

Message from the CFO



“Stable Profits for FY2025 and onwards” and “Establishment of an even more robust profitability base”

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(in charge of Corporate & Shared Services)

Member of the Board of Directors

Chief Operating Officer (COO) and Chief Financial Officer (CFO)

The Bank is a cooperative banking institution established to facilitate the smooth flow of finance. To return profit to our members and provide continuous value to our diverse stakeholders, we are advancing effort to build a sustainable financial foundation. We have continued efforts such as the introduction of a risk appetite framework and the enhancement of governance, financial management, and risk management.

Our financial management effort aims to strike a balance among three important objectives: “returning profits” to our members, “ensuring prudential soundness” as a financial entity, and “maximizing profitability” while maintaining prudential soundness. During fiscal 2024, the Bank conducted a portfolio improvement including the “sale of low-yielding assets” and “new investments and loans”, with the aim

to strengthen medium-to- long-term profitability. We deeply acknowledge that serious concerns and anxieties have arisen among our members and stakeholders due to recorded loss from the sales of low-yielding assets. We also completed capital enhancement of approximately ¥1.4 trillion during this fiscal year. We deeply appreciate our members’ understanding of the need for the capital increase and their support to swiftly complete this enhancement.

Through these efforts, our profitability has shifted into an improving trend, and we expect full fiscal 2025 to be profit at ¥30 billion to ¥70 billion range. We will continue to diversify our revenue sources and strengthen our financial management and risk control with the aim of achieving “stable profits from fiscal 2025 onwards” and to “establish an even more robust profitability base.”

Overview of financial results for fiscal 2024

In fiscal 2024, short-term interest rates declined as Central bank in Europe and the United States cut rates, while long-term interest rates remained elevated as market uncertainty stemmed from factors including US administration policies. The Bank’s foreign currencies cost remained elevated, as overseas’ high interest rate environment have

persisted since 2022. To overcome this situation and strengthen medium-to-long-term profitability, in fiscal 2024 we conducted a “portfolio improvement” which was backed by “capital enhancement.”

As described below in detail, the Bank recorded a consolidated ordinary loss of ¥1,769.0 billion and a consolidated loss attributable to owners of parent of

¥1,807.8 billion, mainly contributed by the sales of low-yielding assets as part of our portfolio improvement. On the other hand, prudential soundness represented by capital ratio improved year-on-year with the Common Equity Tier 1 ratio at 17.70% and the total Capital Ratio at 22.28%. Capital enhancement

measures also positively contributed to the ratios. In addition, net Unrealized Gains and Losses of our market investment portfolio as of March 31, 2025, had improved by ¥1,219.7 billion year-on-year. We will continue to prioritize sound financial management and maintain a sufficient level of capital ratio.

Trends in key indicators (¥ billion)

	FY2022	FY2023	FY2024
Ordinary Profit (loss)	40.4	134.2	(1,769.0)
Net Income (loss) Attributable to Owners of Parent	50.9	63.6	(1,807.8)
Total Assets	94,504.9	99,804.8	83,498.8
Net Assets	5,673.5	4,440.3	4,715.4
Common Equity Tier 1 ratio	17.82%	16.43%	17.70%
Tier 1 ratio	21.98%	21.18%	19.65%
Total Capital Ratio	22.03%	21.23%	22.28%
Net Unrealized Gains and Losses (*non-consolidated)	(946.2)	(1,769.8)	(550.0)

Initiatives for fiscal 2024

Portfolio enhancement

Sale of low-yielding assets

- ▶ Completed sales of low-yielding assets (approx. ¥17.3 trillion) for future earning improvement

New investments and loans

- ▶ Invested in various asset class, backed by capital enhancement

Foundation

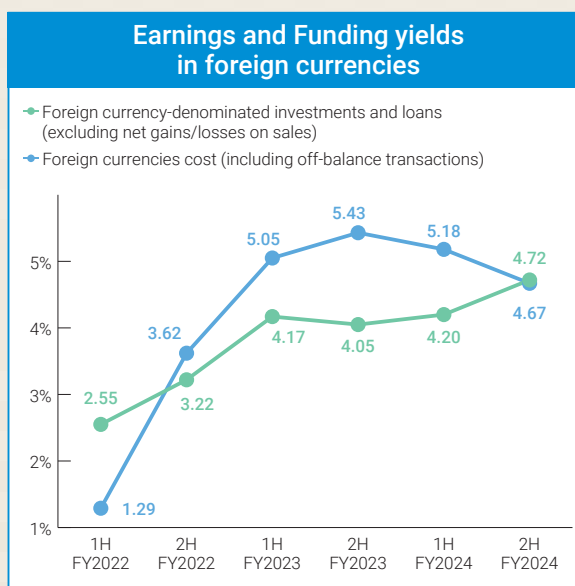
(Secured capacity for new investments and loans, and support steady portfolio improvement)

Capital enhancement

CET1 and total capital enhancement through issuance of lower-dividend rate stocks and subordinated loans.

(1) Portfolio enhancement (sales of low-yielding assets, new investment and loans)

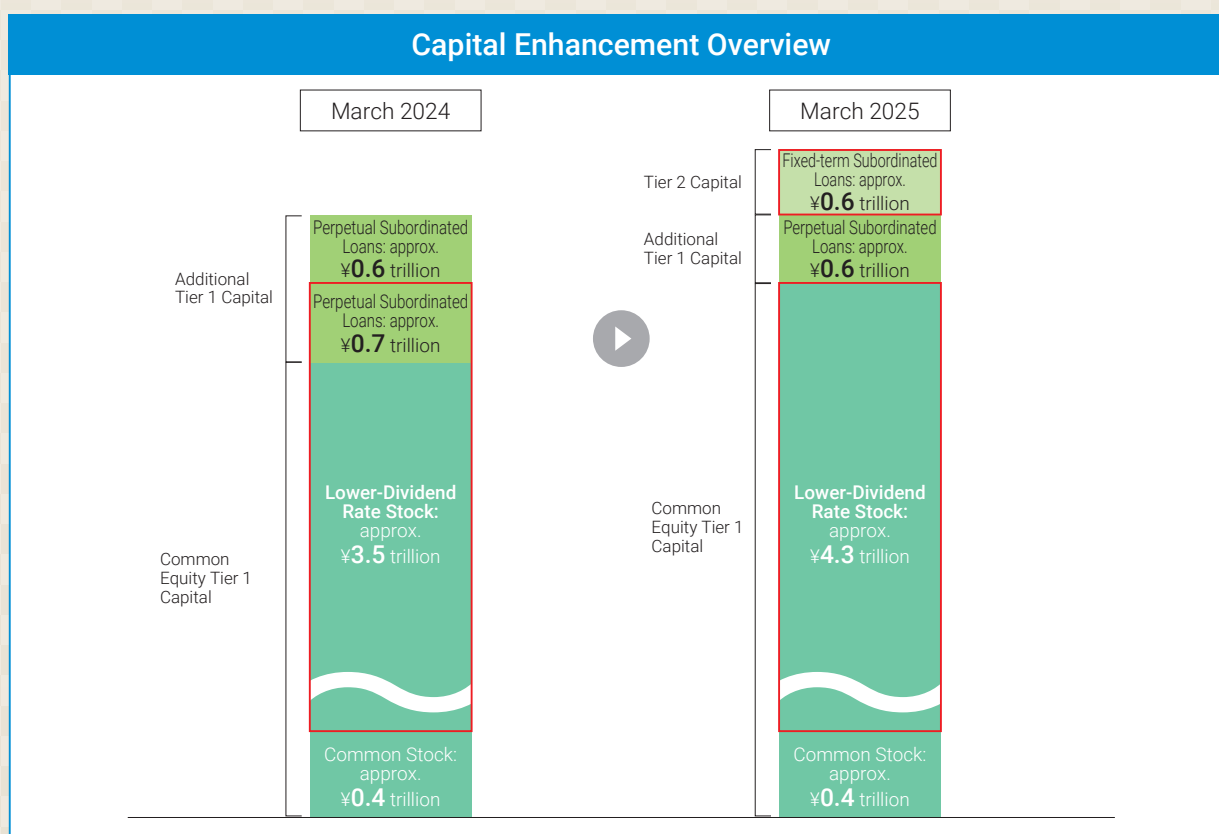
With the aim to strengthen medium-to-long-term profitability, in fiscal 2024 the Bank sold approximately ¥17.3 trillion of low-yielding assets on a book value basis, including European Government bonds, US Treasuries and investment-grade corporate bonds. Backed by capital enhancement, the Bank conducted new investment and loans to carefully manage the overall balance of the portfolio. The scale remained limited compared to the that of sales of low-yielding assets, but we carefully invested across various asset classes, including domestic and international bonds, stocks, credit, alternative assets, and project finance. As a result of these efforts, the yield on foreign currency-denominated investments and loans increased while the cost of funding declined, shifting Bank's profitability into an improving trend.



(2) Capital enhancement

The capital enhancement supported by our members is the foundation that provides the bank the ability to conduct portfolio improvement. In September 2024, the bank redeemed ¥716.9 billion of perpetual subordinated loans and issued ¥736.0 billion of lower-dividend rate stocks. In November 2024 and March 2025, the Bank issued a total of ¥642.8 billion fixed-

term subordinated loans and, in March 2025, issued an additional ¥41.1 billion of lower-dividend rate stock. These capital enhancements totaling approximately ¥1.4 trillion enabled us to smoothly improve our portfolio, while maintaining sound capital ratio and forming a foundation for further investments and loans.



Financial Management: Fiscal 2025 and Beyond

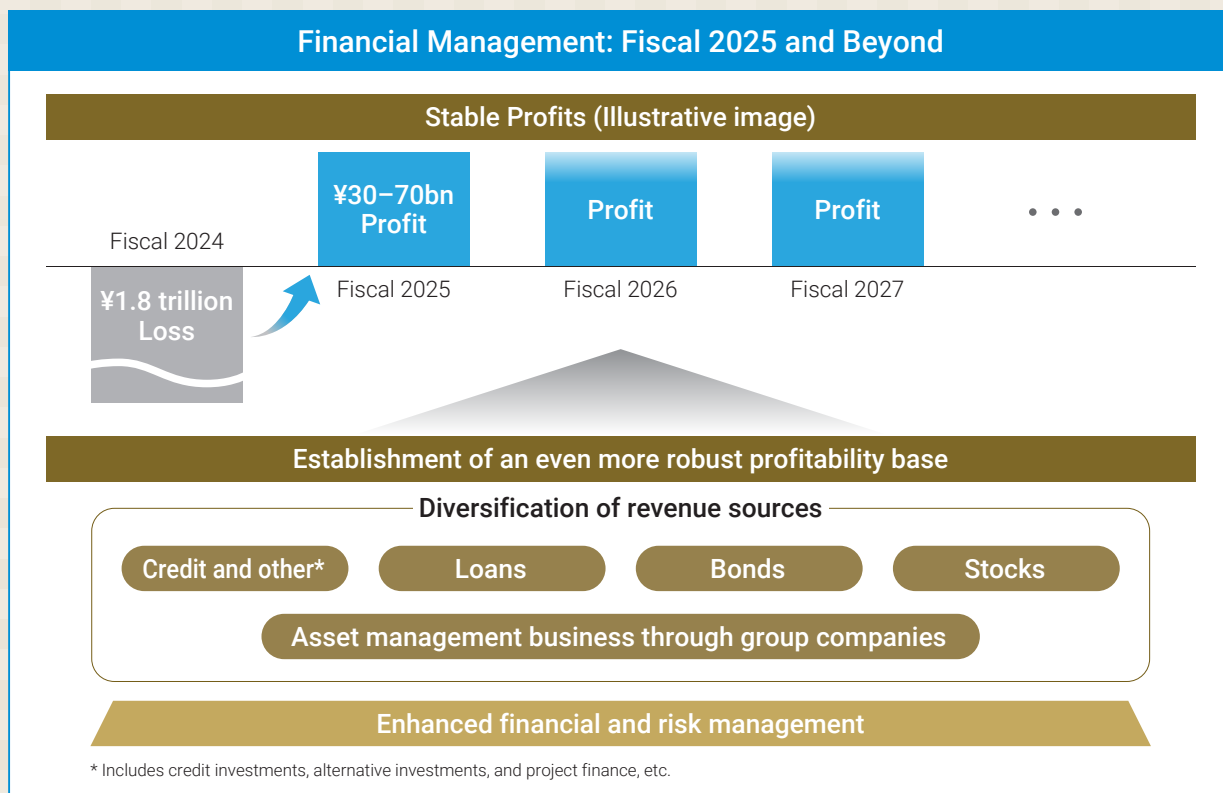
We have two major themes for our financial management for fiscal 2025 and beyond: “Stable Profit” and “Establishment of an even more robust profitability base.” Since April, the market environment has been volatile due to factors including US tariff policy, and the outlook remains to be uncertain. We currently expect full fiscal 2025 to be profit at ¥30 billion to ¥70 billion range accounting for these uncertainties, but we will continue financial management with extreme care.

“Establishment of an even more robust profitability base” is central to restoring profitability. We recognize that our fiscal 2024 losses were due to a portfolio that was overly exposed to interest rate risk centering on fixed-rate bonds. From this reflection, we are aiming to diversify our revenue sources by investing in a wide range of assets and balancing interest-rate and non-interest rate risk. In addition, we are strengthening our asset management business in collaboration with our group companies and focusing on fee-based

businesses that are less cyclical in nature.

Moreover, strengthening financial management and risk control is also important to pursue revenue diversification. Therefore, we are pursuing initiatives including improving our operational framework for financial management and investment execution, strengthening financial strategy in response to changing business environment, and enhancing risk management.

In fiscal 2024, we newly established the Financial Strategy Committee(FSC) chaired by the CFO and clarified the organizational structure, authority, and responsibilities of each department: investment execution, finance management, and risk control departments. This has created a framework that enables flexible management decision-making under an appropriate checks and balances. In addition, we have invited two external expert advisors to join our FSC from fiscal 2025 to incorporate external opinions into our financial management.



Conclusion

To continuously meet the expectations of our members and stakeholders, we have positioned rebuilding our financials as our top priority. We will continue courteous communication with our

stakeholders and steadily advance our effort toward rebuilding our financials.

July 2025