

February 8, 2024 – Financial Results for the First Nine Months of FY2023 ending March 31, 2024 Main Questions and Answers

[Mid-Term Plan]

Q. What is the probability of achieving consolidated net income of ¥75.0 billion in the final year of the mid-term plan?

A. Both the revenue and profit for the third quarter have been favorable, with both non-consolidated and consolidated results reaching record highs. The Bank has positioned FY2023 as a year of upfront investment in the mid-term plan, and these results have been achieved while aggressively promoting strategic investments, and we feel confident about achieving the goals of the mid-term plan. Steady progress has been made in implementing initiatives in line with the basic policies of the mid-term plan, and new challenges have been taken on while permeating the Purpose and Vision.

In terms of profits, the Group as a whole does not expect a significant increase in profits of financial product sales, partly because Chibagin Securities focuses on customer follow-up services. On the other hand, in addition to an upside in net interest income due to a rise in interest rates, it is also expected to curb credit-related expenses and increase in gains on sales of stocks due to a rise in stock prices. Therefore, we believe that it has a high degree of certainty to achieve its targets for the final year of the mid-term plan.

Q. Please tell us the current situation and measures regarding the number of individual and corporate customers in the current mid-term plan.

A. The number of individual customers with deposit accounts has increased from about 3.8 million five years ago to about 4 million, partly because of the ability to create accounts on the Website. In addition, as a result of improvements in the convenience of apps, the

number of customers with housing loans and card loans increased from about 0.36 million five years ago to just under 0.4 million. Corporate customers with loans have also increased from about 49 thousand five years ago to about 51 thousand customers. The number of corporate portal users is increasing, and the penetration rate of the corporate portal for customers with loans has increased to just under 62%.

[Impact of a rise in interest rates]

Q. What competitors are you aware of regarding the trends of ordinary deposit interest rate and short-term prime rates during the Bank of Japan's lifting of negative interest rates and the subsequent interest rate hikes?

A. The Bank considers this matter in light of market interest rate trends and the actions of other banks, including megabanks. However, since 74% of deposits are highly sticky personal deposits, and the funding structure is stable, the Bank will not need to raise interest rates extremely, even if internet banks raise interest rates significantly. It is expected that a little over ¥4 trillion in lending will be linked to a rise in the short-term prime in line with subsequent interest rate hikes.

[Net fees and commissions]

Q. Are there any signs of a turnaround in the profit growth of financial product in the next fiscal year?

A. Although some staff initially felt puzzled by the drastic change in the evaluation method in October, the amount of sales in the third quarter is gradually increasing, and we are feeling a positive response that will lead to a certain level of profit growth in the next

fiscal year and beyond.

[Credit-related expenses]

Q. In the supervisory guidelines that the FSA considers making changes, there is a statement that management improvement efforts will be "not postponed." In response to this, will the Bank consider provisions that are preventive and front-loaded in the fourth quarter?

A. During the previous mid-term plan, preventive and front-loaded provisions of approximately ¥3.0 billion per year and ¥10.0 billion for three years were made, it will be considered in the current mid-term plan period as well, as we look at each individual customers with credit. The Bank has been controlling credit costs as a result of the proactive provision of all solutions by the credit and sales departments through the Solution Review Meeting, and does not recognize that it is postponing management improvement efforts, and will not consider making provisions in response to the changes in supervisory guidelines.

[Capital Policy]

Q. Are there assets that will further decrease risk assets in the future due to refinement toward finalization of Basel III?

A. The current decrease in risk-weighted assets under the finalization criteria is the result of the refinement of some loans for which parameters were previously set conservatively, but the Bank does not expect risk-weighted assets to change as a result of the new refinement at this time.

Q. Does a reduction in risk-weighted assets and an increase in the capital adequacy ratio on the basis of complete implementation of Basel III finalization affect capital policy?

A. The Bank is not considering revising the target range of the CET1 ratio at this time. The

Bank continues to explore opportunities for in-organic investment and growth investment, as well as consider strengthening shareholder returns to further increase ROE.

Q. In-organic investment may be targeted not only at new businesses and business companies, but also at banks. Whether there is any change in the way of thinking and stance regarding the relationship with other banks.

A. The Bank has benefited from each of these alliances, the TSUBASA Alliance, the Chiba-Musashino Alliance, and the Chiba-Yokohama Partnership, and has not changed its thinking or stance regarding its relationship with other banks, which is to prioritize alliances.

Q. The Bank announced a dividend increase of ¥2, and the dividend payout ratio is 37.8%. Are you considering the fiscal year ending March 2026, the final year of the mid-term plan, when the dividend payout ratio will reach 40%? Is there any possibility of considering further raising the dividend payout ratio in light of other banks raising their dividend payout ratio targets?

A. The Bank hopes to achieve a dividend payout ratio of 40% as early as possible. As the Bank's earnings grow and as we consider how to use the capital, raising the dividend if there is room to do so.

[Cross-shareholdings]

Q. Are there any advantages and disadvantages of transferring cross-shareholdings to pure investment?

A. Despite the rise in the stock market, the cross-shareholdings is steadily decreasing, and by the end of March 2024, the ratio to consolidated capital is expected to be 20% or less.

The cross-shareholdings that have been able to reach an agreement with the clients on sales are being transferred to pure investment and are being sold while monitoring the status of financial results, etc. We believe that there are no advantages or disadvantages to the pure investment transfer itself.

Chibagin Securities, and that it is possible to make a wide range of proposals to individual customers. We can make better proposals across the group that by leveraging the market views and other skills of the Chibagin Securities employees.

End

[Business improvement order]

Q. What is the current situation regarding the abolishment of profit targets for financial product by business improvement order? To what extent do you think the Bank has been able to thoroughly implement its customer-oriented culture?

A. The Bank abolished its profit targets for the sale of financial products in the second half of the fiscal year, and the amount of sales declined somewhat in October. However, it increased toward December, and activities focusing on volume of activities and fiduciary duty are showing results. With regard to the thorough implementation of a customer-oriented culture, in December last year we launched the Purpose and Vision Permeate Project Team, chaired by the Group CSO, to listen to the voices of workplaces, including those of Group companies, and to monitor the status of penetration. We are now in the phase of translating the purpose and vision into substantive activities. We believe that our customer-focused activities will take root and have a positive impact on our profits.

[Group companies]

Q. What will you do with Chibagin Securities in the future? Given the tailwind of the new NISA, shouldn't securities be utilized?

A. Chibagin Securities will make deeper contact with customers and offer more useful proposals as it conducts activities that emphasize after-sales service. We also believe that it is possible to segregate the products and content proposed by the Bank and