on loans will likely increase significantly due to a growth in loan balance and an improvement in loan yields**

* Interest and dividends on securities are expected to decrease due to a revision of securities portfolios such as for foreign bonds.

* Net interest income as a whole is expected to decrease due to lower gains on investment trust cancellations and higher deposit interest.

* **Fees and commissions are expected to increase due to a steady growth of those from solutions business and client assets**

* Fees and commissions as a whole are expected to decrease due to higher service cost.

Significant improvement due to reduced loss on bonds such as JGBs

Great increase due to recording of **integration-related costs**

Expected to increase due to sales of strategic shareholdings, among other factors, while negative factors will include **integration-related costs**, not to be recorded under property cost, that will consist mainly of system integration costs

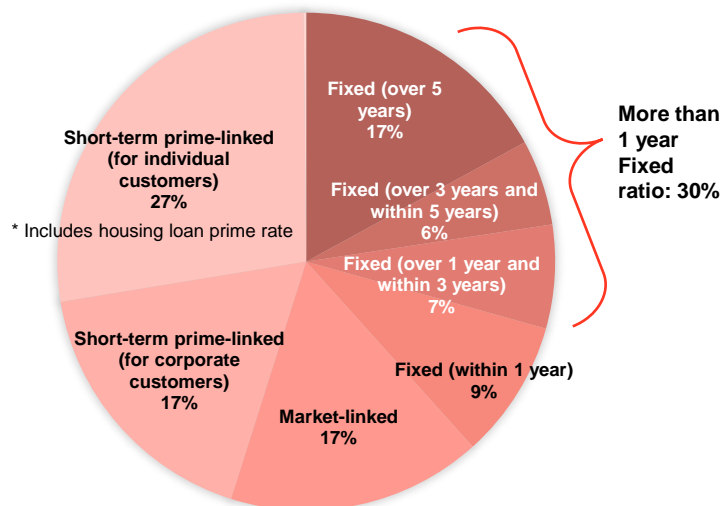
Although a reversal occurred in the first half of the fiscal year in progress, a slight year-on-year increase is expected in consideration of the severe business environment surrounding small- to medium-sized enterprises.

Profits are projected to decline **as we predict that integration-related costs (a combined total of property costs, temporary expenses, and extraordinary losses) will be approx. 11 billion yen for FY2024 on a two-bank combined basis.**

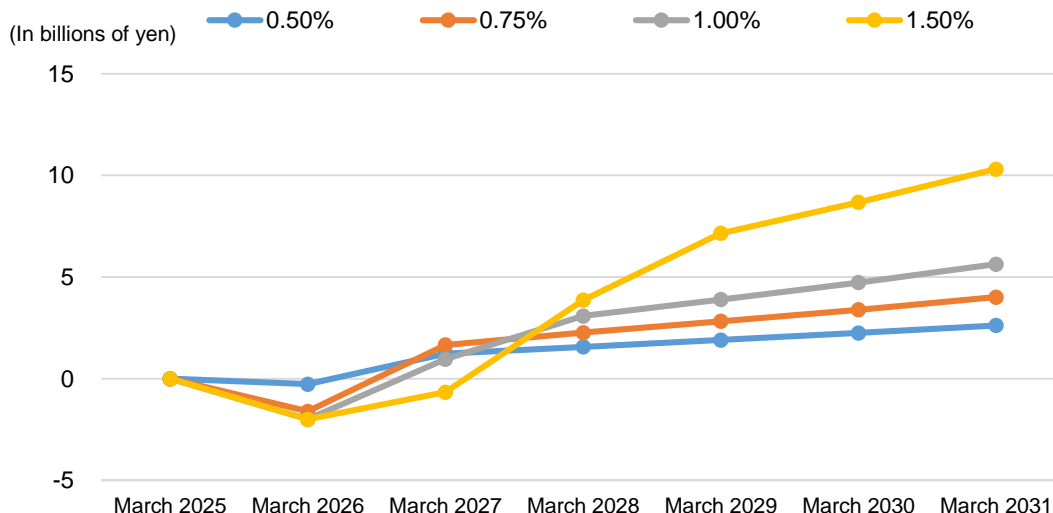
Impact of increasing interest rates

- Fixed-rate loans and variable-rate loans that are each payable within one year accounted for about 70% of the two banks' combined total loans. While returning to a world with positive interest rates, loan spreads will improve over the long term, but deposit interest rates will rise earlier.
- Short-term prime rate-linked loans (including housing loans) accounted for approx. 44% of total loans, so hikes in short-term prime rates implemented from October 1 will be a positive factor for earnings.

LOANS (TWO BANKS COMBINED) BY INTEREST RATE TYPE



Policy interest rate levels and their impacts on our loan deposit interest revenues (loan interest - deposit interest) (vs. a 0.25% policy interest rate scenario)

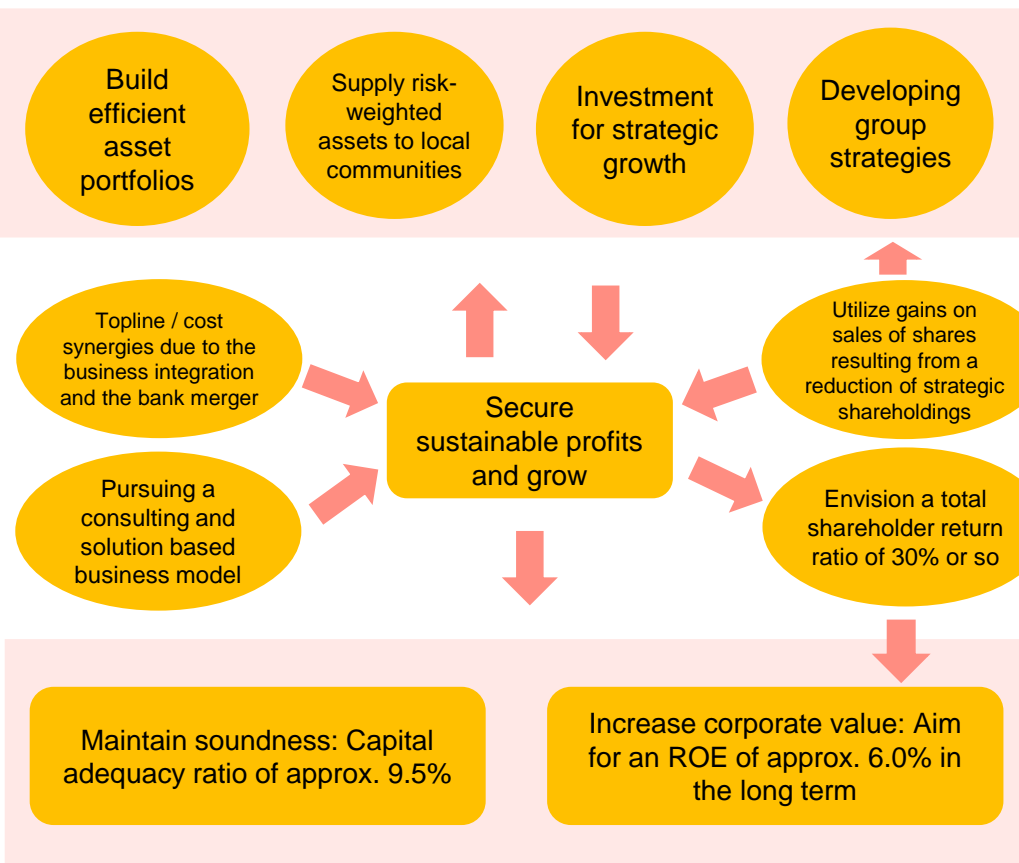


- (1) A 0.50% policy interest rate scenario: An interest rate hike of 0.25 percentage points in March 2025 (approx. 1.1% 10-year interest rate)
- (2) A 0.75% policy interest rate scenario: An additional interest rate hike of 0.25 percentage points in September 2025 (approx. 1.25% 10-year interest rate)
- (3) A 1.00% policy interest rate scenario: An additional interest rate hike of 0.25 percentage points in March 2026 (approx. 1.50% 10-year interest rate)
- (4) A 1.50% policy interest rate scenario: An additional interest rate hike of 0.25 percentage points in September 2026 and March 2027 (approx. 1.80% 10-year interest rate)

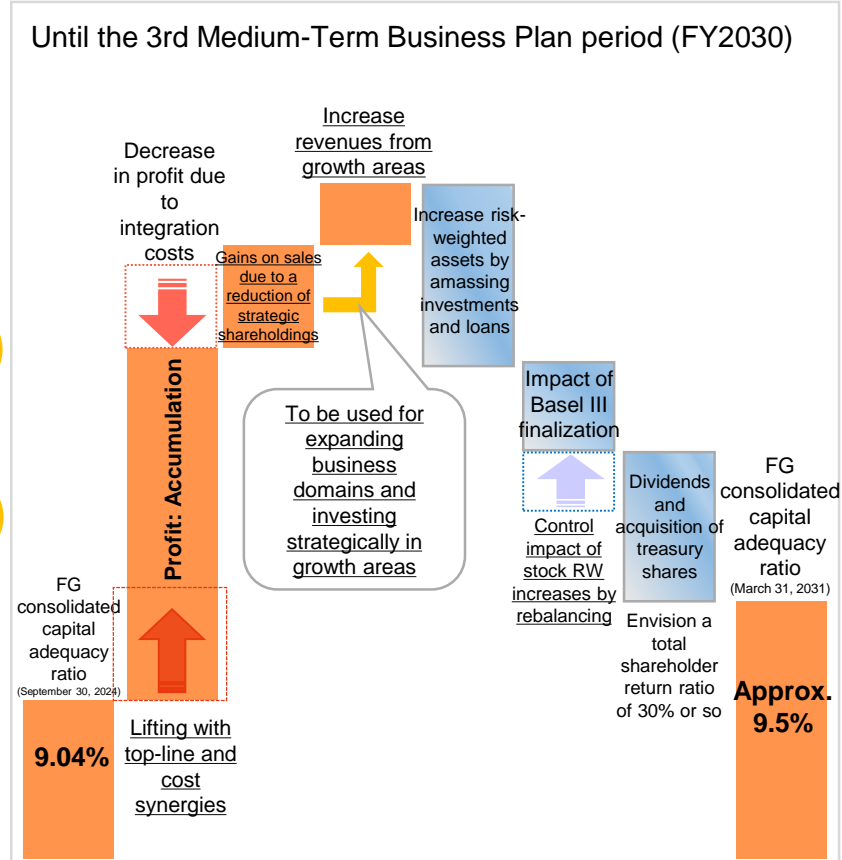
II. Initiatives to enhance medium- to long-term corporate value

Capital policy: Basic approach (capital allocation)

Emphasize the balance between investment for profit growth, returning profits appropriately and maintaining soundness



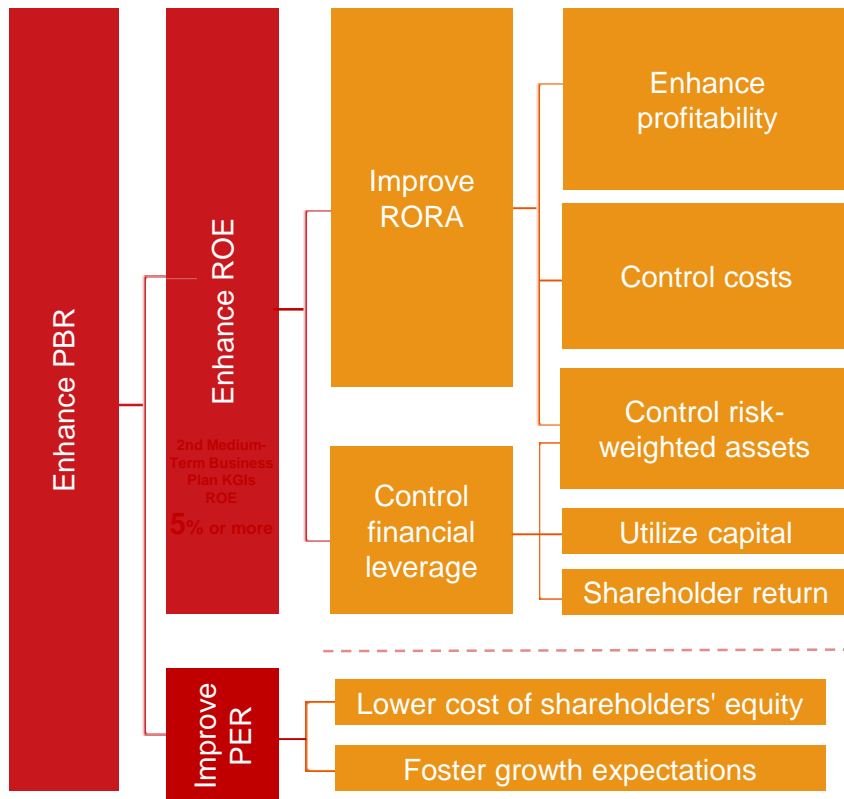
Capital allocation diagram imagined



Toward improving PBR

- We will raise ROE by controlling risk-weighted assets and taking other measures while working to enhance profitability and control costs by generating integration-merger synergies. In addition, we will endeavor to improve PER by pursuing business management in a manner hoped for by the market and investors by promoting sustainability and stepping up branding efforts

Drivers for enhancing corporate value



Related measures

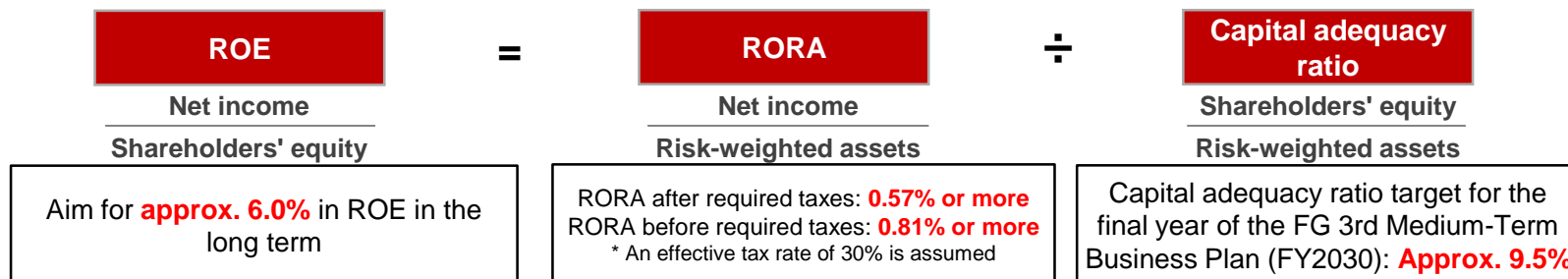
- Expand the lineup of our solution services to be provided to corporations and individuals, and strengthen our customer base
- Enhance the functions of the whole Group and pursue existing and new businesses and DX support business
- Utilize effectively banking applications, online branches and corporate platforms
- Strengthen our block operating structure to optimize the branch network-functions and deploy personnel optimally
- Reduce counter operations and concentrate operations on headquarters, thus zeroing out branch administrative operations
- Pursue a consulting and solution based business model not reliant on risk-weighted assets
- Step up relationships with customers and diversify revenue sources on a group-wide basis
- Reduce strategic shareholdings
- Contemplating a total shareholder return ratio of 30% or more with a minimum annual dividend of 100 yen per share in accordance with our shareholder return policy
- Pursue enterprise and business management in a manner hoped for by the market and investors by promoting sustainability, enhancing employee engagement and stepping up branding efforts

Relation between PBR, ROE and cost of shareholders' equity

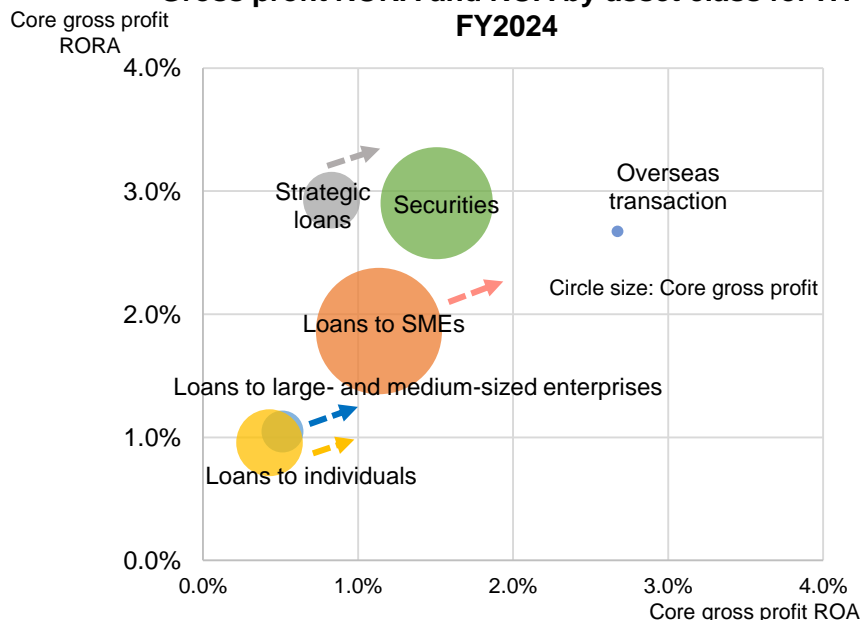
$$\begin{aligned}
 \text{PBR} &= \text{ROE} \times \text{PER} \\
 &= \text{RORA} \times \text{Financial leverage} \times \frac{1}{\text{Cost of shareholders' equity} - \text{earnings growth rate}}
 \end{aligned}$$

Efforts intended for improving RORA

- Cost of shareholders' equity is thought to be approx. 6% In order to achieve a capital adequacy ratio of approximately 9.5%, the goal of the 3rd Medium-Term Business Plan, while aiming for an ROE of approximately 6.0%, it is necessary to secure earnings with an eye on 0.81% in RORA (before taxes).
- The Group will place the highest priority on supplying risk-weighted assets for loans to local SMEs and individuals, and will aim to improve RORA with an eye on overall profitability by strengthening its customer base and pursuing a consulting- and solution-oriented business model.

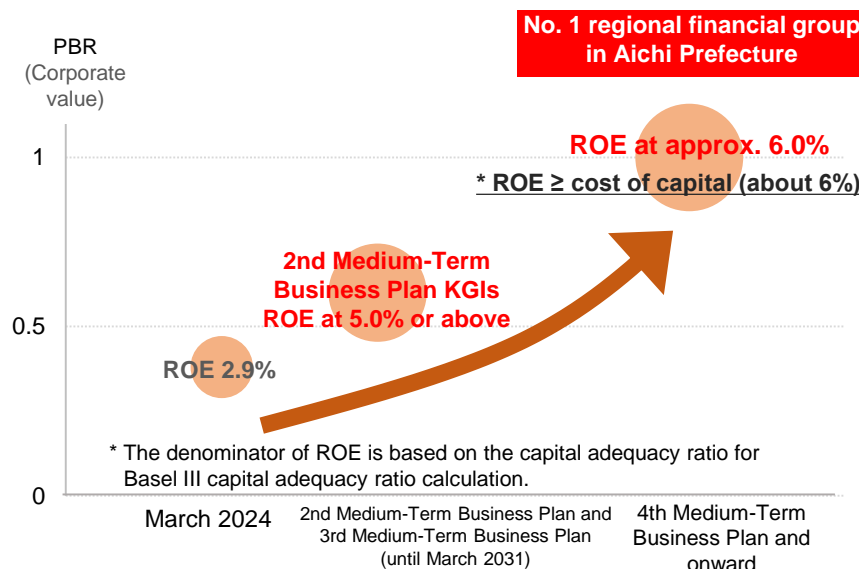


Gross profit RORA and ROA by asset class for H1 FY2024



* Calculated in accordance with H1 FY2024 figures from the Aichi Bank Profit Management System
 Core gross profit RORA: (Interest on loans and securities + Net gains (losses) on related services - Related funding costs) / Risk-weighted assets
 Core gross profit ROA: (Interest on loans and securities + Net gains (losses) on related services - Related funding costs) / Average balance

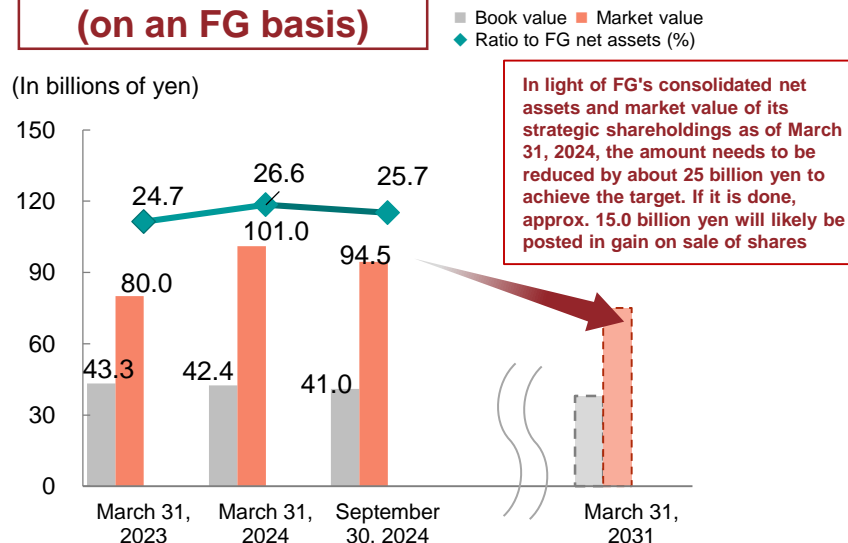
What is aimed for in the long term



Reduce listed strategic shareholdings

- Reduction goal: We aim to **reduce strategic shareholdings to approx. 20% of consolidated net assets** by the end of FY2030 **on a market-value basis**
- Cash generated by the planned reduction will be used for human capital investment, digital transformation (DX) investment, group strategy deployment-related investment, equity of capital, and shareholder returns.

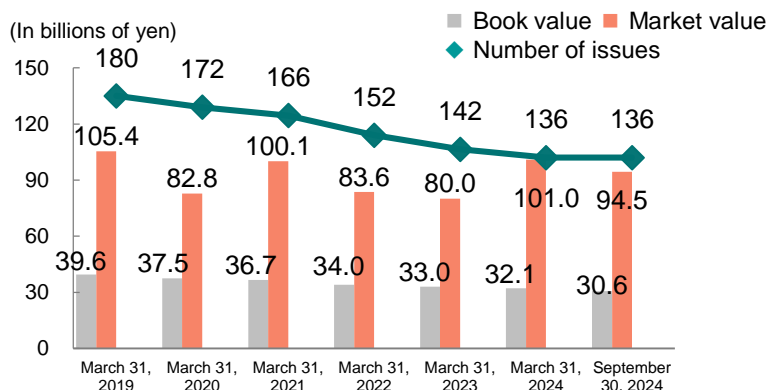
State of reduction (on an FG basis)



	March 31, 2023	March 31, 2024	September 30, 2024	YoY
Number of issues (A)	117	112	112	± 0
Book value (B)	43.3 billion yen	42.4 billion yen	41.0 billion yen	(1.3 billion yen)
Market value (C)	80.0 billion yen	101.0 billion yen	94.5 billion yen	(6.4 billion yen)
Nikkei Stock Average (D)	27,986 yen	40,369 yen	37,919 yen	(2,450 yen)
FG net assets (E)	323.4 billion yen	379.5 billion yen	366.9 billion yen	(12.5 billion yen)
Percentage of FG net assets (C/E)	24.7%	26.6%	25.7%	(0.9%)

* The simple sum for the two banks differs from the simple aggregation of their strategic shareholdings because, for accounting purposes at the time of the business integration, Aichi Financial Group, Inc. acquired from Chukyo Bank, Ltd. its listed shares at the market values on September 30, 2022 (on an FG basis, the book value of Chukyo Bank's strategic shareholdings was revalued in accordance with the market values on September 30, 2022).

State of reduction (simple sum for the two banks)



Enhance group strategies

- We established the Group Strategy Department on April 1, 2024, to optimize the allocation of capital such as human capital and knowledge, and strengthen the operational management system for our group strategies.
- We will enhance Aichi FG's consolidated earnings by expanding our investment in growth areas and the business domains.

Outline of the Group Strategy Department

◆ Function

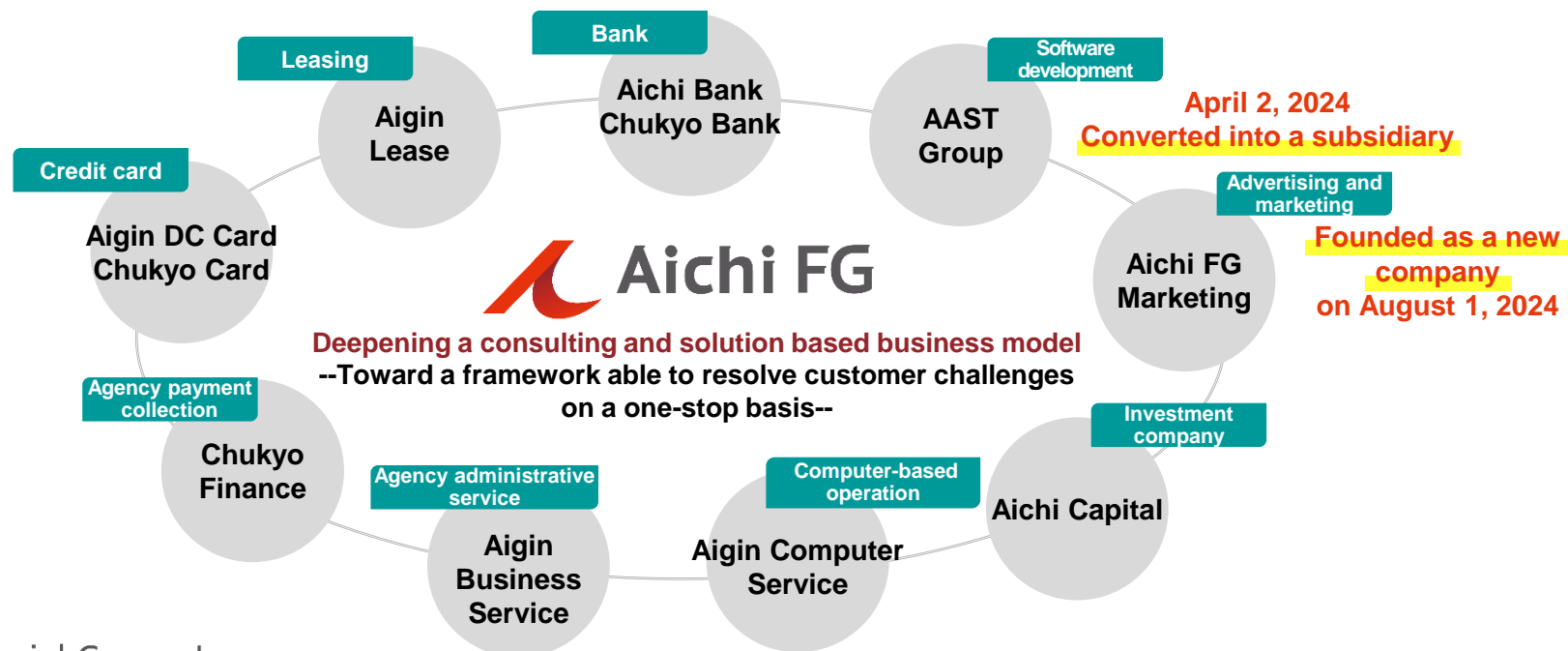
- * Strategic function: Provides support and operational control for business planning and sales strategy formulation at affiliates
- * Management function: Supervision of the business management and internal control of affiliates

◆ Framework

- * Five members composed of one manager and other staff members are exclusively in charge of the Group Strategy Department.
- * Director, Group Strategy Department: Yukinori Ito, President

Group affiliates (excluding banking business operators)

- ◆ Leasing business: Aigin Lease
- ◆ Credit card business: Aigin DC Card and Chukyo Card
- ◆ Investment company: Aichi Capital
- ◆ Agency payment collection: Chukyo Finance
- ◆ Agency administrative service: Aigin Business Service
- ◆ Computer-based operation: Aigin Computer Service
- ◆ Software development: AAST and 3 other companies (AAST Group)
- ◆ Advertising and marketing: Aichi FG Marketing

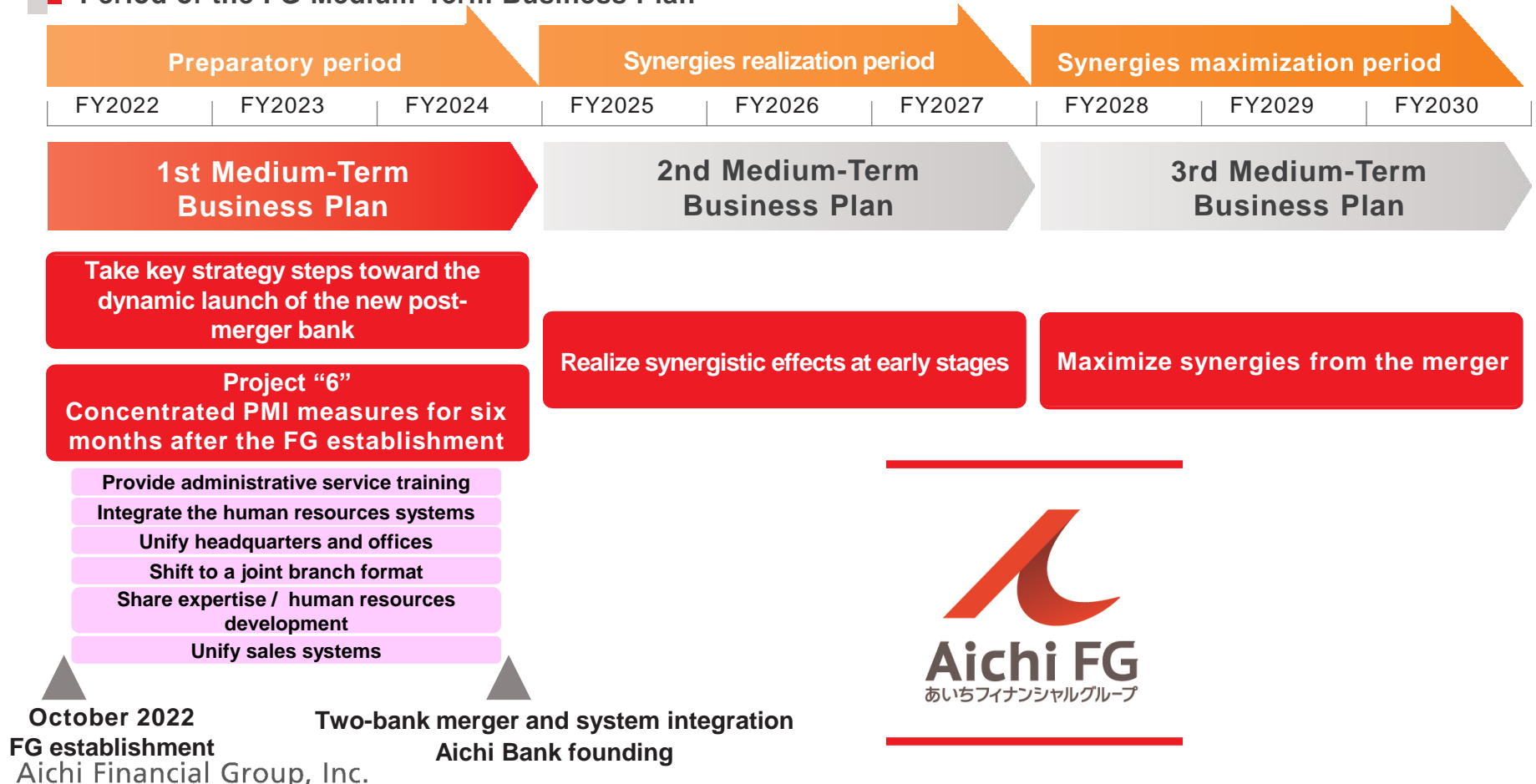


III. Progress of the FG 1st Medium-Term Business Plan

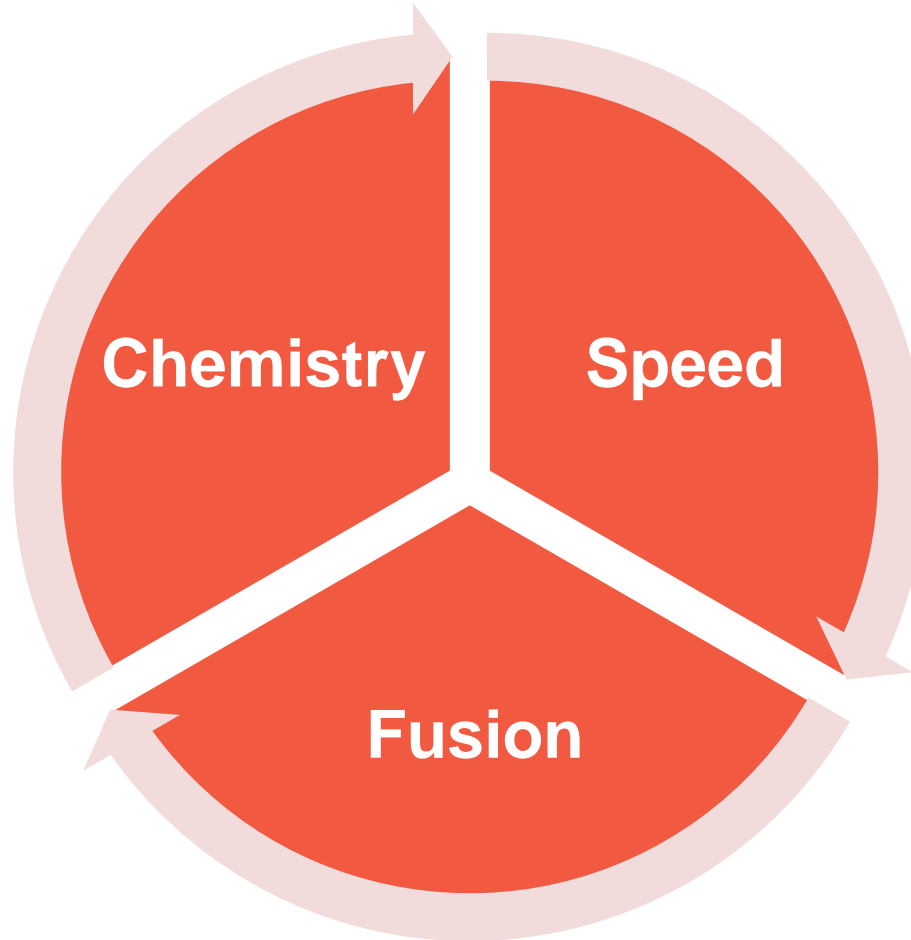
Positioning of the 1st Medium-Term Business Plan: Integration schedule

- In January 2025, the two banks under the umbrella of the Group will be merged and their systems will be integrated, giving birth to Aichi Bank, Ltd.
- Costs such as for system integration, system-related matters, and branch reorganization at the two banks will likely occur early, and these costs will grow in stages until FY2024 before declining thereafter.
- After the integration, synergies are expected to be maximized by: i) creating large scale of strategic human capital through a coupling of the two banks' functions; ii) sharing various consulting expertise in their strengths; and iii) enjoying cost reduction effects from a post-merger reorganization of branches.

Period of the FG Medium-Term Business Plan



Positioning of the 1st Medium-Term Business Plan: Plan themes






- Realize synergistic effects from "chemical reactions" through active discussions and expertise sharing among subsidiary banks and FG employees, something that cannot be produced independently
- Set as a goal achievement of more than the sum of individual abilities in the new business model
- Evolve to a "challengeable corporate culture"

- Promote the fastest possible merger process in both systems / institutional infrastructures
- Set clear goals to create integration synergies immediately after the merger
- Create customer peace of mind and expectations through a speedy integration process

- Facilitate the integration of the two subsidiary banks during the intensive PMI* period of 6 months after the establishment of the FG
- Early realization of "substantial integration" of through personnel exchange and joint measures before the merger

* PMI (Post-Merger Integration): An integration process designed to maximize integration effects

The goals of the FG 1st Medium-Term Business Plan: Things to be done by the founding of Aichi Bank

Viewpoint	The goals of the FG 1st Medium-Term Business Plan: Things to be done by the founding of Aichi Bank	
<p>Customers and local communities</p> 	<p>A Prepare for a consulting solution based business model that allows customers to experience dynamic evolution</p>	<ul style="list-style-type: none"> ■ A system that <u>allows customers to experience dynamic evolution</u> through a shift to a "consulting solution based business model" immediately from after the merger ■ Prepare a framework for customers to clearly feel the “difference from the past” and “different from other banks”
<p>Employees</p> 	<p>B Establishing a new ideal employee profile for the consulting solution based business model / creation of required number of human capital and completion of training</p>	<ul style="list-style-type: none"> ■ <u>Share and sympathize with the new ideal employee profile on a company-wide basis</u> ■ <u>Develop and create</u> strategic human resource by the time of the merger ■ <u>Optimally finishing to allocate strategic human capital at the time of the merger</u>
<p>Shareholders</p> 	<p>C Firmly achieve key KPIs toward realizing post-merger synergies</p>	<ul style="list-style-type: none"> ■ <u>Achievement of 1st Medium-Term Business Plan KPIs</u> as preparation indicators for realizing synergies at the start of the FG 2nd Medium-Term Business Plan ■ <u>To substantial growth stemming from achieving the KPIs</u>

Four key strategies toward the goals of the 1st Medium-Term Business Plan

1



Prepare for a full transition to a consulting solution based business model

- Establish a consulting and solution based business model and implement it at subsidiary banks in advance
- Establish a branch and headquarters structure that enables customers to feel a product/service lineup, a sense of speed, a new bank ethos and a corporate culture that were previously absent, starting from immediately after the merger

2



Large scale shift of employees to the human capital required for a new business model

- Establish a new human capital profile able to greatly change the value of customer experiences starting from immediately after the merger, and share it with all employees
- Complete extensively developing and creating strategic human capital by the time of the merger
- Promote fusion and chemistry among employees

3



Realize synergies early by enhancing management efficiency

- Speedy system / System infrastructure integration plan
- Create strategic human capital on a large scale by streamlining management through the merger
- Pre-merger promotion of intra-bank branch co-running

Completed in March 2023

4



Project "6" Six intensive PMI measures during the first 6 months after the establishment of the FG

- With the first six months after the establishment of FG (from October 2022 to March 2023) as a top-priority period, we focused on the six key initiatives in order to provide services meeting customers' expectations, by quickly generating synergies and integrating the staff of both banks.

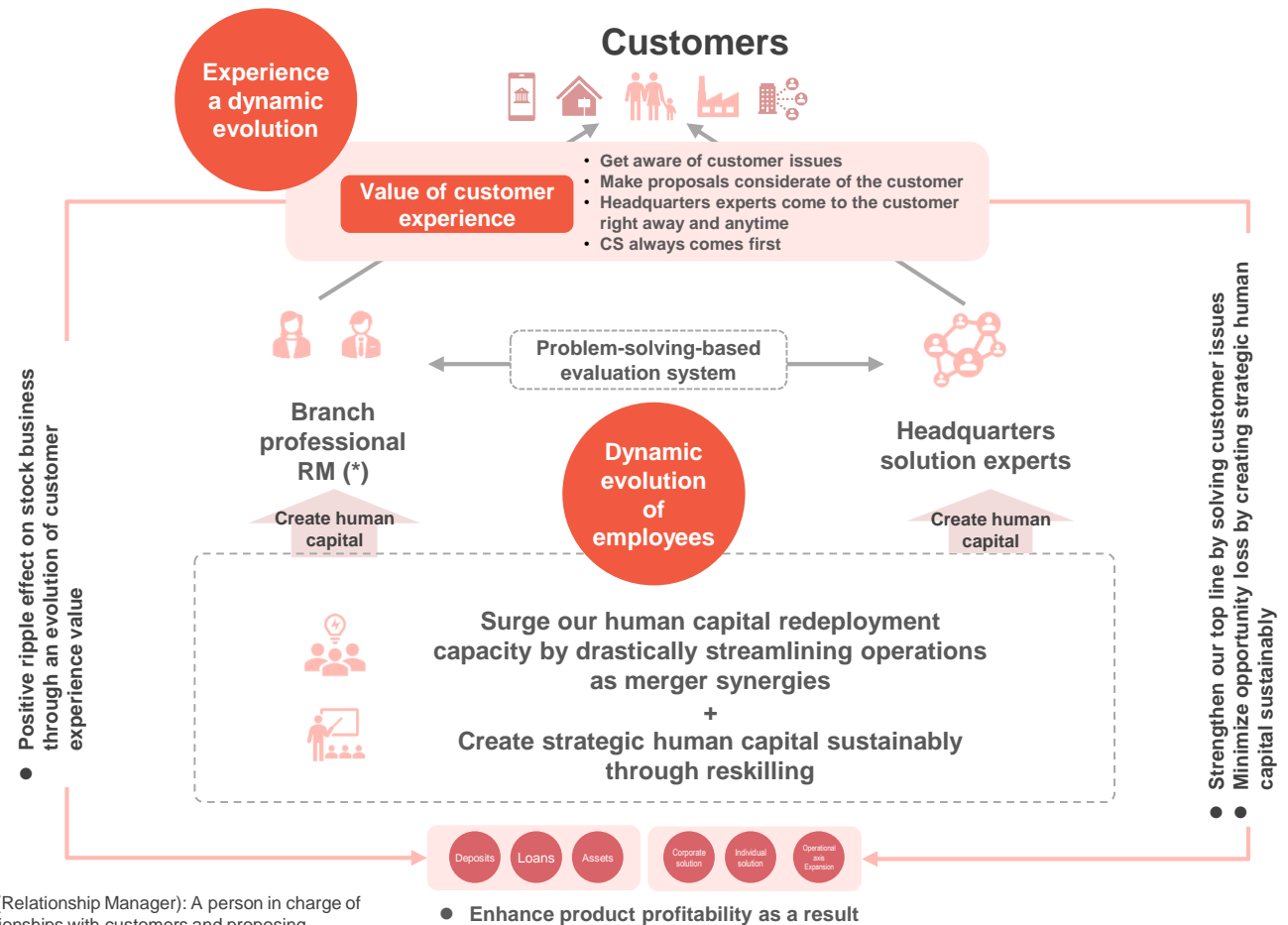
Prepare for a full transition to a consulting solution based business model

1



Prepare for a full transition to a consulting and solution based business model

A consulting solution based business model aimed by the new merged bank



* RM (Relationship Manager): A person in charge of relationships with customers and proposing various financial services and solutions.





Large scale shift of employees to the human capital required for a new business model

2



Large scale shift of employees to the human capital required for a new business model

A new human capital profile required for consulting solution based business model at Aichi Bank

			Number of employees required to be created and developed by January 2025	September 30, 2024, actual
Employee profile A		Branch professional RM <ul style="list-style-type: none"> ✓ Ability to understand customers ✓ Hypothesis setting and issue finding skills ✓ Ability to collect and analyze data ✓ FP Level 1 / Small and Medium Enterprise Management Consultant / IT-related qualifications, etc. 	200	225
Employee profile B		Headquarters solution expert <ul style="list-style-type: none"> ✓ Field expertise and problem-solving skills ✓ External networking capabilities ✓ Headquarters sales capabilities ✓ Market value that can be used in other companies and industries ✓ Utilize external human capital (mid-career recruitment) 	100 (Combined total for corporations and individuals)	75 (Combined total for corporations and individuals)
Employee profile C		Internal consulting staff for operational reform <ul style="list-style-type: none"> ✓ Ability to identify inefficiencies in operations in front desk support operations and middle and back office operations ✓ Ability to define internal problems ✓ Ability to implement productivity improvement measures internally ✓ DX Skills 	50	58
Employee profile D		Strategic reskilling human capital <ul style="list-style-type: none"> ✓ Master skills apt for the times in a flexible manner so that re-deployable human resources created by operational efficiency can be used not only for solutions business but also <u>as strategic human capital in new business axes that are expanded in response to changes in the business environment</u> 	100 / year	134
Total			450	492

1st Medium-Term Business Plan KPIs and integration synergies

Key KPIs until the merger 1st Medium-Term Business Plan

Topline synergies KPIs	Number of strategic human capital created	450	Headcount
Cost synergies KPIs	Branch reorganization (BinB) Plan count (To be done in the FG 2nd Medium-Term Business Plan period)	40-50	branches
Platform enhancement KPIs until the subsidiary bank merger (Two banks combined)	Amount of increase in loans outstanding to SMEs (compared to FY2021)	300	billion yen
	Numerical increase SME customers served as the main bank (compared to FY2021)	1,000	entities
	Numerical increase in solution proposals (compared to FY2021)	650	cases

Synergies three years after the merger (FY2027) 2nd Medium-Term Business Plan

Integration Synergies (Net) **8** billion yen or more

Synergies six years after the merger (FY2030) 3rd Medium-Term Business Plan

Integration Synergies (Net) **10** billion yen or more

Consolidated net income **19.5** billion yen

ROE **4.6** % or more

Core OHR **60** % (less than)

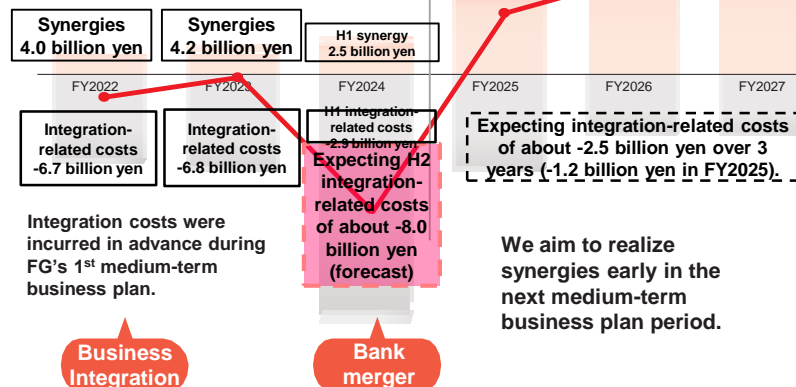
Capital adequacy ratio **9.5** % or so

8 years after the integration

10 billion yen or more

Category	Synergy measures
(1) Topline Synergies	Creating large scale of strategic human capital through management integration * Increase solutions fees * Increase fees and commissions related to client assets * Increase housing loan fees * Increase interest on loans and bills discounted by growing loans outstanding * Others (build new revenue areas)
(2) Cost Synergies	* Cost reduction through branch reorganization (BinB) * Cost reduction through system integration * Other types of cost reduction * Cost reduction through optimizing staff allocation
(3) Integration-related costs	* Systems improvement * Introduce administrative equipment * Branch reorganization cost * Other integration-related costs

Up to H1 FY2024, actual
 Topline synergies + Cost synergies: 10.7 billion yen
 Integration-related costs: (16.4 billion yen)
 Integration synergies (net): (5.7 billion yen)



We aim to further realize topline synergies in addition to cost synergies coming from the integration.

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

* Integration synergies (net) were computed in comparison to FY2021.

The goals and achievements of the 1st Medium-Term Business Plan

(1) Financial numerical targets

Item	FY2021, actual	H1 FY2024, actual	FY2030 targets, 6 years after the merger
ROE	4.53%	3.81%	4.6% or more
Consolidated net income (interim)	14.7 billion yen	7.1 billion yen	19.5 billion yen
Core OHR	67.70%	71.20%	Less than 60%
Capital adequacy ratio	9.36%	9.04%	Approx. 9.5%

(2) Topline targets

Item	FY2021, actual (In millions of yen)	H1 FY2024, actual (In millions of yen)	FY2024, targets (In millions of yen)
Interest on loans and bills discounted	34,567	18,783	36,000
Fees and commissions	14,377	8,526	16,000
Of which solution-related fees	3,051	2,606	3,900

* Interest on loans is the target value that will apply if levels of interest rates prevailing at the time of the announcement of this Medium-Term Business Plan (October 2022) continue.

(3) Key KPIs up to the merger Two banks combined

Item	H1 FY2024, actual	FY2024, targets
Number of strategic human capital created	492 people	450 people
Increase in loans to SMEs (Compared to FY 2021)	353.7 billion yen	300.0 billion yen
Numerical increase in SME customers served as the main bank (compared to FY2021)	771 entities	1,000 entities
Numerical increase in solution proposals (compared to FY2021)	792 cases	650 cases

IV. Outline of the FG 2nd Medium-Term Business Plan

The positioning of FG the 2nd Medium-Term Business Plan

What we should aim to be toward FY2030

- Based on the initiatives in the First Medium-Term Business Plan, we will solidify our integrated group management with the new bank at the core, and realize a "total support group that goes beyond the banking business"

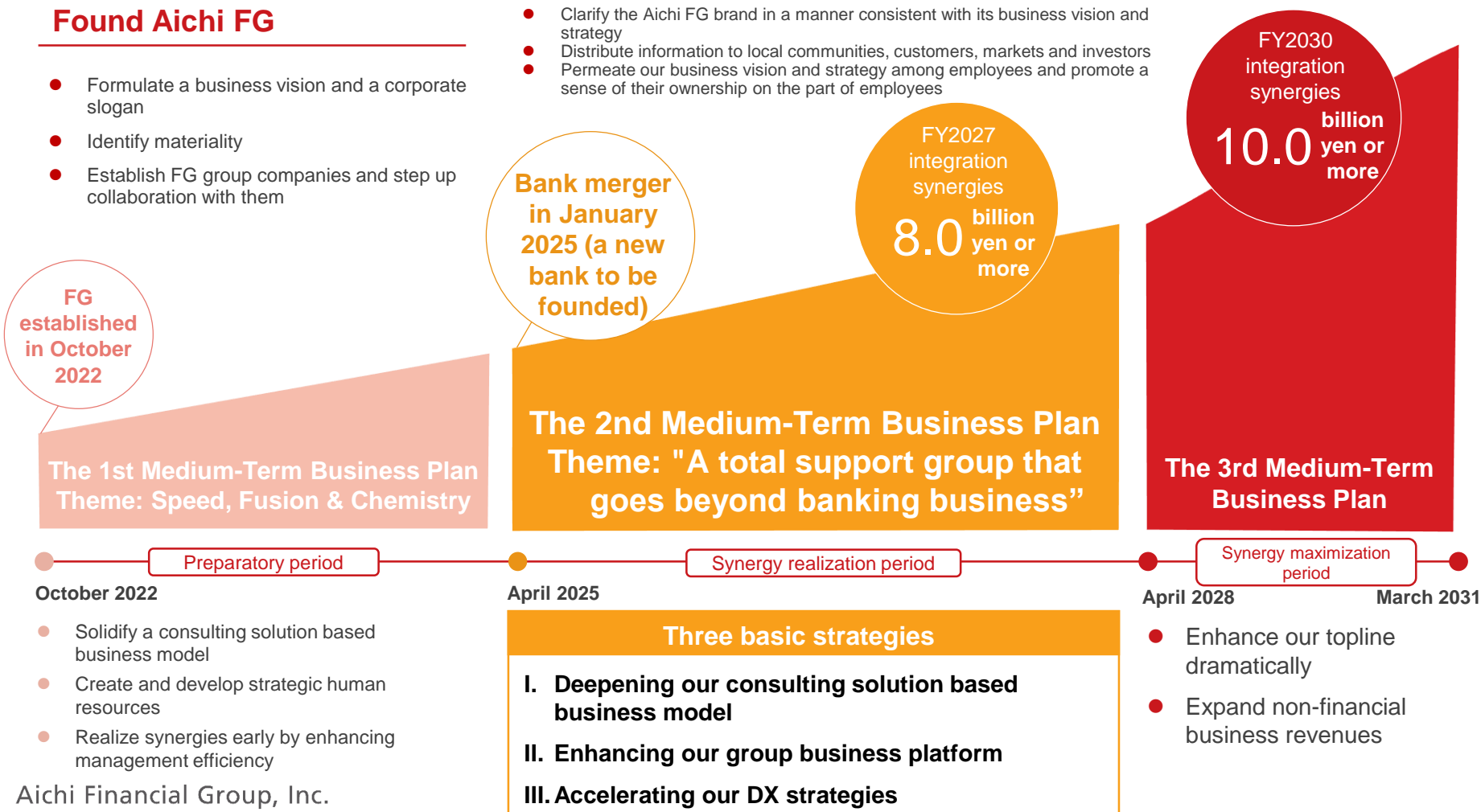
Solidify and permeate the Aichi FG brand

- Clarify the Aichi FG brand in a manner consistent with its business vision and strategy
- Distribute information to local communities, customers, markets and investors
- Permeate our business vision and strategy among employees and promote a sense of their ownership on the part of employees

Found Aichi FG

- Formulate a business vision and a corporate slogan
- Identify materiality
- Establish FG group companies and step up collaboration with them

No. 1 regional financial group in Aichi Prefecture

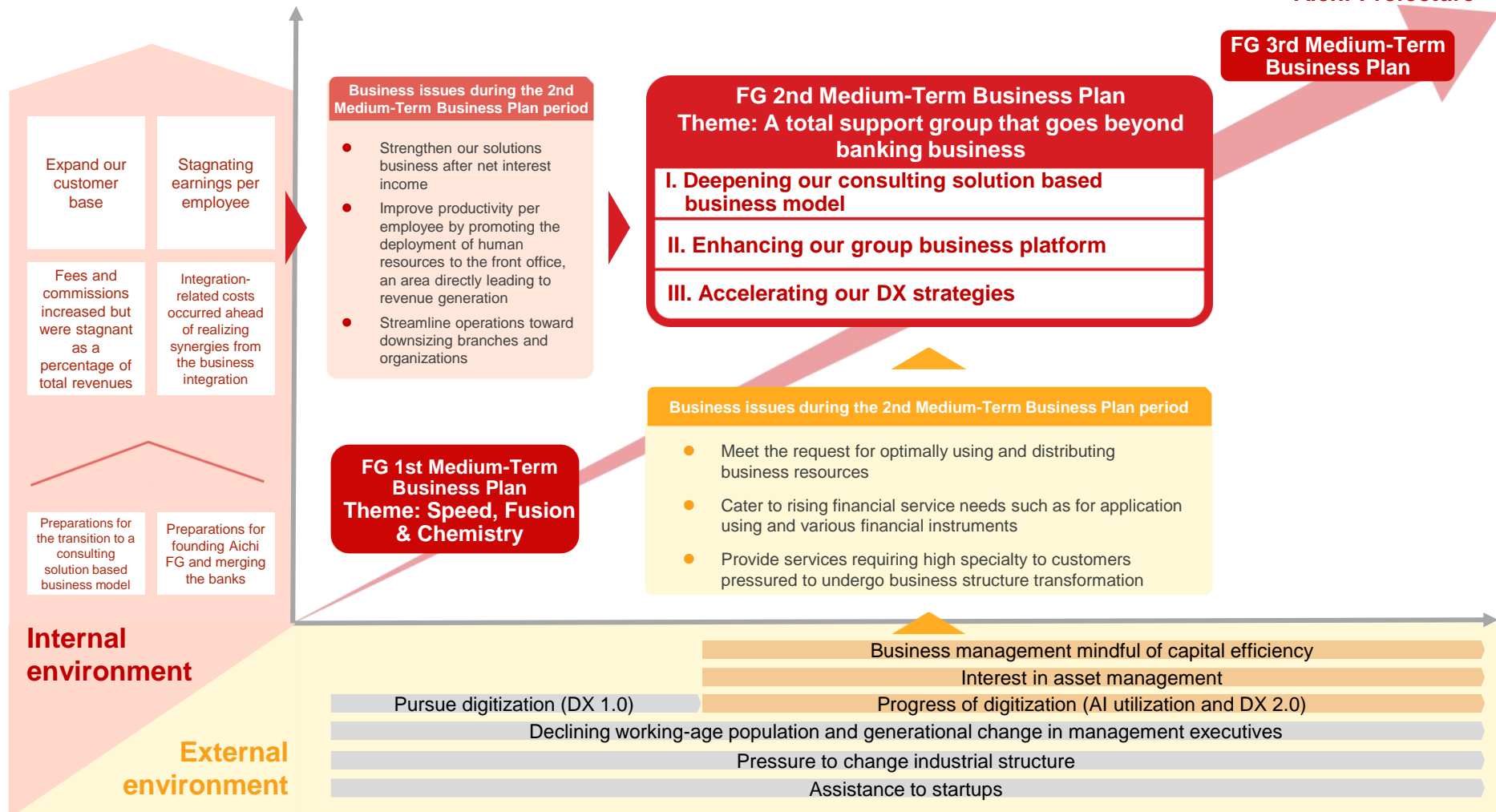


Aichi Financial Group, Inc.

Three basic strategies premised on the external and internal environment

- Three basic strategies are presented for the 2nd Medium-Term Business Plan period in consideration of business challenges in the environment surrounding the Group

**No. 1 regional
financial group in
Aichi Prefecture**



Three basic strategies and key measures

- We will provide consulting solutions designed to resolve business issues facing corporate and individual customers while maximally utilizing the functions of the Group (I)
- We will rebuild and strengthen the framework supporting Basic Strategy I (branch channels and human resources) and work to enhance the management structure designed to operate the framework optimally and appropriately (II)
- We will accelerate our DX strategy in order to pursue, more efficiently and effectively, Basic Strategy I for the customer front and Basic Strategy II for business platform (III)

Customers and local communities

I. Deepening our consulting solution based business model

Strengthen our customer base

Expand our corporate solution service lineup

Improve customer convenience and advancement

Provide value

Enhance our group strategies

Reform operations and zero out branch administrative operations

II. Enhancing our group business platform

Build a new branch network

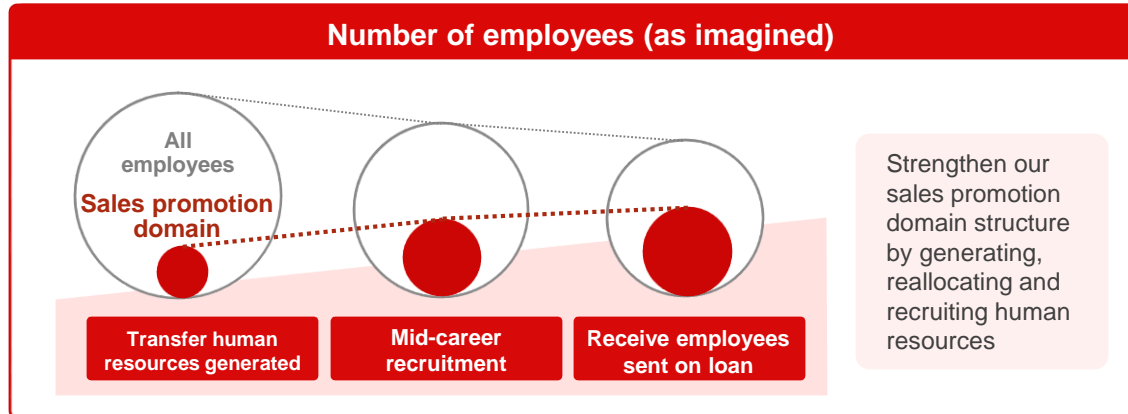
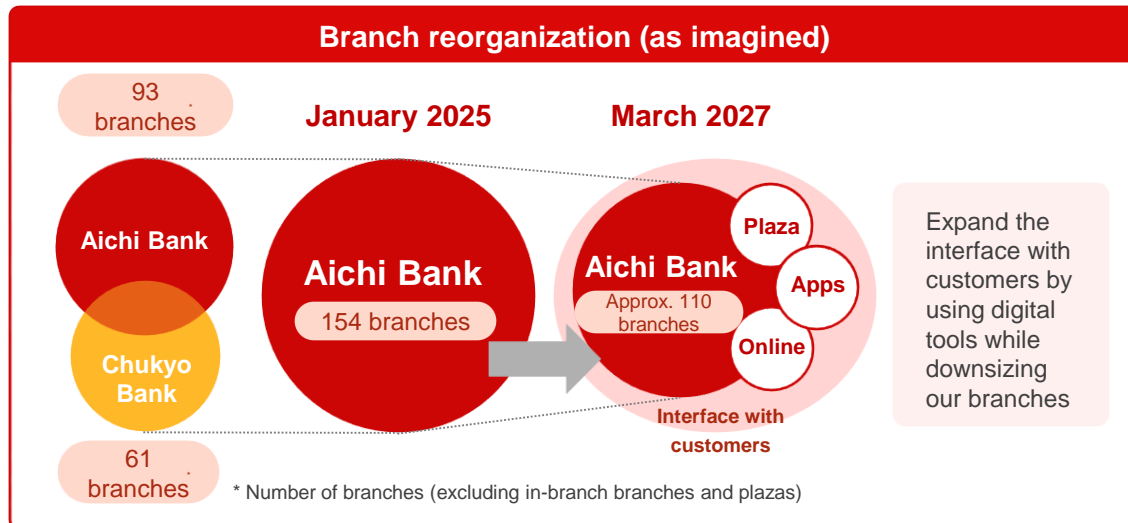
Strengthen our management structure

Enhance our human capital management

III. Accelerating our DX strategies

Rebuild our branch network through store integration and functional revisions

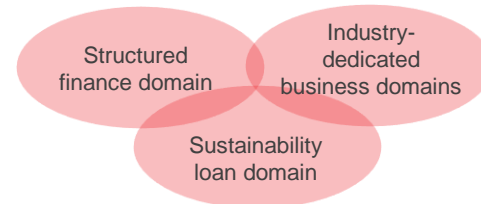
- The new bank's branches (outlets) will be reduced to approx. 110
- By revising our branch functions, we will establish a framework in which full banking function will be made available by each operating block composed of multiple branches



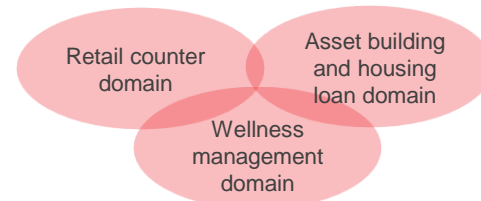
Placement areas

- Promote operational consolidation-concentration through a branch reorganization and headquarters downsizing
- Human resources made available from our streamlining efforts will work well in growth domains

Enhance solution functions



Step up our sales structure



DX promotion

Enhance our group functions

Initiatives on human capital management

- We believe that human resources are key to turning Group's management vision into reality and enhancing our corporate value
- The Group pursues various measures such as for human resource development, diversity and inclusion, health management and work style reform with ES management aimed to enhance employee satisfaction as its centerpiece
- We will pursue human resource-related measures and recruit continually to generate strategic human resources and assign the right persons to the right positions while enhancing their functions

Approach to human capital management

Generate highly-skilled human resources, enhance recruitment and formulate a compensation program

- Achieved in H1 FY2024 a goal of generating at least 400 strategic human resource employees

Develop human resources

- Achieved in H1 FY2024 a goal of generating at least approx. 1,000 IT and digital basic human resource employees

ES management

Diversity and inclusion

Health-oriented management and work style reform

Hold a female career development training course for designated employees

- Raise female manager ratio to a level double the current one by FY2027

Take measures to improve vacation take-up rate

- Continue to work toward achieving a paid leave taking rate and male childcare leave taking rate that are each higher than now

Approach to human resource generation

Professional RMs

Place multiple RMs at consolidated external communication branches and solution business units to build a platform designed to meet customer needs adequately

Headquarters solution experts

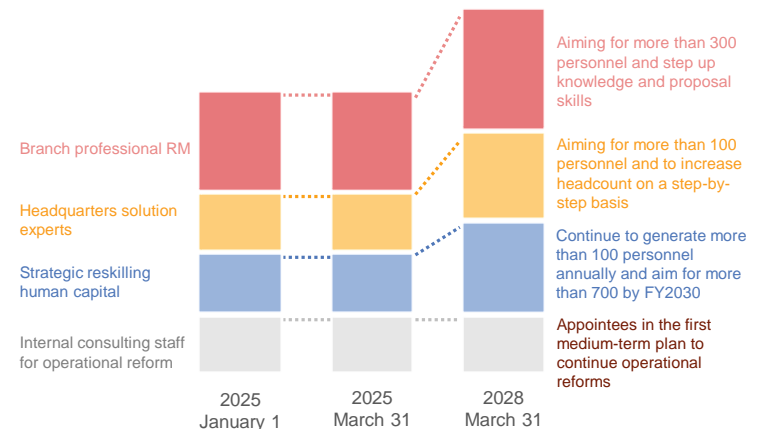
Place headquarters solution experts at M&A, and business succession and block support teams to improve the value of solution lineups provided

Strategic reskilling human capital

Performing well for expanding new projects, giving DX support to customers and in group companies' sales activities

Internal consulting staff for operational reform

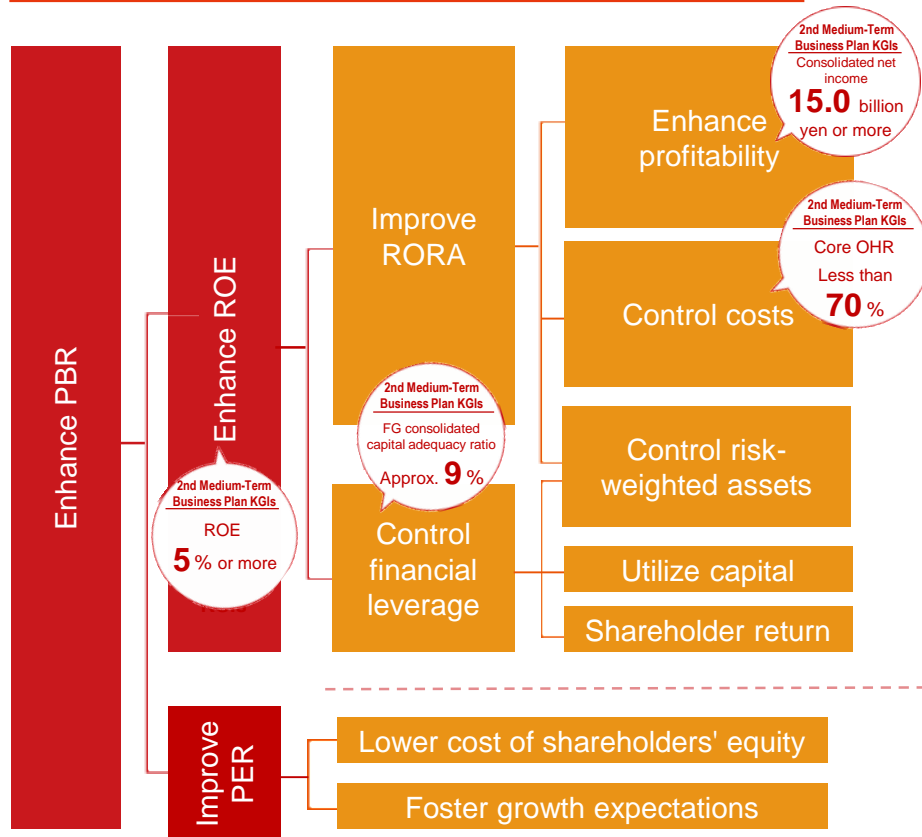
Reform operations and zero out branch administrative operations as shown in our DX strategy



Key measures, initiative policies and KGIs to enhance corporate value

- We will take priority measures toward enhancing our corporate value and aim to achieve the four KGIs of the 2nd Mid-Term Business Plan comprising "consolidated net income of 15 billion yen or more," "core OHR of less than 70%," "consolidated capital adequacy ratio of approx. 9.0%," and "ROE of 5% or more." Drivers for corporate value enhancement

Drivers for enhancing corporate value



Related measures

- Expand the lineup of our solution services to be provided to corporations and individuals, and strengthen our customer base
- Enhance the functions of the whole Group and pursue existing and new businesses and DX support business
- Utilize effectively banking applications, online branches and corporate platforms
- Strengthen our block operating structure to optimize the branch network-functions and deploy personnel optimally
- Reduce counter operations and concentrate operations on headquarters, thus zeroing out branch administrative operations
- Pursue a consulting and solution based business model not reliant on risk-weighted assets
- Step up relationships with customers and diversify revenue sources on a group-wide basis
- Reduce strategic shareholdings
- Contemplating a total shareholder return ratio of 30% or more with a minimum annual dividend of 100 yen per share in accordance with our shareholder return policy
- Pursue enterprise and business management in a manner hoped for by the market and investors by promoting sustainability, enhancing employee engagement and stepping up branding efforts

* The above-mentioned KGIs were determined on the basis of the currently-prevailing financial environment.

Aichi Financial Group, Inc.

Relation between PBR, ROE and cost of shareholders' equity

$$\begin{aligned}
 \text{PBR} &= \text{ROE} \times \text{PER} \\
 &= \text{RORA} \times \text{Financial leverage} \times \frac{1}{\text{Cost of shareholders' equity} - \text{earnings growth rate}}
 \end{aligned}$$

V. Sustainability initiatives

Aichi Financial Group's management vision is "Contribute to the prosperity of local communities through financial services," and based on this philosophy, we aim to "realize a sustainable society" and "sustain the growth of our group" through our business activities.



1. Policies for Addressing Environmental Issues

To realize a sustainable society, we recognize that addressing environmental issues is an important management issue, and will work to reduce environmental impact and conserve biodiversity through our business activities.

- * We support customers who address environmental issues by developing and providing environmentally friendly products and services.
- * We will strive to promote resource and energy conservation in our business activities.
- * We will strive to foster the awareness of our officers and employees regarding our efforts to address environmental issues.

2. Policy for Addressing Social Issues

We will contribute to the realization of sustainable local communities by proactively and independently addressing various social issues surrounding the community.

- * We will comply with laws and regulations related to human rights and give consideration to the human rights of all people in any of our business activities.
- * We will provide comprehensive solutions for the development of local economies and the resolution of customers' needs and issues on a group-wide basis, and contribute to the sustainable growth of local communities.
- * We will respect the values of each and every executive and employee, and create a work environment where diverse human resources can work in a healthy and active manner under fair and appropriate treatment.

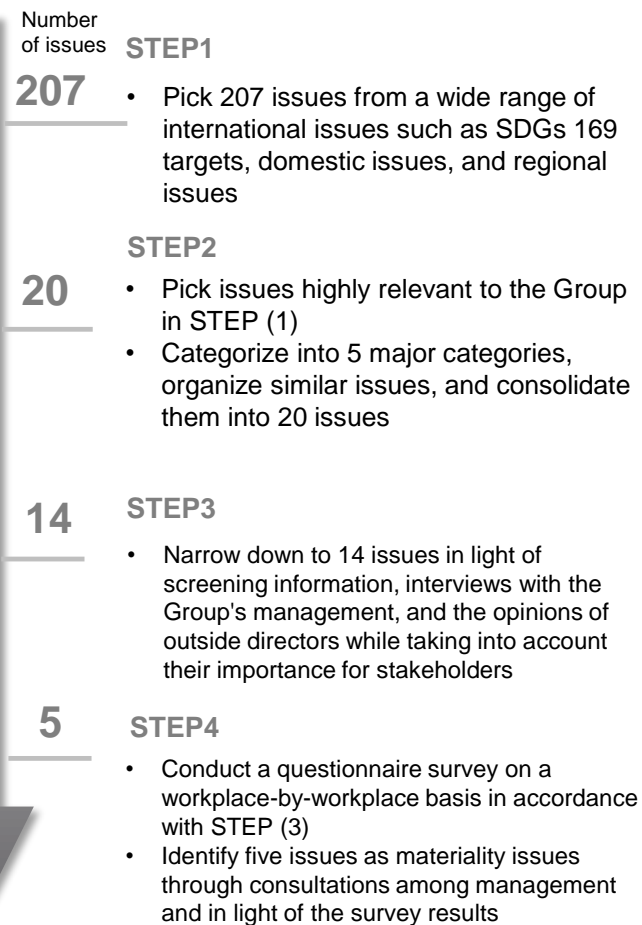
3. Sustainability promotion system

In order to promote initiatives for sustainability, we have established the Sustainability Committee to discuss important issues related to sustainability, including climate change, and appropriately allocate the management resources necessary to build and promote an appropriate business portfolio, and implement organizational improvements.

Materiality (significant issues)



Materiality identification process



Decide at Management Committee meeting after consultations by the Group's Sustainability Committee

Materiality KPIs and progress

We will practice business activities in accordance with the identified materiality and contribute to the prosperity of local communities through financial services.

Contribute to the prosperity of local communities

Investments and loans on sustainability by FY2030

1,000 billion yen

Of which, environment-related
500 billion yen

Results

September 30, 2024

268.9 billion yen

Of which environment-related: 119.4 billion yen

Progress rate

26.89%

Of which environment-related: 23.88%

Number of increase in solution proposals by FY2024

* Compared to FY2021

650 cases

Results

September 30, 2024

792 cases

Progress rate

121.84%

Advancement of financial services

Number of bank app registrations by FY2024

200,000 cases

September 30, 2024

213,000 cases

Progress rate
106.50%

Number of smart passbook registrations by FY2024

45,000 cases

September 30, 2024

over 60,000 cases

Progress rate
133.65%

Number of NISA accounts to be opened by FY2024

* Cumulative from April 2023

12,000 cases

Results

September 30, 2024
12,000 cases

Progress rate
100.47%

Effort on environmental preservation

Reduce SCOPE 1-2 GHG emissions by FY2030

* Compared to FY2013

70% reduction

Results

58.89% reduction

FY2023, actual

Progress rate

84.12%

Achieve carbon neutrality

by FY2050

Improve employee engagement and empower diverse human capital

By FY2024

Strategic capital professionals
IT and digital
Basic human resources

450 people
1,000 people

September 30, 2024

492 people
1,024 people

Progress rate
109.33%
102.40%

Continuation target

80% or more

Paid holiday taking rate

Results

FY2023
78.3%

Progress rate
97.87%

Continuation target

Once a year

Carry out an ES questionnaire survey

Results

FY2024
Done once

Progress rate
100%

Strengthen governance

Continuation target

10 investors or so each year

Dialogue with investors

H1 FY2024, actual
16 investors

Progress rate
140%

Continuation target

Twice or more each year

Internal study sessions on compliance and respect for human rights

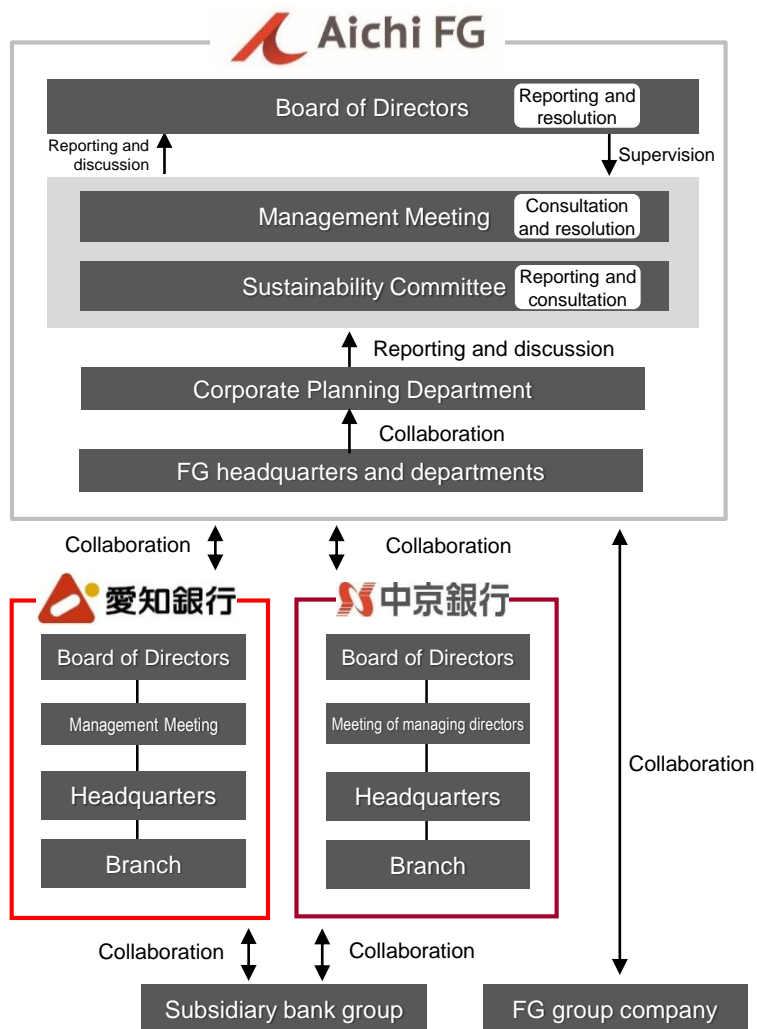
Results

Done once in H1 FY2024

Progress rate
50%

Initiatives on the TCFD recommendations: Governance

- We set up the Sustainability Committee in order to strengthen the promotion of the Group's sustainability management and improve the effectiveness of various measures over the medium to long term in appropriate response to materiality items identified. The Sustainability Committee is mainly responsible for consulting and reporting on the formulation of strategies for important sustainability-related issues, as well as for overseeing and managing the progress of our sustainability initiatives.
- Supervision and progress management in sustainability initiatives are 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 brought up for discussion and decision-making at meetings of the Board of Directors and the Management Committee.



Main attendees at a Sustainability Committee

- President
- Vice President
- Directors
- Outside Directors (Audit & Supervisory Committee Members)
- General managers of the headquarters and departments

Main consultation and reporting matters of Sustainability Committee

Matters for consultation	● Formulation of the Aichi Financial Group Human Rights Policy (to be discussed at a Board of Directors)
	● Setting of TCFD disclosure items (to be discussed at a Management meeting)
	● Disclosure about our initiatives on the TCFD recommendation (to be discussed at a Management meeting)
	● Identifying materiality and setting KPIs in sustainability initiatives (to be discussed at a Management meeting)
	● Approval for TNFD and participation in a TNFD forum etc.
Matters for reporting	● The status of sustainability initiatives by Aichi Bank and Chukyo Bank
	● The initiative results and future plans of Aichi FG's climate change response operations
	● Enhancement of disclosure information in accordance with the TCFD recommendation
	● Sustainability initiatives of financial institutions etc.

Initiatives on the TCFD recommendations: Strategy

Opportunities and risks

The Group analyzes opportunities and risks related to climate change. In our analysis, we set short, medium, and long timelines. In order to capture the impact of climate change, which is highly uncertain, we use the IEA(*1) 1.5°C scenario (NZE scenario) and the IPCC(*2) 4°C scenario (RCP8.5 scenario) to classify the degree of impact into major, medium, and minor ones, and strive to understand the impact of each opportunity and risk.

Opportunities and risks as classified			Description	Risk category	Extent of scenario impact		Timeline Short-term: 2025 Long-term: 2050
					1.5°C	Over 4°C	
Risk	Transition risk	Government policies and legal regulation	Impact of higher cost from the introduction of carbon taxes on business partner operations	Credit risk	Big	Small	Short term to long term
		Market	Impact of higher raw material prices from the transition to a decarbonized society on business partner operations	Credit risk	Big	Small	Short term to long term
			Changes in the value of securities holdings related to industries to be impacted by the transition to a decarbonized society	Market risk	Big	Small	Short term to long term
		Reputation	Corporate value decline caused by a delay in appropriate response or disclosure for climate change and environmental preservation	Operational risk	Big	Small	Short term to long term
	Physical risk	Acute	Impact on business partner operations due to the growing severity of weather phenomena such as typhoons and floods and damage to the value of pledged assets	Credit risk	Medium	Big	Short term to long term
			Damage to the Group's operating bases due to severe weather phenomena such as typhoon and flood	Operational risk	Medium	Big	Short term to long term
		Chronic	Typhoons, floods, or other weather events causes customers' cash flows to deteriorate, resulting in an outflow of deposits held by Aichi FG	Liquidity risk	Medium	Big	Short term to long term
			Impact on business partner operations due to increasing average temperatures, rising sea levels, and damage to the value of pledged assets	Credit risk	Small	Big	Long term
Opportunities	Products and services	Exercise financial intermediary functions to meet increased demand for capital investment and other financing, including ESG finance, from business partners engaged in environmental conservation initiatives.	-	Big	Small	Short term to long term	
		Exercise consulting functions for business partners facing challenges in responding to decarbonization and environmental preservation	-	Big	Small	Short term to long term	
	Asset efficiency	Lower operating costs through energy conservation and utilization of renewable energy sources and new technologies	-	Big	Medium	Short term to long term	
	Stringency	Enhance corporate value due to an appropriate response and disclosure for climate change and environmental preservation	-	Big	Medium	Short term to long term	

Initiatives on the TCFD recommendations: Strategy

Scenario analysis

Scenario analysis is conducted for transition and physical risks with the aim of understanding the impact of climate change risks on our group.

Transition risk

From among industries that the TCFD recommendation says are likely to be easily impacted by climate change, we chose the electric power sector and the automobile sector, predicted to be greatly impacted by the Group's migration risk, as our transition risk analysis targets. Details of the analysis are as follows.

Target sectors		Electric power sector and automobile sector
Reason for choice	Electric power sector	The electric power sector accounts for about 40% of Japan's GHG emissions by sector
	Auto-mobile sector	It is the key industry in Aichi Prefecture in which the Group operates
Scenario analysis		「IEA's 1.5°C」 scenario
Analysis description		We analyzed potential impact on our finances from higher costs coming from the introduction of carbon taxes
Target period		Did a simulated computation with the period up to 2050 as the target period and from March 31, 2024
Analysis result		An annual increase of about 1.6 billion yen in impact on our credit costs (from March 31, 2024)

Physical risk

Based on the IPCC 4°C scenario and assuming a rising frequency of flooding, we analyzed potential impact on our credit costs from real estate collateral damage of business partners predicted to suffer flooding (see Hazard Map) that are served by the Group's branches. Details of the analysis are as follows.

Scenario analysis		Based on the 「IPCC's 4°C」 scenario
Analysis description		Assuming a rising frequency of flooding, we analyzed potential impact on our credit costs from real estate collateral damage of business partners predicted to suffer flooding (see Hazard Map) that are served by the Group's branches
Analysis target		Did a simulated computation for flooding and operational credit
Target period		Did a simulated computation with the period up to 2050 as the target period and from March 31, 2024
Analysis result		A cumulative increase of about 1.3 billion yen in impact on our credit costs (from March 31, 2024)

We did simulated computations for the scenario analysis results under certain assumptions

The simulated computations done under the assumptions found potential impact on the Group to be limited, but we will continue to revise and refine our assumptions, including analysis methodologies.

Initiatives on the TCFD recommendations: Risk management

Process of risk management for climate change

- We keep our business management sound by doing integrated risk management, a self-control-based risk management format in which our risks assessed by risk type are fully compared and contrasted with the Group's business capability.
- We will manage climate change risk while being aware of its potential impact on our business activities and financial position. Specifically, we will manage mainly credit risk from climate change impacts on our business partners' operations and from business performance changes as well as operational risk from disaster damage to the Groups' branches, and will take various measures as necessary.

Climate change-related risk

Risk classification	Definition	Transition risk cases	Physical risk cases	Timeline Short-term: 2025 Long-term: 2050
Credit risk	A type of risk in which the Group suffers an asset value decline or loss as a debtor's financial position deteriorates	Impacts on business partners' operations and finances due to inability to cater to changes in government policies, regulation, customer requirements, and technological developments	Direct damage to customers' assets from abnormal weather and knock-on effects on their operations and finances owing to indirect impacts on supply chains	Short term to long term
Market risk	A type of risk in which assets and liabilities held by the Group fluctuate in value due to changes in various market risk factors, such as interest rates, prices of securities, and foreign exchange rates, causing it to incur loss, and the Group incurs loss due to fluctuations in income generated from assets and liabilities	Changes in the value of securities holdings related to industries to be impacted by the transition to a decarbonized society	Market disruptions caused by abnormal weather and resultant fluctuations in the value of securities holdings	Short term to long term
Liquidity risk	A type of risk in which the Group incurs loss as it struggles to obtain needed funds due to a mismatch between operation and financing periods, to unforeseen cash outflows, or to being forced to raise funds at interest rates much higher than usual, or to being unable to trade in the market or being forced to trade at prices significantly unfavorable than usual due to a market turmoil	A potential deterioration in the market financing environment for the Group due to a reputational compromise caused by delays in responding to the transition to a decarbonized society	A type of risk in which cash outflows grow due to deposit withdrawals by business partners hit by abnormal weather, for the purpose of restoration and recovery	Short term to long term
Operational risk	A type of risk in which the Group incurs loss directly or indirectly due to the impropriety of its internal processes, behaviors of executives and employees, or system malfunctioning or due to external events	Deterioration of reputation due to delays in responding to the transition to a decarbonized society	Operational suspension at branches and data centers due to damage caused by abnormal weather	Short term to long term

Initiatives on the TCFD recommendations: Risk management

Investment and loan policy aimed to realize a sustainable society

Policies for positive impacts on the environment and society

1. We will actively assist business activities related to the transition for a decarbonized society, energy conservation and renewable energy.
2. We will actively assist business activities related to the enhancement of medical care, welfare, and education that deal with issues such as an aging population and a declining birthrate.
3. We will actively assist business activities positively impacting the formation of a sustainable society, such as business succession, business founding that helps develop local communities, and innovation-based corporate founding.
4. We will actively assist business activities that contribute to maintaining and developing social infrastructure and local disaster prevention and mitigation.

Policies for specific businesses and sectors that are highly likely to have negative impacts on the environment and society

Cross-sector

1. **Businesses related to child labor, forced labor, or human trafficking**
We will not invest in or provide loans to businesses violating human rights, such as child labor, forced labor, and human trafficking, in breach of the Group Human Rights Policy or international human rights standards (such as Universal Declaration of Human Rights, Guiding Principles on Business and Human Rights).
2. **Businesses related to human rights violations in conflict areas**
We are aware that in conflict zones there may be serious negative human rights impacts. We will respond carefully and discreetly to a business that causes or encourages human rights violations in conflict areas or is directly linked to human rights violations.
3. **Other businesses**
We will not invest in or provide loans to businesses that are illegal or have an illegal purpose, run counter to public order and morals, or violate the Washington Convention.

Specific sectors

1. **Coal-fired power generation business**
We will not invest in or provide loans for constructing new coal-fired power plants or for plant expansion projects increasing greenhouse gas emissions. However, we will be cautious when exceptionally considering a case such as disaster response or a project conforming to the Japanese government's energy policy.
2. **Non-humanitarian weapons production and development business**
We will not invest in or provide loans to companies that manufacture or develop cluster munitions, nuclear weapons, biological or chemical weapons, or anti-personnel landmines.
3. **Forest logging business and palm oil plantation development business**
We are aware that, while timber and palm oil are important raw materials essential for daily life and the maintenance of society, large-scale deforestation, including illegal logging, could potentially have serious negative impacts on climate change and ecosystems. We will take prudent action with due attention to environmental and social considerations.

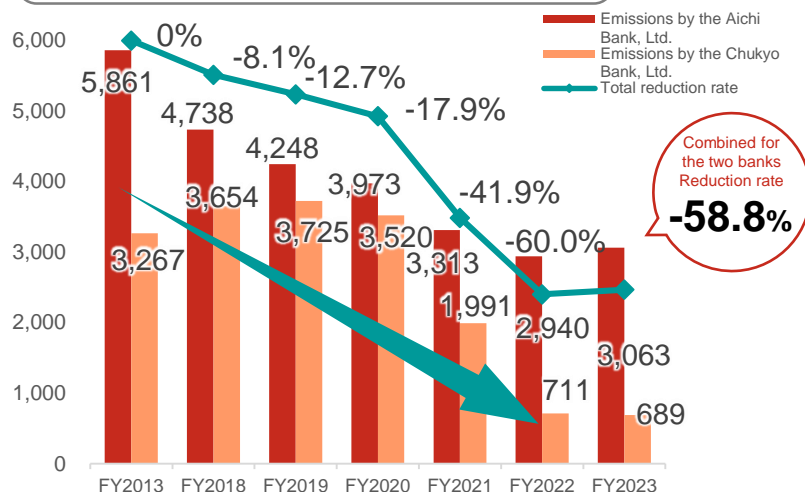
Initiatives on the TCFD recommendations: Indicators and targets

GHG emissions reduction targets (SCOPE 1 and SCOPE 2)

✓ **Reduce** our GHG emissions by **70%** from FY2013 levels by FY2030

✓ Aim to become **carbon neutral** by FY2050

GHG emissions of Aichi FG (SCOPE 1 and SCOPE 2)



* Our GHG emissions grew in FY2023 year on year as emissions from gasoline use (SCOPE 1) increased due to our sales activities having gone into full swing with the impact of the COVID-19 pandemic behind us, and emissions from electricity use (SCOPE 2) rose due to securing sites to promote system integration.

Targets for investments and loans on sustainability

From FY2022

Make investments and loans worth a cumulative total of **1 trillion yen** by FY2030

(including **500 billion yen** for environment-related ones)

(In billions of yen)

	FY2022	FY2023	H1 FY2024	Cumulative total
Investments and loans, actual	66.0	144.5	58.4	268.9
Of which, environment-related	32.7	59.6	27.1	119.4

GHG emissions (SCOPE 3)

Starting in FY2023, we began to calculate for categories from 1 through 5 and category 15 of SCOPE 3. We will continue to expand the scope of calculations and upgrade our calculation methods.

FY2023 GHG emissions (SCOPE 3)

(Unit: t-CO2)

SCOPE3 calculation items		FY2023	Main calculation description and method	
Category	1	Products and services purchased	17,907	Passbooks, cards, office supplies, repair and maintenance fees
	2	Capital goods	9,678	Buildings, movable property, software
	3	Fuel and energy related activities not included in SCOPE 1 and SCOPE 2	897	Power not included in SCOPE 1 and 2
	4	Transportation and delivery (upstream)	1,717	In-bank mails and postage.
	5	Waste from business activities	15	Industrial waste, magazines, newspapers
	6	Business trip	449	Calculation Method: CO2 emissions = \sum (number of employees x emissions intensity)
	7	Employee commuting	1,011	Calculation Method: CO2 emissions = \sum (number of employees x number of business days x emissions intensity)
	15	Investments and loans	8,037,060	Financed emissions = Emissions for each lender x attribution factor * Emissions by each lender Use values disclosed by each borrower and, if unavailable, use estimates * Attribution coefficient Loan amount / (each borrower's debt + equity) Please note that the results of these types of calculations could potentially change significantly in the future due to increased disclosure by customers and the progress of estimation methodologies.
SCOPE 3 total		8,068,734		

* Categories 8, 9, 10, 11, 12, and 14 of SCOPE 3 are not applicable.

Materiality (1): Contribute to the prosperity of local communities

Support for the automobile sector

The automobile industry, a major industry in Aichi Prefecture, has been accelerating the carbon neutralization of supply chains, progress in EVs, progress in overseas local production, and development of the mobility industry (structural changes in added value). Through financial services, we support our business partners that underpin the automobile industry.

Support menu

- ◆ Sustainability linked loans
- ◆ Positive impact finance
- ◆ SDGs assessment service
- ◆ GHG emissions/SBT reduction target (Greenhouse gas emission reduction targets) formulation support

Support menu

- ◆ Establish overseas offices
- ◆ Finding new overseas suppliers-customers
- ◆ Cross-border M&A
- ◆ Overseas loans
- ◆ Assign instructors to overseas business seminars

Carbon neutralization of supply chain

- * Aim to become carbon neutral by 2050 for the entire life cycle of the automobile industry
- * Moves to demand carbon neutrality from investee companies

● Achieve carbon neutrality

Progress of EV shift:

- * The U.S., European nations, and Japan are manifesting carbon neutral by 2050.
- * Japan manifest 100% electric vehicles in new car sales by 2035.
- * Shifting to EVs will reduce the number of parts as engines and transmissions will not be needed, while motors and batteries will remain in place.

- Identify impact on own company's business
- Obtain new order intake opportunities in light of the company's own management resources

Development of the mobility industry: Structural changes in added value

- * Competition intensifies due to the entry of providers of mobility services and suppliers of critical units and components
- * The progress of CASE and MaaS causes added value to shift from vehicles and parts to services, solutions, and systems.

- Lower the development cost for high value-added products and services

Progress of overseas local production

- * To avoid supply chain disruptions stemming from geopolitical risks such as trade tensions and disaster risks such as infections to COVID-19, OEMs and major parts suppliers are accelerating local production and local procurement in growing markets overseas.

- Global production system and stable supply

1 trillion yen in sustainability-related investments and loans

(Achieve by FY2022-2030)

Enhancement of fees and commissions by using consulting function

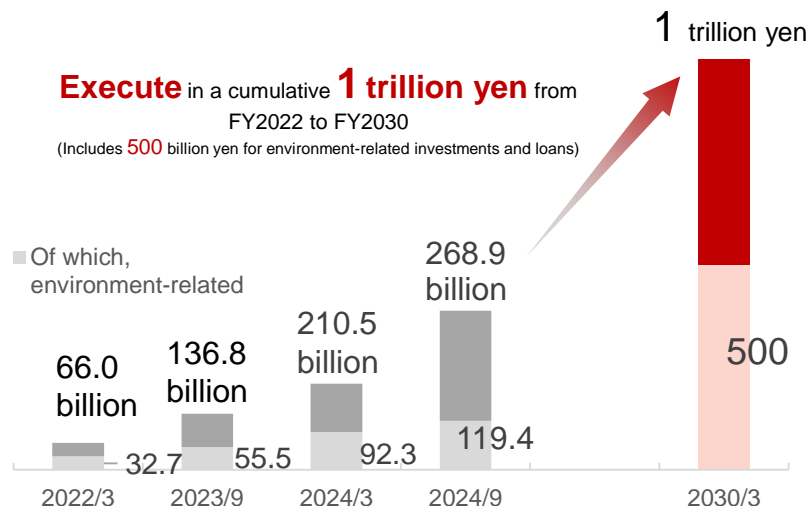
Support menu

- ◆ Business matching
- ◆ Business plan development assistance
- ◆ Business succession and M&A
- ◆ Recruitment and placement service (Executive management and experts)
- ◆ Digitization and DX assistance
- ◆ Subsidy applications
- ◆ Monozukuri technical support team (Advisor for onsite improvement)
- ◆ Industry-university collaboration (Technical consultation and joint research)

Materiality (1): Contribute to the prosperity of local communities

Sustainable finance

Targets and results for investments and loans on sustainability



Positive Impact Finance

A loan product that conforms to the framework of international financial principles and comprehensively analyzes and evaluates the environmental, social, and economic impact of the customer's corporate activities (impact assessment).

* Result: (as of September 30, 2024)

Aichi Bank 7 cases / 1.6 billion yen

Chukyo Bank 9 cases / 2.4 billion yen



Sustainability-linked loans

Sustainable management assistance loan / Contributory loan with SDGs / ESGs targets

This is a loan product for which the customer sets management goals related to SDGs and ESGs and can receive incentives such as interest rate reductions in accordance with the level of achievement.

* Sustainability-linked loan

Aichi Bank 4 cases / 2.3 billion yen (as of September 30, 2024)

Chukyo Bank 3 cases / 3.0 billion yen (as of September 30, 2024)

* Sustainability management support loan

Aichi Bank

Result: 741 cases / 53.3 billion yen (as of September 30, 2024)

* Contributory loan with SDGs / ESGs targets

Chukyo Bank

Result: 1,083 cases / 51.0 billion yen (as of September 30, 2024)

SDGs private placement bonds

By using a portion of the issuance fees for private placement bonds, we will: i) donate goods such as books and sports gear to schools and municipalities designated by the issuing company; or ii) donate cash to public institutions, designated medical institutions for infectious diseases, or funds contributory to novel coronavirus measures that are each designated by the Company.



* Aigin SDGs Private Placement Bonds "Asunaro"

Aichi Bank

Result: 486 cases / 30.5 billion yen (as of September 30, 2024)

* Chukyo SDGs Private Placement Bonds "Mirai Yell"

Chukyo Bank

Result: 232 cases / 15.75 billion yen (as of September 30, 2024)

Materiality (1): Contribute to the prosperity of local communities

Assistance to startups

Aichi Financial Group companies such as Aichi Bank, Chukyo Bank, and Aichi Capital will work together to support startups from both financial and non-financial perspectives

Financial support

Account opening and settlement

Loans

Capital contribution via funds



Startup

Non-financial support

Business matching

Human resource support

Digitization and other kinds of assistance

Activities of investment company Aichi Capital

Aichi Capital manages funds and provides equity in order to contribute to local communities by fostering startups and assisting business succession

* Total investment results: 22 cases / 623 million yen (September 30, 2024)

- Aigin Venture Fund I Limited Liability Investment Partnership (dubbed "Kinshachi")
- Aigin Venture Fund II Limited Liability Investment Partnership (dubbed "Kinshachi 2")
- Aigin Startup Fund I Limited Liability Investment Partnership (dubbed "Takechiyo")

Aichi startup consortium "Hina-no Kai"

Established in September 2022 by Aichi Bank, Chukyo Bank, Aichi Capital, Aichi Credit Guarantee Association, Nagoya City Credit Guarantee Association, Nagoya Chamber of Commerce and Industry, and Japan Finance Corporation in collaboration with one another with the objective of discovering and supporting startup companies in Tokai region, mainly Aichi Prefecture. An endeavor to build a sustainable society by supporting startups that play an important role for creating innovation, through cooperation and collaboration with supporting financial institutions. Holds a seminar periodically.

* Investments and loans: 25 cases / 0.45 billion yen (as of September 30, 2024)

* Held **Founding**, Startup Seminars

As a "Hina-no Kai" initiative, we held a seminar for those who had just started up a business and those interested in working with a startup.



12 / 18
Event held

Collaborate with STATION Ai, one of the largest open innovation centers in Japan

■ Dispatch bank personnel

Since August 2023, Aichi Bank employees have been dispatched to STATION Ai Corporation, the business entity of STATION Ai

■ The headquarters is moved to STATION Ai

In November 2024, Aichi Capital relocate headquarters as a partner company to STATION Ai, one of the largest open innovation centers in Japan

As a more accessible entity, we are strengthening our collaboration with startups, partners, and other companies

The headquarters is moved to STATION Ai



■ Co-host pitch events

Co-hosted with STATION Ai and other regional financial institutions a pitch event to provide a venue where manufacturing SMEs encounter startups offering services intended to improve manufacturer productivity.



8 / 8
Event held

Matching of startups and our business partners

Aichi Capital investees actively did matching with startups that provided products and services catering to the needs of the bank's client companies.

In January, a seminar and tasting session was held, lectured by a company providing corporate cafeteria service.



1 / 24
Event held

Materiality (1): Contribute to the prosperity of local communities

Business succession support

Specialized staff within the bank and outside experts worked together to provide advice on company share strategies and business succession schemes in accordance with customer issues

* Consultations result (from April to September 2024) **Aichi Bank** 175 cases **Chukyo Bank** 56 cases

Support for submitting a special treatment succession plan under business succession taxation system

We provided support for preparing and submitting a special treatment succession plan, a requirement for using special treatment under the business succession taxation system, which was launched in the 2018 tax reform as a system for deferring taxes payable when an owner of a small-to medium-sized company donates their own company shares to a successor or inherits them.

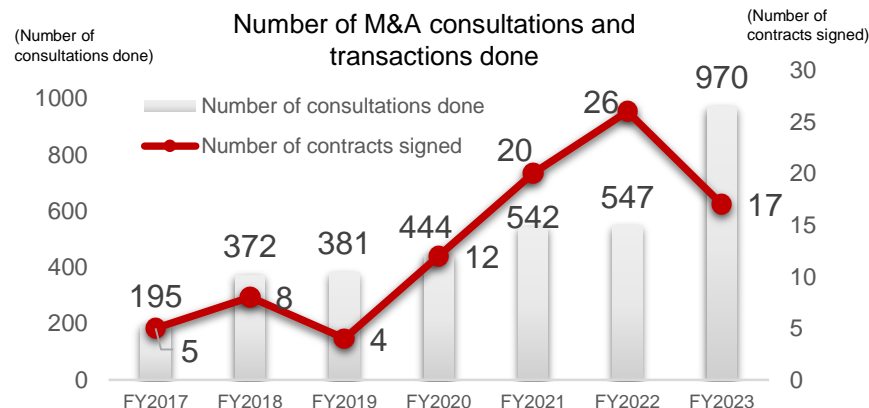
Applications nationwide for special treatment succession plan (cumulative total from April 2018 to March 2023) totaled 14,540, 630 of which were supported by the Group (as of September 30, 2024)

(* Fiscal 2024 Economy, Trade and Industry Tax Reform, Ministry of Economy, Trade and Industry)

M&A support

The need for M&A is growing as an option for business succession, and we provide M&A support by leveraging our operating platform in the Chubu region. We also meet the business expansion needs of customers considering strategic business growth through M&A, such as operating area expansion and business diversification

* Consultations result (from April to September 2024): 10 cases **Aichi Bank & Chukyo Bank**



Efforts for resolving the business issues of corporate clients

Support for the automobile sector

Aichi Bank

8 / 28
Event held

* Held seminars for automotive suppliers

We held seminars highlighting the latest developments in the automotive industry and case studies of carbon neutral initiatives



* Monozukuri technical support team activities

We provided a wide range of support services such as an on-site improvement advisor service, assistance for mapping out business plans, and support for utilizing public aid measures



* Activities of onsite improvement advisor

Since March 2017, former employees of leading auto parts manufacturers have been working as onsite improvement advisors.

- Activities result: Total numbers of companies visited 163 / 716 (September 30, 2024)

Placement and recruitment service

Aichi Bank

We have been providing staff placement services since October 2020 by obtaining approval for fee-charging employment placement business. We continued to participate in the Pioneer Human Resources Matching Project run by the Cabinet Office, helping resolve human resources issues particularly on highly-skilled professionals

* Number of consultations: 2,270 (from entry into staff placement and recruiting business in October 2020 to the end of September 2024)

Sakae-machi consulting

Aichi Bank & Chukyo Bank

We enriched various lineups from inside companies in which specialists from different departments work together to provide high-quality consulting services

- * Support for decarbonization declaration
- * Digitization consulting service
- * SDGs assessment service
- * Business plan formulation support
- * Support for GHG emissions calculation
- * Health management support
- * Overseas consultation service

Materiality (1): Contribute to the prosperity of local communities

Donations to local communities

Donation through financial instruments

Aichi Bank & Chukyo Bank

According to a certain percentage of the customers deposits balance, and from an investment trust product that donates a part of trust fees which we supposed to receive, we donated to the following funds set up by Aichi and Mie prefectures.

- * Cumulative donations (two banks combined in FY2023):
7.14 million yen (Aichi Bank 3.0 million yen, Chukyo Bank 4.14 million yen)
- * Distributed to:
Children Empowerment Future Fund, Project for the Development of Leaders Supporting the Environmental Capital of Aichi, Aichi Forest and Greenery Creation Fund, Mie Child Aid Project, Aichi Prefectural Council of Social Welfare, and Mie Prefectural Council of Social Welfare

Aigin Education and Culture Foundation

Aichi Bank

The foundation annually subsidizes educational and cultural activities in regions of Aichi Prefecture.

- * Total: 849 cases / 320.3 million yen

Financial education initiatives

Financial education activities

Aichi Bank & Chukyo Bank

We accept elementary, junior high, and high school students for bank visit, give lectures at high schools, and donate lectures at university.

- * FY2023
Number of students taking lectures at high school or donation lectures at university.

Total: 26 times / 441 persons

Economics Koshien

Aichi Bank & Chukyo Bank

We hold an annual quiz event on finance and economics for Aichi Prefecture high school students in order to get them to learn about these matters while having fun.

- * Total of participants*: 714 persons
* From the 2nd Tokai Event to 18th Aichi Event



Collaboration with local universities

Agreement on industry-academia collaboration

Aichi Bank & Chukyo Bank

In collaboration with local universities and other organizations, we work on a wide range of projects such as helping our corporate clients solve problems, improving students' financial literacy and supporting their career development, and addressing SDGs.

- * Entities with which Aichi Bank concluded (in the chronological order of conclusion)
Nagoya Institute of Technology, Toyohashi University of Technology, Nagoya University, Nagoya City University, Meijo University, National Institute of Technology Toyota College, Nihon Fukushi University, Aichi University, Gifu University, Nagoya University of Arts, Umemura Gakuen (11 entities)
- * Entities with which Chukyo Bank concluded (in the chronological order of conclusion)
Nagoya Institute of Technology, Nagoya University, Kindai University, Chubu University, Gifu University, Nagoya University of Arts, Umemura Gakuen (7 entities)

Test marketing by international students at Aichi University

A tasting event was held in which international students from Aichi University tasted foods from our business partners aiming to export goods or expand their overseas sales channels, and exchanged opinions with the business partners on issues and points of improvement for overseas sales in China, Southeast Asia, and other regions.



6 / 6
Event held

Diversity considerations

Handling of maiden-name deposit accounts

Aichi Bank & Chukyo Bank

As part of our efforts to create a worker-friendly society, we open a maiden-name bank account for those wanting one.

Provide LGBT-accommodating housing loans

Aichi Bank

Same-sex partner was added to the definition of spouse for housing loans. Same-sex partners can apply for a pair loan and income aggregation.

Handling of agent transactions in deposit service

Aichi Bank & Chukyo Bank

To prepare for a scenario in which a customer not using the adult guardianship system or daily life independence support service struggles to conduct a deposit transaction, the customer is allowed to have a designated agent do a deposit transaction such as cash withdrawal for routine living.

Materiality (2): Advancement of financial services

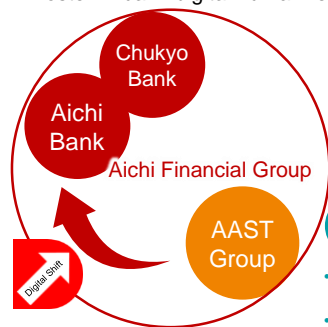
We aim to advance various financial services by enhancing customer convenience through expanding non-face-to-face channels and by strengthening support for digitalization

Converted AAST Group into a subsidiary of Aichi Financial Group.

In April 2024, we welcomed AAST Group, an independent development company that provides high-quality system services mainly in Aichi Prefecture, as a subsidiary of Aichi FG. We will leverage the AAST Group's technological capabilities and expertise to improve and enhance the operational efficiency of our customers and the Aichi Financial Group.

For internal

- Improve the efficiency of internal operations and upgrade them through digitization and IT
- Foster in-bank digital human resources



Customers



For customers

- Improve the efficiency of customer operations and upgrade them through digitization and IT
- Provide a secure digital environment by offering cloud services
- Foster digital human resources



"Plus Digital" concept: Mainly customers

- * Add digital service to the existing services composed mainly of offline service
- * Add digital service-based convenience improvement and new customer experience (CX)

"Digital shift" concept: Mainly internal

- * Transition from existing services composed mainly of offline service to digital operations
- * Operational efficiency improvement + Data utilization and DX promotion infrastructure



Rolled out digitization diagnosis service (August 2024)

In collaboration with AAST, we support corporate clients in assessing issues in back-office operations and taking measures through digitization. Aichi Bank, Chukyo Bank, and AAST were selected as indirect auxiliary business operators for the Regional Digitalization Support Promotion Project of the Cabinet Office.

Efforts toward DX



Formulate a DX promotion plan

We aim to provide a new kind of customer experience by combining offline services, a strength of regional financial institutions, with digital services needed by customers.

- Strengthen non-face-to-face channels**
 - Provide a service platform that enables customers to connect with the bank anytime, anywhere and easily
 - Build a system that enables various procedures to be done via smartphone and PC without using paper, and improve convenience and saving labor
- Assist customers and local communities**
 - Build a system able to assist customers and local communities on IT, digital, and DX issues, from identifying them to solving them
 - Foster IT and digital human capital and collaborate with IT-DX companies, thus developing a platform and solution required for solving issues
- Reforming operations and branches**
 - Promote labor-saving and speedy operations by digitizing and automating internal bank operations done mainly in writing and manually
 - Allocate resources created by labor saving to areas of high productivity such as digital and DX promotions and sales activities
- Develop an IT and system foundation**
 - Migrate the current system environment to an environment highly suitable to digital technologies, such as the Internet and cloud computing, and develop the environment as an IT and system infrastructure required for DX
 - Promote transformation to a data-driven organization by restructuring information systems and building an AI utilization platform

Indicator item	September 30, 2024, actual	March 31, 2025, target
Number of bank apps registrations	213,000	200,000
Number of smart passbooks registrations	60,000	45,000
Number of corporate portal users registrations	8,867 (November 2023 Start of service)	12,000
Ratio of non-face-to-face channel notices receive*	18.7%	30%
Number of IT Passport & Financial Service Grade III DX Course takers	1,024	1,000

* Aichi Bank only

DX certification

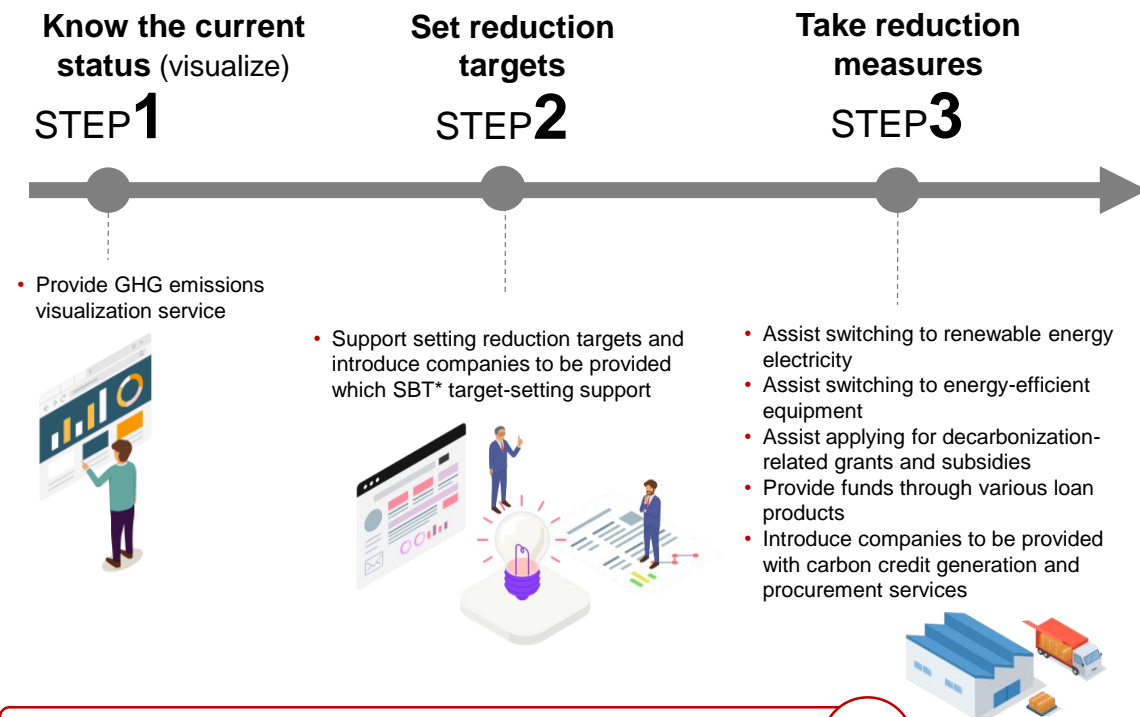
In January 2024, we were certificated as a DX Business Operator under the DX Certification System established by the Ministry of Economy, Trade and Industry.



Materiality (3): Environmental conservation response

Assist for client's decarbonization

We will pursue corporate decarbonization initiatives in three steps: (1) know the current status of GHG emissions (visualize); (2) set reduction targets; and (3) take reduction measures. We put in place a customer support system for each step, helping them achieve decarbonization.



Held a decarbonization management seminar Toyohashi

Aichi FG

We highlighted specific design and implementation of a decarbonized society toward 2050 while showing practical cases

7 / 24
Event held

The initiatives of FG and the banks

Participate in the TNFD Forum

Aichi FG

We participated in the TNFD Forum (*2) in support of the efforts of the Task Force on Nature-related Financial Disclosure (TNFD *1). Through our participation in the TNFD Forum, we aim to achieve a sustainable environment and society in the region by promoting initiatives related to the appropriate conservation of natural capital and biodiversity.

* 1: An international initiative launched in June 2021 by the United Nations Environment Programme and Finance Initiative (UNEP FI), the United Nations Development Programme (UNDP), the World Wide Fund for Nature (WWF) and Global Canopy, a British environmental NGO. The goal is to shift the flow of funds to nature-positive ones (i.e., positive impacts on nature) through corporate disclosures related to nature.

* 2: An organization of stakeholders that supports TNFD discussions, with more than 1,400 companies, institutions, and organizations from Japan and abroad.

Carbon neutralization of energy used by banks

Aichi Bank

Aichi Bank is a user of carbon-neutral energy with all urban gas and electricity used at its headquarters having been switched to carbon neutral city gas and to CO₂-free electricity utilizing environmental values derived from renewable energy sources produced in Aichi Prefecture.

Chukyo Bank

Chukyo Bank's head office and branches in Aichi, Mie, and Shizuoka prefectures (excluding tenant branches) have become users of CO₂-free electricity provided by Chubu Electric Power Miraiz Co., Inc.

The bank expects to reduce its CO₂ emissions by approximately 90% due to totally eliminating greenhouse gas emissions generated by the use of electricity at the facilities.

In addition, we take energy-saving measures at the time of branch rebuilding while switching from gasoline vehicles to hybrid and EV vehicles.

* SBT: Science Based Targets, a set of medium- to long-term corporate greenhouse gas emission reduction targets consistent with levels required by the Paris Agreement. A commitment to a certain level of reduction against a base year set by the company

Materiality (4): Enhancing employee engagement and promoting diverse human capital

Improve employee engagement

ES management

We aim to enhance employee engagement through the practice of ES management in order to reform our corporate culture toward realizing our management philosophy. In addition, in order to gauge the progress of ES enhancement measures done by the headquarters and departments, we conduct an ES questionnaire survey for all employees each year, thereby working to step up the effectiveness of the measures.

- Carry out an ES questionnaire survey periodically
The satisfaction rate of employees who answered "want to continue working" was **76.3**, compared to a target of 80 or more at the end of FY2025 (FY2023, Aichi Bank)

Health-oriented management

We consider the health of our employees and their families an important asset, and are working on strategic health management and health promotion efforts.

- Organize walking events using smartphones
- Hold training video viewing sessions and seminars that are aimed at improving physical exercise habits

Certified as an excellent health management corporation

In recognition of efforts for health management, Aichi Bank was elected as Certified Health & Productivity Management Excellence Corporation (White 500) for six consecutive years, and Chukyo Bank is certified as a Health & Productivity Management Excellence Corporation for five consecutive years.



Introduction of a dress code free system

A dress code free system will be introduced in January 2025, allowing employees to choose to wear casual attire while at work. Intended to enhance employee work satisfaction by respecting diversity.

Branches now in trial



Empower diverse human capital

Diversity Promotion Committee

In order to create an organization that accepts diverse human capital and allows everyone to continue to work with vigor, members of both banks meet regularly as a working team (called: "ai-team") to exchange opinions on a wide range of topics, including women's empowerment, development of young employees, and measures to improve employee satisfaction.



Members of ai-team

Female empowerment and taking rate of male employees childcare leave: 100%

Female manager ratio *1	11.1%
Female manager ratio *2	18.2%
Taking rate of male employees childcare leave	100%

- * 1. Aichi Bank defines a manager as a deputy manager or above, and Chukyo Bank defines a manager as a manager or above
- * 2. Aichi Bank defines a title-holder as a supervisory manager or above, and Chukyo Bank as a manager or above

(as of September 30, 2024)

- Introduce company-led nursery schools
- Enhance seminars and training for aiding employees on child care leave return to work
- Organize training and establish a new leave program both as a means of helping balance infertility treatment and work

Investment in human resources

- Step up the recruitment of mid-career workers ready to perform duties
- Enhance various kinds of training and support employees in self-learning and reskilling

Recruited 11 specialists in digital and accounting for FY2024 (as of November 2024)

Strategic human resources	492 vs 450 in FY2024 KPIs	Progress rate: 109.3%
IT and digital basic human resources	1,024 vs. 1,000 in FY2024 KPIs	Progress rate: 102.4%

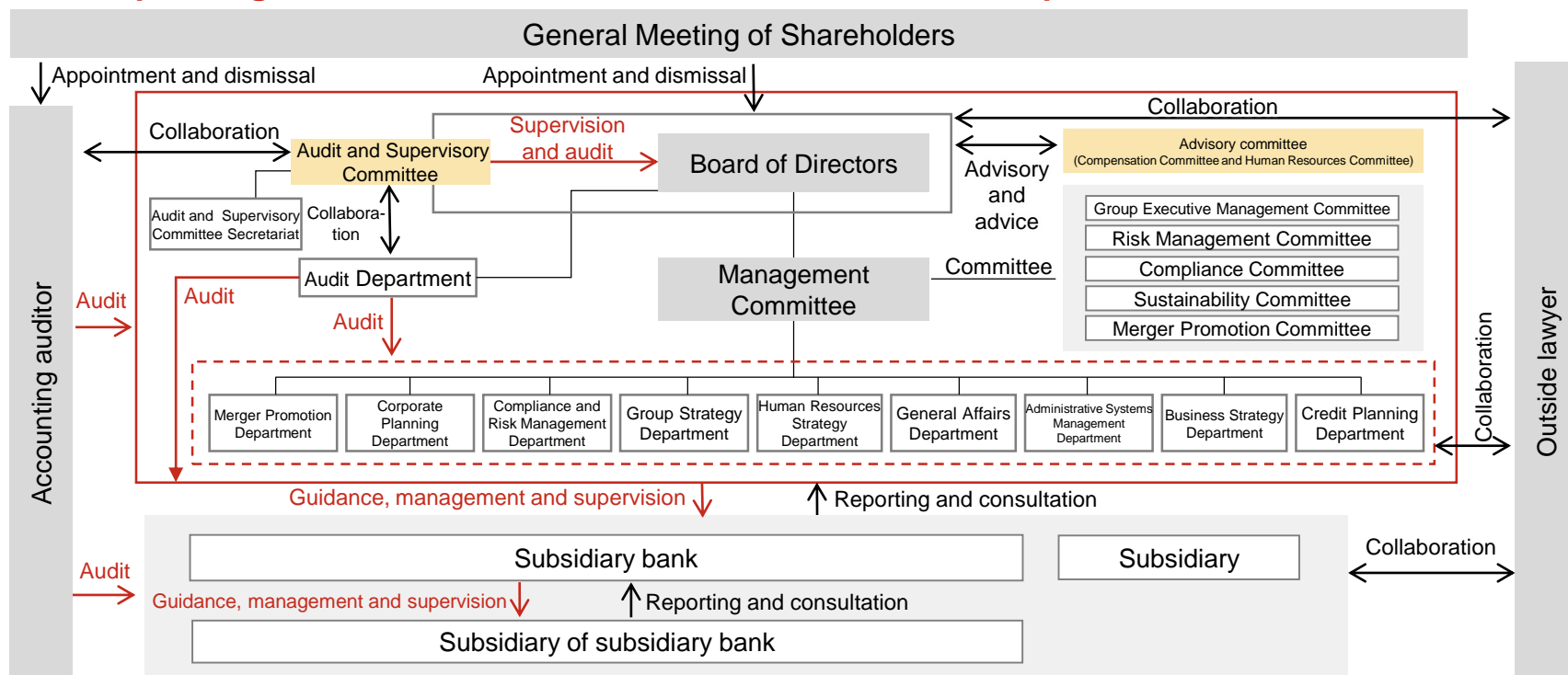
Materiality (5): Strengthen governance

Aichi Financial Group Human Rights Policy

Aichi Financial Group's management vision is “contribute to the prosperity of local communities through the financial services”, and based on this philosophy, we are working to realize a sustainable society through the business activities. In pursuing our various activities, we recognize that respect for human rights is an important issue to be addressed in management, and we will fulfill our responsibility to respect human rights in all our business activities.

(For the full text, see <https://www.aichi-fg.co.jp/release/files/pdf/news20231130.pdf>)

The corporate governance structure of the Aichi Financial Group



Among the three elements of our business philosophy, "PURPOSE" stipulates that we shall contribute to the prosperity of local communities through financial services. In order to gain the trust of all stakeholders, including customers, local communities, employees, and shareholders, and to contribute to the development of local communities as a regional financial group, we will strengthen and improve our corporate governance system while deeming the establishment of an effective corporate governance system aimed to make transparent, fair, prompt, and decisive decisions as one of our top management priorities.

VI. Reference material

Outline of the Aichi Financial Group

Outline of the holding company

Corporate name	Aichi Financial Group, Inc.
Headquartered	3-14-12, Sakae, Naka-ku, Nagoya City, Aichi Prefecture
Institution	Company with audit & supervisory committee
President	Yukinori Ito (President, The Aichi Bank, Ltd.) Vice President Hideo Kobayashi (President, The Chukyo Bank, Ltd.)
Share capital	20 billion yen
Founded	October 3, 2022
Stock exchange listing	Tokyo Stock Exchange Prime Market Nagoya Stock Exchange Premier Market
Credit rating	A (Japan Credit Rating Agency, Ltd.)

Aichi Financial Group, Inc.

Outline of subsidiary banks (as of September 30, 2024)



Founded	September 17, 1910
Headquartered	3-14-12, Sakae, Naka-ku, Nagoya City, Aichi Prefecture
Balance of deposits	3,960.2 billion yen
Balance of loans	3,228.7 billion yen
Number of employees	1,595
Number of branches	106 (including two branches dedicated to managing ATMs at partner convenience stores)



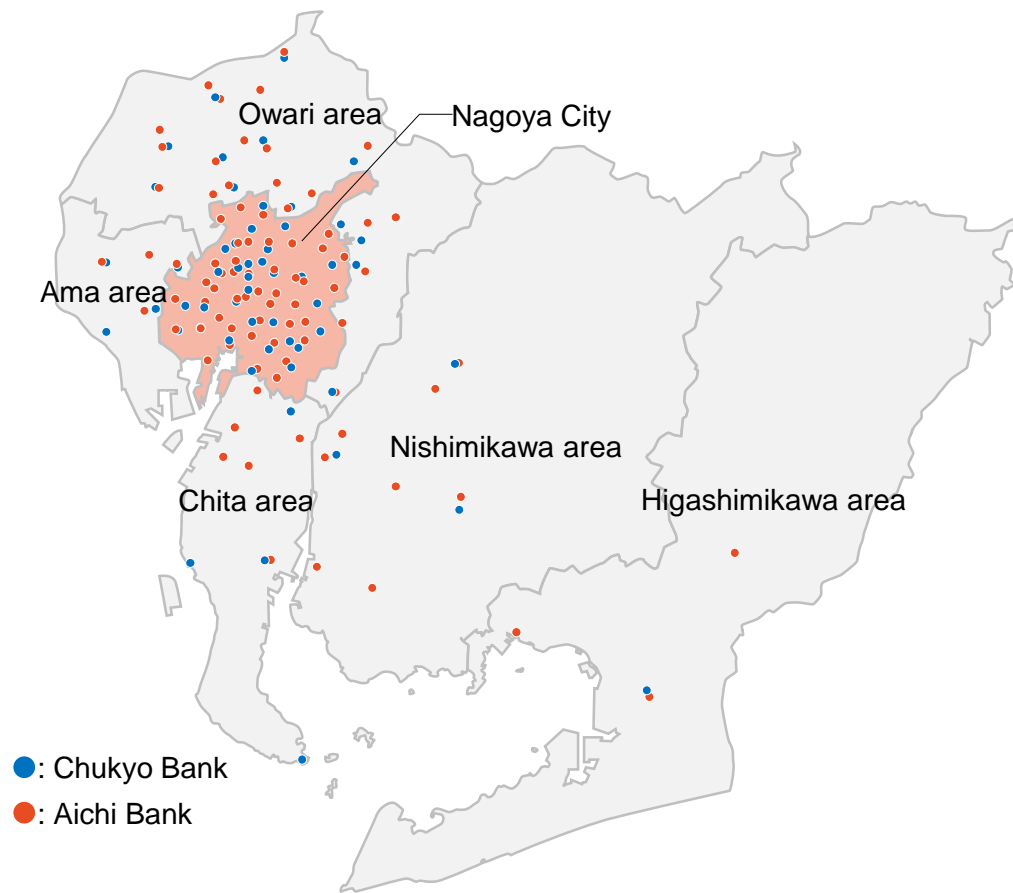
Founded	February 10, 1943
Headquartered	3-33-13, Sakae, Naka-ku, Nagoya City, Aichi Prefecture
Balance of deposits	1,997.6 billion yen
Balance of loans	1,542.4 billion yen
Number of employees	803
Number of branches	87 (1 online branch)



Business foundation

- Each of the banks is equipped with a well-developed branch network in Aichi Prefecture with a focus on Nagoya City

Branches in Aichi Prefecture



Number of branches of the two banks

	Aichi Bank	Chukyo Bank	Total
Aichi Prefecture	85	55	140
In Nagoya City	44	30	74
Owari area	20	13	33
Ama area	4	4	8
Chita area	6	4	10
Nishimikawa area	8	3	11
Higashimikawa area	3	1	4
Mie Prefecture	2	3	5
Gifu Prefecture	3	0	3
Shizuoka Prefecture	1	1	2
Osaka	1	1	2
Tokyo	1	1	2
Total	93	61	154

* The numbers of branches of both banks as of September 30, 2024

* Excluding virtual branches such as in-branch branches and online branches

Management philosophy

The thoughts represented in the corporate name

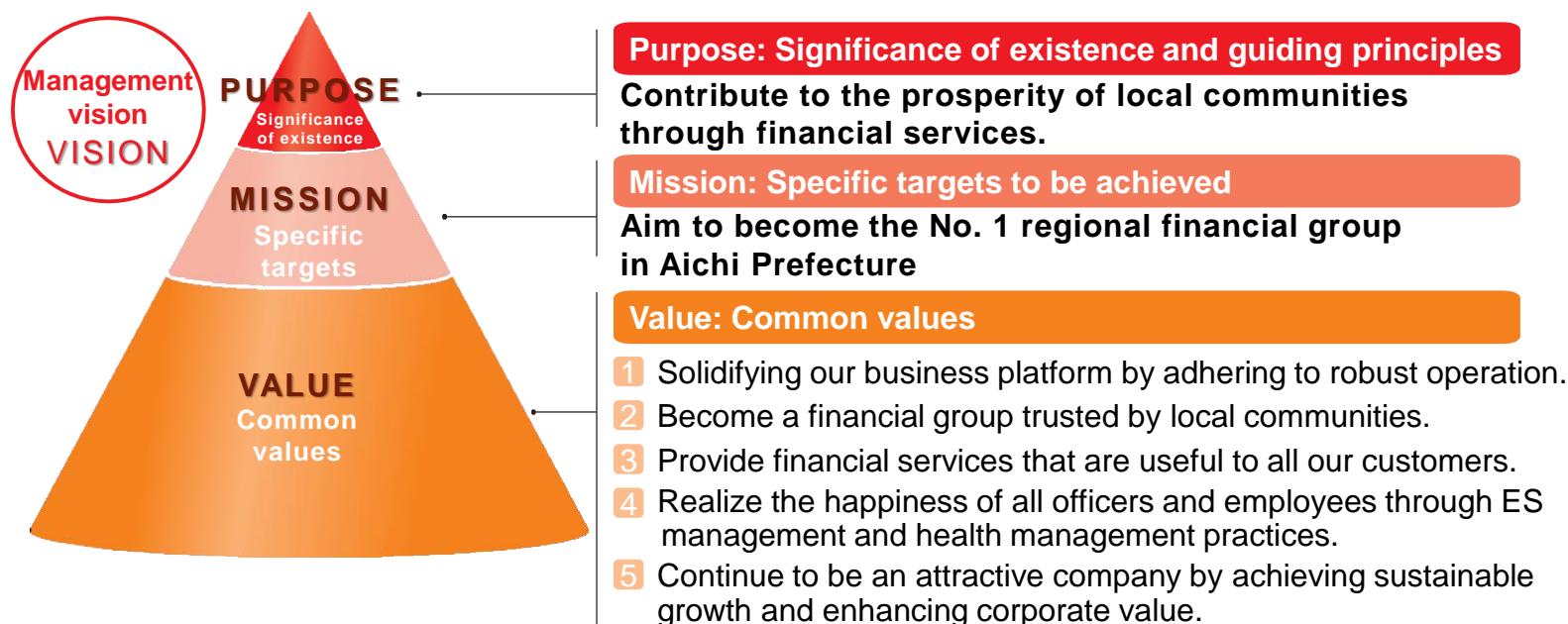


The corporate name represents our desire of aiming to become the No. 1 regional financial group in Aichi Prefecture by growing together with the prefecture while cherishing the area, which is our main base of operations.

Aichi
あいち

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

Management philosophy of Aichi Financial Group



Purpose: Significance of existence and guiding principles

Contribute to the prosperity of local communities through financial services.

Mission: Specific targets to be achieved

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

Value: Common values

- 1 Solidifying our business platform by adhering to robust operation.
- 2 Become a financial group trusted by local communities.
- 3 Provide financial services that are useful to all our customers.
- 4 Realize the happiness of all officers and employees through ES management and health management practices.
- 5 Continue to be an attractive company by achieving sustainable growth and enhancing corporate value.

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.

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.



- The symbol mark is a simple and dynamic one using the initial letter "A" of the new trade name in English as a motif
- It gives a sense of growth potential and momentum, and the curve supporting on the right is reminiscent of the letter C
- This expresses how the two banks will grow together with the letter "A" of Aichi Bank and the letter "C" of Chukyo Bank being fused together and will become the No. 1 regional financial group in Aichi Prefecture, driven by the power of "people" as one.

Merger of subsidiary banks and change of corporate name

■ Merger schedule

Effective date of merger: **Wednesday, January 1, 2025**

* The merger will be executed subject to acquisition of permits and approvals from the relevant authorities, and other conditions.

The schedule, procedures, terms and conditions may be altered after consultations if a material event hindering the execution of the merger occurs in the course of the merger procedures.

■ Merger format

An absorption-type merger with Aichi Bank as the surviving company and Chukyo Bank as the dissolving company. Aichi Bank plans to change its corporate name to **Aichi Bank, Ltd.** on January 1, 2025.

■ Merged bank system

For the enterprise system, Chigin Kyodo Center will be adopted starting from January 2025. In principle, unify with the enterprise system and administrative processing standards of Aichi Bank Subsystems will be gradually integrated.

■ Situation after the merger

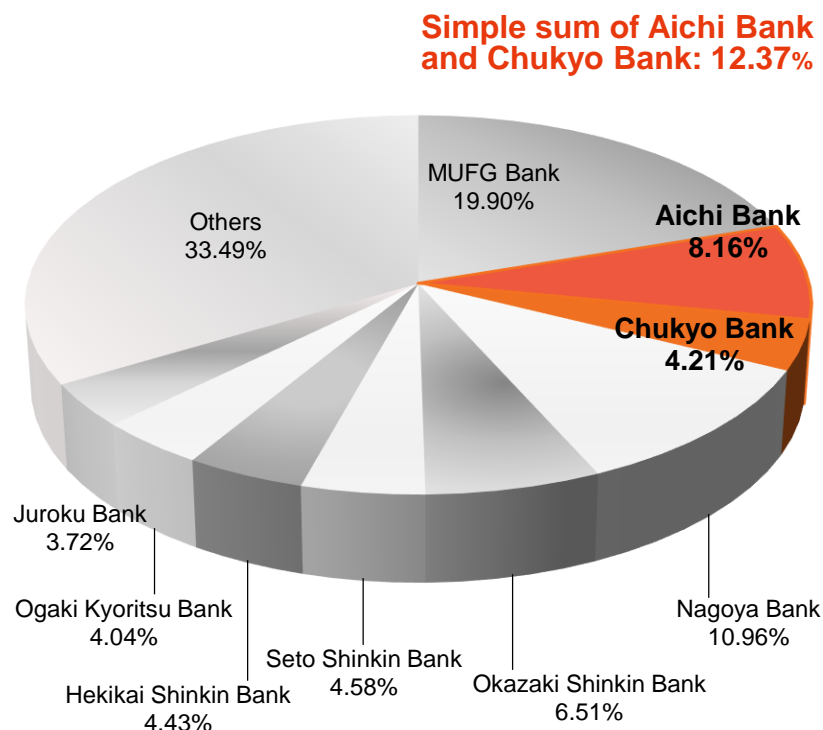
Corporate name	Aichi Bank, Ltd.
Headquartered	3-14-12, Sakae, Naka-ku, Nagoya City, Aichi Prefecture (current Aichi Bank headquarters)
Share capital	18,000 million yen
Bank code	0542 (current Aichi Bank bank code)



Market share of main bank, deposit, loan in Aichi prefecture

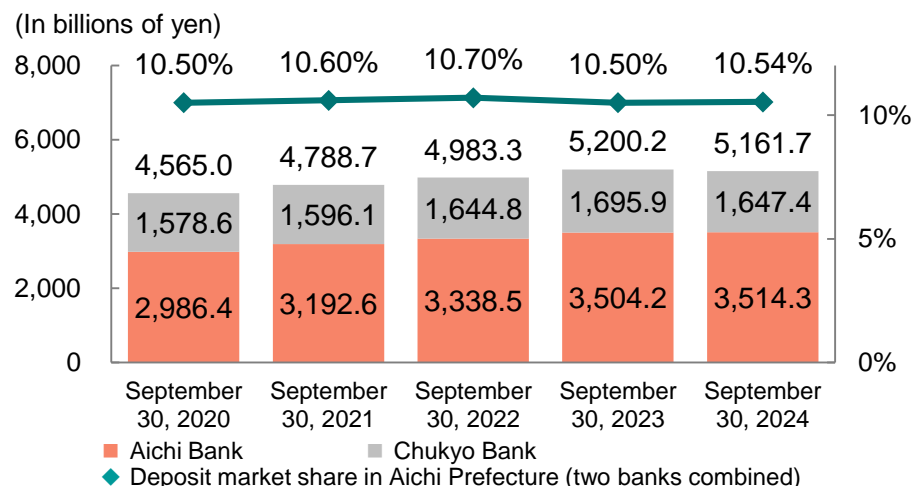
- The combined main-bank market share for Aichi Bank and Chukyo Bank in Aichi prefecture will trail only the share of MUFG Bank
- Deposit and loan market shares in Aichi Prefecture at approximately 10% and 15%, respectively

Share of main bank in Aichi Prefecture

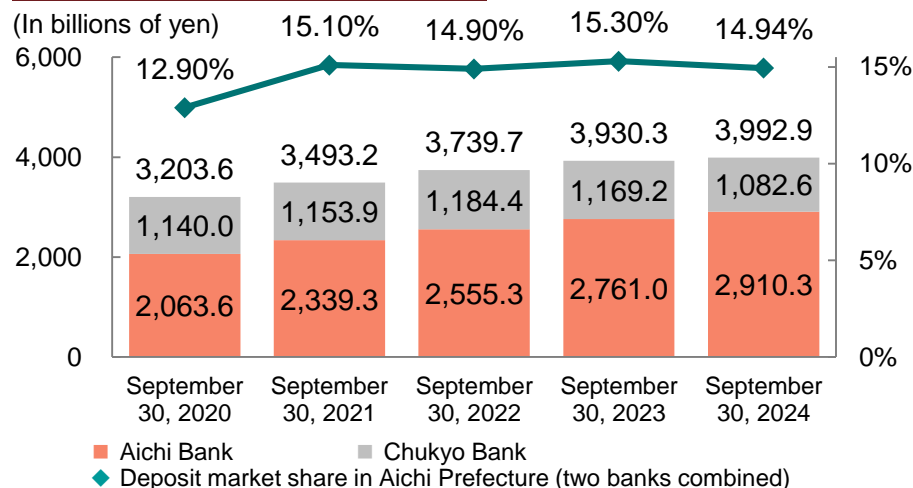


Source: Survey of Main Banks in Aichi Prefecture 2023, Teikoku Databank

Deposits in Aichi Prefecture



Loans in Aichi Prefecture



Source: Deposits and Loans by Prefecture, Bank of Japan

Economic environment of Aichi Prefecture

★ Economic indicators of Aichi Prefecture

		Aichi Prefecture		Nationwide
			National ranking	
Total population (as of October 1, 2023)	In thousands of people	7,477	4th place	124,352
Working-age population (as of October 1, 2023)	In thousands of people	4,627	4th place	73,952
Gross prefectural domestic product (at current price) (FY2021)	billion yen	40,585.9	3rd place	577,351.2
	Primary industry	billion yen	146.2	8th place
	Secondary industry	billion yen	16,184.2	1st place
	Tertiary industry	billion yen	23,978.9	4th place
Prefectural income per capita (FY2021)	thousand yen	3,597	2nd place	3,330
Offices (private-run only) (as of March 31, FY2020)	Offices	363,784	4th place	6,398,912
Value of manufactured goods shipments (2022)	billion yen	52,409.7	1st place	361,774.8
Agricultural output (2022)	billion yen	311.4	8th place	9,014.7

Future population (in thousands of people)

	2025	2035	2050	Compared to 2025
Aichi Prefecture	7,453	7,211	6,676	(10.42%)
Nationwide	123,262	116,639	104,686	(15.07%)

Working-age population forecast (in thousands of people)

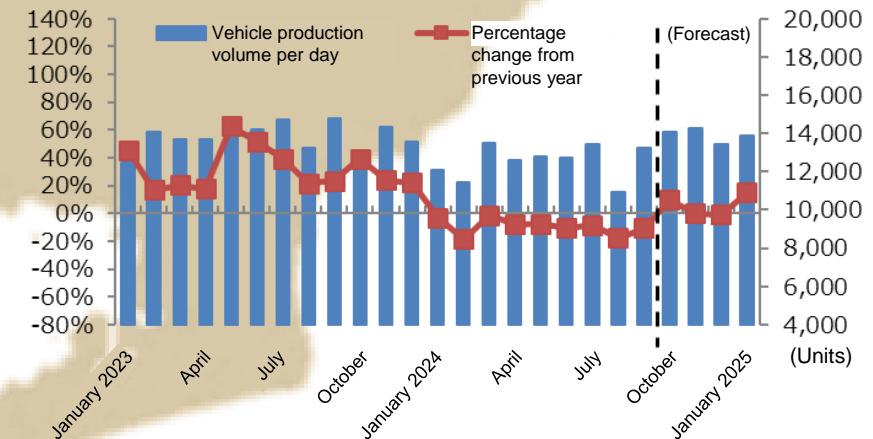
	2025	2035	2050	Compared to 2025
Aichi Prefecture	4,609	4,315	3,649	(20.82%)
Nationwide	73,101	67,216	55,402	(24.21%)

Major products ranked top in shipment value in Japan (2022)

Item	Shipment value	National share
Standard-sized vehicles (cylinder capacity over 2,000 milliliters)	4,893.4 billion yen	46.9%
Automotive gasoline engine (gasoline engine)	508.4 billion yen	48.0%
Car air-conditioners	494.7 billion yen	74.5%
Pachinko and slot machines	251.9 billion yen	48.2%
Power tools	105.8 billion yen	61.2%
Gas water heaters	95.7 billion yen	55.2%
Insulators and insulation pipes	17.1 billion yen	58.3%
Glaze clay tiles and salt-grilled clay tiles	17.6 billion yen	82.4%
Worsted wool cloth	11.1 billion yen	47.8%

Toyota Motor Corporation (non-consolidated) /

Daily domestic production volume, year-on-year percentage change



Sources: Annual Estimates of National Accounts, Cabinet Office; Prefectural Accounts for Aichi, Prefectural Statistics Division; Population Estimates as of October 1, Ministry of Internal Affairs and Communications; Economic Census 2021 - Activity Survey, Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry; Industrial Statistics Survey 2020, Ministry of Economy, Trade and Industry (final); Industrial Statistics Survey 2018 Item Statistics Table, (final) Ministry of Economy, Trade and Industry; Population Projections by Region in Japan (2023 Estimates), National Institute of Population and Social Security Research; Production and Agricultural Income Statistics 2021, Ministry of Agriculture, Forestry and Fisheries; Agricultural Data 2021 and Aichi Prefecture Profile 2024, Aichi Prefectural Government; Aichiban Main Goods Ranking Aichi Prefecture Top in Japan, Sales, Production and Export Results, Toyota Motor Corporation; Chubu Keizai Shimbun

This document contains forward-looking statements on our future business performance. Such statements are not intended to guarantee any future business performance and involve risks and uncertainties. Please note that future business performance could potentially differ due to changes in the operating environment and other factors.

Inquiries:

Corporate Planning Department, Aichi Financial Group, Inc.

TEL : 052-262-6512

FAX : 052-262-6517

URL : <https://www.aichi-fg.co.jp/>