

INTEGRATED REPORT 2024



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NNFH

Nishi-Nippon Financial Holdings, Inc.

Group Management Philosophy

Aiming high and motivated by pride in our services, we are committed to becoming a leading financial group through our ability to respond to change and to grow with our customers

Group Brand Slogan

Sincere Relationships, Best Solutions

Meaning behind Our Logo



Our logo uses the motif of the “Sun,” the energy which creates our future, and the vibrant image of “Wings.” The radiating wings symbolize the infinite future. And the color gradation from light to dark orange expresses the Nishi-Nippon Financial Holdings Group’s commitment to evolving and transforming itself toward the future.

Editorial Policy

Nishi-Nippon Financial Holdings, Inc. (NNFH) has put together this Integrated Report 2024 in a bid to help investors and other stakeholders understand the initiatives by the NNFH Group to sustain business growth and create value. It has been compiled with reference to the International Integrated Reporting Framework released in December 2013 by the International Integrated Reporting Council (IIRC), bringing together financial and non-financial information, including management philosophy, management plans, and ESG (environmental, social, and governance) information.

Scope of Report

Period covered: April 2023 to March 2024 (Some subsequent information is also included.)
Organizations covered: Nishi-Nippon Financial Holdings, Inc. and its subsidiaries and affiliates

Cautionary Statement Regarding Forward-Looking Statements

The Report contains statements about the NNFH Group’s future operating results. These forward-looking statements are not a guarantee of future performance but involve risks and uncertainty. Please note that actual results could differ from those indicated due to a variety of factors, including changes in the operating environment.

Notes

- 1. Amounts have been rounded down to the nearest unit in principle.
- 2. Conversion into U.S. dollars (solely for the convenience of readers outside Japan) has been made at the exchange rate of ¥151.41 to \$1.

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Message from the President



Hideyuki Murakami

President

Nishi-Nippon Financial Holdings, Inc.

(Concurrently President of The Nishi-Nippon City Bank, Ltd.)

We will work to solve your issues and increase our enterprise value by demonstrating the Group's solution functions to the maximum extent

Introduction

It gives me great pleasure to present Nishi-Nippon Financial Holdings, Inc.'s (NNFH) Integrated Report for the fiscal year ended March 31st, 2024.

The NNFH Group's operating environment is rapidly evolving. Japan's population is shrinking and aging with a declining birthrate, digitalization is accelerating, and people are becoming more conscious of sustainability. These changes have made the needs of our corporate and individual customers more diverse and advanced.

Meanwhile, the Kyushu Region, especially Fukuoka, where the Group mainly operates, has a strong economy. The area has an excellent market environment, with ongoing large-scale urban redevelopment projects and semiconductor and other industry clusters. Inbound tourist demand has also recovered sharply.

Amid these conditions, we have proactively enhanced the Group's organization and functions to swiftly adapt to changing times, such as adding group companies to boost the Group's collective strengths.

Our current Medium-Term Business Plan (MTBP), "Leaping Forward 2026 - Connecting with Sincerity, Connecting the Future -" (covering the period from April 2023 to March 2026) started last April. Its central theme is strengthening relationship management, which connects customer needs to the Group's wide-ranging solution functions. As specific measures, we are making group-wide efforts to enhance our sales structure and human capital. We are also committed to increasing the sustainability of local communities and NNFH based on the never-changing belief that "Without regional development, there will be no growth of the Group." For example, we help local communities and customers solve social issues and carry out various activities for regional contribution while also investing more in our future growth and enhancing shareholder returns.

We aim for regional development and higher corporate value for the Group by steadily implementing the strategies set out in the MTBP described later.

Progress of the Medium-Term Business Plan (MTBP)

Under the MTBP, we strive to contribute to the sustainable development of local communities by providing customer-oriented "One-to-One Solutions"

via physical ("human touch") and digital solutions while cherishing connection with various stakeholders.

To achieve this, the MTBP sets forth four basic strategies: customer-oriented "One-to-One Solutions", sales reform, human resource reform, and sustainability initiatives. We aim to achieve profitability, efficiency, soundness, and other management indicators by implementing nine focus measures around these four strategies.

Basic Strategy I. Providing Customer-Oriented "One-to-One Solutions" (See pages 29 to 38)

Providing customer-oriented "One-to-One Solutions" means offering products and services that cater to each customer's needs and issues in order to achieve greater customer satisfaction and build long-lasting business relationships. Under the MTBP, we will fully utilize the Group's enhanced setup to deepen this approach.

● Providing Solutions to Corporate Customers

Amid a changing social environment, companies face wide-ranging challenges beyond those related to their finances, such as planning business succession, retaining talent, and responding to digitalization and decarbonization. To help them solve these issues, we will provide optimum solutions by fully leveraging the Group's collective strengths.

Under the MTBP, we offer solutions to corporate customers' critical and high-priority management challenges, covering digitalization, digital transformation, cashless payments, and human resources. We also focus on structured finance.

On the digitalization and digital transformation front, we focus on providing solutions corresponding to the size and issues of customers by collaborating with City Ascom Co., Ltd. and IJGN GROUP Inc. (both joined the Group in 2022), which have strengths in these areas. Last December, IJGN GROUP started offering *Tale-tore*, a packaged service that supports digital transformation in recruitment, to boost customers' recruitment capabilities. The service offers recruiting activities that range from diagnosing recruiting problems to creating websites and launching social networking sites.

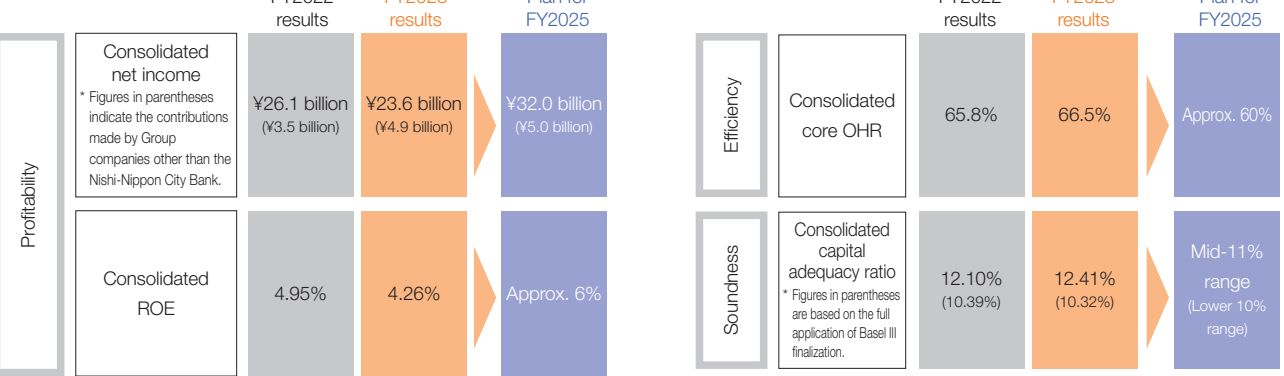
In helping businesses shift to cashless payments, the Kyushu Card Co., Ltd. (Japan's top regional bank-affiliated credit card company by transaction volume) has strengthened its proposal for corporate customers to use its corporate cards, seizing the opportunity presented by the need to comply with

Message from the President

Deployment of Four Basic Strategies to Realize a Leading Financial Group

Basic strategy	I. Providing customer-oriented "One-to-One Solutions"	[Strengthening solution capabilities]
Priority measures	(i) Providing solutions to corporate customers (ii) Providing solutions to retail customers	
Basic strategy	II. Sales reform	[Strengthening contact with customers]
Priority measures	(i) Strengthening the sales system (ii) Digital strategy (iii) Work reform	
Basic strategy	III. Human resource reform	[Strengthening human capital]
Priority measures	(i) Human resource development (ii) Greater job satisfaction	
Basic strategy	IV. Sustainability initiatives	[Strengthening sustainability]
Priority measures	(i) Contributions to a sustainable local community (ii) Efforts for sustainable growth of the NNFH Group	

Target Management Indices



the Electronic Books Maintenance Act of Japan. As a result, the number of cards issued by the Kyushu Card is steadily increasing.

On the human resources front, Group companies with HR solution functions are collaborating to provide optimum solutions to each customer. In May 2024, NCB Research & Consulting Co., Ltd. (the first Kyushu-based regional bank's group company to start the staffing agency business in 2019) newly partnered with four staffing agencies. This expanded the Group's capacity to cater to broader customer needs.

As for structured finance, we have strengthened the head office's units specializing in the area by externally hiring people with relevant expertise and taking other measures. We are exploring potential markets such as real estate, management buyouts and management-led buyouts (MLBO), and ships and aircraft.

● Providing Solutions to Retail Customers

We sell consulting services that examine the overall state of assets and liabilities to a broad base of customers while ensuring that our business operations are customer-oriented.

In providing consulting services to people who are building their assets, we have tapped the asset-building needs around Nippon Individual Savings Account (NISA), a tax exemption scheme for small investments, following the launch of the new version of the scheme. We have focused on propositions of long-term diversified investments to individual customers. As a result, the number of NISA accounts opened with the Nishi-Nippon City Bank,

Ltd. increased 2.5 times from the previous fiscal year, making it among the top regional banks by the number of accounts. In addition, the number of installment-type investment trust contracts and the NNFH Group's assets under management have been steadily growing.

As for loans, we have strengthened our organization by flexibly deploying staff at dedicated bases according to the characteristics of each area, tapping strong housing demand in Fukuoka Prefecture, where we are based. We also actively conduct marketing activities outside Fukuoka by leveraging the advantages of the Nishi-Nippon City Bank's loan products. As a result, the housing loan balance has been steadily growing.

Basic Strategy II. Sales Reform (See pages 39 to 46)

A key concept we pursued under the MTBP is an optimal mix of "human touch" and digital solutions. We will further strengthen digital channel functions, focusing on the "human touch" aspect. To properly connect the Group's various solution functions to customers' issues and needs, we have a policy of focusing our efforts on strengthening relationship management. As a specific measure, we are working to enhance headquarters' support for sales branches and coordination systems in the Group.

● Strengthening the Sales Reform

The Nishi-Nippon City Bank has set up dedicated units in the headquarters for corporate and retail

sectors to strengthen the interfaces that connect customers' issues and needs to the Group's solution functions. As a result, the number of sales branches' consultations with the headquarters increased by around threefold from the previous fiscal year, suggesting that the deployment has led to the provision of optimum solutions to customers.

● Digital Strategy

To increase touch points through digital channels, we are continuing to enhance the functions of the Nishi-Nippon City Bank app, a smartphone app for retail customers, and the NCB Business Station, a platform for corporate customers.

The number of users of the Nishi-Nippon City Bank app have steadily increased since its launch in 2015, with the number of account registrations topping the one million mark as of the end of March 2024. We have also strived to make the NCB Business Station more convenient by adding a function for issuing electronic vouchers, integrating the login screen for corporate online banking, and taking other measures. As a result, the number of contracts surged to 46 thousand as of the end of March 2024, up 32 thousand year-on-year.

● Work Reform

The work reform activities we started in 2018 have significantly increased the Group's productivity. We remain committed to the effort under the MTBP.

We have started building a new sales branch structure to make the Nishi-Nippon City Bank the center of consulting. Specifically, we will gradually introduce a new system for sales branches starting in July this year.

The system allows customers to complete their transactions using tablets and cash machines installed at bank counters, with bank staff assisting them where needed. This will make our services more convenient for our customers and increase the efficiency of clerical work at sales branches, allowing bank staff to shift away from such work to engage in face-to-face consultation with customers.

Through these initiatives, we strive to increase productivity, targeting a 1.6-fold increase in per-employee operating income from customer services* in fiscal 2025, the final year of the MTBP, from fiscal 2022.

* (Balance of loans and bills discounted × Loan-to-deposit spread + Net fee and commission income – General and administrative expenses) ÷ Average number of employees during the fiscal year

Basic Strategy III. Human Resource Reform (See pages 47 to 54)

Since I became the NNFH's president, I have kept saying that I want to make the NNFH Group a diverse and vibrant organization. It is essential to be such an organization in order to "respond to change and to grow with our customers," as stated in the

Group's Management Philosophy. People contacting customers play critical roles in providing the Group's broad collective strengths and solution functions to meet their increasingly diverse and sophisticated needs and issues.

Under the MTBP, we have invested more in people, who are the source of our business competitiveness. For example, we have enhanced talent development initiatives to improve the expertise and skills of our employees while taking action to create a workplace where diverse people feel satisfied and proud of their work.

● Human Resource Development

To support each employee's growth, we have overhauled the structure and content of training offered by job class and duties and enhanced reskilling initiatives.

In addition, we have expanded a program to support employees in acquiring advanced certifications such as those for 1st-grade Certified Skilled Professional of Financial Planning and SME Management Consultant. The aim is to strategically nurture people who will shoulder the future of the NNFH Group in consulting, digital transformation, planning, and other functions. Such talent is essential for achieving the Group's management strategies. We also actively assign employees to secondment positions at non-group companies and send employees to study at business schools and other institutions.

● Greater Job Satisfaction

We are working to create a work environment that allows each employee to work lively and build an organizational culture where diverse people can take active roles. For example, we have reviewed employee welfare by raising salary levels, renewing aged branches, and promoting diversity and inclusion.





We have been making group-wide efforts to improve employee welfare. The Nishi-Nippon City Bank raised wages by around 5% on average for two consecutive years (annual salary including regular pay rises), increased starting salary levels, and reviewed the employment system for part-time employees and others.

To improve the work environment, we will adopt outstanding environmentally-friendly technologies and business continuity plan measures for the Nishi-Nippon City Bank's new head office building to be completed in January 2026. We are also discussing ways to create an open and workstyle-flexible office environment for the new building. For other sales branches, we have been renovating offices where there are effects of cutting costs and shortening the period of construction works to renew aged branches, in addition to the ordinary rebuilding of branches.

To promote diversity and inclusion, we have long focused on initiatives encouraging diverse people to take active roles, such as women's empowerment and mid-career hiring. As a result, the share of women in managerial positions has risen year by year, and the number of employees hired in mid-career has also increased. As of June 2024, NNFH had two female directors (one internal, one outside), pushing up the share of women on the Board of Directors to 22.2%.

Basic Strategy IV. Sustainability Initiatives (See pages 55 to 68)

● Contributions to a Sustainable Local Community

Contributing to a sustainable society is a priority in the NNFH Group's management strategies. The Nishi-Nippon Financial Holdings Group Sustainability Declaration states our commitment to this. We have steadily built the foundation for sustainability management such as by establishing the Sustainability Committee, disclosing climate-related information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), setting CO₂ emissions reduction targets and the target amount of sustainable finance execution, and formulating the NNFH Group's Human Rights Policy.

Under the MTBP, our environment and climate change initiatives include actively rebuilding branches to make them eco-friendly and shifting to eco-friendly cars (hybrid and electronic vehicles) to achieve carbon neutrality by fiscal 2030, which is the Group's CO₂ emissions reduction target. In addition, in assisting customers with their environment and climate change initiatives, we provide optimum solutions to each of them by expanding our sustainable finance product lineup and other measures. In May 2024, we launched Forestrike, a loan product we developed jointly with Marubeni Corporation and e-dash Co., Ltd. to provide one-stop services to accompany and support companies' overall decarbonization efforts.

We will continue to confront various environmental and social issues. The NNFH Group will contribute to a sustainable society by making sincere efforts to resolve these issues both on its own and with its customers and local communities.

● Efforts for Sustainable Growth of the NNFH Group (See pages 9 to 12)

Efforts for higher corporate value

NNFH's stock price has been rising since the end of March 2023, outperforming TOPIX, partly boosted by better shareholder returns and the Bank of Japan's monetary policy shift. Its PBR, which had been very low, improved to 0.49 times at the end of March 2024. Consolidated ROE at the end of fiscal 2023 declined year-on-year. We aim to raise it to around 6% in fiscal 2025, the final year of the MTBP, by increasing consolidated net income.

We will continue our efforts to increase ROE by steadily implementing measures under the MTBP and improving our PER through continued disclosure of our initiatives and dialogue with investors. With these, we aim to increase our enterprise value (higher PBR).

Capital policy

Under the MTBP, our approach to capital allocation balances three elements—securing a sufficient level of capital, investing for future growth, and enhancing returns to shareholders and investors—to ensure the Group's sustainable growth and increase our enterprise value.

We aim to maintain a capital adequacy ratio in the low 10% range to secure a sufficient level of capital in the final year of the MTBP based on the full application of Basel III, excluding transitional arrangements.

In investing for growth, we are focusing on human capital investments, as described earlier, on expanding strategic investments, and on strengthening our securities management capability. To increase strategic investments, we have invested

more in boosting productivity, efficiency, and customer convenience. To reinforce our ability to manage securities, we have strengthened our securities portfolio to generate more income earnings while enhancing the management structure of the markets division through focused deployment of people and the provision of systematic training.

As for enhancing returns, we have revised our shareholder returns policy by raising the total return ratio target from around 30% to around 40% of the profit attributable to the owners of the parent company in fiscal 2023. We increased the annual dividend per share in fiscal 2023 by 10 yen from the previous fiscal year to 55 yen, or 7.8 billion yen in total dividends. Together with a share buyback worth 2.0 billion yen, the total shareholder return was 9.8 billion yen, and the total return ratio was 41.4%. We forecast an increase in the annual dividend in fiscal 2024 by 5 yen to 60 yen per share, which will mark the fourth consecutive year of dividend increase.

We reduced our strategic shares in fiscal 2023 through negotiations with financial institutions and non-local companies to sell cross-held shares. As a result, as of the end of March 2024, the value of our cross-held shares on the balance sheet decreased by 21% year-on-year. In December, we released the goal of achieving a 10% reduction by book value in such shareholdings from the level at the end of fiscal 2023 by the end of the period covered by the MTBP. Thus, we have attained the goal earlier than initially targeted. We will continue our efforts to reduce our strategic shares by examining the stock-by-stock

adequacy of the continued holding of such shares. We now aim to reduce the ratio of strategic shares to consolidated net assets to less than 20% by the end of the MTBP period.

In Conclusion

The Nishi-Nippon City Bank, our core subsidiary in the NNFH Group, will mark the 20th anniversary of its establishment in October this year. We have grown with our customers and local communities in the past 20 years while responding to changes in the economic and social environment. We owe this to the support of our various stakeholders, including shareholders, corporate and retail customers, and people in local communities. I'd like to extend our heartfelt gratitude to you all.

Our Group Management Philosophy is "Aiming high and motivated by pride in our services, we are committed to becoming a leading financial group through our ability to respond to change and to grow with our customers." To achieve this never-changing philosophy that all employees share, we will implement the four basic strategies stated in the MTBP and work toward the sustainable development of local communities and achieving higher enterprise value.

We look forward to your continued support and patronage.



Special Feature: Initiatives for Sustainable Growth of the NNFH Group

Initiatives for Higher Enterprise Value

NNFH will strive to increase ROE by steadily carrying out the Medium-Term Business Plan (MTBP) started in fiscal 2023. At the same time, it will work to increase its enterprise value (higher PBR) by improving the PER through continuous disclosure of progress in initiatives and dialogue with investors.

In formulating the MTBP, we recognized that low market valuation (e.g., stock price, PBR) was one of our management challenges. Therefore, we adopted a plan, by a resolution of the Board of Directors, that incorporates strategies, measures, key performance indicators (KPIs), etc. that will increase our enterprise value.

In addition, we have disclosed the MTBP on NNFH's website to gain the understanding of our broad stakeholders, including investors. We have also explained the MTBP in financial results briefings for institutional investors and analysts, including our awareness of market valuation and the cost of capital.

Deployment of Four Basic Strategies to Realize a Leading Financial Group

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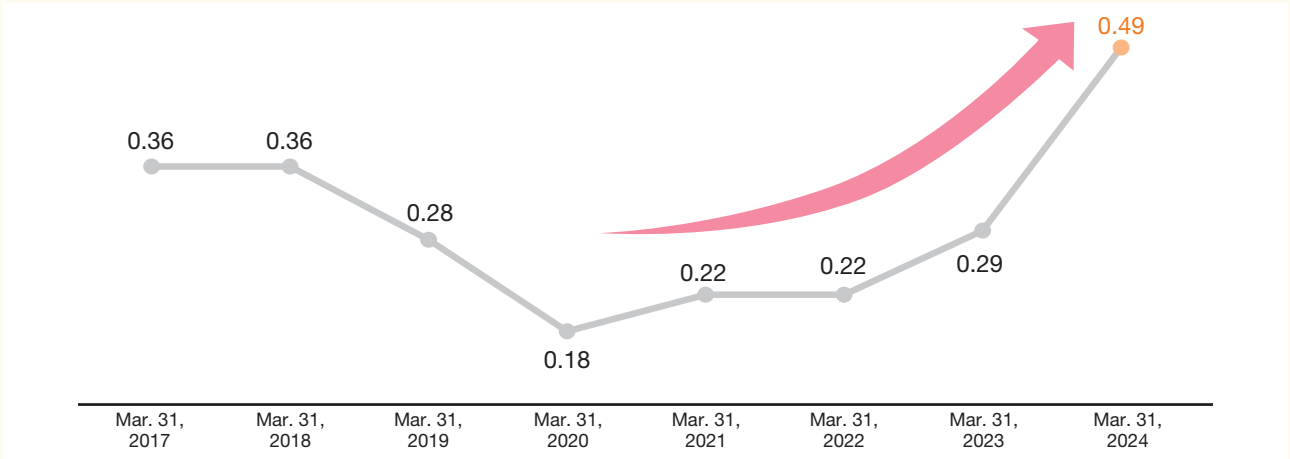
Target Management Indices

		FY2022 results	FY2023 results	Plan for FY2025			FY2022 results	FY2023 results	Plan for FY2025
Profitability	Consolidated net income * Figures in parentheses indicate the contributions made by Group companies other than the Nishi-Nippon City Bank.	¥26.1 billion (¥3.5 billion)	¥23.6 billion (¥4.9 billion)	¥32.0 billion (¥5.0 billion)	Efficiency	Consolidated core OHR	65.8%	66.5%	Approx. 60%
	Consolidated ROE	4.95%	4.26%	Approx. 6%	Soundness	Consolidated capital adequacy ratio * Figures in parentheses are based on the full application of Basel III finalization.	12.10% (10.39%)	12.41% (10.32%)	Mid-11% range (Lower 10% range)

Current Analysis and Assessment of PBR

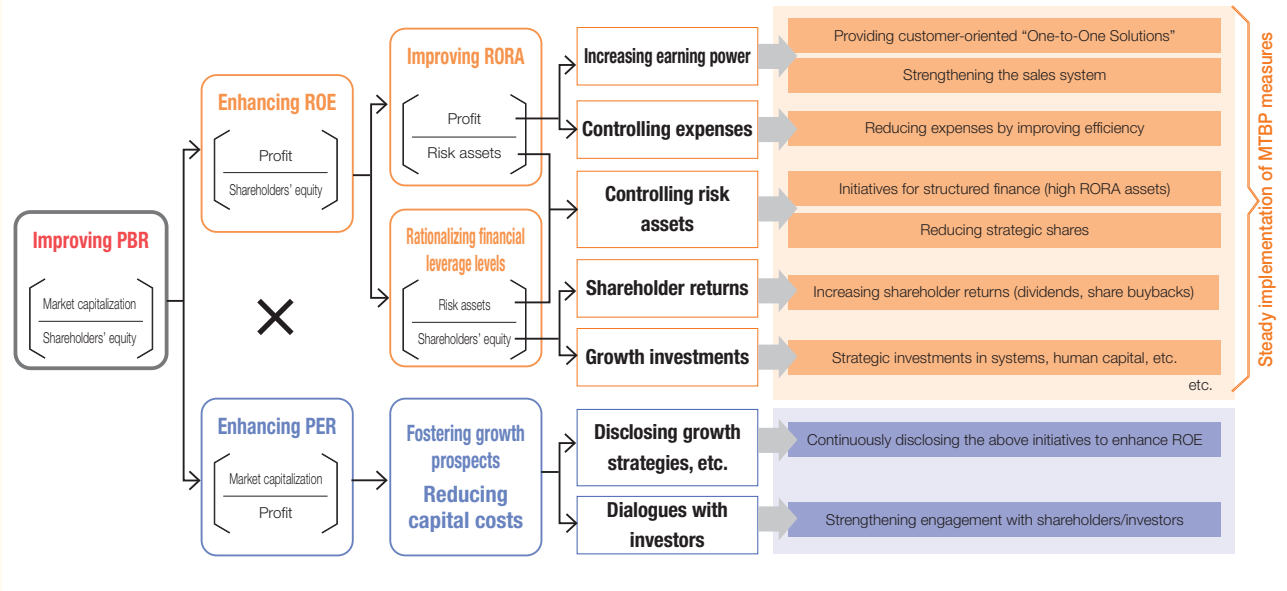
NNFH's PBR has been very low since its establishment in October 2016, but it is now on a rising trend, reaching 0.49 times as of March 31, 2024.

<Changes in the PBR>



Direction of Initiatives for a Higher PBR

We are aware that, to improve the PBR, in addition to achieving higher ROE by increasing the return on risk asset (RORA) and adjusting financial leverage to a proper level, we need to proactively disclose such policies and the progress we are making, in order to raise the PER (e.g., foster growth expectations, cut capital costs).



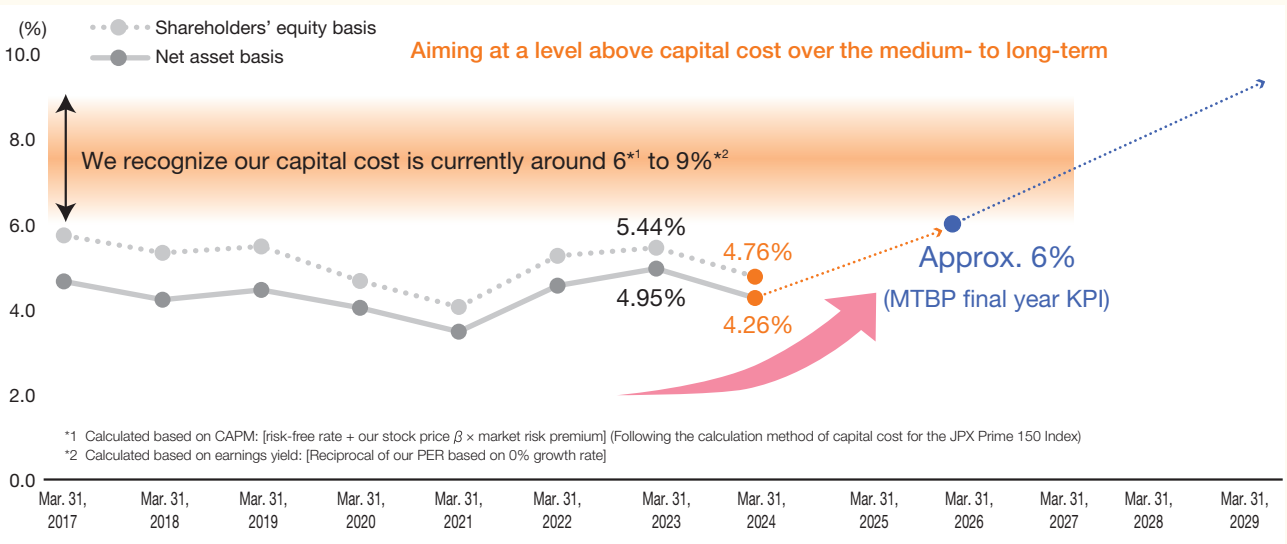
Current Analysis and Assessment of ROE

Consolidated ROE for fiscal 2023 was 4.26% on a net asset basis. We recognize the need to raise ROE above capital costs, which is a crucial element for achieving a higher PBR.

Direction of Initiatives for Higher ROE

Under the MTBP, we will implement various measures to increase ROE. These will include improving RORA by boosting earnings power through provision of the NNFH Group's diverse solutions, cutting expenses with higher operational efficiency, and holding more assets that will increase RORA, as well as adjusting financial leverage to a proper level by enhancing shareholder returns and strategically investing in systems. By steadily implementing these measures, we aim to raise ROE to around 6% by fiscal 2025, the final year of the MTBP.

<Changes in consolidated ROE>

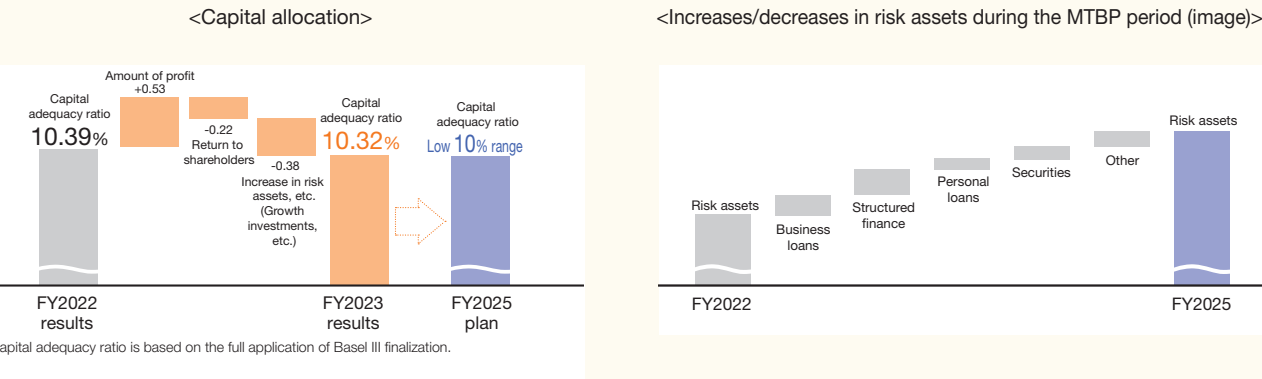
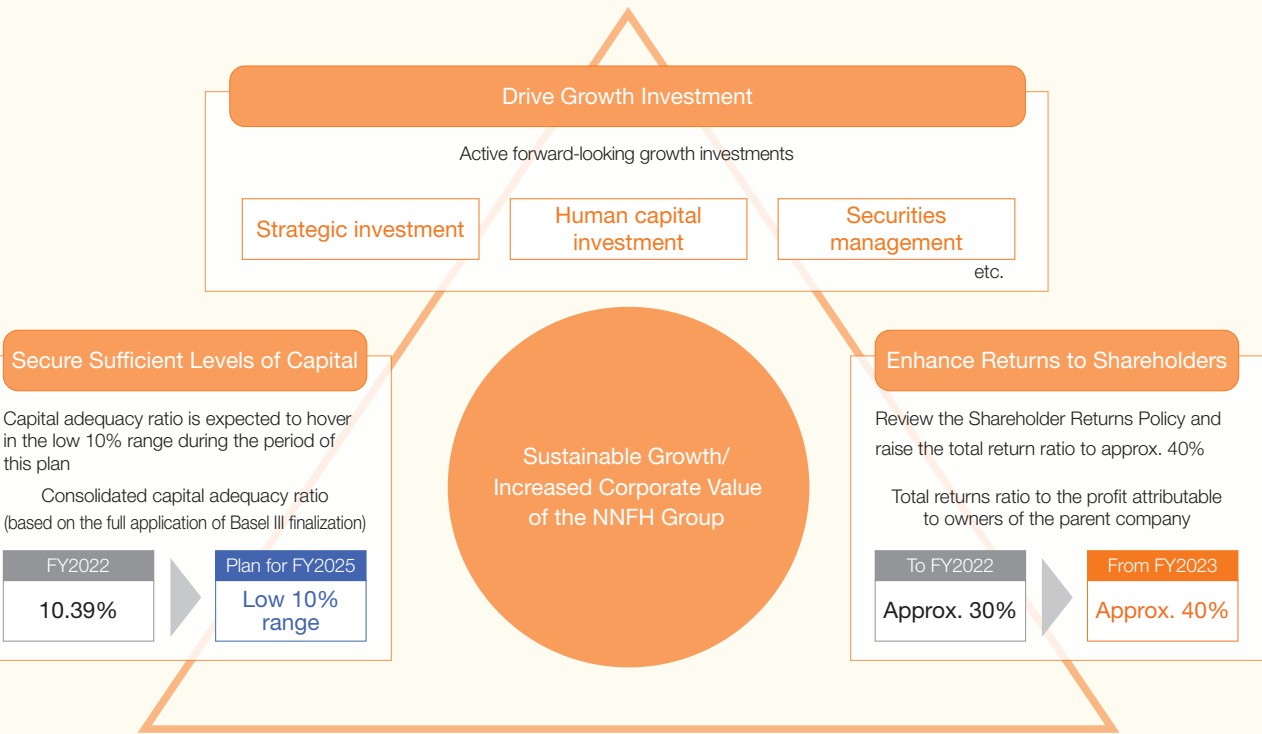


Direction of Initiatives for a Higher PER

To increase the PER, we will continuously disclose the NNFH Group's growth strategy and other relevant information to our broad stakeholders. At the same time, we will mitigate imbalances in the dissemination of information, foster growth expectations, and cut capital costs by engaging more with our shareholders and investors.

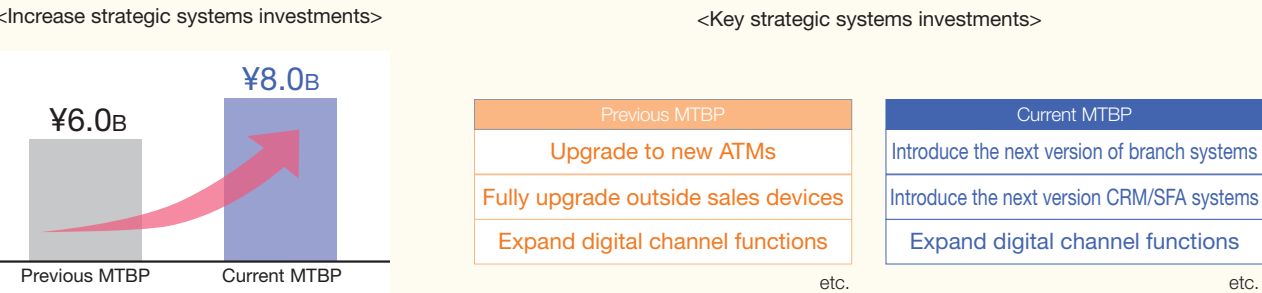
Capital Policy

NNFH actively makes forward-looking growth investments while securing sufficient levels of capital for sustainable growth and improving the corporate value of the Group, and also increases returns of profits to shareholders and investors.



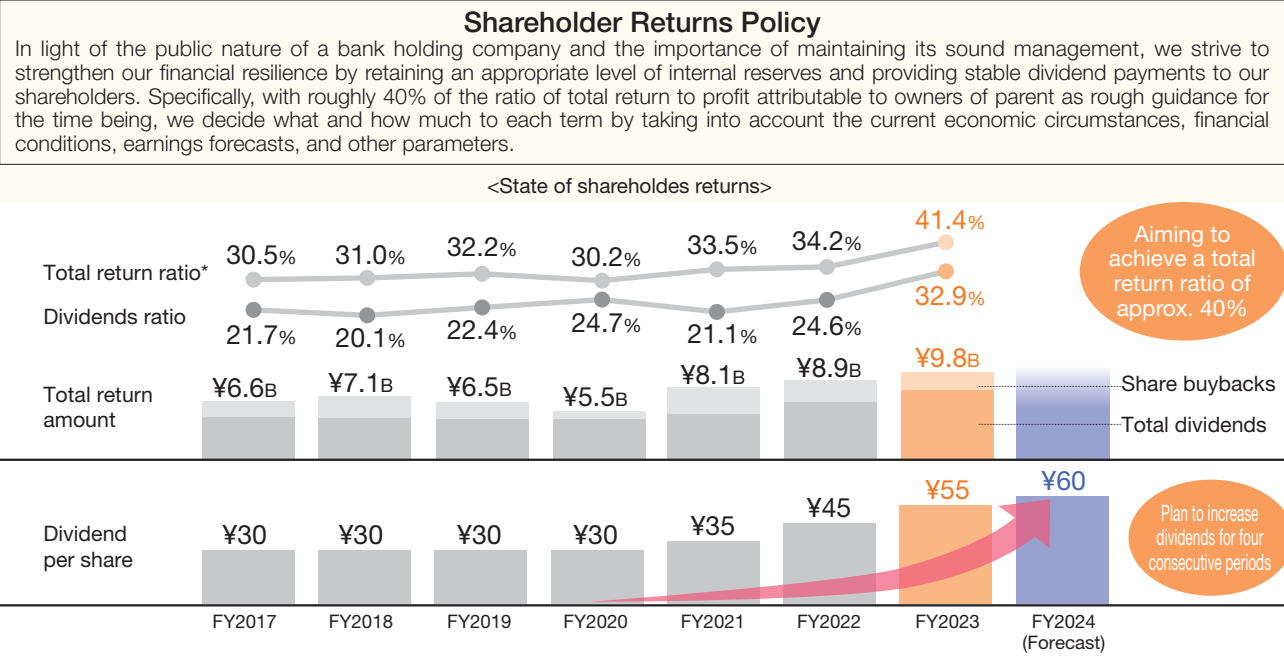
Expand Strategic Investment
Expand Strategic Systems Investments

The NNFH Group expands strategic investments in systems that improve productivity and efficiency and maximize customers' convenience.



Enhancing Shareholder Returns

Based on the Group's enhanced management foundation and earnings outlooks under the MTBP, we have revised the target total return ratio from around 30% to around 40%, effective from fiscal 2023.
In addition, we have raised our dividend forecast for fiscal 2024 to 60 yen per share to return more to shareholders and increase capital efficiency. This will mark the fourth consecutive year of dividend increase.



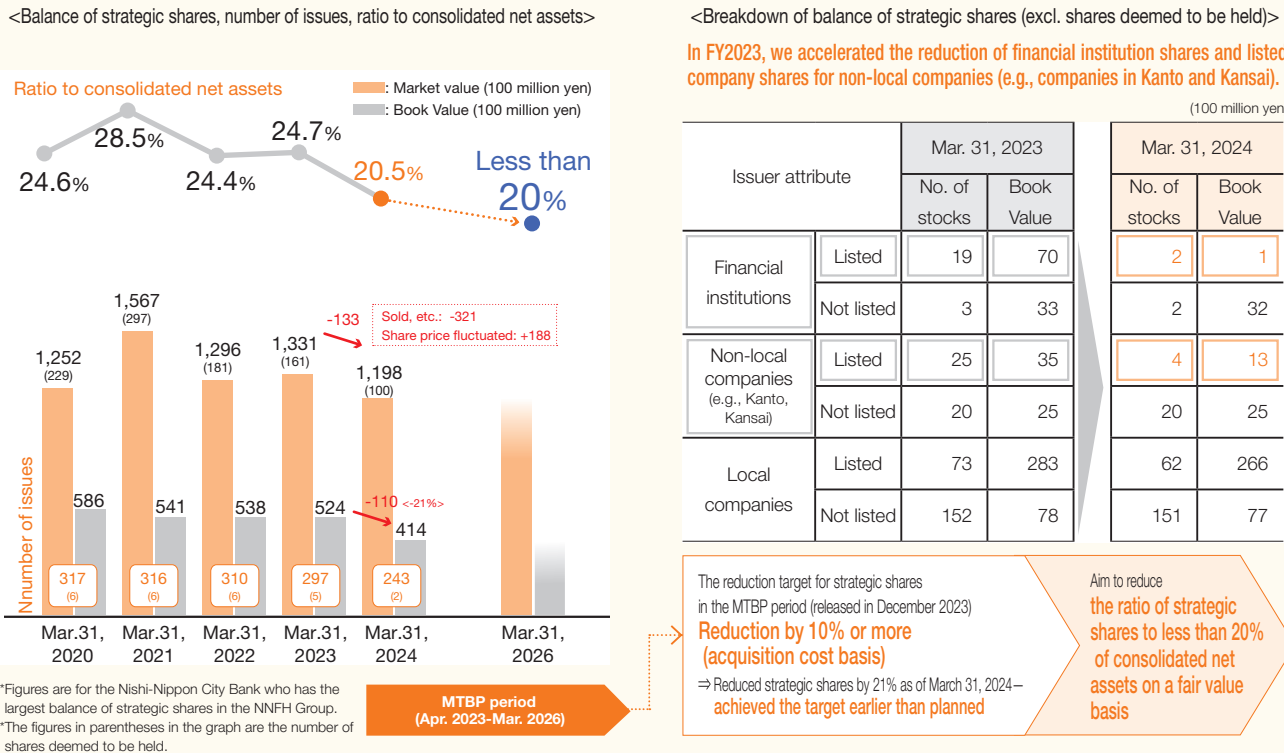
* Returns of profits (dividends + share buybacks) / profit attributable to owners of parent

Reduction in Strategic Shares

In December 2023, we released the target of reducing our strategic shares by 10% (acquisition cost basis) or more by the end of the MTBP period.

In fiscal 2023, we reduced our strategic shares toward the target, focusing on listed stocks of financial institutions and non-local companies, such as those in the Kanto and Kansai regions. As a result, our strategic shares declined by 21% on an acquisition cost basis as of March 31, 2024, enabling us to achieve the target earlier than planned. This translates to a ratio of strategic shares to consolidated net assets of 20.5% on a fair value basis.

We will continue to examine the validity of continued strategic shares stock-by-stock and consider reducing shares further, aiming to lower the ratio of such shares to less than 20% of consolidated net assets on a fair value basis by the end of the MTBP period.



*Figures are for the Nishi-Nippon City Bank who has the largest balance of strategic shares in the NNFH Group.
*The figures in parentheses in the graph are the number of shares deemed to be held.

Group History

The starting point of the Nishi-Nippon City Bank, Ltd., the core entity of the NNFH Group, was a financial institution specializing in financial services for SMEs. It inherited the DNA of developing SMEs, cultivated in its two predecessor banks, and has grown with many local SMEs, overcoming various hardships, including bad debt problems.

We have implemented various measures to strengthen our management foundation, aiming to contribute more to the regional economy and maximize the Group's enterprise value. For example, we have transitioned to a holding company system and added leading ICT and leasing companies in the Kyushu Region and a digital transformation support company to the Group.

2004

Birth of the Nishi-Nippon City Bank

The Nishi-Nippon City Bank was established in October 2004 through a merger between Nishi-Nippon Bank and Fukuoka City Bank. The merger was intended to further strengthen the management foundation.

We realigned and consolidated the operations of the two banks' subsidiaries and affiliated companies to leverage their strengths to the maximum extent, aiming to enhance the group's total financial capabilities.

2016

Birth of NNFH and transition to the holding company structure

In October 2016, we built a new management structure, having transitioned to a holding company system with NNFH at the top, to strengthen unity and coordination in the Group and properly respond to various changes in the business environment and risks in the future.

2022

Enhancing the Group's collective strengths

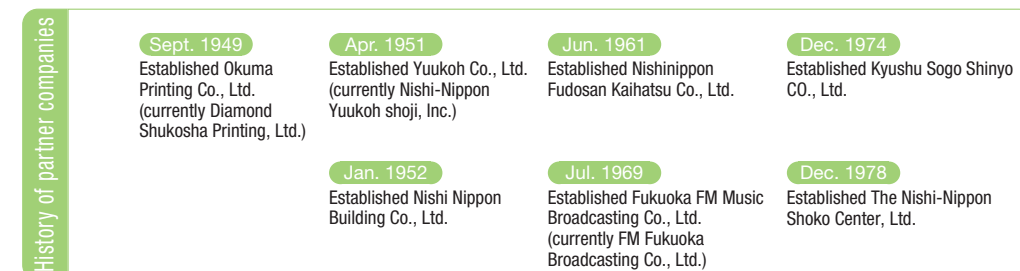
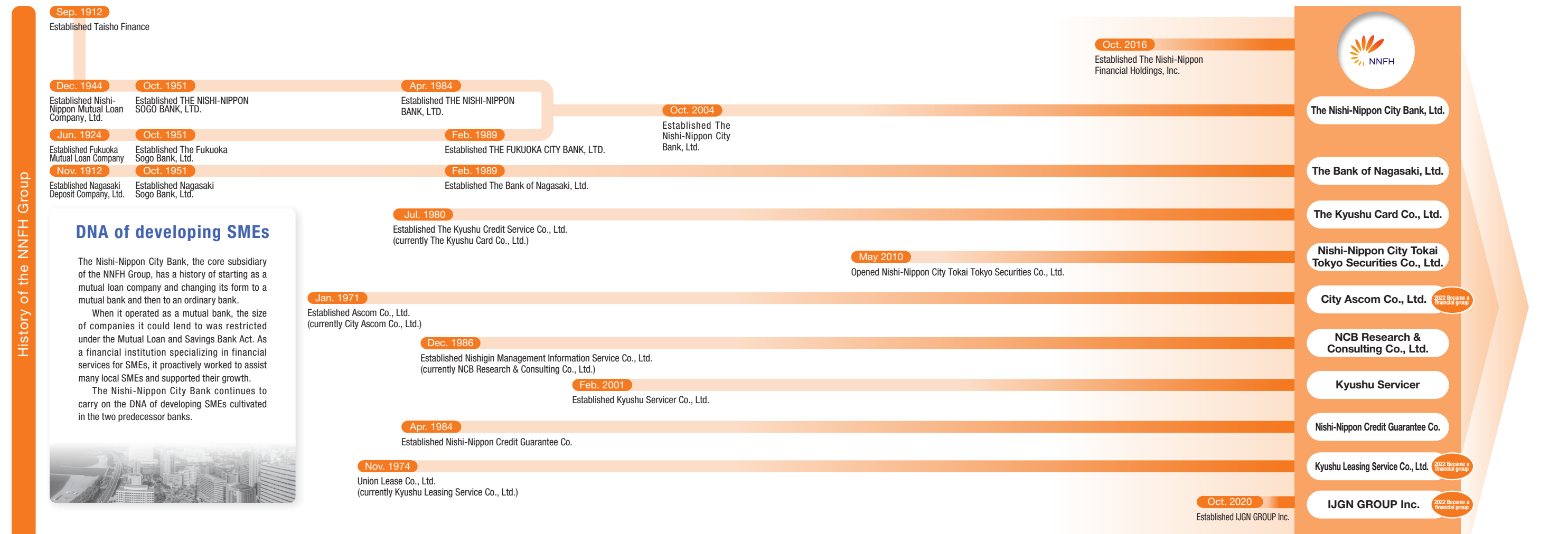
To enhance the Group's collective strengths, it added City Ascom Co., Ltd., a leading ICT company in Kyushu, Kyushu Leasing Service Co., Ltd., the top leasing company in Kyushu by operational scale in October 2022, and IJGN GROUP Inc. a company with strengths in digital transformation consulting and service development using digital technologies, in December 2022.

2023

Start of the MTBP "Leaping Forward 2026 – Connecting with Sincerity, Connecting the Future"

We started the Medium-Term Business Plan (MTBP), "Leaping Forward 2026 – Connecting with Sincerity, Connecting the Future" covering the three-year period from April 2023 to March 2026.

To become a leading financial group, as pledged in the Group Management Philosophy, we are implementing four basic strategies: 1. Providing customer-oriented "One-to-One Solutions"; 2. Sales reform; 3. Human resource reform; and 4. Sustainability initiatives.



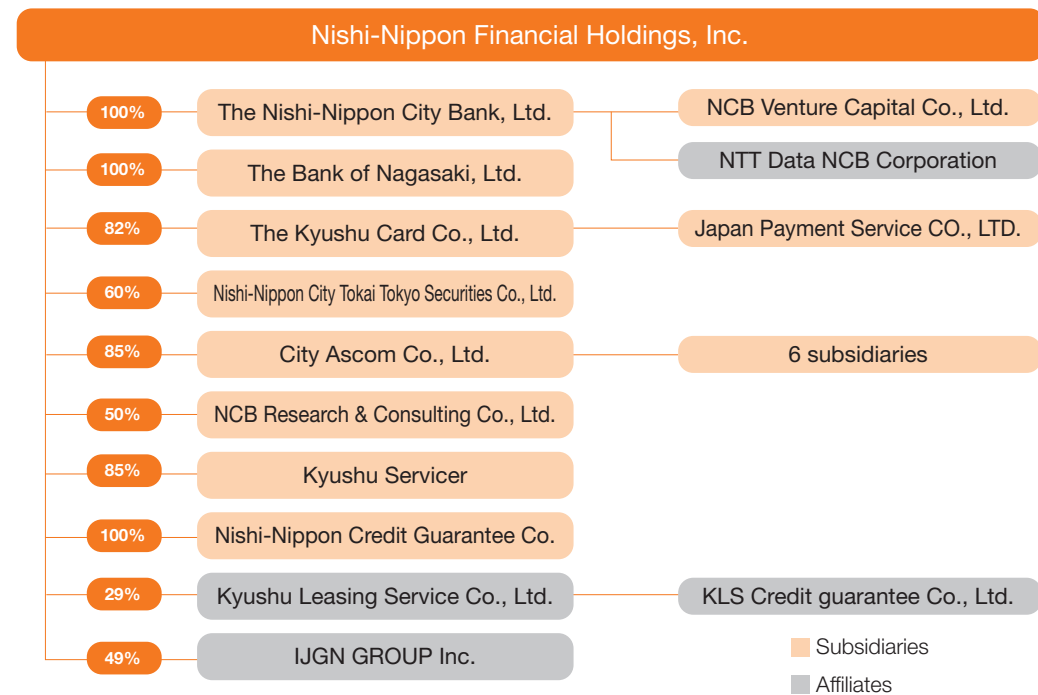
The NNFH Group historically has close links with major companies operating diverse businesses. We have built a system to meet the wide-ranging needs of customers by strengthening our cooperation with such partner companies, in addition to our subsidiaries and affiliates.

Partner companies

Outline of the Nishi-Nippon Financial Holdings Group

Group Structure

The NNFH Group has adopted a parallel structure whereby NNFH serves as a control tower to direct and guide each Group company whilst also assuming a birds-eye perspective in order to oversee them across the board, thereby building a management framework that allows this comprehensive financial group to best exploit its strengths.

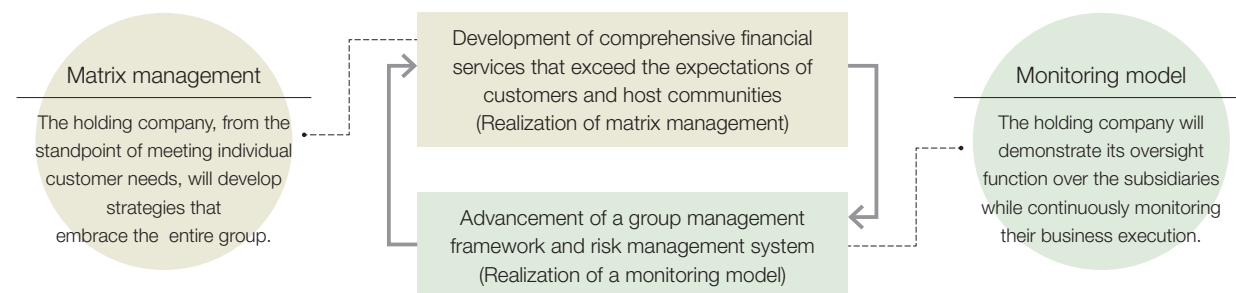


* The percentage indicates the percentage of voting rights held (including indirect ownership by subsidiaries).

(As of March 31, 2024)

Group Management Strategy

Under the holding company structure, we will promote two Group Management Strategies: "Development of comprehensive financial services that exceed the expectations of customers and host communities (Realization of matrix management)" and "Advancement of a group management framework and risk management system (Realization of a monitoring model)."



Strengths of the Nishi-Nippon Financial Holdings Group

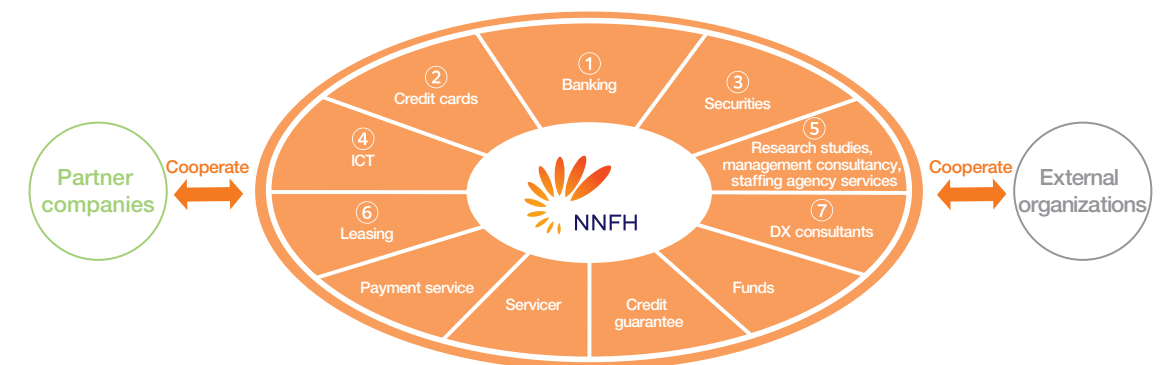
The Group's Collective Strengths

In October 2016, the NNFH Group shifted to a holding company structure consisting of seven subsidiaries offering a diverse range of distinctive services in parallel, including banking, financial instruments exchange, and credit cards under its umbrella.

To further boost the Group's collective strengths, City Ascom Co., Ltd., a top-class ICT company in Kyushu, and Kyushu Leasing Service Co., Ltd., a leasing company with the largest business scale in Kyushu, joined the NNFH Group in October 2022, and IJGN GROUP Inc. which has expertise in DX consulting and service development using digital technologies, joined in December 2022.

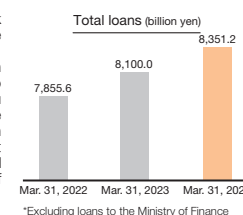
The Group is evolving into a regional financial group that offers a diverse range of solutions beyond the scope of finance by implementing matrix management, which oversees business activities by each Group company in an integrated manner.

The Group enjoys close ties with a group of influential companies with a diverse array of businesses, which allow us to respond to a broad spectrum of customer needs through alliances with such external partners, as well as our Group companies. We are also proactive in forming open and innovative partnerships and alliances with external companies, local governments, universities, and others, with a view toward providing diverse and advanced services and revitalizing the local economy.



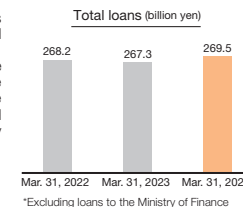
The Nishi-Nippon City Bank, Ltd.

We are ranked the top fifth regional bank in terms of loans, and the core of the NNFH Group. Aiming high and motivated by pride in our services, we are committed to becoming the leading bank in Kyushu through our ability to respond to the changing times and to grow together with our customers, with the firm belief that "Without our customers and regional development, there will be no growth of the Nishi-Nippon City Bank."



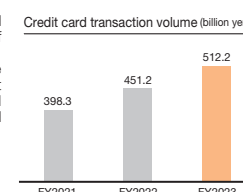
The Bank of Nagasaki, Ltd.

We are based in Nagasaki and ranked as the second regional bank. We celebrated our 110th anniversary in November 2022. As a regional financial institution, we are committed to being closely tied to the community and contributing to the development of the local community, and we work hard to be worthy of community support.



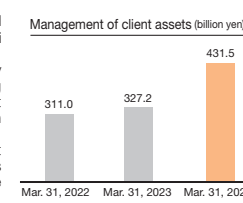
The Kyushu Card Co., Ltd.

We are the top regional bank-affiliated credit card company in terms of transaction volume. Since our establishment in 1980, we have been working to popularize credit card services and provide local customers with affluence, comfort, and peace of mind.



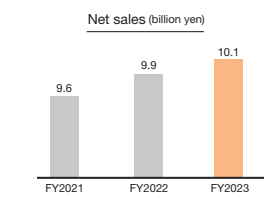
Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.

We are a securities company established in 2010 as a joint venture with Tokai Tokyo Financial Holdings, Inc. We aim to be the securities company most chosen by customers by providing consulting proposals and solutions that meet the investment needs of each individual customer. In April 2022, we became the first regional bank-affiliated securities company in Japan to participate in the lead-managing service business.



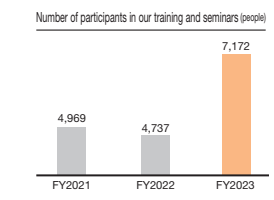
City Ascom Co., Ltd.

We are one of the top-class ICT companies in Kyushu in terms of sales scale and number of engineers, and we joined the NNFH Group in October 2022. Based on our philosophy of being "an ICT partner that creates the future with our customers," each and every employee aims to earn the trust of our customers and contribute to the development of local communities by providing high-quality technologies and services.



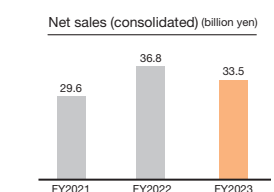
NCB Research & Consulting Co., Ltd.

In addition to providing economic and financial information, we provides recruitment services in Japan and overseas, training and seminars, and assistance in building human resource systems, to help companies resolve their personnel management issues such as recruiting, training, and retaining talented workers. Furthermore, we offers consulting services for overseas business development including the cultivation of overseas sales channels, aiming to become the best partner for local corporate managers.



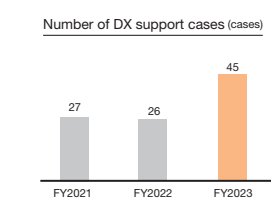
Kyushu Leasing Service Co., Ltd.

We are the leasing company with the largest business scale in Kyushu. We are listed on the Tokyo Stock Exchange Standard Market and the Fukuoka Stock Exchange Main Market, and we joined the NNFH Group in October 2022. Our strengths are in community-based sales and comprehensive financial services, and we offer a broad range of value-added solutions tailored to the needs each customer.



IJGN GROUP Inc.

We are a one-stop digital transformation (DX) support company, and we joined the NNFH Group in December 2022. We work to develop new businesses and solve management issues for companies by leveraging our technological and consulting capabilities. Our strengths are in providing one-stop support in the areas of business, technology, and creativity.



A Solid Customer Base Built upon Mutual Trust

Number of main customers (as of March 31st, 2024)

The Nishi-Nippon City Bank

22,722

Since its foundation in October 2004, the Nishi-Nippon City Bank, the core subsidiary of NNFH, has continuously expanded its scale of operations. It now boasts total assets of 13,146,816 million yen, a balance of deposits and negotiable certificates of deposit (NCD) of 10,184,730 million yen, a balance of loans of 8,959,421 million yen, and 22,722 main customers (as of March 31st, 2024).

The Kyushu Card, on the other hand, offers full brand settlement services to support all major international credit card brands, thus building one of the largest customer bases among regional bank-affiliated credit card issuers. It has 963 thousand card members, 68 thousand merchants, and a transaction volume of 512.2 billion yen (as of March 31st, 2024, except the transaction volume, which is fiscal 2023).

Financial Service for the Benefit of Local Communities

% of loans by area

Kyushu Fukuoka Prefecture
The Nishi-Nippon City Bank 86.8% 76.8%

% of loans to SMEs, etc.

The Nishi-Nippon City Bank 78.8%

(as of March 31st, 2024, excluding loans to the Ministry of Finance, Japan)

Under the belief that “Without regional development, there will be no growth of the Group.”, the NNFH Group remains committed to developing and supporting local businesses and industries.

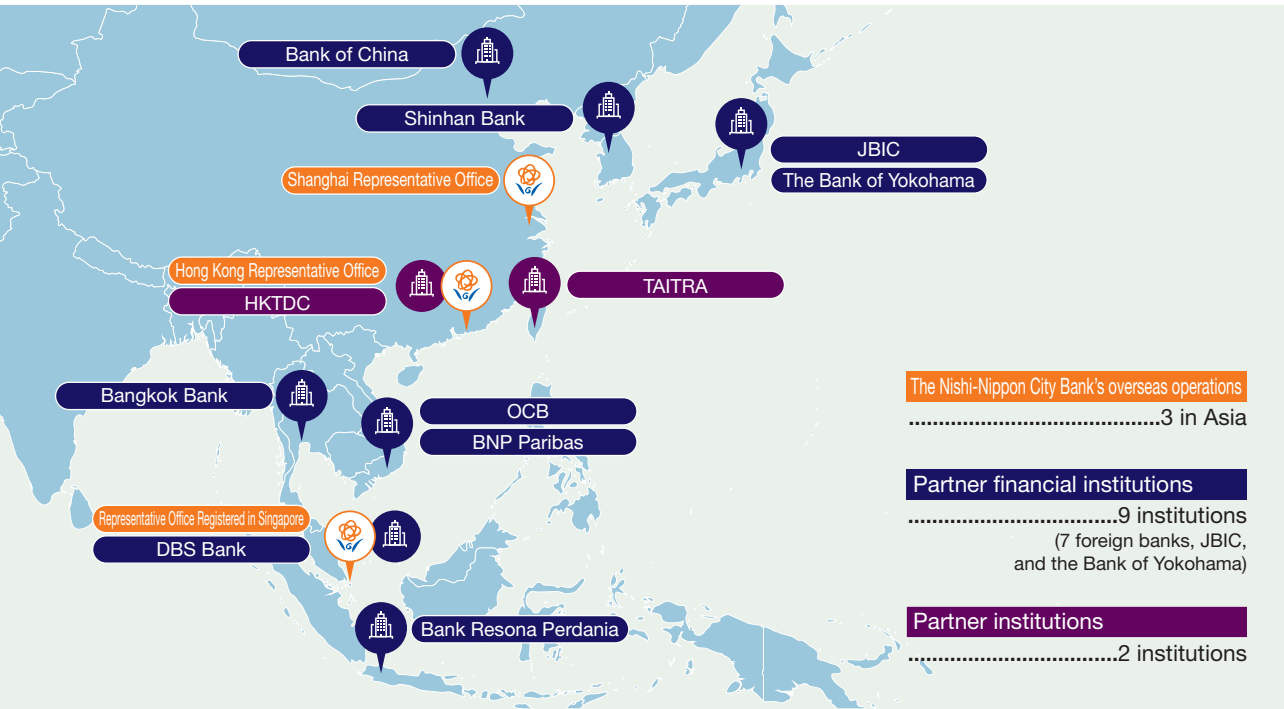
The Nishi-Nippon City Bank preferentially caters to its host region, with approximately 90% of its borrowers based in the Kyushu Region and 80% in Fukuoka Prefecture, and approximately 80% of its borrowers are SMEs or individuals. The Nishi-Nippon City Bank makes a fair assessment of the feasibility of their businesses and growth potential and, if needed, suggests solutions and provides support.

Providing Broader/Deeper Support for International Business

The NNFH Group supports local businesses by addressing their requirements for doing business in Asia and other parts of the world. To this end, the Group offers consulting services that go beyond the definition of financial support, together with advanced products/services, through alliances with local partners and specialists with experience in international business.

Multifaceted windows for international business support	
The Nishi-Nippon City Bank	<ul style="list-style-type: none">International Business Support Office, International Business Div. Support for international business provided by personnel with professional skills and know-how“NCB Forex Super Direct”, “NCB Direct Forward Exchange Contracts” A broad range of forex transactions, including foreign remittance and application for/inquiry on import letters of credit via the internet
NCB Research & Consulting	<ul style="list-style-type: none">International Consultation Office<ul style="list-style-type: none">→ International business support by staff members with extensive international experience in coordination with legal, accounting, and other experts in Japan and overseas“Door to Asia” (website)<ul style="list-style-type: none">→ Provision of international business information for each country/region and area of support
The Kyushu Card	<ul style="list-style-type: none">A variety of credit cards Support for all major cards, including VISA, MasterCard, JCB, AMEX, and UnionPay

Broad Area Coverage by Our Overseas Bases and Partner Institutions



(As of June 30th, 2024)

* The Nishi-Nippon City Bank concluded Basic Agreement for Overseas Business Support Services with the Bank of Yokohama in September 2016.

DNA of Developing SMEs

Number/amount of loans support startups and second startups (FY2023)

The Nishi-Nippon City Bank 3,717 cases / ¥183.4 billion

Recipients of the Excellent Executive Award (as of April 30th, 2024)

Total: 186 executives

Having started as a financial service catering exclusively to small- and medium-sized enterprises, the NNFH Group maintains the unaltered DNA of developing SMEs. The Nishi-Nippon City Bank remains committed to supporting business startups in a bid to create industries and jobs in the region; listening carefully to the needs of many SMEs, including fledgling businesses, the bank offers finely-tuned support. For fiscal 2023, the bank's support was extended to 3,717 startups and second startups, with the total amount of loans reaching 183,400 million yen.

Since 1973, the bank has granted the Excellent Executive Award to outstanding business managers who have provided distinguished services to the development of the regional economy via the Prize of Excellent Executive. A total of 186 executives have been commended thus far.

Extensive Global Network

Japan

The Nishi-Nippon City Bank 158 locations*

The Bank of Nagasaki 22 locations*

Nishi-Nippon City Tokai Tokyo Securities 11 outlets

* The number does not include online branches and in-store branches.

The Nishi-Nippon City Bank app (as of March 31st, 2024)

Total : 1.01 million registered accounts

Overseas

The Nishi-Nippon City Bank's overseas operations 3 in Asia

Partner financial institutions 9 institutions

Partner institutions 2 institutions

(as of June 30th, 2024)

The NNFH Group has built an extensive network that spans domestic and international locations.

In Japan, we maintain a network of sales locations for banking and brokerage services in Fukuoka/Kyushu, to offer services with a “human touch” that can only be done through physical channels. Meanwhile, we are keen to enhance convenience for customers by strengthening the functions of our digital channels: the Nishi-Nippon City Bank app, a smartphone app for retail customers and the NCB Business Station, a platform for corporate customers.

Overseas, we meet customers' needs for their business in Asia and elsewhere at the Nishi-Nippon City Bank's three overseas operations in Shanghai, Hong Kong, and Singapore and through collaboration with our partner institutions and experts in respective regions.

A Brief Sketch of Our Operating Base

Fukuoka and other areas in the Kyushu Region, the NNFH Group's main market, offer a number of favorable business opportunities, including a strong economy, a series of large-scale urban redevelopment projects, and a growing concentration of industries with a focus on semiconductors.

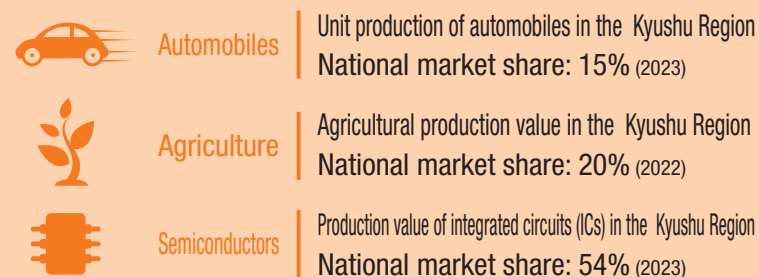
Kyushu accounts for 10% of Japan's economy.

A robust economy of a size (national share) smaller only than the three major metropolitan areas



Kyushu maintains close mutual relationships with fast-growing Asian countries.

Kyushu hosts a diverse range of industries.



Source: Kyushu Bureau of Economy, Trade and Industry

Increasing capital expenditures for semiconductor-related facilities

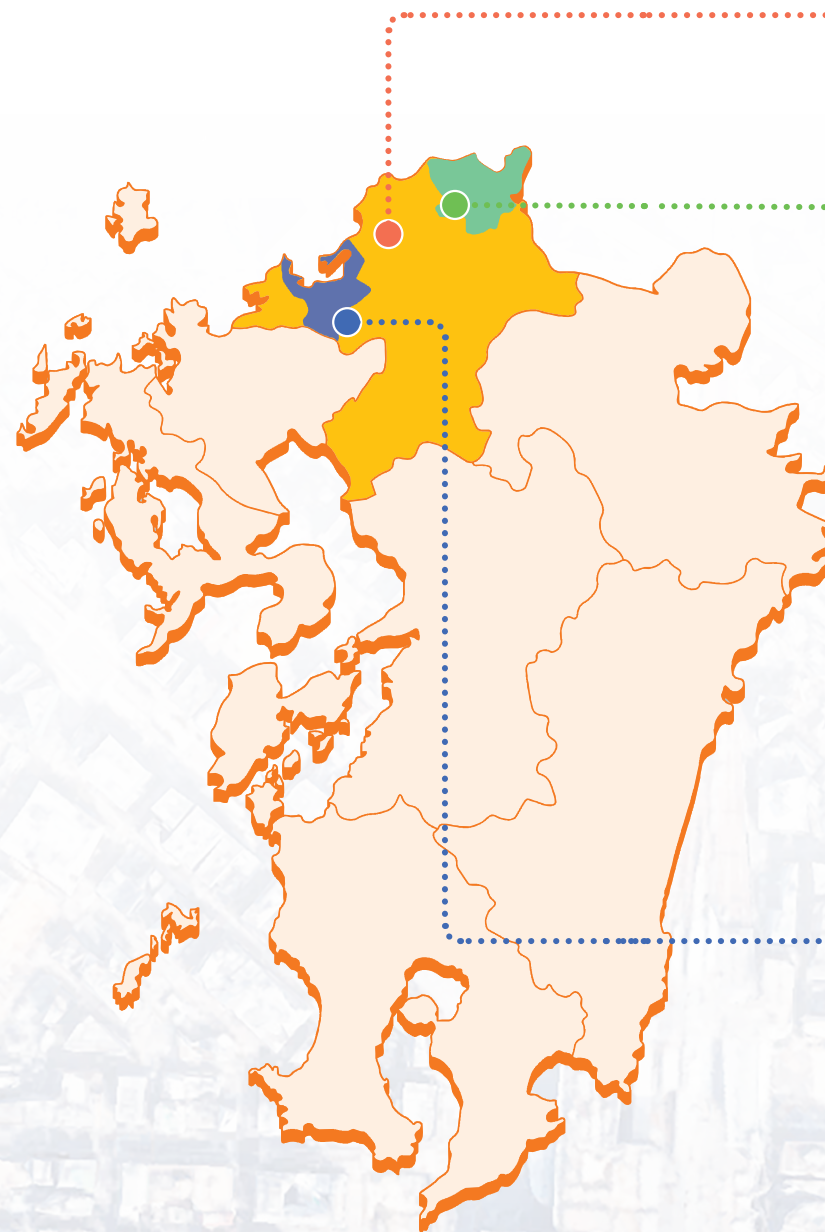
Large-scale capital expenditures have been increasing in Kyushu to boost semiconductor production. Most notably, Taiwan Semiconductor Manufacturing Company Limited (TSMC), a global semiconductor manufacturer, established a subsidiary in Kumamoto Prefecture.

See page 21

Kyushu has a wealth of tourism resources.

The Nishi-Kyushu Shinkansen (between Takeo-onsen and Nagasaki) began service in 2022.

Kyushu



Fukuoka Prefecture

Fukuoka Prefecture accounts for 40+% of Kyushu's GDP.

Of 340,000 SMEs based in the Kyushu Region, 130,000 are in Fukuoka (2021).

Source: The Small and Medium Enterprise Agency



Kita-Kyushu City

Kita-Kyushu City's approach to create "harmony between industry and environment" has been met with great acclaim both in Japan and abroad.

Designated as an SDGs Model City by the OECD (2018)

Designated as an SDGs Future City and an Environmental Future City by the Japanese government (2018)
18 cities and towns in the Kitakyushu metropolitan area have been selected as "Decarbonization Leading Area" (2022)



Clusters of renewable energy-related industries, including solar and wind power generation plants and large-scale hydrogen facilities

Japan's largest offshore wind power plan is to start operations off the coast of Hibikinada in fiscal 2025.

Fukuoka City

Fukuoka City's population growth rate (6.7%) is the highest among 21 large cities.

Growth between 2015 and 2023

Source: Fukuoka Asian Urban Research Center



Population growth is expected to continue for Fukuoka City up to around 2035.



Fukuoka City ranks highest among 21 large city areas in Japan at 5.3% in terms of the startup rate.

* FY2022. National average: 3.9%

Source: Economy, Tourism & Culture Bureau, Fukuoka City



Fukuoka City plays host to many urban redevelopment projects.

See page 22

Map data © Google

Special Feature: An Unmatched Potential of Fukuoka and Other Areas in the Kyushu Region

Kyushu

Economic Growth

Faster economic growth than the national rate

Kyushu's economic outlook (GDP YoY change)

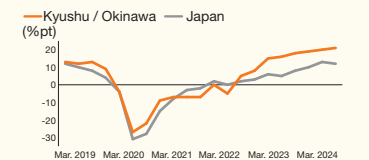
(%)	FY2020 (Result)	FY2021 (Estimate)	FY2022 (Estimate)	FY2023 (Forecast)	FY2024 (Forecast)
Kyushu	-4.9	2.4	3.2	1.9	1.4
Japan	-3.9	2.8	1.5	1.6	1.0

Source: Kyushu Economic Research Center

Point

Diffusion index (DI)

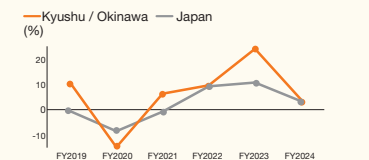
Higher business sentiment than the nationwide average



Source: Bank of Japan Tankan

Capital investments (YoY change)

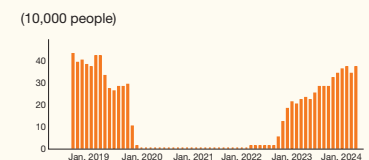
The pace of capital spending growth has slowed but is expected to remain at high levels.



Source: Bank of Japan Tankan

Inbound trend (overseas arrivals)

The number of foreign visitors has recovered nearly to the pre-COVID-19 level.

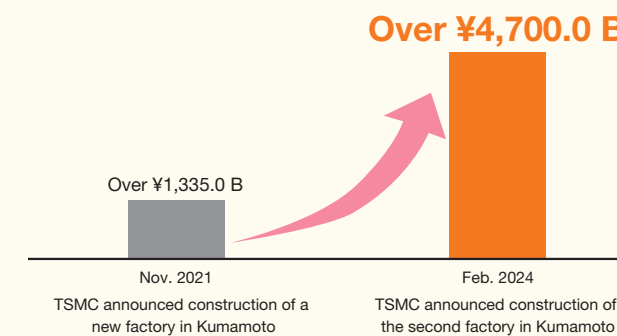


Source: Kyushu District Transport Bureau

Semiconductor

A voracious appetite for semiconductor investment

<Scheduled/ongoing semiconductor-related capital investments in Kyushu (publicly announced projects only)>



Source: Kyushu Bureau of Economy, Trade and Industry; compiled by the NNFH

Point

Semiconductor-related companies in Kyushu

988 companies in total

Companies in peripheral industries

(Real estate, etc.)

Related companies' financing needs as surveyed by the NNFH
<Approx. 700 companies surveyed>

Financing needed:

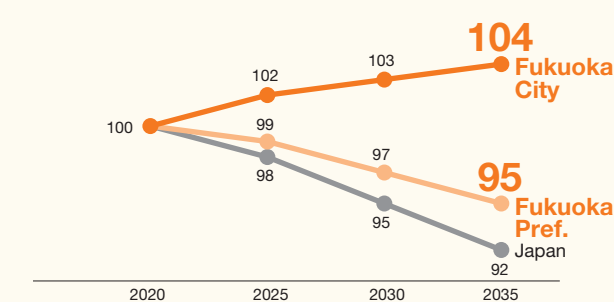
Approx. 200 companies/Approx. ¥95.0 B
(As of March 31st, 2024)

Fukuoka

Population

Fukuoka's population growth is higher than the national trend.

<Population change with the 2020 population as 100>



Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

Point

15-to-24-year-olds account for about 80% of Fukuoka City's population growth (social increase)

Source: Ministry of Internal Affairs and Communications, Fukuoka Prefecture

Ratio of young people in Fukuoka City*

*Ratio of residents aged 15-29 to total residents

Ranked top among 21 big cities (17.6%)

Source: Fukuoka Asian Urban Research Center

Third-party assessment of Fukuoka City

Total ranking (among 136 major cities excluding Tokyo's 23 wards)

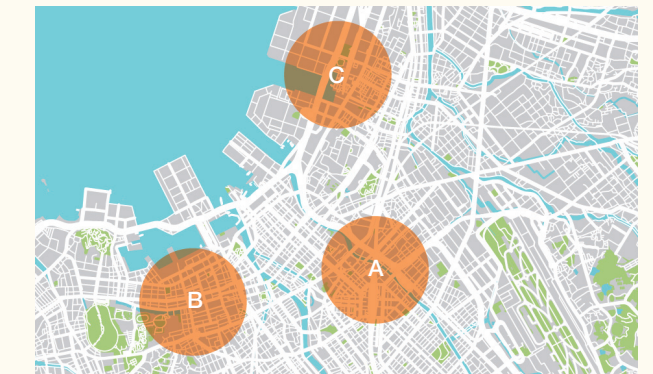
4th

Economy & Business 2nd
Accessibility 3rd
Daily Life & Livability 3rd

Source: Japan Power Cities 2023 (Mori Memorial Foundation)

City Development

Ongoing large-scale redevelopment projects



Point

Project Names

A Hakata Connected [Duration: Dec. 2019 – Dec. 2028]	Construction investment effect	¥260.0 B
	Knock-on effect/year	¥500.0 B
B Tenjin Big Bang [Duration: May 2016 – Dec. 2026]	Construction investment effect	¥290.0 B
	Knock-on effect/year	¥850.0 B
C Redevelopment of the former site of Kyushu University's Hakozaki Campus [Duration: Apr. 2023 -] One of the biggest redevelopment projects in Japan	Site area of around 50 hectares	Source: Fukuoka City

Initiatives of the NNFH Group

Regional banks in the Kyushu Region, Okinawa, and Yamaguchi signed a partnership agreement

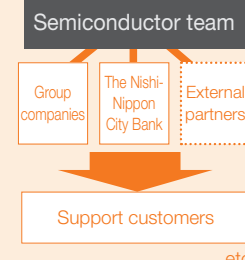
- Thirteen regional banks in the Kyushu Region, Okinawa, and Yamaguchi, including the Nishi-Nippon City Bank, signed a partnership agreement to realize the plan "New Silicon Island Kyushu."
- The Nishi-Nippon City Bank is involved in its operation as a leader of the consultative body under the partnership agreement.

<Areas of collaboration>

Supply chain resilience
Sustainability promotion
Finance

Creation of dedicated semiconductor team

- In April, 2024, a dedicated team was created in the Nishi-Nippon City Bank.
- In collaboration with external organizations, etc., the Group supports a wide range of semiconductor-related customers.



Initiatives of the NNFH Group

Tenjin Big Bang

Project to promote reconstruction of aged buildings, etc. by taking advantage of deregulation measures in the National Strategic Special Zone

- The Nishi-Nippon City Bank is actively involved in the ongoing Tenjin Business Center Project Phase 2 (tentative name).

Hakata Connected

Project to take advantage of the relaxed floor-area ratio to rebuild existing buildings into advanced, quake-proof buildings, along with the expansion of transport infrastructure, including extended subway lines

- The Nishi-Nippon City Bank has commenced a series of redevelopment projects in the area in front of Hakata Station including reconstruction of its Head Office building.



The building is designed to be a multi-purpose facility accommodating office floors and commercial stores in addition to providing the Nishi-Nippon City Bank's head office functions.

Financial/Non-Financial Highlights

Financial Highlights



Non-Financial Highlights



Value Creation Process/Medium-Term Business Plan

The NNFH Group focuses on relationships with diverse stakeholders and provides customer-oriented “One-to-One Solutions” via physical (“human touch”) and digital contributions to the development of the host community and customers.

Management Philosophy

Aiming high and motivated by pride in our services, we are committed to becoming a leading financial group through our ability to respond to change and to grow with our customers.

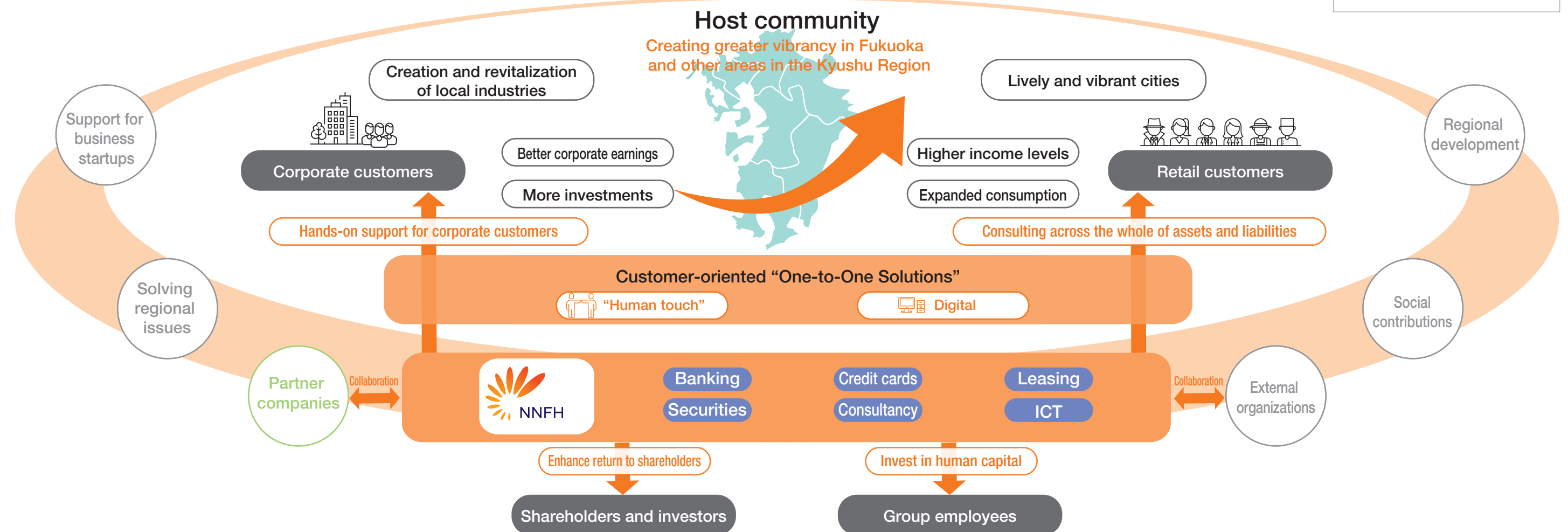
I. Be closest to the customer

II. Contribute to the community

III. Create human resources that meet expectations

Leaping Forward 2026 -Connecting with Sincerity, Connecting the Future-

“Connecting” is the essential common theme for each strategy, such as contact with customers and enhancement of Group collaboration.



Basic Strategy and Priority Measures

Basic strategy	I. Providing customer-oriented “One-to-One Solutions”	[Strengthening solution capabilities]
Priority measures	(i) Providing solutions to corporate customers (ii) Providing solutions to retail customers	
Basic strategy	II. Sales reform	[Strengthening contact with customers]
Priority measures	(i) Strengthening the sales system (ii) Digital strategy (iii) Work reform	
Basic strategy	III. Human resource reform	[Strengthening human capital]
Priority measures	(i) Human resource development (ii) Greater job satisfaction	
Basic strategy	IV. Sustainability initiatives	[Strengthening sustainability]
Priority measures	(i) Contributions to a sustainable local community (ii) Efforts for sustainable growth of the NNFH Group	

Target Management Indices

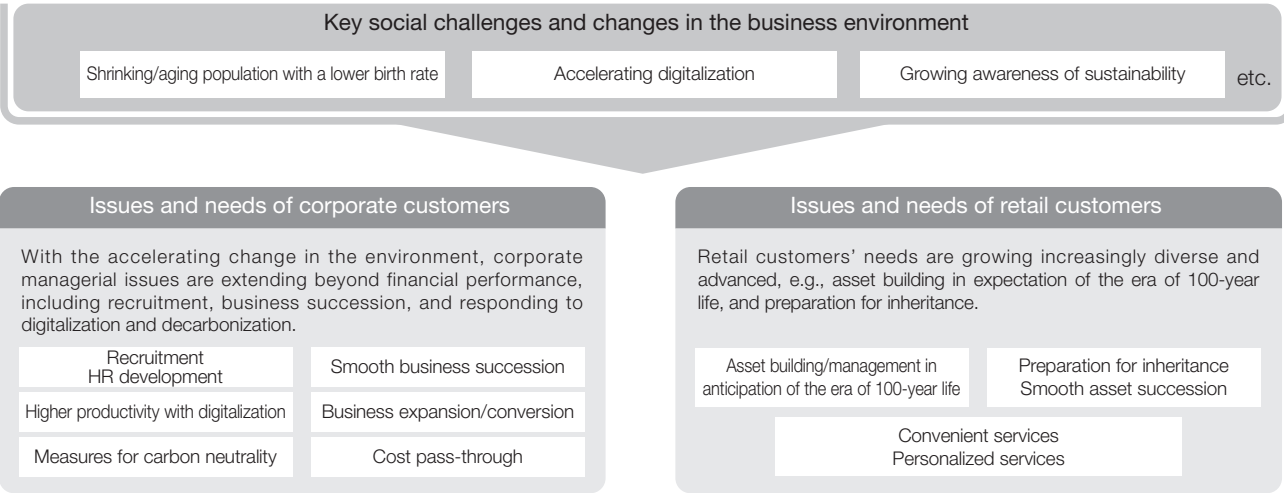
		FY2022 results	Plan for FY2025			FY2022 results	Plan for FY2025
Profitability	Consolidated net income *Figures in parentheses indicate the contributions made by Group companies other than the Nishi-Nippon City Bank.	¥26.1 billion (¥3.5 billion)	¥32.0 billion (¥5.0 billion)	Efficiency	Consolidated core OHR	65.8%	Approx. 60%
	Consolidated ROE	4.95%	Approx. 6%		Consolidated capital adequacy ratio *Figures in parentheses are based on the full application of Basel III finalization.	12.10% (10.39%)	Mid - 11% range (Lower 10% range)

Progress of the Medium-Term Business Plan

Overview of the Medium-Term Business Plan, “Leaping Forward 2026 - Connecting with Sincerity, Connecting the Future -”

The NNFH Group's Business Environment

With the combined effect of population decline, an aging population with a lower birth rate, accelerating digitalization, growing awareness of sustainability, etc., the issues and needs of customers, both retail and corporate, are growing increasingly diverse and advanced.



Basic Approaches of Considering the Internal and External Environment

- Considering the improvement/expansion of the Group's management foundation along with the environment in Japan and abroad, from the diversification/sophistication of customer needs to the favorable market environments in Fukuoka and other areas in the Kyushu Region, diverse business opportunities can be expected in various financial and non-financial areas.
- Under the MTBP, we aim to boost the earning power of the NNFH Group while increasing support from customers by continuously improving the Group's enhanced collective strengths and providing optimal physical (“human touch”) and digital solutions to our customers.
- The key theme for achieving this goal will be enhancing relationship management to align the Group's solution functions with customer needs. This will involve prioritizing specific measures such as strengthening the sales structure and human capital.
- Under the belief that “Without regional development, there will be no growth of the Group.”, we remain committed to providing solutions for the community and customers and engaging in diverse activities to contribute to the local community, and we will strive to improve sustainability of the community and the NNFH Group by reinforcing forward-looking growth investments and enhancing return to shareholders, etc.

1. Boosting Earning Power by Providing Solutions Corresponding to Social Issues

Increase support from customers and boost the earning power of the NNFH Group by further enhancing the Group's collective strengths and providing solutions that address the increasingly diverse and sophisticated issues and needs of customers.

Strengthening Relationship Management

2. Strengthening the Sales Structure

Promote customer-oriented sales activity with a review of the sales system for HQ and branches, etc. along with enhancing digital channel functions and building a structure for centralization and effective utilization of information.

3. Strengthening Human Capital

Build a corporate culture that promotes advancement of diverse human resources through efforts to strengthen HR development for enhancing the expertise and skill sets of employees and establishing an environment that improves job satisfaction.

4. Improving Sustainability of the Community and the NNFH Group

Under the belief that “Without regional development, there will be no growth of the Group.”, provide solutions to local issues through core business and actively contribute to the local community in a variety of ways along with aiming to improve sustainable growth and increase corporate value of the NNFH Group by reinforcing forward-looking growth investments and enhancing return to shareholders, etc.

Progress of Key Target Management Indices

		Results		MTBP KPI
		FY2022	FY2023	FY2025
Profitability	Consolidated net income	¥26.1 billion (¥3.5 billion)	¥23.6 billion (¥4.9 billion)	¥32.0 billion (¥5.0 billion)
	Consolidated ROE	4.95%	4.26%	Approx. 6%
Efficiency	Consolidated core OHR	65.8%	66.5%	Approx. 60%
Soundness	Consolidated capital adequacy ratio	12.10% (10.39%)	12.41% (10.32%)	Mid-11% range (Lower 10% range)

		Results		MTBP KPI
Item		FY2022	FY2023	FY2025
Business loan balance (average) [The Nishi-Nippon City Bank]		¥4,988.5 billion	¥5,156.1 billion	¥5,300.0 billion
Corporate customer-related fee income [The Nishi-Nippon City Bank]		¥6.2 billion	¥8.2 billion	¥7.5 billion
Volume of card transactions [The Kyushu Card]		¥451.2 billion	¥512.2 billion	¥600.0 billion
Number of member stores [The Kyushu Card]		65 thousand	68 thousand	70 thousand
Structured financing balance (at term end) [The Nishi-Nippon City Bank]		¥349.6 billion	¥463.0 billion	¥510.0 billion
Credit-related fees [The Nishi-Nippon City Bank]		¥1.6 billion	¥3.7 billion	¥2.5 billion
Assets under management (at term end)		¥1,134.5 billion	¥1,347.5 billion	¥1,400.0 billion
Individual loan balance (average)		¥2,253.7 billion	¥2,325.5 billion	¥2,500.0 billion
Number of installment-type investment trust contracts signed (as of March each fiscal year)		65 thousand	79 thousand	103 thousand
Monthly withdrawals from installment-type investment trusts (as of March each fiscal year)		¥1.9 billion	¥2.2 billion	¥2.9 billion
Housing loan balance (average)		¥1,923.4 billion	¥1,989.5 billion	¥2,100.0 billion
Consumer loan balance (average)		¥330.4 billion	¥336.0 billion	¥360.0 billion

		Results		MTBP KPI
Item		Cumulative total during the previous MTBP	FY2023	Cumulative total up to FY2025
Number of SDGs management support projects		1,862 cases	1,080 cases	2,000 cases
Total sustainable financing amount (FY2021 -)		¥543.6 billion	¥876.7 billion	¥1,200.0 billion
Number of DX consultancy/digitalization support projects		667 cases	401 cases	1,000 cases
Cases of HR-related solutions		698 cases	351 cases	1,000 cases
Number of support for business startups and secondary business startups [The Nishi-Nippon City Bank]		12,734 cases	3,717 cases	15,000 cases

Basic Strategy 1. Providing Customer-Oriented “One-to-One Solutions”

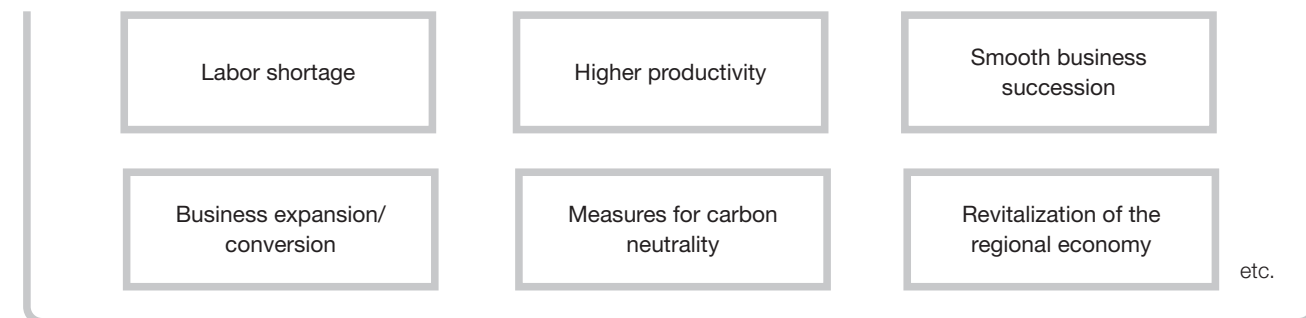
In an effort to meet increasingly diversified and advanced customer needs, the NNFH Group provides customer-oriented “One-to-One Solutions” in the forms of “human touch” and digital solutions, thus contributing to the development of customers and the regional community.

Given the ongoing digitalization of banking and the resultant decline in customer traffic, we will expand contact with customers by enhancing the functions of digital channels, while at the same time strengthening our consulting function (discovering customers' issues and true needs and providing solutions) through physical channels.

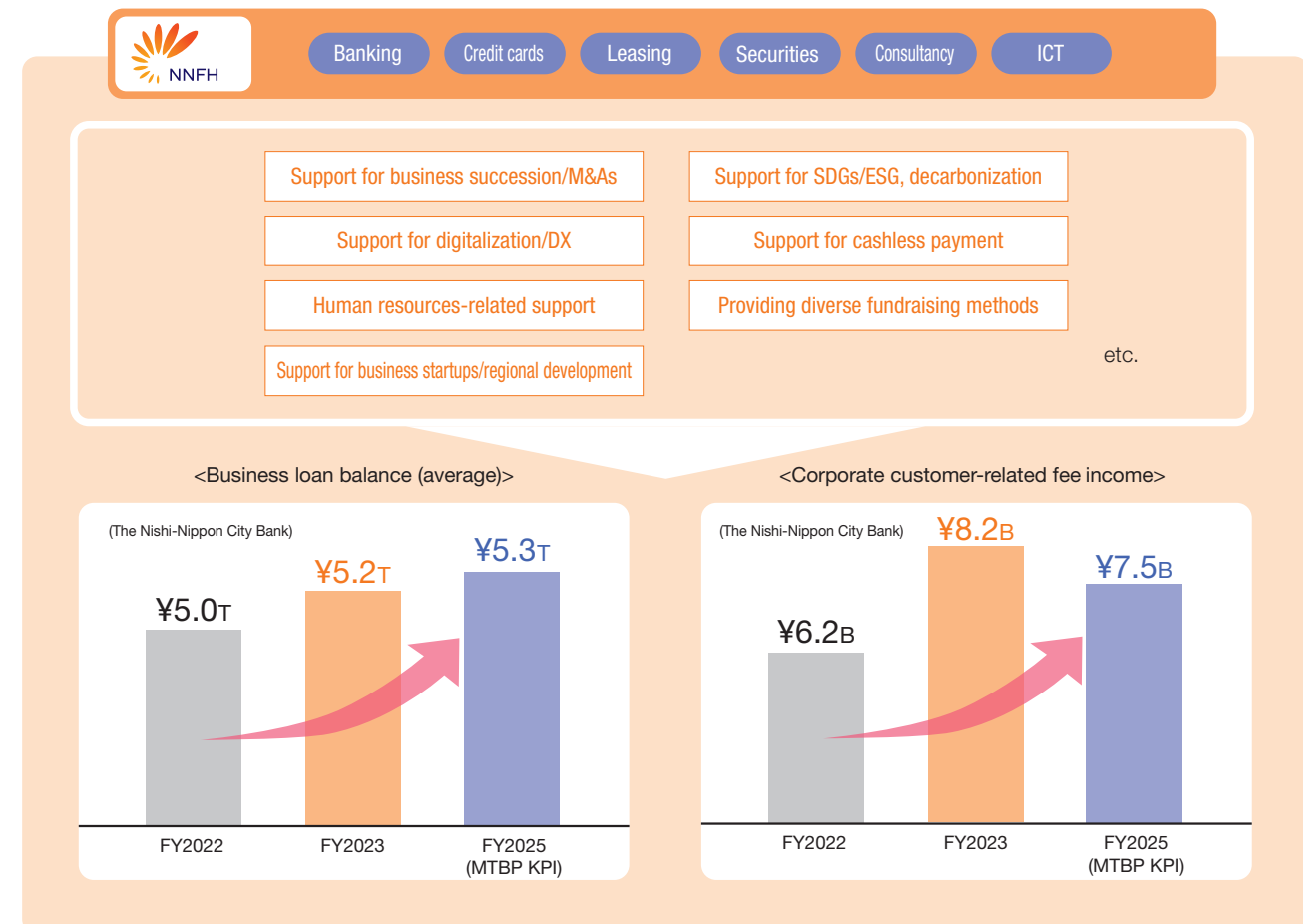
(i) Providing Solutions to Corporate Customers

The NNFH Group provides financial and non-financial solutions tailored to each corporate customer's needs, which are becoming increasingly diverse and sophisticated against the backdrop of social changes such as labor/successor shortage, DX, and carbon neutrality, by fully applying the NNFH Group's collective strengths (hands-on support for corporate customers).

● Increasingly diverse and advanced issues and needs of corporate customers



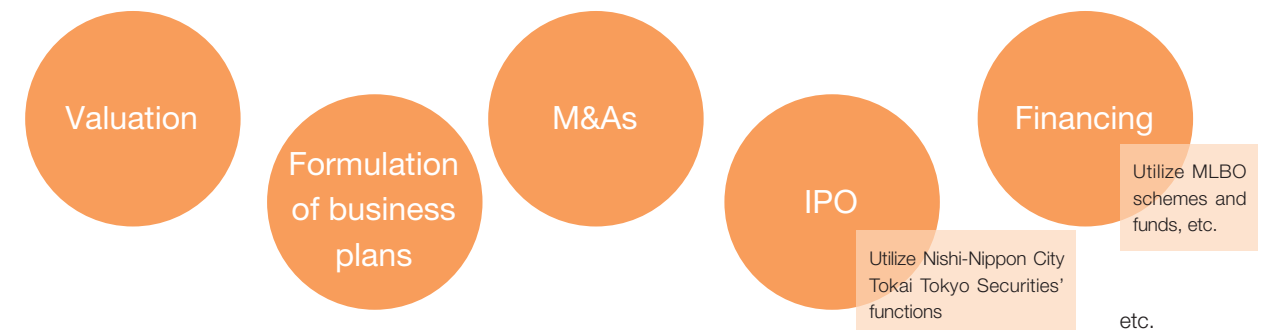
Providing Financial and Non-Financial Solutions (Hands-on Support for Corporate Customers)



Support for Business Succession/M&As

Support Business Succession for a Broad Range of Customers

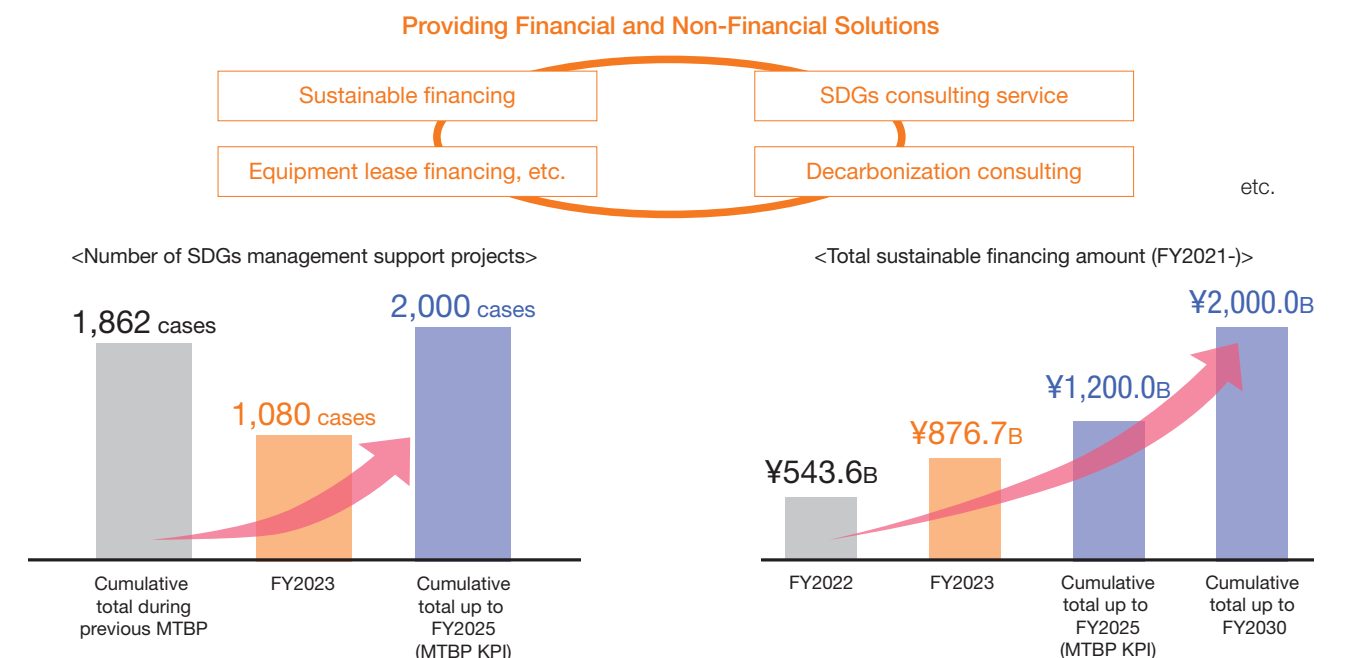
The NNFH Group supports business succession for a broad range of customers using more specialized and sophisticated methods including the use of MLBO schemes and funds.



Support for SDGs/ESG, Decarbonization

Provide Solutions that Match the Issues/Needs of Customers

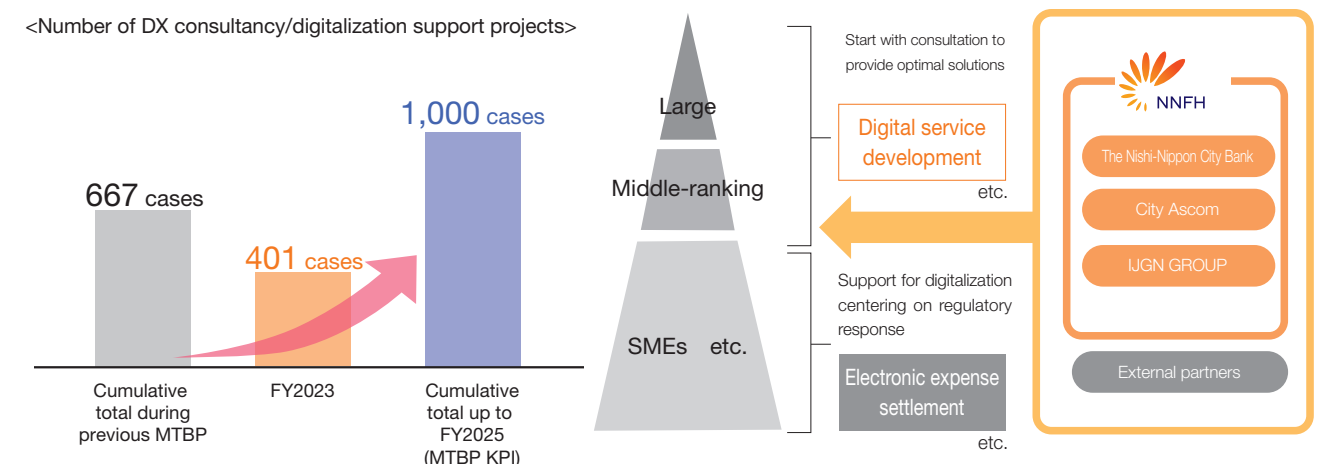
The NNFH Group provides financial and non-financial solutions such as support for fundraising using sustainable financing and leasing and the preparation of action plans for SDGs management.



Support for Digitalization/DX

Optimal Support for Digitalization/DX for Each Customer

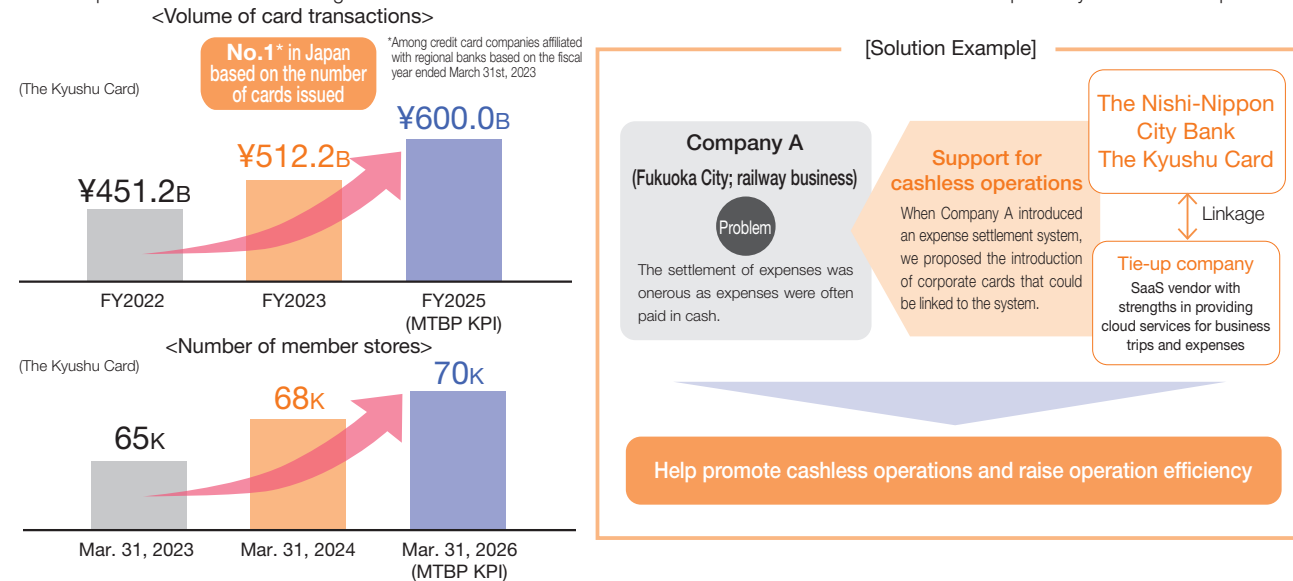
The Nishi-Nippon City Bank, City Ascom, and IJGN GROUP together utilize their respective functions to provide optimum digitalization and DX support tailored to the size and challenges of our customers.



Support for Cashless Payment

Support for Corporate Customers to Go Cashless with Payments

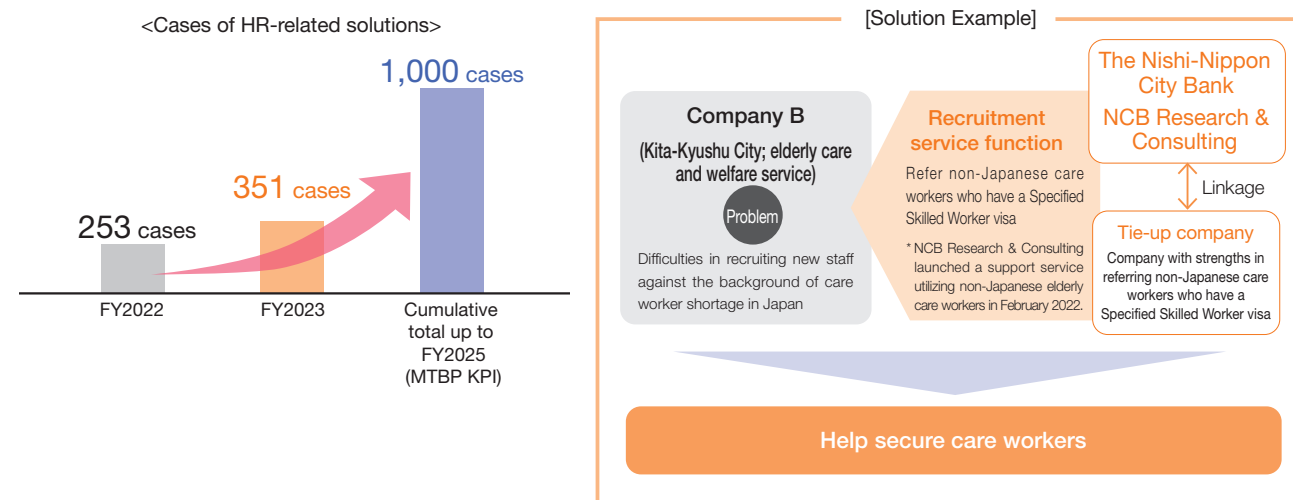
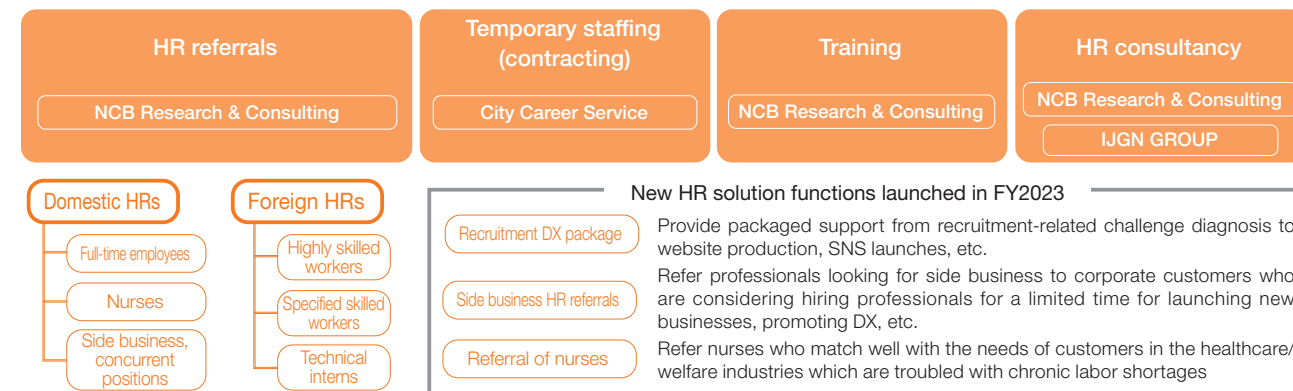
The NNFH Group helps our customers to go cashless by, for instance, proposing the introduction of corporate cards as a measure to comply with the Act on Special Provisions Concerning Preservation Methods for Books and Documents Related to National Tax Prepared by Means of Computers.



Human Resources-Related Support

Providing Group-Based HR-Related Solutions

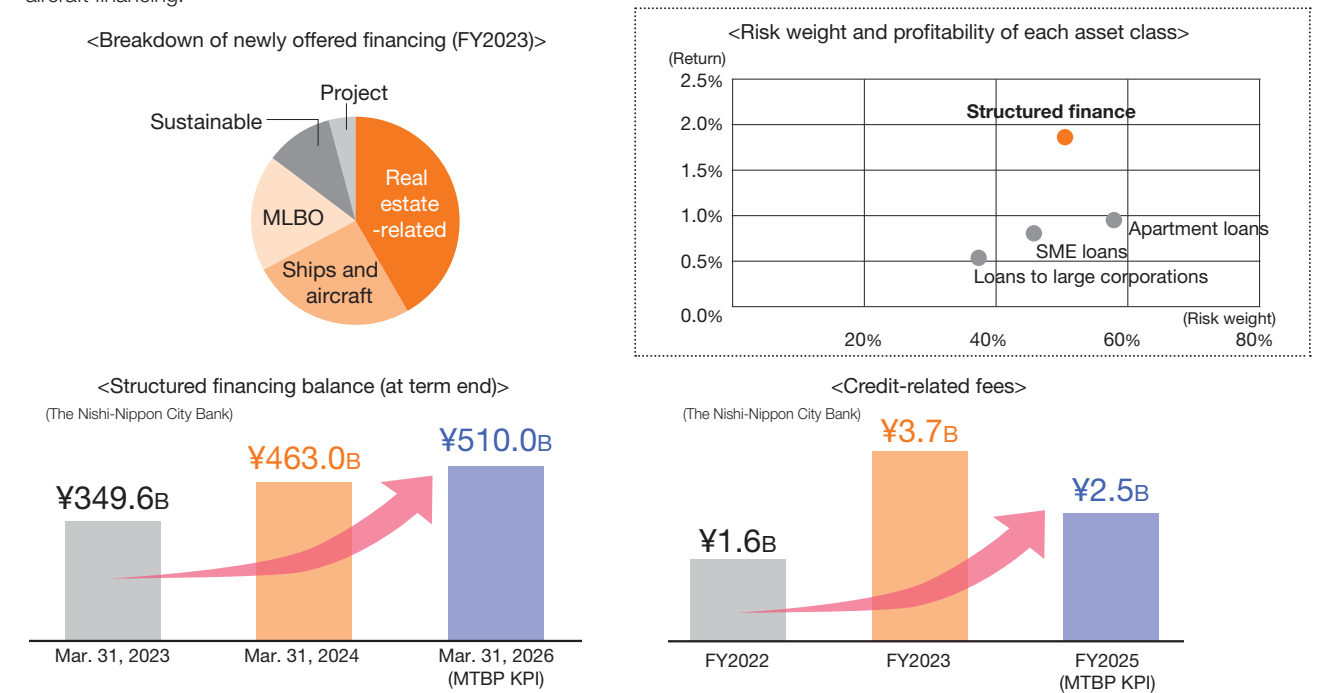
By coordinating and utilizing the diverse human resource-related solution functions of each Group company, the NNFH Group continues to provide solutions to meet the diverse range of needs and challenges faced by individual customers.



Providing Diverse Fundraising Methods

Initiatives for Structured Finance

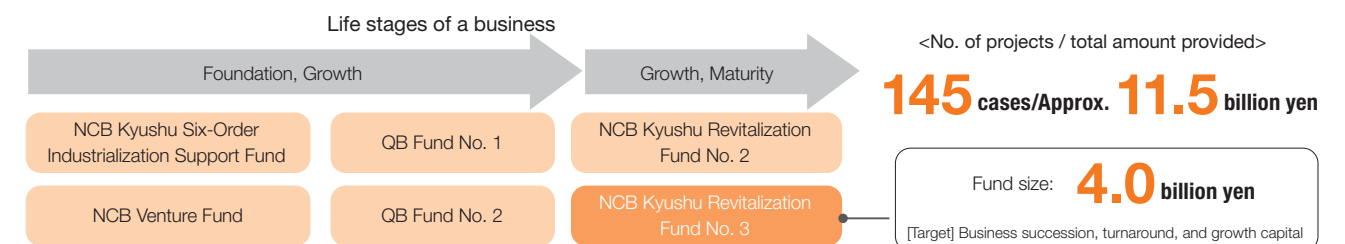
The NNFH Group offers various types of structured finance options including real estate-related financing, MLBO financing, and ship/aircraft financing.



Use of Funds

The Nishi-Nippon City Bank utilizes funds to support business succession and business revitalization of local companies.

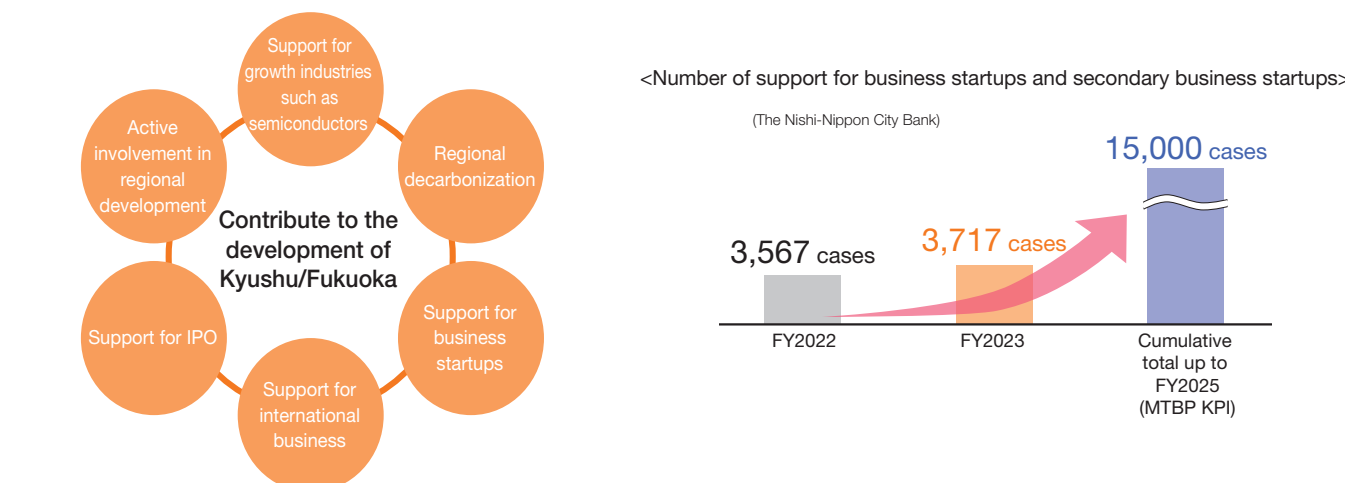
As a successor to the NCB Kyushu Revitalization Fund No. 2, the bank arranged in June 2023 the NCB Kyushu Revitalization Fund No. 3, which added business revitalization to its previous investment targets (growth funds and business succession).



Regional Development/Support for Business Startups

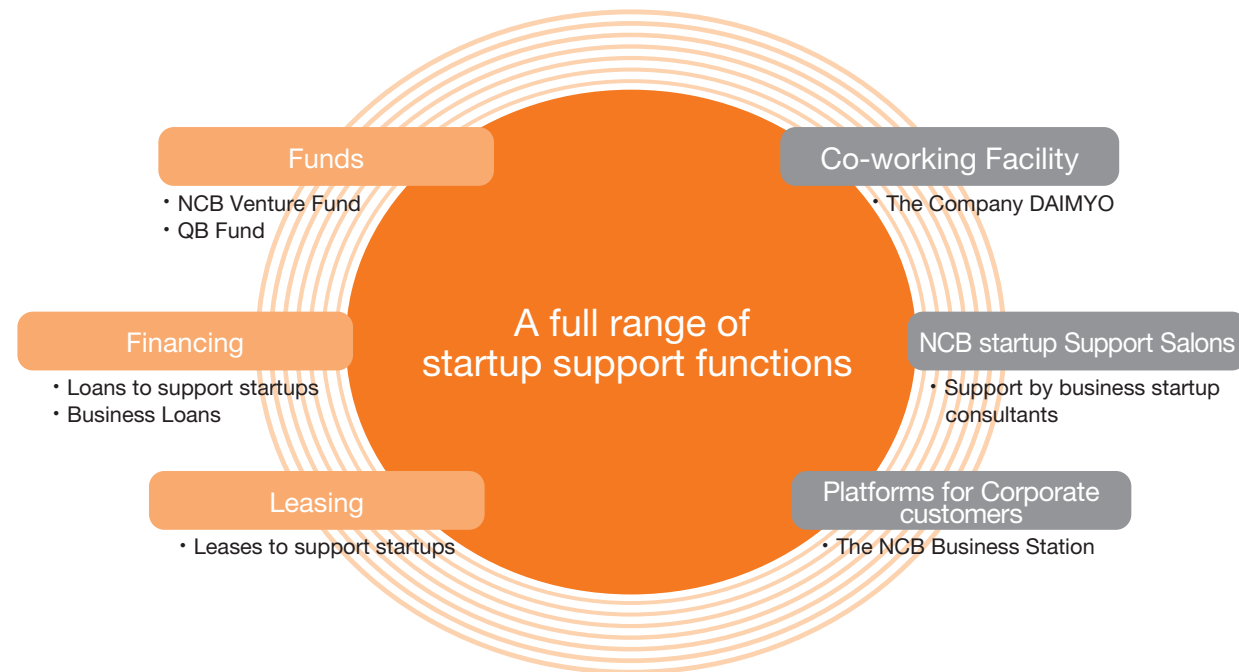
Active Involvement in Development of the Regional Economy/Industries

The NNFH Group contributes to further development of Fukuoka and other areas in the Kyushu Region through active involvement in support for business startups, regional development, and growth industries such as semiconductors.



Topics: Efforts to Create Industries and Jobs in the Region

The NNFH Group started as a financial institution specializing in financial services for SMEs. The Group is making active contributions to the creation of industries and jobs in the region by providing funds and consulting services to venture businesses before and after foundation by giving full play to the unaltered DNA of developing SMEs.



Finely-Tuned Startup Support

NCB Startup Support Salons and Business Startup Consultants

At the NCB Startup Support Salons in Fukuoka City and Kita-Kyushu City (opened in February 2016 and November 2017, respectively), the Nishi-Nippon City Bank offers consultation services on everything to do with starting a business, including support for pre-startup business plan formulation, financing at the time of startup, post-startup management guidance/consultation, and organization of seminars. The salons also provide entrepreneurs with opportunities to network with their peers.

At these salons, consultants offer one-stop and finely-tuned consultations related to the startup. Online consultation services are also available.

A Co-working Facility, The Company DAIMYO

In May 2022, the Nishi-Nippon City Bank established a brand new co-working facility, The Company DAIMYO, within its Daimyo Branch building.

There, our resident business startup consultants address a variety of issues that customers may encounter before and after starting a business. Also organized at the facility are periodic consultations by certified tax accountants and other specialists and gatherings designed to allow the tenants to build a network.

Startup Support through Funds

The Nishi-Nippon City Bank makes capital commitments to a variety of funds for businesses in various stages, including support for startups and new businesses, business growth, business succession, shift to sixth-order industrialization, and commercialization of business seeds.

14,636 visitors in total
(as of Mar. 31, 2024)



NCB Business Loans and Bank of Nagasaki Business Loans

The Nishi-Nippon City Bank offers NCB Business Loans, which are designed to financially support businesses run by sole proprietors. Everything from application to conclusion of a contract can be completed online anytime, anywhere without having to visit a physical branch.

Meanwhile, the Bank of Nagasaki offers Bank of Nagasaki Business Loans. Some of their advantages include a simple application procedure that doesn't require applicants to submit income verification documents and speedy screening that an application may be filed via facsimile and responded to the following day.

NCB Leasing Support for Business Startups and Nagasaki Leasing Support for Business Startups

The Nishi-Nippon City Bank and the Bank of Nagasaki, in cooperation with Kyushu Leasing Service, provide individual business owners who are considering installing startup-related equipment with business startup leasing support.

NNFH Business Idea Competition: Open Innovation Hub

NNFH held a final selection meeting for the 4th NNFH Business Idea Competition: Open Innovation Hub in February 2024.

At the final selection, seven finalists in the Business Category and two finalists in the Student Idea Category (introduced in fiscal 2023) made presentations, having been selected in the first and second selection rounds from among the 143 groups that entered the competition. The following two groups received the top awards.

— Business Category —
Top prize winner : Stayway Inc.

Service : Subsidy Cloud
Summary : DX service to solve problems related to subsidies

— Student Idea Category —
Top prize winner : Kyushu University (BugChain)

Service : BugChain
Summary : Turning entomological samples into NFT* and selling them
* NFT: Non-Fungible Token. Digital data carrying an unforgeable certificate of authenticity or certificate of ownership

NCB Open Accelerator

In cooperation with KPMG Japan, the Nishi-Nippon City Bank in 2022 launched the NCB Open Accelerator* program, which supports the creation of new businesses by local organizations and companies, and contributes to the revitalization of local economies.

* The program aims to create new businesses by combining the technologies, expertise, sales channels, and other resources owned by participating companies with the innovative business models, advanced technologies, and expertise of startup companies.

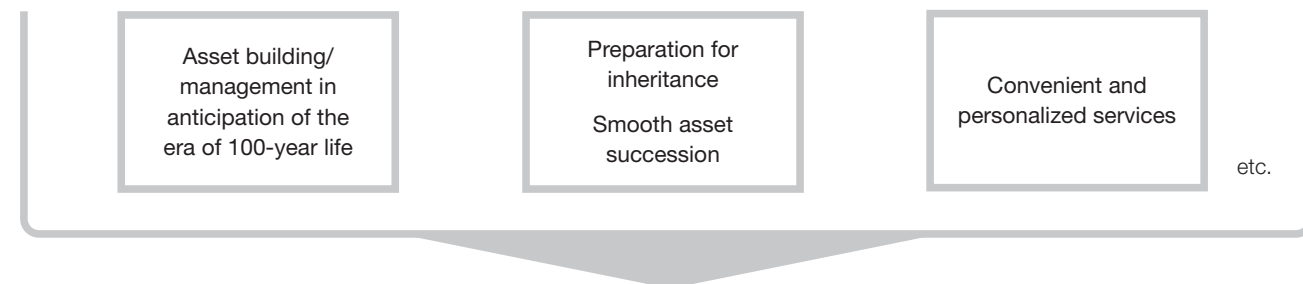
In February 2024, NCB Open Accelerator@Fukuoka 2023 held a meeting to report its final outcomes. At the meeting, the four participating companies reported on the results of their efforts to create new businesses, which they had been working on in collaboration with startups under themes they had respectively chosen. The program's activities over a period of around eight months gave rise to opportunities for new business collaboration among the participating companies.



(ii) Providing Solutions to Retail Customers

The NNFH Group provides optimal solutions for each customer by enforcing customer-oriented business conduct and consulting on all assets and liabilities for a broad range of customers.

Issues and needs of retail customers



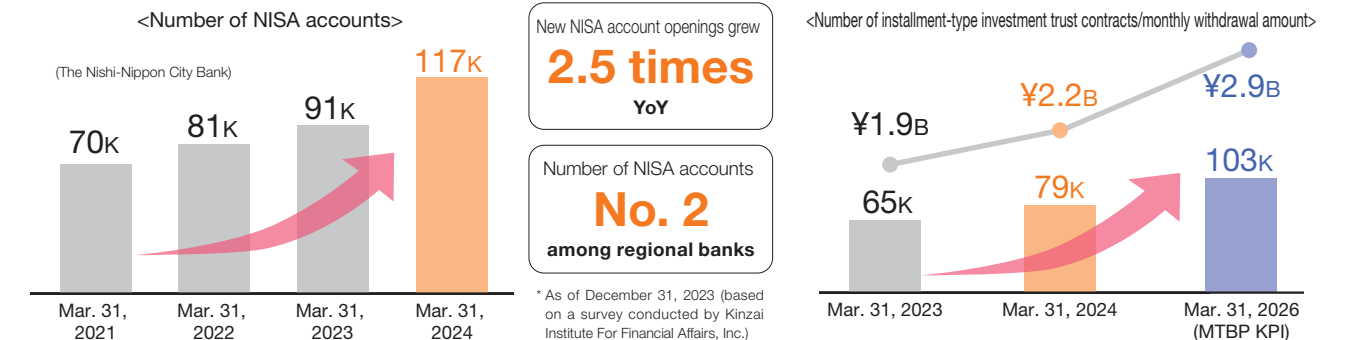
Consulting on Full Range of Assets and Liabilities of Customers



Consulting on Asset Building

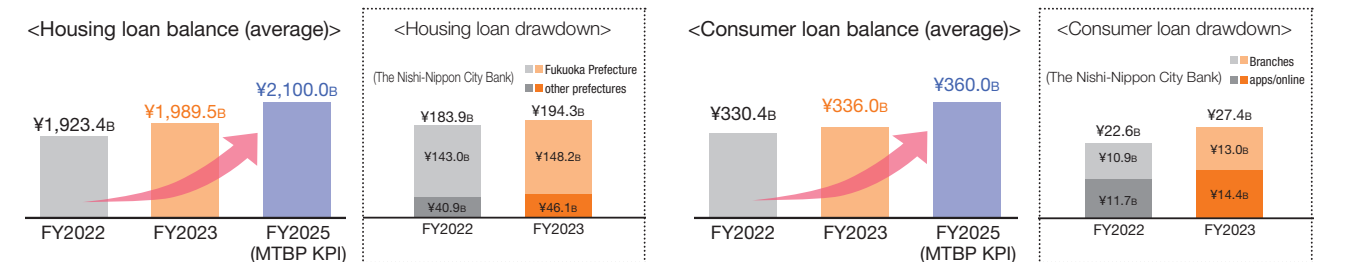
Consulting Services to Help Build Assets Starting with NISA

The NNFH Group focuses on providing consulting services that help our customers build assets, including proposals on long-term diversified investment starting with NISA.



Providing Loan Products Matching Customers' Life Stages

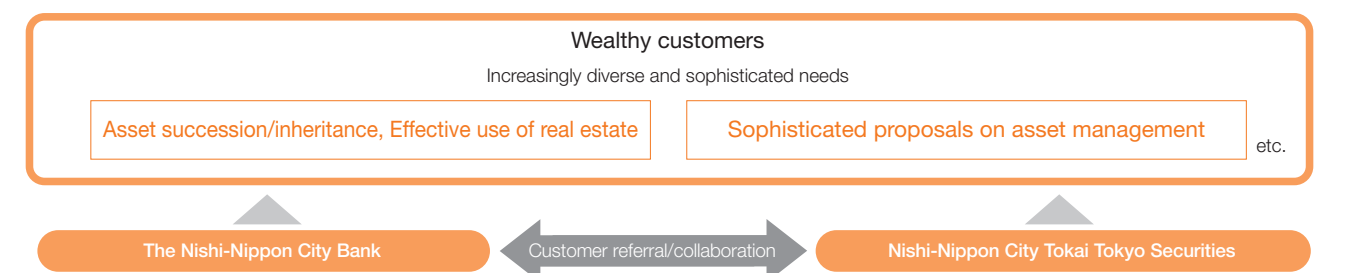
The NNFH Group provides loan products that match customers' life stages by strengthening the capacities of our dedicated loan sites and expanding application channels of various types of loans using non-face-to-face channels.



Providing Solutions for Wealthy Individuals

Provide Sophisticated Solutions with Bank and Securities Collaboration

The NNFH Group provides sophisticated solutions with mutual customer referral/collaboration between banks and securities corresponding to the needs of each customer.



Asset Succession/Inheritance Initiatives

Support for Asset Succession/inheritance Using Trust Functions

The NNFH Group supports smooth asset succession/inheritance for customers by enhancing trust business initiatives in preparation for the “Great Inheritance Era.”



Topics:Initiatives for Improving Customer Satisfaction

Building a Framework for Customer-Oriented Business Conduct

Basic Policy for Management and Building of Customers' Assets

Under the Group Management Philosophy, the NNFH Group rolls out comprehensive financial services that exceed the expectations of customers and host communities. To appropriately manage and build customers' assets, the NNFH Group has built a framework for customer-oriented business conduct by establishing the Basic Policy for Management and Building of Customers' Assets (Basic Policy on Fiduciary Duty).

The NNFH Group has set objective and specific KPIs to assess the status of customer-oriented business conduct based on the basic policy. The status is disclosed regularly and reviewed as needed.

*The complete text of the basic policy and details of initiatives can be viewed on the NNFH corporate website.

https://www.nnfh.co.jp/fiduciaryduty.html

Basic Policy 1. Building a Framework for Customer-Oriented Business Conduct

In accordance with the Group Management Philosophy, the NNFH Group strives to ensure thoroughly customer-oriented business conduct, aiming to be a comprehensive financial group chosen by customers. Each and every officer and employee works in a way sincere and fair for customers.

Initiatives for improving customer satisfaction	● Improve products and services based on opinions and requests received via surveys, etc.
Improving evaluation methods for sales staff	● Establish a framework for recognizing sales staff who provided optimum products and services to customers.
Complying with laws and regulations, improving verification systems, etc.	● Set forth rules on selling financial products in accordance with laws and regulations and ensure the understanding of, and give guidance to, sales staff through training and other methods. ● Establish a system for the division in charge of compliance at the head office of each company to verify whether sales are being properly conducted.
Appropriate management of conflicts of interest	● Identify and properly manage potential conflicts of interest with customers to avoid unduly undermining customers' interests in selling investment trust and life insurance products.
Using of third-party evaluations	● The Nishi-Nippon City Bank and Nishi-Nippon City Tokai Tokyo Securities obtain the ratings by Rating and Investment Information, Inc. and improve their structures for customer-oriented operations based on the ratings.

Basic Policy 2. Offering Optimal Products and Services for Customers

Through dialogue with customers, the NNFH Group accurately understands customer needs and strives to offer optimal products and services suited to customers' asset status, experience, knowledge, and purpose of asset management.

Explaining the NNFH Group's basic policies	● Using leaflets, provide explanations on the NNFH Group's "Basic Policy for Management and Building of Customers' Assets".
Identifying customer needs and confirming suitability	● Precisely identify customer needs in view of their life events, etc. and propose to them the comparison and consideration of various investment products. ● Confirm whether products are optimal for customers based on their intent, risk tolerance, and other preferences.
Investment proposals tailored to meet customer needs	● In proposing investment trust products, suggest portfolios that fit customers' aims and asset holdings using Pastel Note*. ● In proposing insurance products, make propositions to address customers' intent and asset succession/inheritance needs. *A system for comprehensively analyzing customers' financial assets, such as yen deposits, investment trusts, and insurance products, and instantly determining the most effective mix and composition of investment trust products.
Proposals for stable asset building	● Propose installment-type investment trusts, which reduce risks by diversifying investments over time, for customers who need to build assets stably over a long period. ● Propose the Nippon Individual Savings Account (NISA) scheme and individual-type Defined Contribution pension plan (iDeCo) that allows customers to invest while receiving tax exemption benefits.
Promoting digital and non-face-to-face transactions	● Provide insurance products for which customers can apply via online investment trust services or non-face-to-face interactions. ● Provide robo-advisors and other services capable of proposing products on the corporate website in line with customers' needs.
Consultation at branches where customers can visit on holidays	● Provide consultation on asset management and insurance products at branches where customers can visit on weekday evenings and holidays.
Improving sales staff expertise	● Make efforts to increase the expertise of sales staff by recommending them to acquire relevant certifications and providing training so that they can offer optimal products and services to customers.
Using of third-party product monitoring and evaluations	● Regularly review product offerings to meet the broad needs of customers, tapping the knowledge of multiple third-party institutions.

Basic Policy 3. Providing Information to Customers in a Better Way

The NNFH Group strives to provide important information in a way easy to understand for customers, according to product and service characteristics, customers' experience and financial knowledge, and other factors. This helps customers select products and services that meet their needs.

Making information easy to understand	● Provide easy-to-understand information using documents with illustrations and graphs to explain the characteristics, risks, commissions, and other aspects of products and services offered to customers. ● Explain the NNFH Group's product selection concept and product-by-product expenses, risks, etc. using a Key Information Sheet.
Providing information through applications, etc.	● Renew the Nishi-Nippon City Bank app to make customers' investment trust transactions more convenient. ● Provide information such as on the basics of investment trusts and the essence of insurance products on the corporate website.
Providing information through seminars, etc.	● Hold in-person and online seminars to provide opportunities to acquire financial knowledge for as many customers as possible.
Providing information to schools, etc.	● Hold "Money School" sessions to educate children on money flows and the connection between banks and society. ● Provide financial and economics education by sending speakers to high schools and other educational institutions.
Follow-up services	● Send documents containing performance information to customers holding investment trust, insurance, and other products, with staff providing them with regular updates and proposing a review of their holdings according to changes in their life plan. ● At times of a drastic change in the market trend, through timely and careful explanations, provide customers with information necessary for making investment decisions.

Considerations for All Customers

The NNFH Group is working to enhance its facilities and services and train officers and employees so that all customers, including the elderly and people with disabilities, can use them with peace of mind.

Facilities and Tools

The NNFH Group proactively incorporates universal design/barrier-free facilities that are easy to use for all customers and installs various communication aids, such as writing boards and communication boards, at its operating sites.

When rebuilding or renovating branches, we strive to make them more convenient for customers by improving the flow line, such as by installing ATMs closer to parking lots.

In addition, the Nishi-Nippon City Bank is working to introduce wheelchairs for customers at all sales branches. We are also deploying staff at all sales branches who have undergone a training program in which they learn how to assist customers through wheelchair operation and senior citizen simulation training.



Entrance with no steps (slope)



Accessible Toilet



Customers can write here while seated

Services

Serving visually-challenged customers

Employees at the Nishi-Nippon City Bank and the Bank of Nagasaki write and read for visually challenged customers as needed when they do business in person. The two banks have also renewed all ATMs in and outside their branches to accommodate visually challenged customers (equipped with a receiver for operation).

In addition, the Nishi-Nippon City Bank mails braille documents free of charge.



Priority ATM for visually-impaired persons

Serving customers with hearing and speaking difficulties

The Nishi-Nippon City Bank and the Bank of Nagasaki provide a telephone relay service* as public infrastructure to improve convenience for customers with hearing or speaking difficulties.

*A service in which an operator translates conversations between a person with hearing or speaking difficulties and a person without such difficulties using sign language/writing and audio via telephone.

Education and Awareness-Building

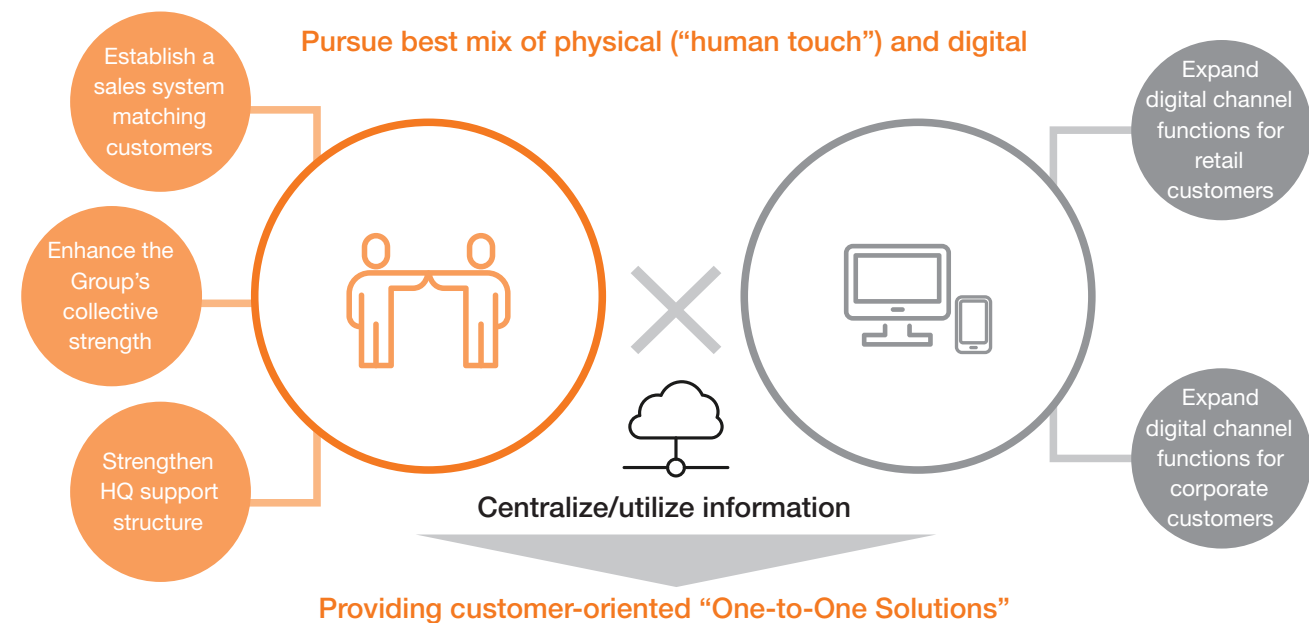
The Nishi-Nippon City Bank creates and distributes the Universal Manners Handbook so that all employees will learn considerate and appropriate ways of serving all customers. The handbook sets forth how to serve customers according to types of handicap such as visual, hearing, or orthopedical difficulties. It also indicates points to note when a disaster, such as an earthquake, strikes a branch where elderly people or people with handicaps are among the customers.

In addition, we provide e-learning and other training programs for all employees to deepen their understanding of the need for reasonable consideration of others.



Basic Strategy I. Sales Reform

The NNFH Group will carry on the concept of 'pursuing the best mix of physical ("human touch") and digital solutions,' as set forth in the previous MTBP, and further enhance the functions of digital channels, while this time placing particular emphasis on the "human touch" elements as we work to strengthen relationship management.

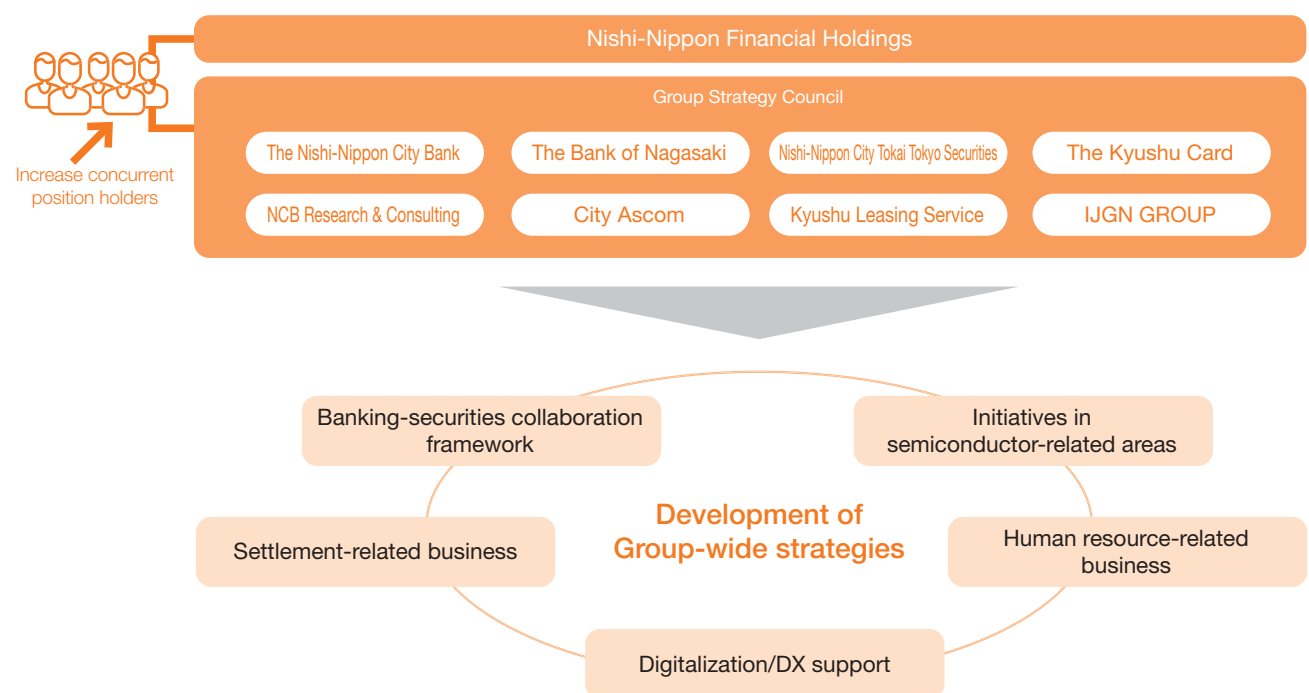


(i) Strengthening the Sales System

Enhance the Group Collaboration System

The NNFH Group practices matrix management, in which NNFH (the holding company) develops group-wide strategies based on the needs of each customer.

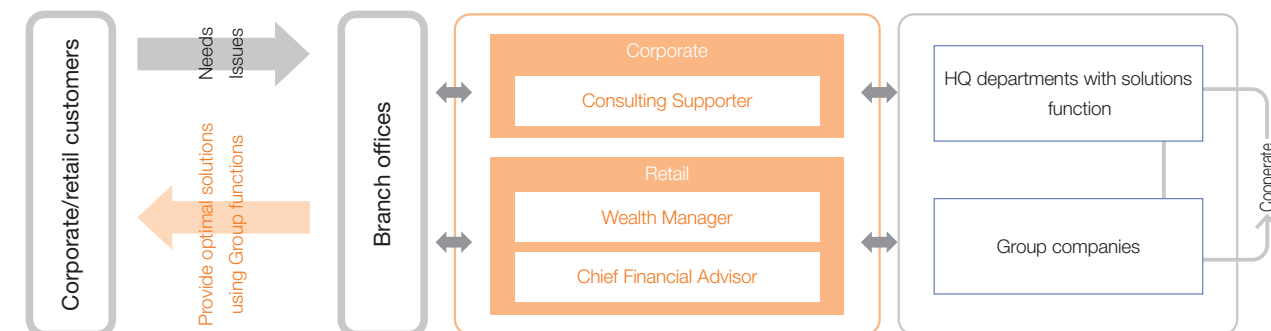
We increase the number of employees who hold concurrent positions at NNFH and other companies, and we roll out cross-Group strategies through the Group Strategy Council, etc., comprised of eight Group companies.



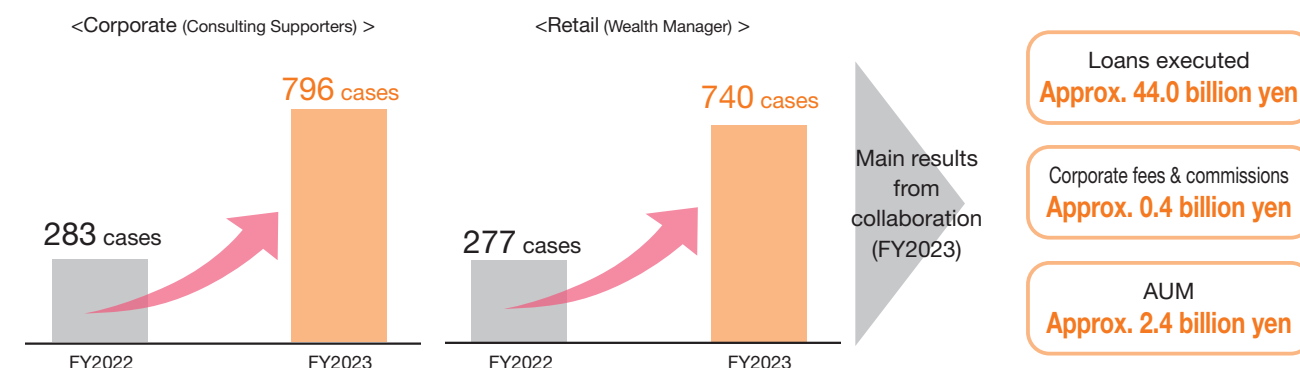
Strengthen the HQ Support System

In April 2023, the Nishi-Nippon City Bank created units specializing in linking customers' challenges and needs with the solutions the Group could offer. This has significantly increased the number of cases of collaboration between the headquarters and sales branches.

Strengthen the "Hub" by Establishing Specialist Teams in HQ (April 2023-)

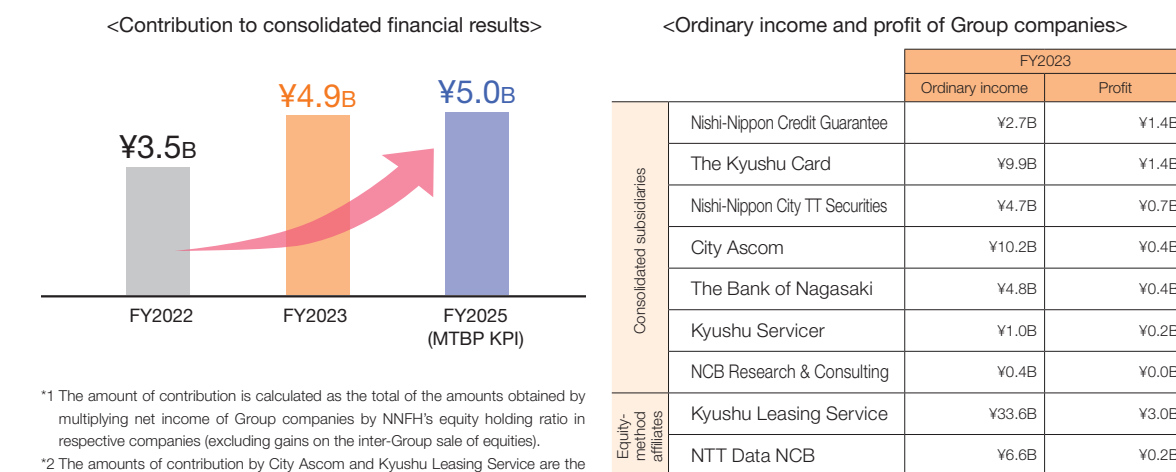


Number of Data Collaboration Cases between HQ and Branch Offices



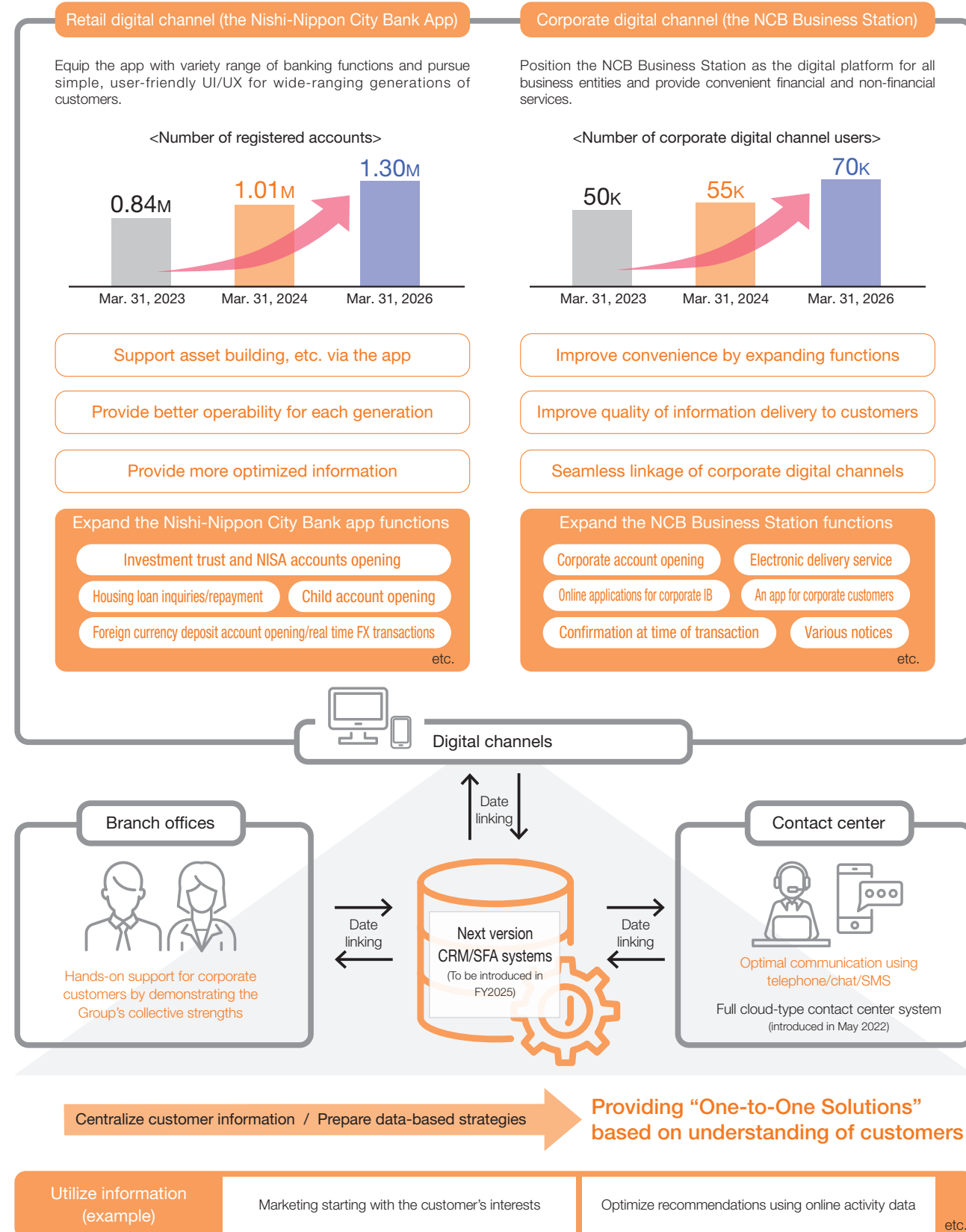
Column ● Contribution of the NNFH Group Companies to Consolidated Financial Results

The amount of contribution made by the NNFH Group companies (excluding the Nishi-Nippon City Bank) to fiscal 2023 financial results was 4.9 billion yen.



(ii) Digital Strategy

The Nishi-Nippon City Bank expands digital channel functions for corporate and retail customers and improves UI/UX in addition to building a system for centralizing/utilizing customer information. Provide optimal solutions for each customer in physical and digital channels.



Services for Retail Customers

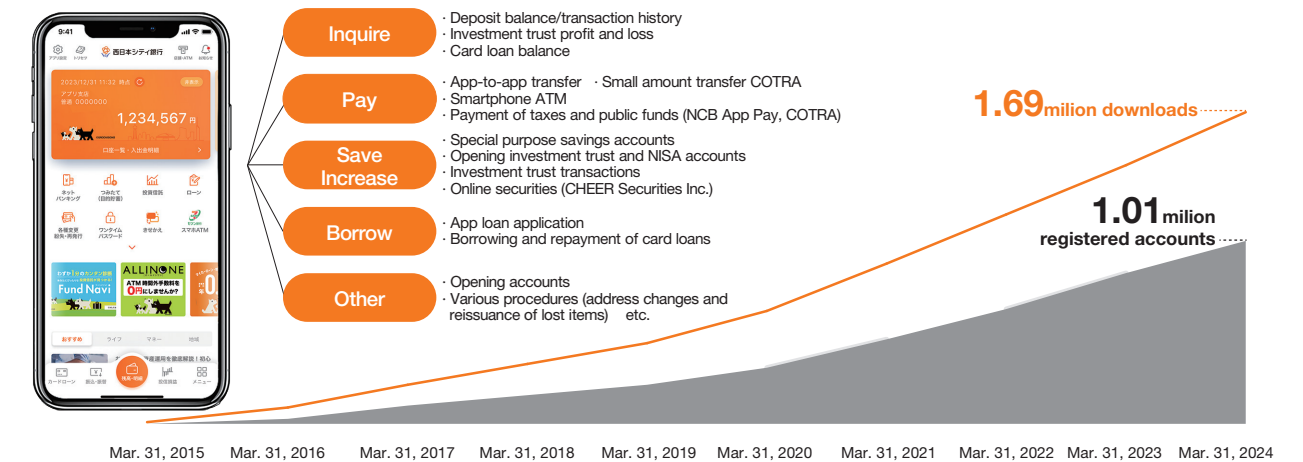
Expanding Functions of the Nishi-Nippon City Bank App

Since its March 2015 launch, the Nishi-Nippon City Bank app, a smartphone app offered by the Nishi-Nippon City Bank, has continued to expand its functions and the number of service procedures that can be completed through the app, such as opening savings accounts, conducting card loan and mutual fund transactions, and using smartphone ATM.

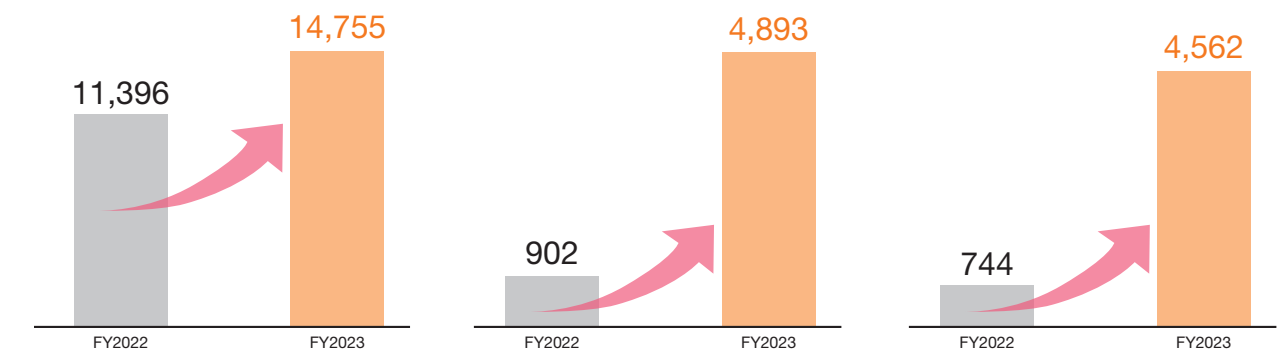
The app is popular among customers, evidenced by a total of 1.69 million downloads with 1.01 million account registrations as of March 31st, 2024.

Going forward, we will continue to provide convenient services and expand contact points with retail customers under the concept of "Have a bank in your smartphone!"

Have a bank in your smartphone!



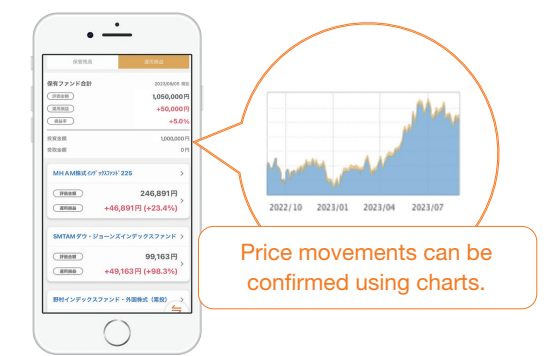
<Number of ordinary savings accounts opened (app) > <Number of investment trust accounts opened (app) > <Number of NISA accounts opened (app) >



The Nishi-Nippon City Bank App: Renewal of Investment Trust Functions

1 Easier-to-use and easier-to-read design!

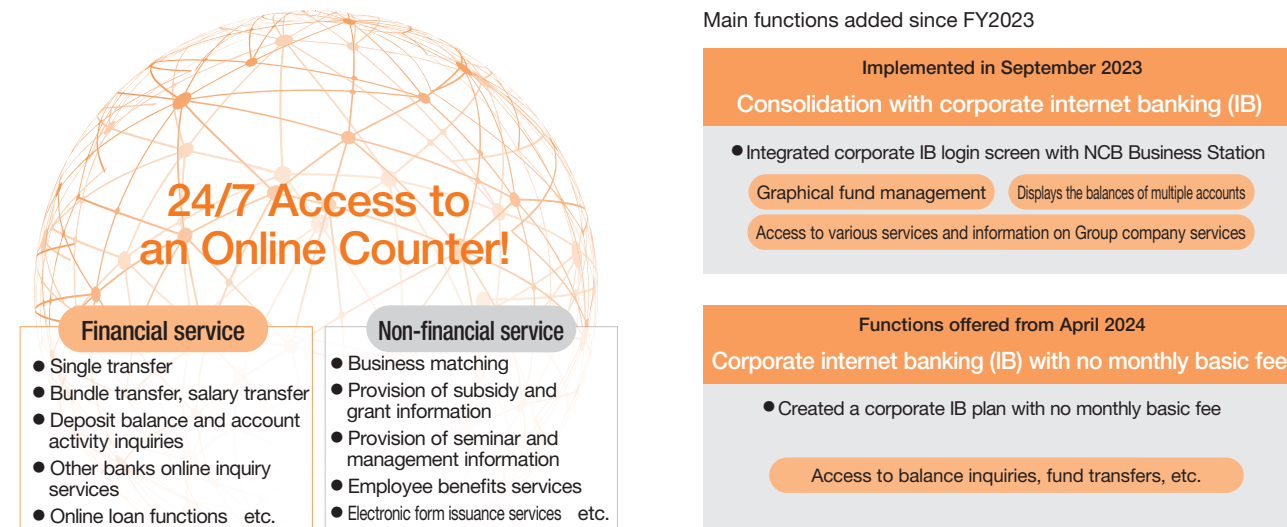
2 Check investment returns with one tap!



Services for Corporate Customers

Introducing the NCB Business Station, a Platform for Corporate Customers

In December 2020, the Nishi-Nippon City Bank opened the NCB Business Station, a platform for corporate customers. The online platform aims for a one-stop service providing financial and non-financial transactions, under the concept of “24/7 access to an online counter!” The unique system was jointly developed with NTT DATA Corporation and is the first of its kind launched by a regional bank in Kyushu.

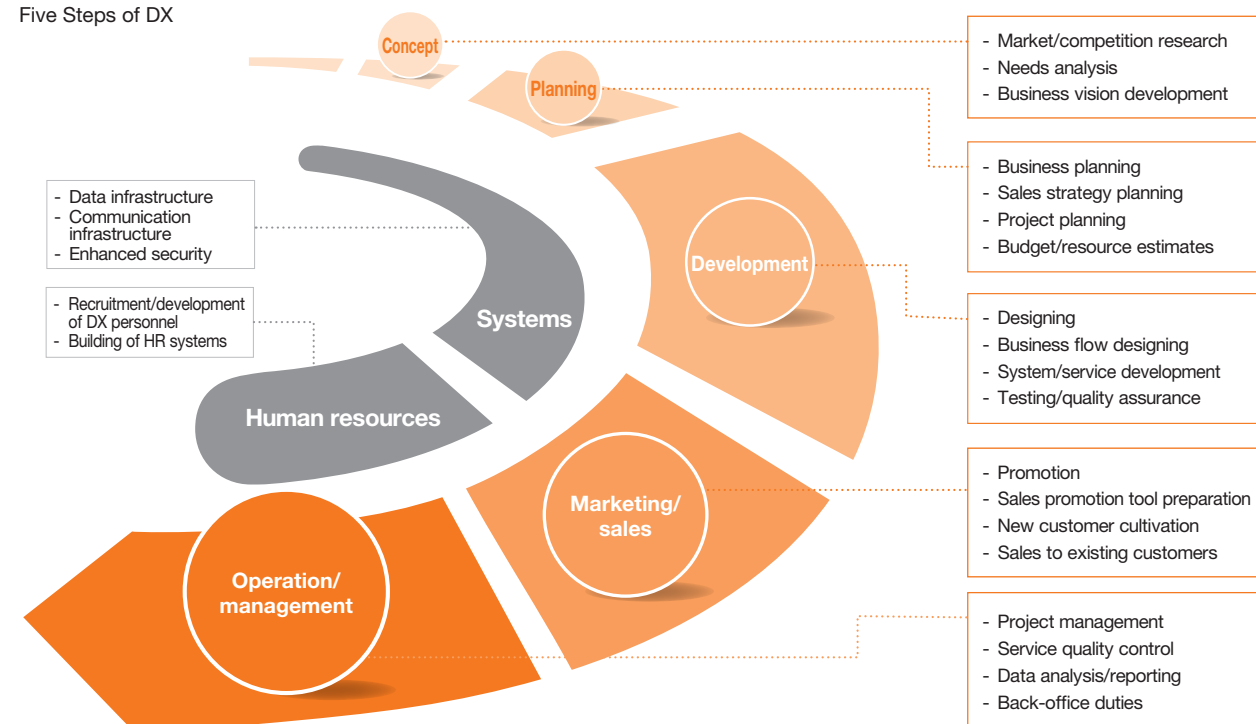


Digital Solutions

The Nishi-Nippon City Bank established a group mainly handling digital solutions within the Digital Strategy Division in April 2024 to enhance its framework to offer solutions for its customers' digitalization and DX needs (the group is an upgraded form of a team mainly handling digital solutions that was established in the same division in October 2022).

Under this framework, the bank supports digitalization efforts of its customers to help them increase their operational efficiency as well as their DX efforts to support their business reforms.

Five Steps of DX

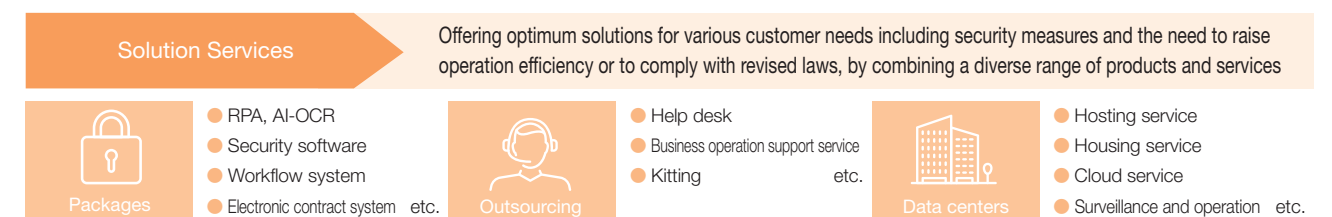


DX Support System

The Nishi-Nippon City Bank, City Ascom, and the IJGN GROUP have established a cross-group sales force to provide appropriate solutions to the various issues faced by our customers in implementing digital transformation.



Main Solutions Provided by City Ascom



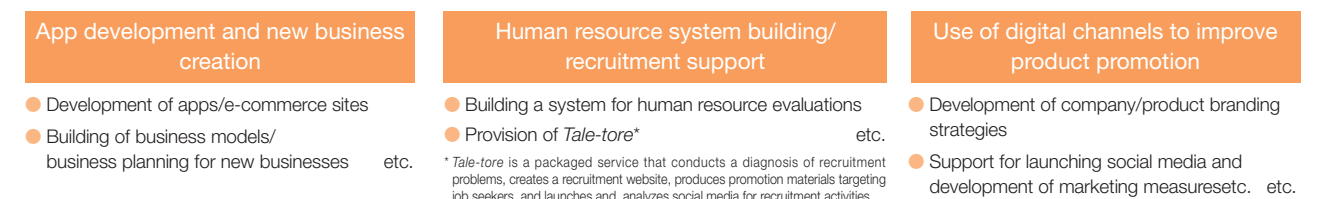
Case Study (Solutions offered to corporate customers)

Large-scale system development for sales management and other functions

Utilizing its strengths in building and developing large-scale systems, City Ascom developed a sales management system for Company C, which had problems such as a lack of central control of various data, paper and Microsoft Excel-based data management, and a shortage of personnel with digital expertise. The development of the system was aimed at improving Company C's operation efficiency.

City Ascom created a centralized cloud-type platform with functions ranging from sales management to outsourcing and procurement management. This led to smoother data inputs, updating, and inquiries. In addition, the new platform has facilitated information-sharing within the company and enabled speedy decision making based on analyses of past deals.

Main Solutions Provided by IJGN GROUP



Case Study (Solutions offered to corporate customers)

Introduction of *Tale-tore*

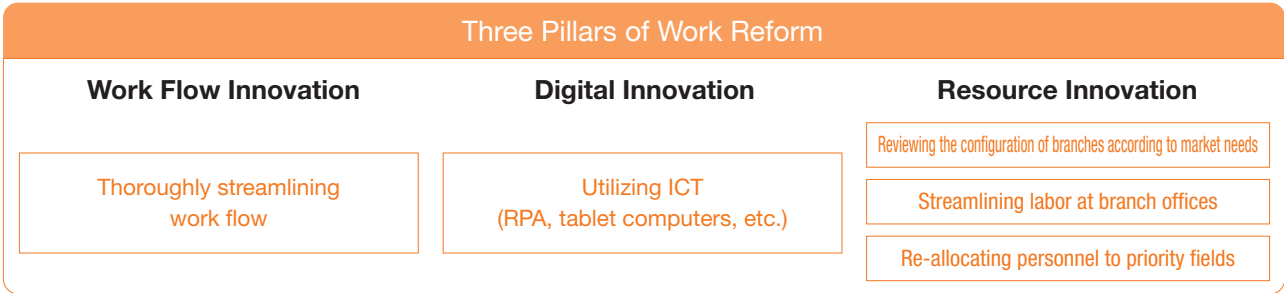
Utilizing its strengths in developing recruitment strategies and providing recruitment support, IJGN GROUP provided one-stop support to Company D, which faced challenges in recruiting new graduates. The support provided ranged from the designing of a recruitment strategy based on an analysis of the company's strengths and weaknesses, to the production of a recruitment website.

The recruitment website that IJGN GROUP produced contains a large volume of information including the voices of their employees, the atmosphere of the company, and the satisfaction that the company's employees get from their work. This has led to the successful recruitment of new graduates and mid-career job seekers.

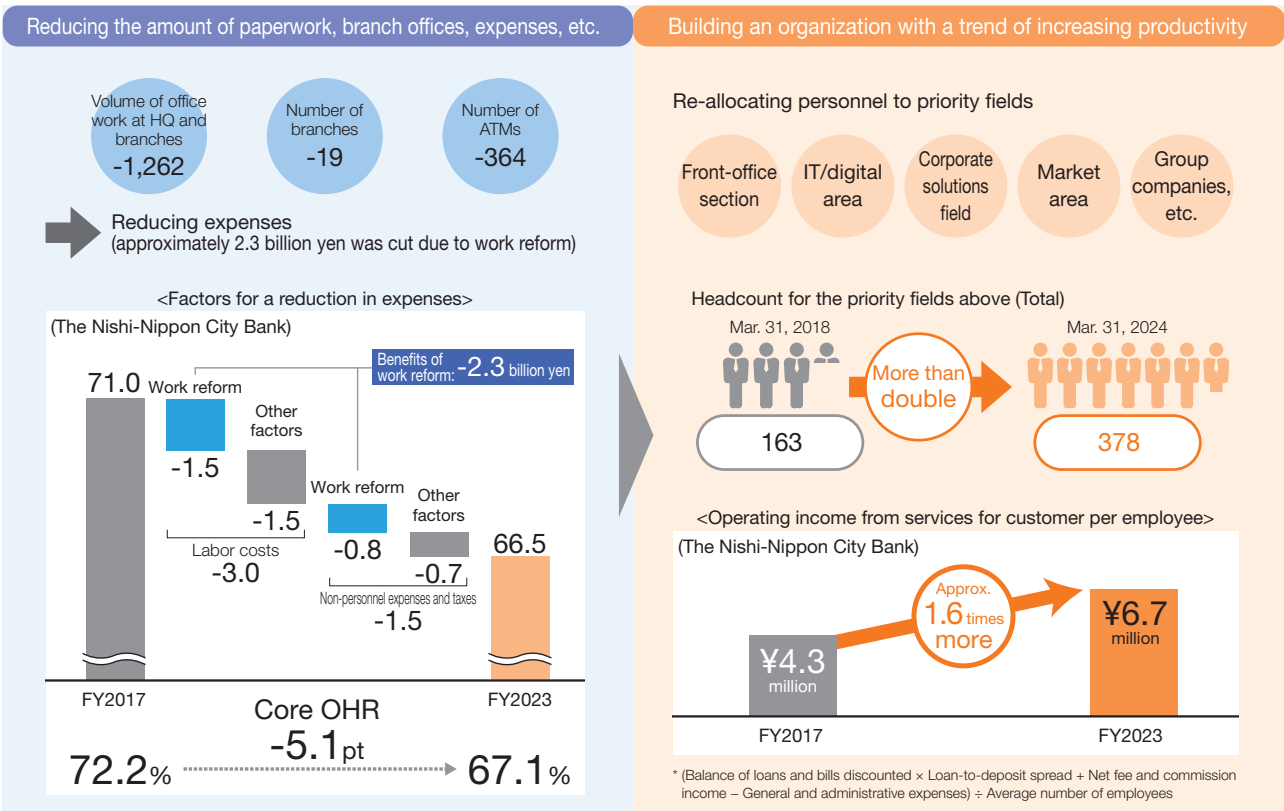
(iii) Work Reform

In April 2018, the Nishi-Nippon City Bank embarked on a series of work reforms, comprising the three pillars of work flow innovation, digital innovation, and resource innovation. These attempts to carry out work reforms have not only helped reduce the amount of administrative work and expenses, but have also led to major qualitative changes to the entire organization on a scale that is arguably the largest in the bank's history.

A General Picture of Work Reform

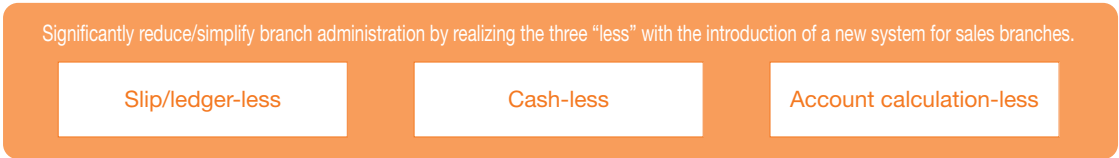


Major Achievements from Six Years of Work Reform (from April 2018 to March 2024)



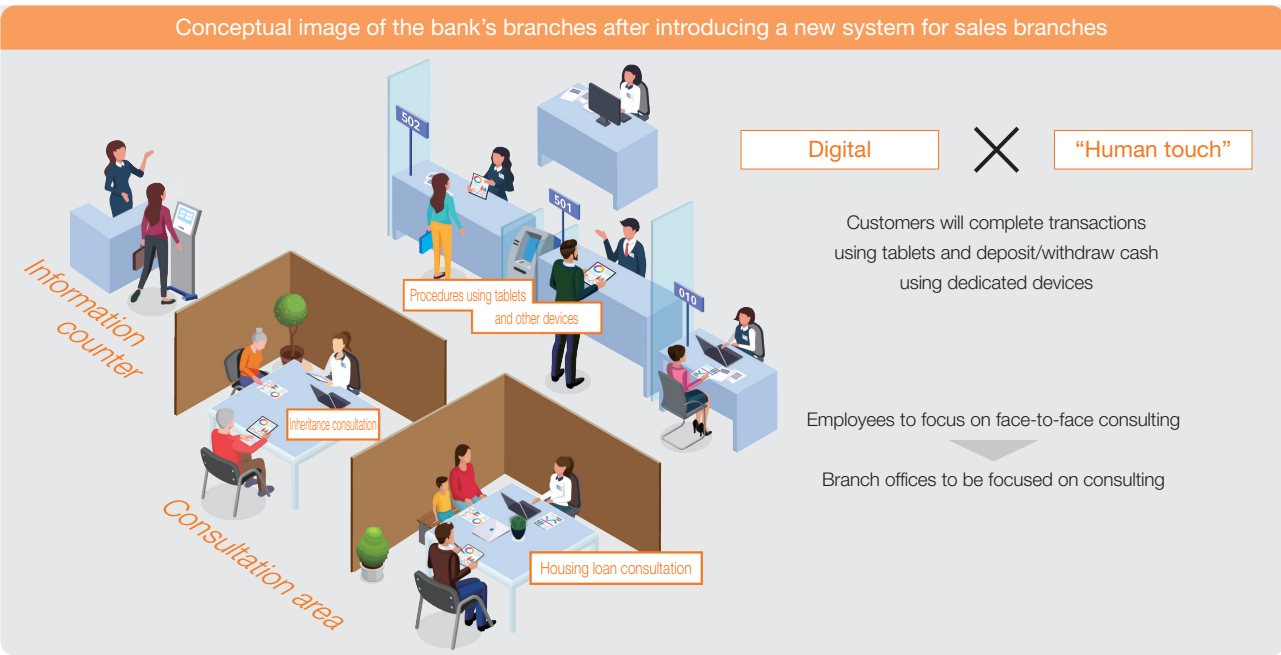
Redefine the Role of Branch Offices

The Nishi-Nippon City Bank has redefined its branch offices as business locations focused on consulting considering the progress in digitalization and fundamental reduction of branch administration following the introduction of a new system for sales branches. Going forward, the bank aims to improve its productivity by reallocating the personnel made available through improved efficiency to priority areas such as front-office sections.



Office work will be mainly handled by part-time employees, with full-time employees shifting to face-to-face consulting operations, etc.

Branch Offices to Become Focused on Consulting

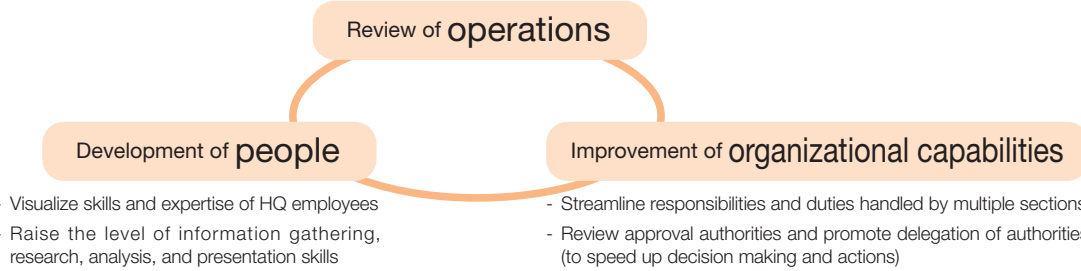


Promoting Innovation of Headquarters Operations

In April 2024, the Nishi-Nippon City Bank began the work reform of headquarters operations. The bank aims to build an organization that makes better use of its strengths with smaller manpower through the work reform of its operations, people, and organization.

Work reform of headquarters operations: operations, people, and organization

- Reduce meeting materials and do away with overcomplicated operations
- Raise operation efficiency through process reviews and use of digital technologies (generative AI, data)

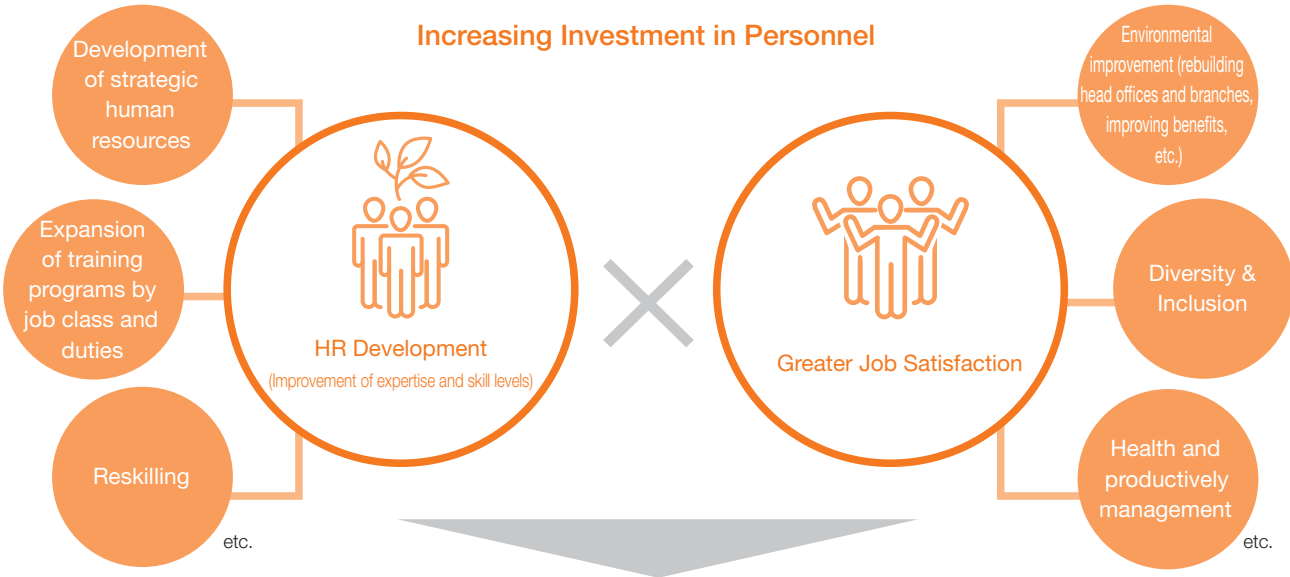


Basic Strategy III. Human Resource Reform

Human Resource Development Policy (the Current MTBP's Vision)

The roles of each employee as a contact point with customers become increasingly important for the NNFH Group to offer the functions of its collective strengths and solutions to meet the diverse and sophisticated needs of customers in an environment that is undergoing accelerating changes.

The NNFH Group is strengthening its efforts to develop human resources for raising the professionalism and skills of its employees and enhancing investments in people who form the source of the competitiveness of its business by, for instance, creating a workplace that motivates employees so that its diverse human resources can carry out their duties with a sense of pride and satisfaction.

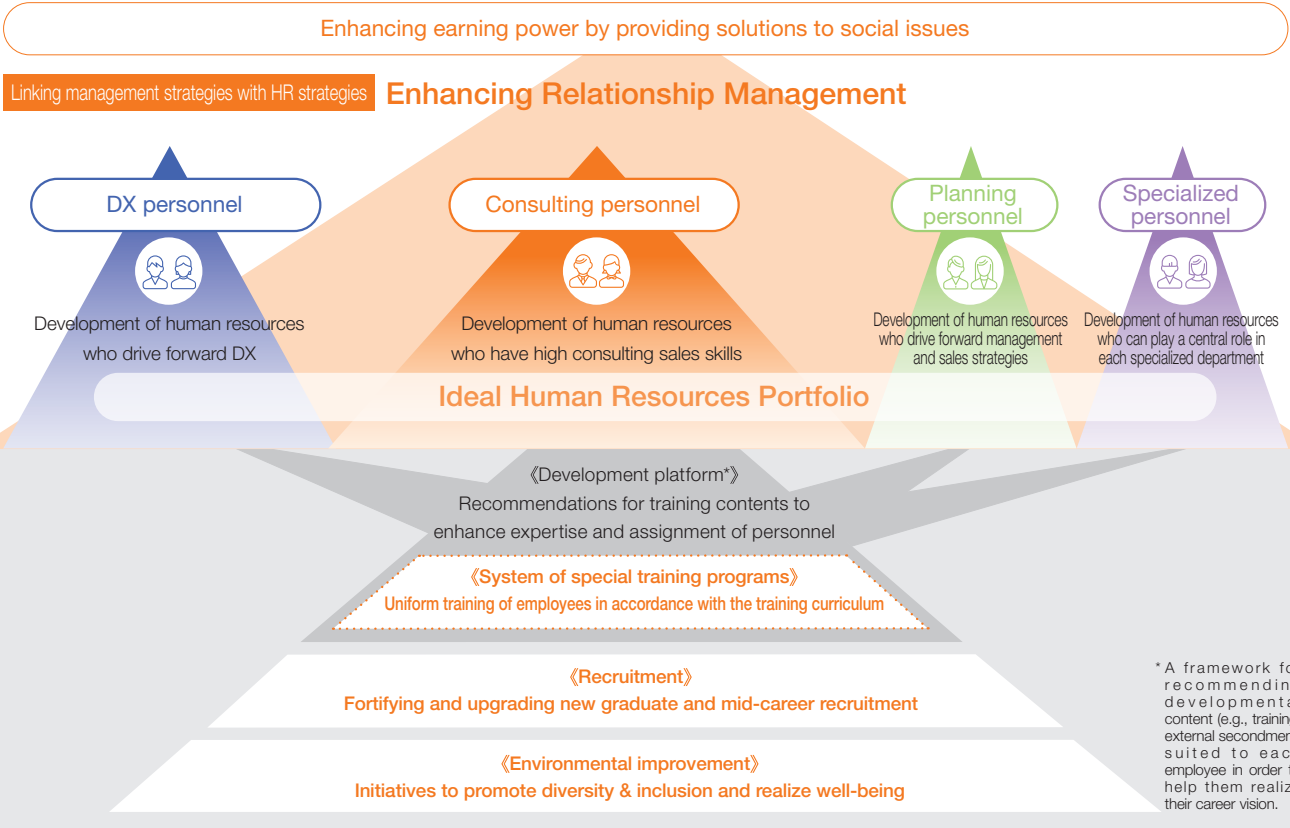


Addressing the issues of local customers Sustainable growth of the NNFH Group Realization of employee well-being

Personnel Strategy

The MTBP promotes strategic personnel management that is linked to management strategies, strongly supporting the growth of each employee through the expansion of training programs designed for reskilling and other measures.

The Group defines human resources who will shoulder the future of the NNFH Group as strategic human resources in all areas including consulting, DX, and planning, and is making earnest efforts to develop strategic human resources to build an optimum human resources portfolio.



Initiatives to Improve Engagement (Status in the First Year of the Current MTBP)

Creating an environment that gives employees job satisfaction and allows them to perform their duties with a sense of pride is important to ensure that they fully utilize their capabilities and achieve our management strategies.

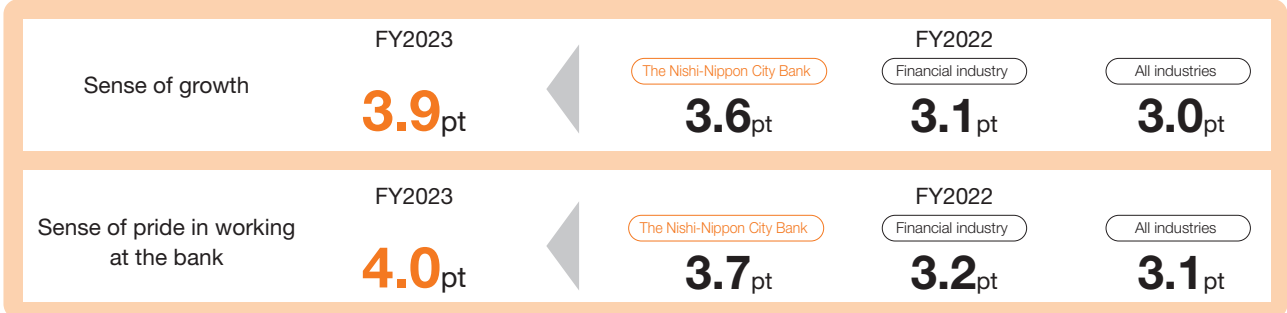
In the first year of the MTBP, the Nishi-Nippon City Bank embarked on creating a highly autonomous workplace that provides both psychological safety and a sense of purpose, which will form a basis of a vigorous and diverse organizational culture. Furthermore, by utilizing an engagement survey offered by IJGN GROUP, a Group company of the NNFH Group, we will implement measures to improve employee engagement based on the visualization and analysis of the status of our organization.

In a survey conducted in fiscal 2023, the ratios of employees who responded that “they could feel their growth” and “they feel a sense of pride” through their work at the Nishi-Nippon City Bank rose year-on-year and remained at high levels in comparison with other companies in and outside the industry. The survey also confirmed that the employees’ psychological safety was generally good throughout all job class.

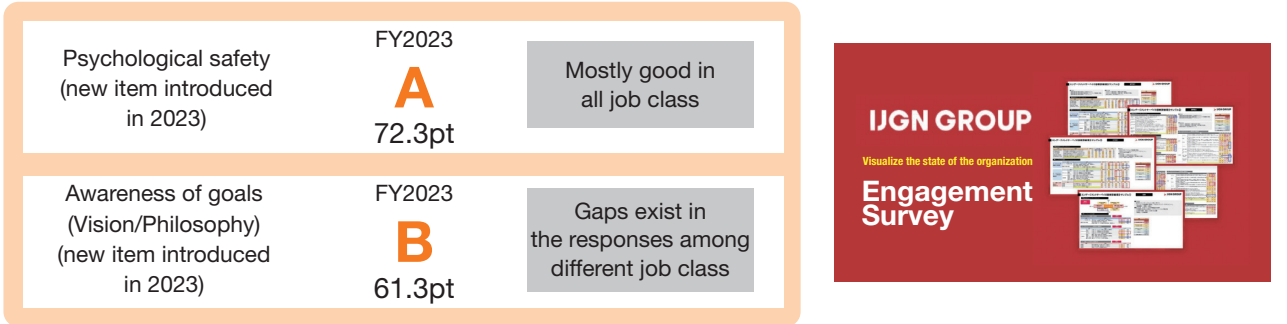
Meanwhile, there were gaps among different job class in terms of their responses to questions concerning their awareness of goals such as the Vision and Philosophy.

We are also aware that we face the challenge of passing on to the next generation the skills and mindset of many of our experienced employees who are soon to reach retirement age.

Employee Survey Results (Average of a five-point rating scale)



* In FY2023, we conducted an Engagement Survey (six-point rating scale) offered by IJGN GROUP. For a comparison with past years, the survey results were recalculated using a five-point rating scale (5: Strongly agree; 4: Somewhat agree; 3: Neither agree nor disagree; 2: Somewhat disagree; 1: Strongly disagree).



Score	100	90	80	70	60	50	40	30	20	10	0
Rating	SSS	SS	S	A	B	C	D	E	F	G	GG

Agree ← → Disagree

Efforts to Create a Vibrant, Highly Autonomous Workplace

Raising Management's Skills and Passing on Skills and Mindsets for the Development of Younger Employees

The Nishi-Nippon City Bank provides its management staff with training to improve their management and communication skills in order to create a highly autonomous workplace where workers have a shared vision and philosophy, and a sense of purpose. In addition, the bank provides regular 360-degree feedback to make management understand and reduce any gaps in perceptions with their staff members.

Furthermore, the bank is improving its support structure for younger employees with the help of more experienced employees to pass on their skills and mindset, and to improve job satisfaction of younger employees.

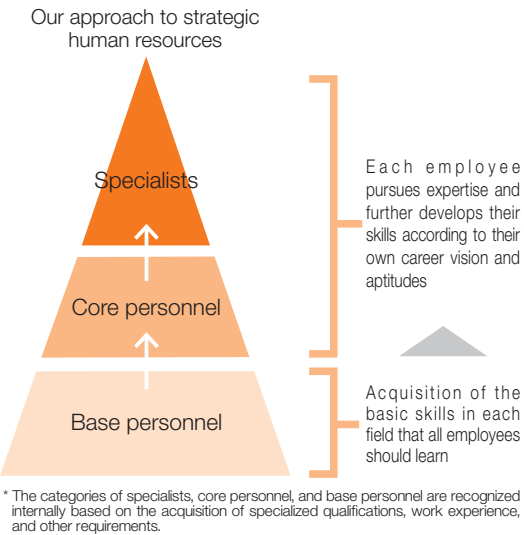


* A sheet created by employees to design their own career paths (what they aspire to be in the future), which is then used in conversations with their supervisors about the steps to be taken to achieve them.

(i) Human Resource Development

Development of Strategic Human Resources

The NNFH Group uses the term ‘strategic human resources’ (consulting, DX, planning, and specialized personnel), to describe the highly specialized human resources in each field who are essential in realizing the Group’s management strategies. We work to systematically develop such human resources to build an optimum human resources portfolio.



Consulting personnel



Human resources with knowledge of tax planning, business succession, asset management, real estate, etc. and the ability to propose solutions (“One-to-One Solutions”) for the diverse range of challenges our clients face to meet their respective needs

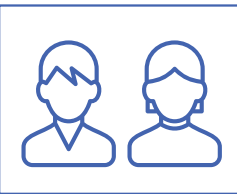
Expansion of the program to support the acquisition of various advanced qualifications

Program to support acquisition of the Small and Medium Enterprise Management Consultant certification

Program to support acquisition of 1st-grade Certified Skilled Professional of Financial Planning certification etc.

Core personnel		Specialists	
FY2025 (plan)		FY2025 (plan)	
300		30	
FY2022	FY2023	FY2022	FY2023
105	→ 199	18	→ 61

DX personnel



Human resources with the ability to propose organizational and business transformations inside and outside the company using advanced data processing technologies and digital technologies

Development through collaboration between three Group companies with strengths in the DX field



Core personnel		Specialists	
FY2025 (plan)		FY2025 (plan)	
1,100		90	
FY2022	FY2023	FY2022	FY2023
501	→ 593	13	→ 38

Planning personnel



Human resources with the ability to perceive the external environment and the issues facing the NNFH Group from a bird’s eye view based on objective data, and the ability to develop and implement plans from a company-wide perspective across boundaries in the organization for the further growth of the NNFH Group

Dispatch to business schools, and expansion of qualification examinations, self-development contents, etc.

Core personnel		Specialists	
FY2025 (plan)		FY2025 (plan)	
Maintain 90		100	
FY2022	FY2023	FY2022	FY2023
90	→ 108	67	→ 77

Specialized personnel



Human resources who can play core roles in highly specialized departments

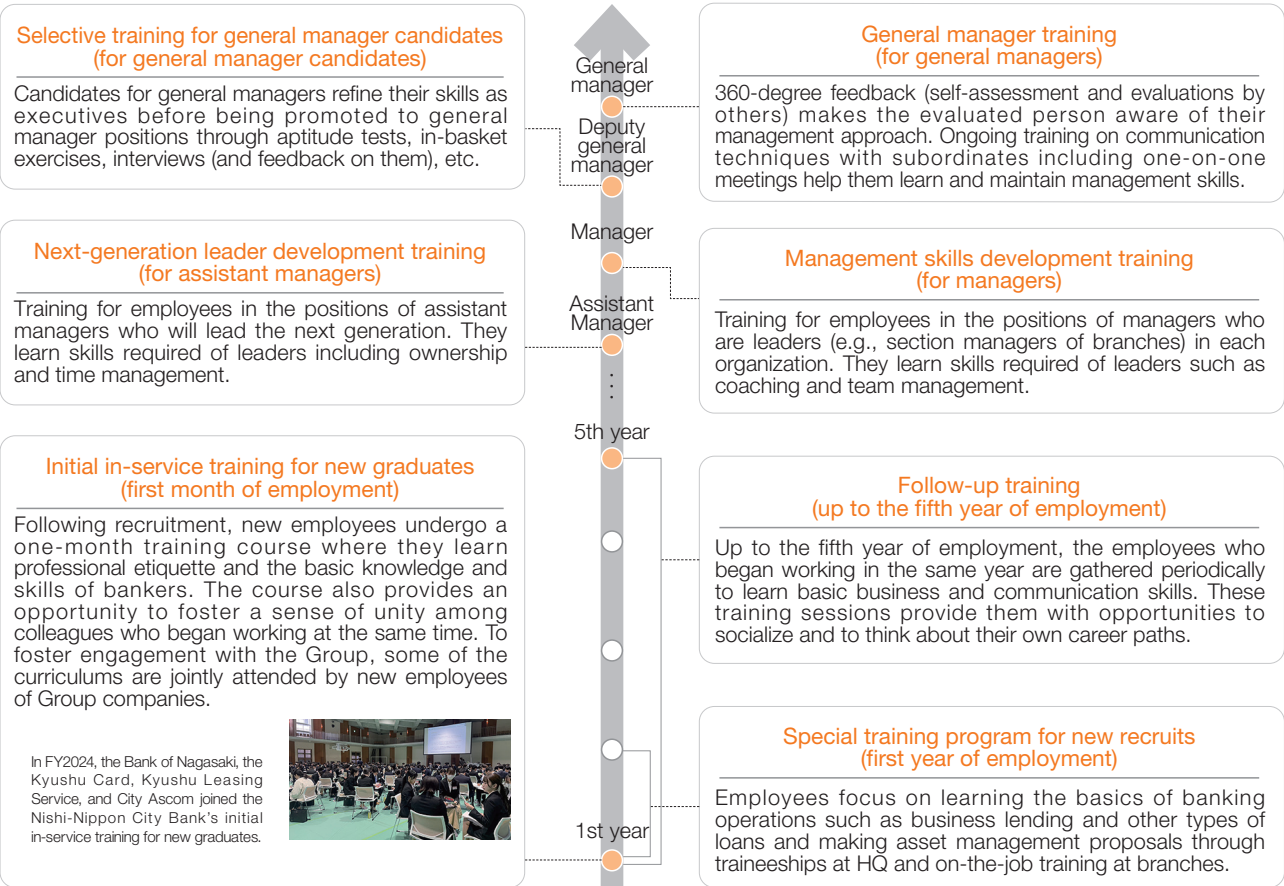
Development through on-the-job training in specialized departments in the IT, market, and international sectors, etc.

* For the development of consulting and DX personnel, we will increase the total number of core personnel and specialists from among all of our employees. For the development of planning and specialized personnel, we will improve the professional skills and experience of HQ employees assigned to planning and other specialized sections in our headquarters.

Training by Job Class and Duties

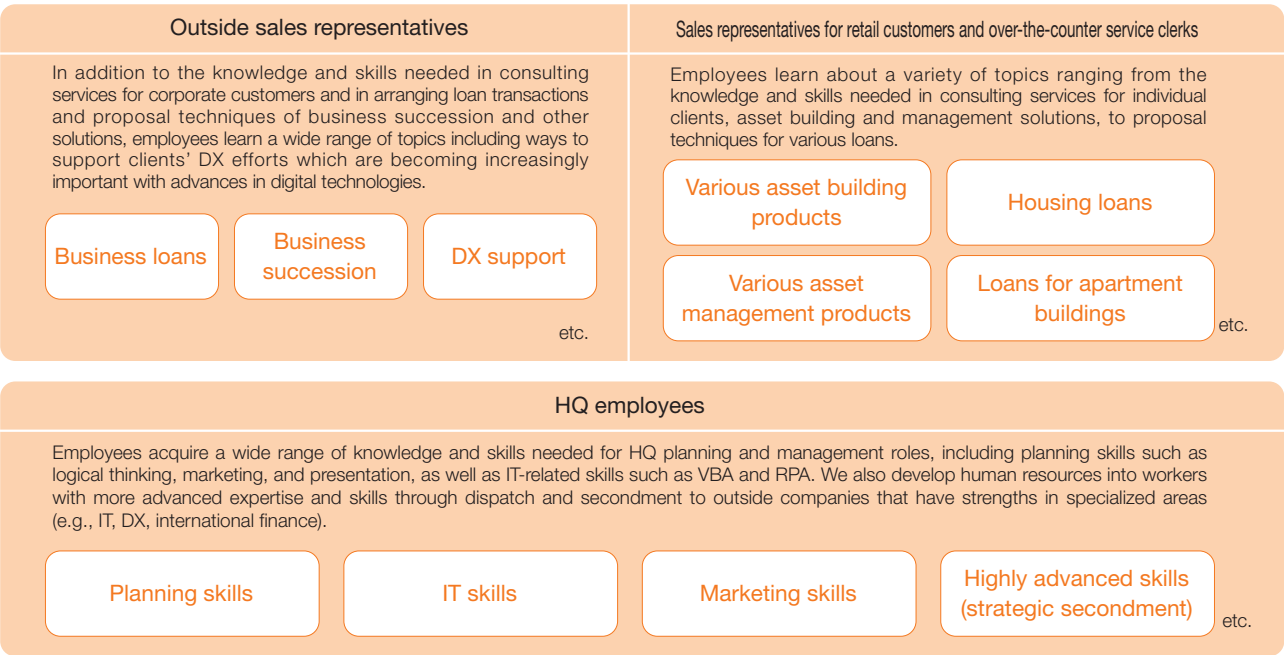
Training System by Job Class

The Nishi-Nippon City Bank provides seamless training by job class in accordance with the roles required in each position, from new graduates to general managers.



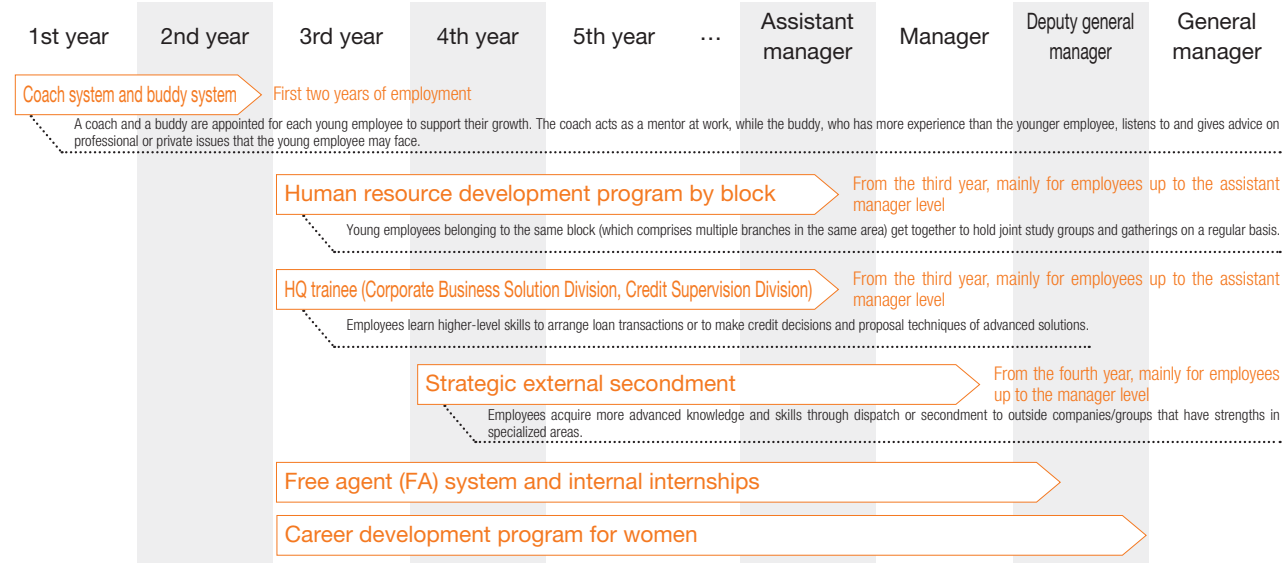
Training System by Duties

The Nishi-Nippon City Bank is expanding its training programs that help employees acquire knowledge and skills needed in various duties such as corporate customer sales, retail customer sales, over-the-counter services, and headquarters operations, to strongly support the growth of each employee.



Career Support

Believing that the growth of diverse individuals will lead to the growth of the NNFH Group, the Nishi-Nippon City Bank offers systems and opportunities that help each employee develop a clear career vision and realize this vision.



Reskilling Support

The Nishi-Nippon City Bank is expanding its training menu related to DX and IT to respond to rapid advances in technological innovation and changes in business models. The bank also offers subsidies to attend technical and other types of schools for employees who wish to acquire advanced qualifications and has various programs to support employees working to acquire qualifications.



Support for the Development of Younger Employees

The Nishi-Nippon City Bank has created a one-on-one, paired system where a young sales representative is matched with a more experienced sales representative to help the former develop communication skills and improve their proposal capability to clients. In addition, the bank has formed a Loan Development Support Team comprising experienced employees, who provide guidance to younger colleagues and pass on their skills to arrange business loan transactions and make credit decisions.



Column ● Systems and Initiatives to Support the Realization of Career Visions (the Nishi-Nippon City Bank)

Free agent (FA) system

The bank has put in place a scheme that allows employees with an interest in HQ or Group company operations to nominate themselves to work in such areas, as a way to support the diverse career paths of its employees.

Internal internships

The bank offers short-term internship opportunities that allow its employees to experience HQ operations that interest them.

A guidebook interroducing HQ and our Group companies

This is a tool that helps employees better understand the Divisions in HQ and Group companies and consider career paths.



Experience of a FA system user



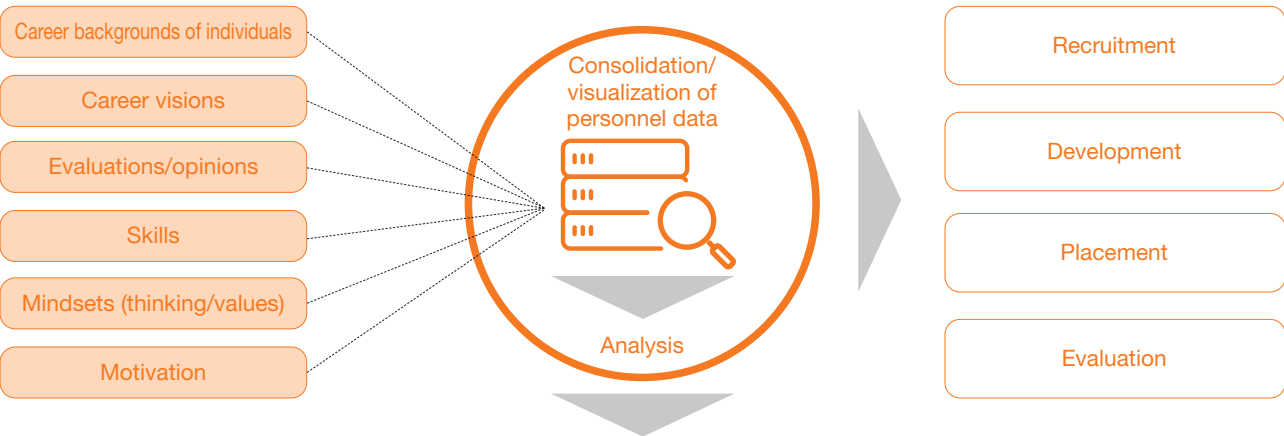
When I was a sales representative at a branch working with my customers, I became acutely aware that DX was advancing in communities faster than expected. As I was also interested in HQ duties, I used the internal internship system and became a short-term intern at the IT Planning and Management Division.

Experiencing at first hand what the Division did made me realize the impact of IT on the bank's operations. Following this experience, I used the FA system to transfer to the IT Planning and Management Division.

As our customers' needs diversify, the bank's roles are also expanding. I hope to contribute to the development of both our customers and the bank by acquiring specialist knowledge in IT while utilizing my experience at branches.

Utilization of People Analytics

The Nishi-Nippon City Bank consolidates, visualizes, and analyzes various personnel data including the career backgrounds and career visions of individuals and uses them in all facets of personnel affairs such as recruitment and development.



Build an optimum human resources portfolio; improve engagement; energize the organization

Major Achievements in Human Resource Development

Number of participants in training and voluntary professional development seminars (FY2023)

18,459 in total
(14,605 in total in FY2022)

(The Nishi-Nippon City Bank)

Training expenses (FY2023)

up 50%
from FY2022
¥185 million
(¥127 million in FY2022)

* Including expenses for IT systems related to HR development and expenses for voluntary professional development seminars (financial incentives for those who obtained professional qualifications)
(The Nishi-Nippon City Bank)

Total training hours (FY2023)

203 thousand hours in total
(173 thousand hours in total in FY2022)

(The Nishi-Nippon City Bank)

Average training hours per person (FY2023)

61.7 hours in total
(51.4 hours in total in FY2022)

(The Nishi-Nippon City Bank)

Number of employees on strategic secondment (as of Mar. 31, 2024)

119
(120 as of Mar. 31, 2023)

* Secondments to affiliates, outside companies, groups, etc. for the purpose of HR development, supporting business partners, etc.
(The Nishi-Nippon City Bank)

Number of career support menu users (FY2023)

228
(145 in FY2022)

* Users of the FA system, internal internship system, programs to support people taking exams for advanced qualifications
(The Nishi-Nippon City Bank)

Number of IT passport holders (as of May 31, 2024)

1,055
(793 as of Mar. 31, 2023)

(The Nishi-Nippon City Bank, City Ascom, and IJGN GROUP)

Number of employees with advanced qualifications (as of Mar. 31, 2024)

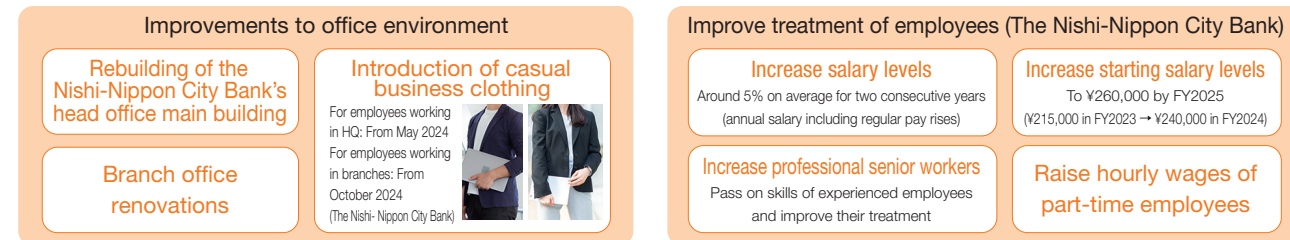
430
(422 as of Mar. 31, 2023)

* Professional qualifications, Banking Business Proficiency Test Grade 1, advanced IT-related qualifications, etc.
(The Nishi-Nippon City Bank)

(ii) Greater Job Satisfaction

Maintenance of Work Environment

The NNFH Group creates a workplace environment that enables each of its employees to work energetically through improvements to its office environment (e.g., rebuilding of the Nishi-Nippon City Bank's head office main building, renovation of branches, and introduction of casual business clothing) and improvements in the treatment of its employees.



Diversity & Inclusion

The NNFH Group is committed to creating a diverse and vibrant organization to improve its corporate value over the medium to long term. In addition to our efforts to empower our female employees, which we began in earnest in 2008, we have also actively been recruiting mid-career workers with diverse skills and experiences in recent years.

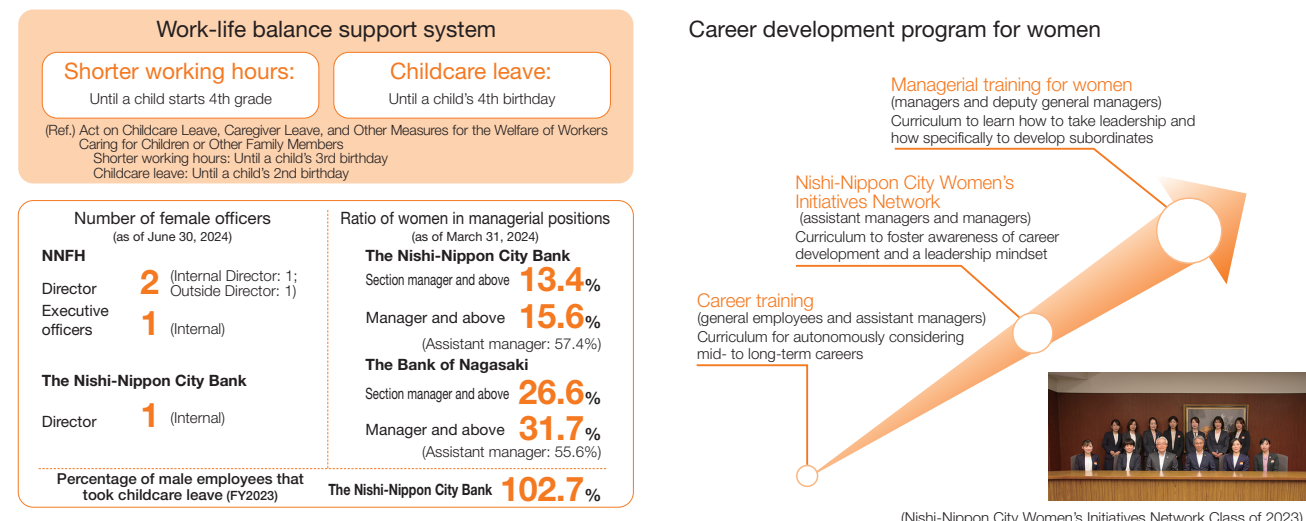
New Graduates and Mid-Career Hires

The Nishi-Nippon City Bank recruited 227 new graduates in FY2024. Of this number, 47 people were recruited for region-specific clerical positions to work in customer relations roles at branches (of the 47 people, eight were high school graduates). The recruitment of people to this position resumed in FY2024. The bank has been actively recruiting mid-career hires since FY2018 and recruited 28 people in this category in FY2023 including specialists with advanced qualifications (the total number of the bank's current employees recruited as mid-career hires as of March 31, 2024: 78).



Promotion of Women's Empowerment

Since the adoption of the active promotion of women under the Medium-Term Business Plan "New Stage 2008" which began in April 2008, the Nishi-Nippon City Bank has been actively empowering its female employees by actively appointing women in sales and managerial positions and by organizing systems to support employees who are juggling work and family responsibilities. These systems have gone above what is required under laws and ordinances. As a result, the ratio of women in managerial positions at or above the section manager level grew more than eightfold to 13.4% as of March 31, 2024 from 1.6% at the start of the Group's efforts. Furthermore, women account for 57% of our assistant managers, who are the candidates for next-generation leaders, exceeding the ratio of their male colleagues.



Health and Productively Management

The NNFH Group promotes health and productivity management based on the understanding that promoting officers' and employees' mental and physical health and creation of workplaces with greater job satisfaction will lead to better services for customers.

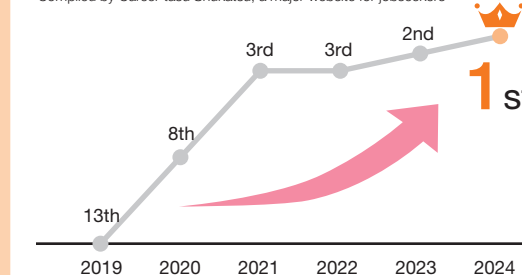
In addition, under the leadership of the president and the director in charge of the Human Resources Division, the Nishi-Nippon City Bank has established a Health Management Promotion Council in cooperation with the Human Resources Division, Health Insurance Union, Employee Union, industrial physicians, and public health nurses, to formulate, implement, evaluate, and improve measures to maintain and promote the health of employees.



External evaluations:

Employer popularity ranking (Kyushu, Yamaguchi, and Okinawa areas)

*Compiled by Career-tasu Shukatsu, a major website for jobseekers



Certified as a Health & Productivity Management Outstanding Organization (large enterprise category) (March 2024)



Received three stars in the 7th Nikkei Smart Work Management Survey that identifies advanced companies trying to create a productivity revolution through workstyle reforms (November 2023)



Received Kurumin certification as a company that supports parenting based on the Act on Advancement of Measures to Support Raising Next-Generation Children (July 2022)



Obtained Tomonin Mark certification as a workplace that supports employees fulfilling work responsibilities while caring for a family member (May 2022)



Column ● History of Diversity & Inclusion Initiatives (The Nishi-Nippon City Bank)

- April 2008
Assigned dedicated personnel to the Human Resources Division and began actively promoting women in the head office's planning and administration department and sales department
- FY2008
Newly established training programs for female employees, including women's management training and holiday seminars
- April 2009
Significant expansion of work-life balance support system
 - Expansion of childcare leave period (from up until a child's 1st birthday to up until a child's 4th birthday)
 - Establishment of a new system for shorter working hours to aid in childcare (enabling working time to be shortened by up to two hours)
 - Expansion of measures to facilitate parenting (significant extension of restrictions on overtime work and the staggered working hours system to apply until the child starts school)
 - Expanded provision of information during childcare leave (pre-leave interviews, establishment of a new information support desk)
 - Creation of a work-life balance support guidebook
 - Establishment of new regional career-track positions
 - Enabled promotion to the position of general manager without having to relocate
 - Establishment of a new reemployment system
 - Rehiring of employees who retired due to marriage, childbirth, childcare, etc.
- November 2013
Formation of a project team to promote women's empowerment
- April 2014
Establishment of a new NCB women's training program
 - Opportunities for female employees to consider their careers and deepen exchange (held five times between 2014 and 2020, with a total of 286 participants)
- October 2016
Encourage for male employees to take childcare leave
Expansion of work-life balance support system
 - The first five days of childcare and the entire period of maternity leave (eight weeks) deemed to be paid leave, and extension of the period of access to the work-life balance support system (from before starting school up until starting the second grade of elementary)
- October 2018
Extension of the period of access to the work-life balance support system
 - From starting the second grade of elementary school up until starting the fourth grade
- Seminars held for employees on childcare leave
 - Testimonials from employees who are experienced mothers, mini-study sessions, and lunch gatherings
- April 2020
Abolition of region-specific clerical positions
 - Conversion to regional career-track positions with no restrictions on job descriptions and job class to expand the scope of activities of female employees
- December 2021
Expansion of work-life balance support system
 - Introduction of a leave system that enables leave to be taken in one-hour increments (nursing care leave and nursing care leave for children)
- Launch of the Nishi-Nippon City Women's Initiatives Network
 - A network of female employees at the assistant manager and manager level who work to build awareness of career advancement, foster a leadership mindset, acquire problem-solving skills, and build networks (12 people joined as the class of 2023, bringing the cumulative total of participants to 37.)
- May 2022
Acquired Tomonin certification, which symbolizes workplace environments that enable employees to balance work and nursing care, as stipulated by the Ministry of Health, Labour and Welfare
- July 2022
Acquired Kurumin certification from the Minister of Health, Labour and Welfare as a company that supports childcare, based on the Act on Advancement of Measures to Support Raising Next-Generation Children
- October 2022
Expansion of paid leave period at the start of childcare leave
 - From 5 business days to 10 business days
- February 2024
Introduction of managerial training for women
 - Introduced a program targeting employees in manager and deputy general manager positions to help them develop their unique management and leadership approaches through an understanding of modern leadership styles and an awareness of unconscious bias. (20 people participated in FY2023.)

September 2009
Received the Equal Opportunity and Work-Life Balance Promotion Company Award (Equal Opportunity Promotion Company Category)
Fukuoka Labor Bureau Director's Award for Excellence from the Ministry of Health, Labor and Welfare

January 2016
Received the 2014 Governor's Award for Companies and Offices Declaring Support for Childcare from Fukuoka Prefecture



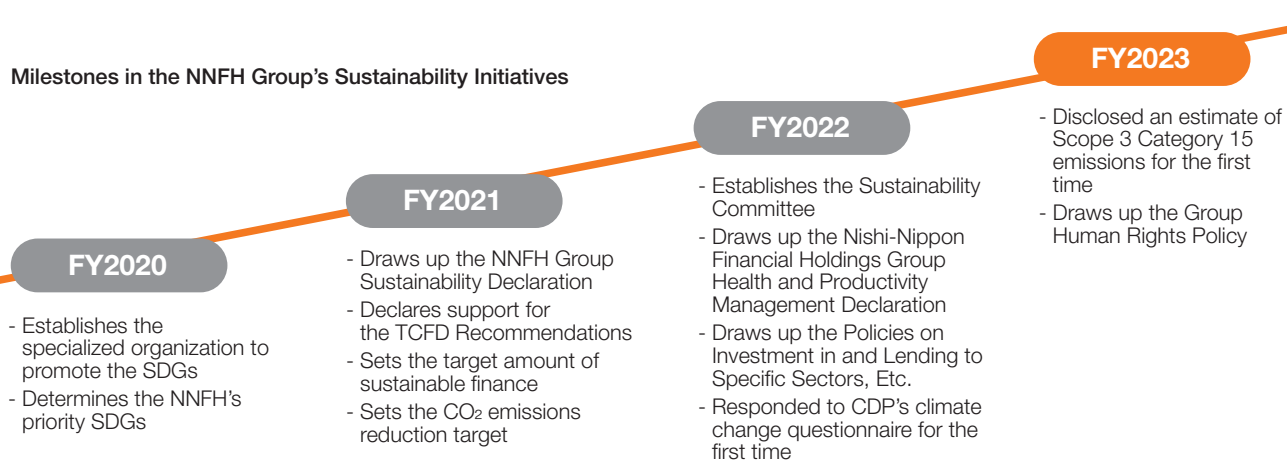
(Seminar for employees on childcare leave)

Basic Strategy IV. Sustainability Initiatives

Contributions to a Sustainable Local Community

With the firm belief that “Without regional development, there will be no growth of the Group.”, the NNFH Group has dedicated itself to wide-ranging community activities as we offer solutions that address regional challenges through our primary services of support for startups and funding environmental projects.

The NNFH Group considers addressing sustainability issues to be an important part of our management strategy, and we will continue to contribute to the realization of a sustainable society by bolstering our sustainability initiatives via means only available to a regional financial group.



Group Management Philosophy

Aiming high and motivated by pride in our services, we are committed to becoming a leading financial group through our ability to respond to change and to grow with our customers.

The Nishi-Nippon Financial Holdings Group Sustainability Declaration

Guided by the Group Management Philosophy, we at the NNFH Group aim to develop the regional economy and enhance our enterprise value, while at the same time contributing to the realization of a sustainable society.

Group Human Rights Policy

We, the Nishi-Nippon Financial Holdings Group, will respect the human rights of our customers, officers, employees, and other stakeholders based on the Group Management Philosophy and the Group Sustainability Declaration.

*See page 64 for the entire text.

The Nishi-Nippon Financial Holdings Group Health and Productivity Management Declaration

To realize the Group Management Philosophy and the Nishi-Nippon Financial Holdings Group Sustainability Declaration, we the Nishi-Nippon Financial Holdings Group maintain and enhance the health of our officers and clerks, who are our customers' partners.

NNFH's Priority SDGs



Target Amount of Sustainable Finance

Total ¥ **2.0** trillion from FY2021 to FY2030

CO₂ Emissions Reduction Target

Achieve **carbon neutrality** by FY2030

* Covers Scope 1 and Scope 2 emissions

Priority theme	Selected measures
Initiatives for the Environment and Climate Change	<ul style="list-style-type: none">● Fulfillment of the TCFD recommendations● Efforts to achieve carbon neutrality● Participation in external initiatives
Supporting Customers' SDGs/ESG Initiatives	<ul style="list-style-type: none">● Provision of solutions to social issues (hands-on support for corporate customers)● Initiatives for sustainable finance
Respecting Human Rights	<ul style="list-style-type: none">● Establishment of the Group Human Rights Policy● Human rights awareness training● Education and training for preventing harassment● Reporting and consultation hotlines
Efforts to Create Industries and Jobs in the Region	<ul style="list-style-type: none">● Finely-tuned startup support● Business support through funds● NNFH business competition for startups● Creation of new business by local companies
Partnership with the Local Community	<ul style="list-style-type: none">● Active involvement in regional development● Collaborating with local governments● Collaboration with educational institutions
Multifaceted Programs Benefitting the Local Community	<ul style="list-style-type: none">● Financial literacy education● Commendation● Community activities by employees● Community activities for senior citizens● Support for improving ICT literacy in local communities● Cultural/artistic activities● Information provision to local communities (information provision programs)
Human Resource Strategy	<ul style="list-style-type: none">● Development of strategic human resources● Training by job class and duties● Environmental improvement● Diversity & Inclusion● Health and productively management

Initiatives for the Environment and Climate Change



In recent years, the effects of climate change (defined as long-term changes in temperature and weather patterns) have frequently caused enormous amounts of damage around the world, including rising temperatures, droughts, and rising sea levels. Fukuoka and other areas in the Kyushu Region as well, our main markets, have experienced a series of record-breaking rainfall disasters, and addressing climate change has become a major challenge in realizing sustainable local communities.

Having included initiatives to address climate change in its priority issues in the management strategies, the NNFH Group declared its support for the TCFD* Recommendations in April 2021, and has since disclosed relevant information, while supporting its customers in dealing with the challenges posed by climate change.

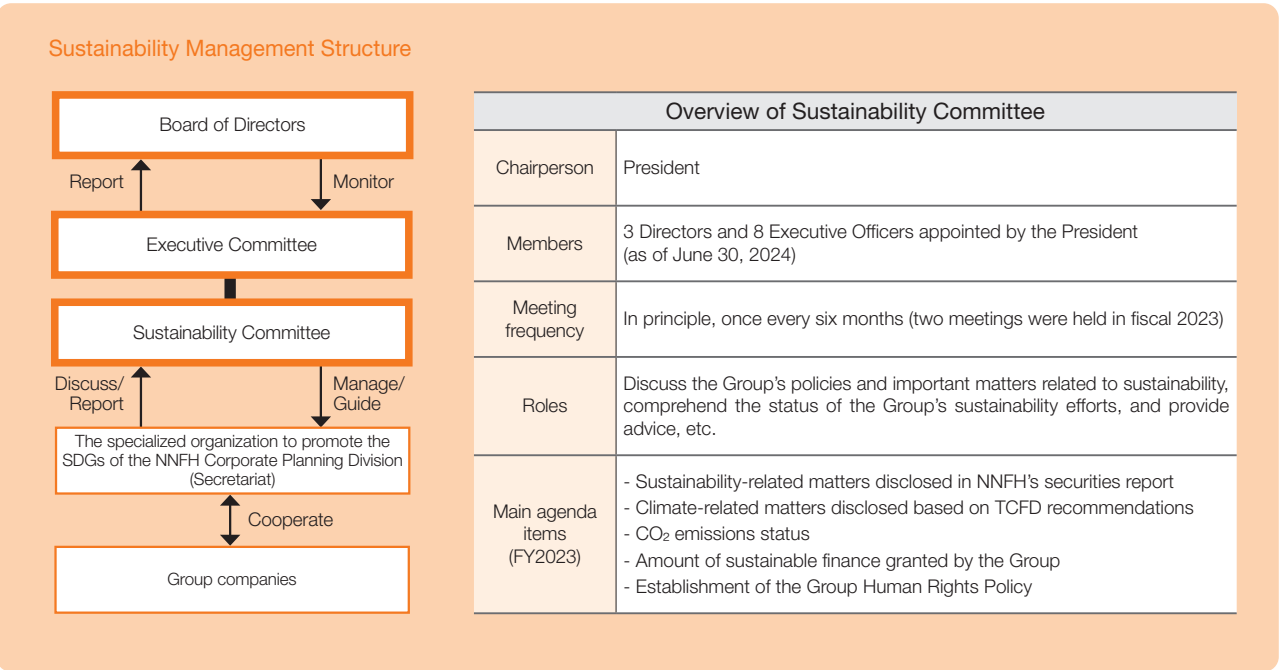
* A task force established by the Financial Stability Board (FSB) to encourage companies to disclose climate-related financial information that will help investors make appropriate investment decisions.

Fulfillment of the TCFD Recommendations

Governance

NNFH discusses the NNFH Group's policies and important matters concerning sustainability at the Sustainability Committee chaired by the company's President to monitor the status of its sustainability activities and to provide advice. Discussions at the Sustainability Committee are reflected in the Group's management strategies and risk management measures after deliberations and decision-making by the Executive Committee, and are also reported to the Board of Directors. The Board of Directors appropriately monitors the matters reported to it.

Day-to-day sustainability operations are centrally supervised by a specialized organization to promote SDGs in the Corporate Planning Division, which monitors the status of the measures taken by Group companies and follows up on their efforts.



Strategies

The NNFH Group has made it clear that it “aims to develop the regional economy and enhance its enterprise value while contributing to the realization of a sustainable society” in its Group Sustainability Declaration, which describes its policies on its initiatives for the SDGs and ESG. Furthermore, the Group has selected “Goal 13: Take urgent action to combat climate change and its impacts” as one of its priority SDGs, thus including initiatives to address climate change in its priority issues for its management strategies and deploying a variety of environment-related measures based on risks and opportunities associated with climate change.

Risks Associated with Climate Change

NNFH recognizes major risks associated with climate change as follows.

		Descriptions of risks	Timeline*	Risk category
Transition risks	Tightening of environmental regulations	Losses generated by changes in policies/regulations, such as introduction of a carbon tax and tightening of greenhouse gas (GHG) emissions regulations, on the part of investees/borrowers	Medium to long term	Credit risk
	Development of innovative technologies	Degradation of asset value and/or loss generated on the part of investees/borrowers due to technological innovation and rapid structural changes associated with the transition to a carbon neutral society	Medium to long term	Credit risk
	Reputation changes	Loss of the NNFH Group's enterprise value due to discrepancies between the Group's responses to climate change and stakeholders' expectations	Short to long term	Operational risk (Reputation risk)
Physical risks	Wind and flood damage due to typhoons, torrential rains, etc.	Damage to the NNFH Group' sales offices	Short to long term	Operational risk (Tangible asset risk)
		Degradation of the value of assets pledged by investees/borrowers	Short to long term	Credit risk
		Loss generated by the shutdown of operations by investees/borrowers	Short to long term	Credit risk
		Confusion in the financial market due to serious/extensive damage	Short to long term	Market Risk
	Temperature variation and rising sea levels	Impact on business activities, etc. of the NNFH Group and its investees/borrowers brought on by the chronic climate change such as temperature variation and changes in weather patterns	Long term	Credit risk Operational risk (Tangible asset risk)

* Short term: Less than 3 years, medium term: 3–10 years, long-term: more than 10 years

Scenario Analysis

NNFH conducts analysis based on multiple future scenarios and estimates potential risks with a focus on the Nishi-Nippon City Bank, which is deemed most susceptible to the impact of climate change risks if they materialize. These analyses and calculations use certain assumptions about potential natural catastrophes and the objects of the analyses.

In the analyses conducted for the following objects using the methods and scenarios below, NNFH has concluded that both transition and physical risks will have a limited impact on the Group's financial conditions. We will continue expanding the objects of our scenario analyses and upgrading our analysis methods.

	Transition risks	Physical risks
Object of Analysis	Electricity, oil & gas, coal, railway transportation, trucking service, automobiles & parts, air cargo transportation, air passenger transportation, shipping, metal & mining sectors	Degradation of the value of collaterals due to flood damage (of collaterals for business loans, buildings located in Fukuoka Prefecture) and deterioration of financial conditions due to the business suspension of business loan borrowers (in Fukuoka Prefecture)
Analysis methods	Analyze the impact that changes in the market environment and a rise in carbon prices from the introduction of carbon taxes might have on corporate earnings	Based on a hazard map, calculate the amount of damage to collaterals due to floods and the rate of decrease in net sales due to business suspension
Scenarios used	1.5°C scenario of the International Energy Agency (IEA) and 1.5°C scenario of the Network for Greening the Financial System (NGFS)	2°C /4°C scenarios of the Intergovernmental Panel on Climate Change (IPCC)
Analysis results	Additional credit costs that may be incurred by 2050 Approx. ¥43.0 billion in total	Additional credit costs that may be incurred by 2050 Up to approx. ¥5.0 billion on a single-year basis

Carbon-related Assets

The ratio of carbon-related assets, based on the definition in the TCFD Recommendations Annex (revised 2021), to the total credit balance of the Nishi-Nippon City Bank is 34.24%.

Energy	Transportation	Materials & building	Agriculture, food, and forestry products	Total
2.18%	3.19%	27.12%	1.76%	34.24%

*Selected and compiled based on the Bank of Japan's industry classifications.
*The term "energy" excludes renewable energy power generation projects.
*Calculated based on the total value of loans and bills discounted as well as acceptances and guarantees (excluding open commitment lines) as of March 31st, 2024.

Opportunities Concerning Climate Changes

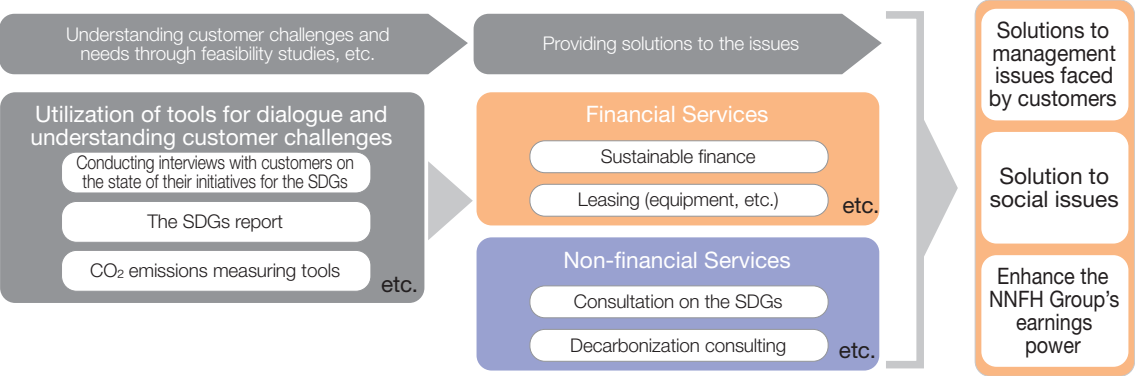
NNFH recognizes the following key opportunities related to climate change, and provides both financial and non-financial solutions to aid our customers in addressing climate change, including the transition to a decarbonized society.

Descriptions of opportunities	Timeline*
An increase in sustainable finance accompanying the transition to a decarbonized society	Short to long term
An increase in consulting services related to supporting the visualization and reduction of CO ₂ emissions accompanying the transition to a decarbonized society	Short to long term
An increase in demand for financing for infrastructure investments to prepare against intensifying natural disasters	Short to long term

* Short term: Less than 3 years, medium term: 3–10 years, long-term: more than 10 years

Provision of Solutions to Customer's Business Challenges (Hands-on Support for Corporate Customers)

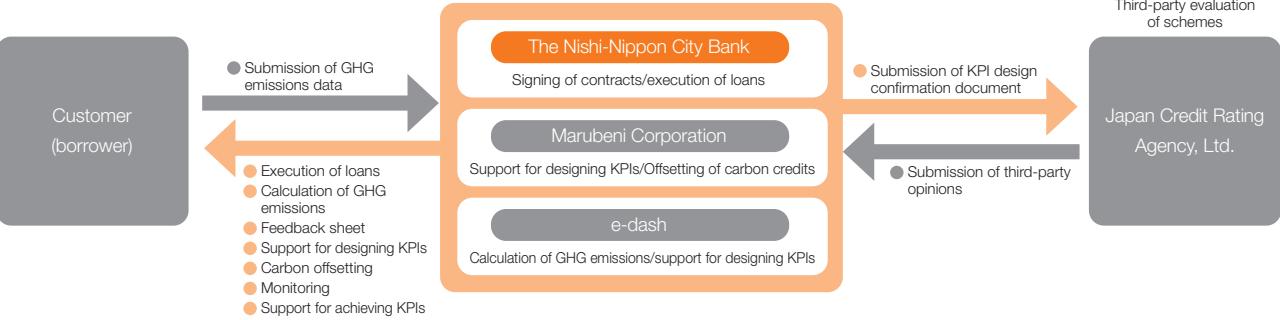
The NNFH Group collects and shares information on SDGs/ESG issues and initiatives through dialog with customers, and provides a wide range of both financial and non-financial solutions in line with our customers' management challenges and needs.



Expanding the Lineup of Sustainable Financing

In May 2024, the Nishi-Nippon City Bank launched Forestrike, an impact finance product to facilitate decarbonization, which the bank had jointly developed with Marubeni Corporation and e-dash Co., Ltd. It is an all-in-one decarbonization action financing product offering packaged services including the visualization of GHG emissions, support for designing and achieving KPIs, and voluntary carbon offsetting. Through the collaboration of three companies, Forestrike aims to meet the needs of clients who have concerns and problems in achieving decarbonization.

This is the first joint development of a financing product by a financial institution, general trading company, and startup, to support decarbonization efforts of companies in Japan.



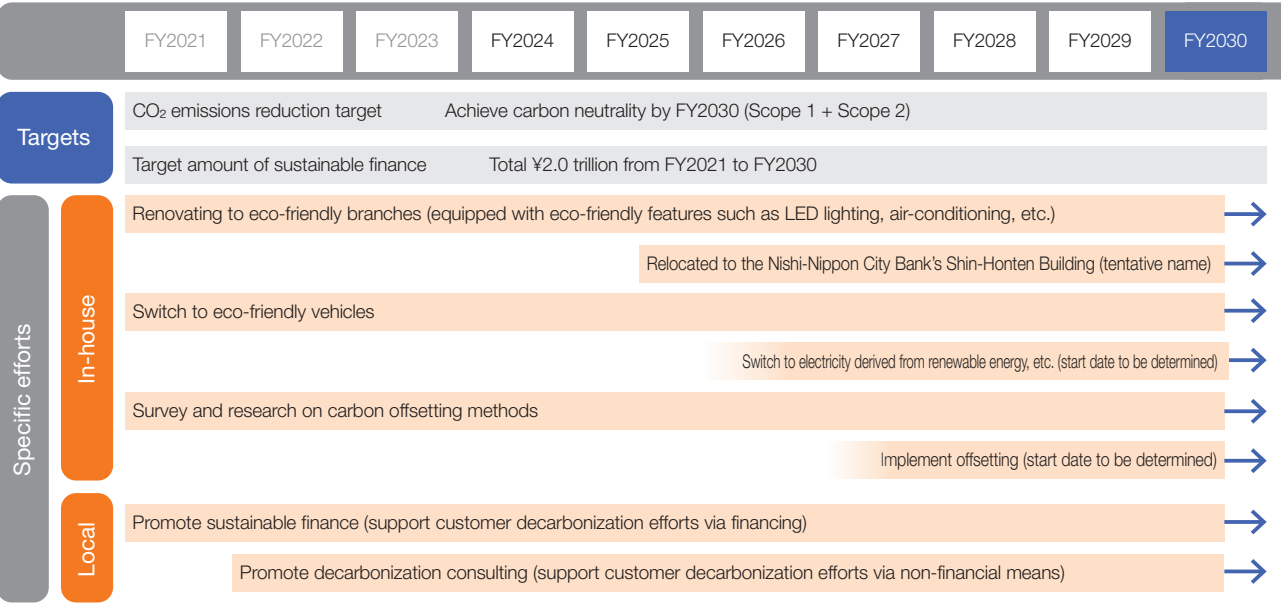
Investment in SDGs Bonds

As part of its investment activities designed to ameliorate environmental and social challenges, the Nishi-Nippon City Bank invests in various SDGs bonds such as green bonds and social bonds. In FY2023, the bank invested ¥12.3 billion.

Carbon Neutrality Initiatives

To address climate change-related risks and opportunities, NNFH has established the Group's CO₂ emissions reduction target of achieving carbon neutrality by FY2030 (Scope 1 and Scope 2) and is working on reducing CO₂ emissions while endeavoring to assess CO₂ emissions produced through our business activities. In addition, we define financing that helps build a sustainable society as sustainable finance and have set a goal of providing a cumulative total value of ¥2.0 trillion in sustainable finance between FY2021 and FY2030. To achieve this goal, we have been supporting our customers' efforts to resolve environmental and social challenges including their responses to climate change.

Roadmap toward Carbon Neutrality



Eco-Friendly Branches

The Nishi-Nippon City Bank is renovating its branches to make them fully equipped with eco-friendly features, such as solar power generation, rainwater utilization, LED lighting, and energy-saving air-conditioning (28 branches renovated as of March 31st, 2024).

Switch to Eco-Friendly Vehicles

The Nishi-Nippon City Bank has been switching its business vehicles to hybrids and EVs (a total of 168 hybrids and EVs as of March 31st, 2024). We have also been working with Ubiden, Inc. to install chargers that are accessible 24 hours a day in the customer parking lots of our sales offices in order to support the proliferation of EVs in the region (six offices as of March 31st, 2024).

Risk Management

NNFH conducts scenario analyses to identify and assess risks arising from climate change. From the results of the scenario analyses, we are aware that the physical and transition risks arising from climate change could have an impact on the Group's business operations, financial conditions, and other aspects. We will continue upgrading our scenario analysis capabilities and organizing a framework to control sustainability-related risks including climate change.

We make investments and provide loans to specific sectors that are likely to have a major impact on the environment and society in an appropriate manner based on the following policy.

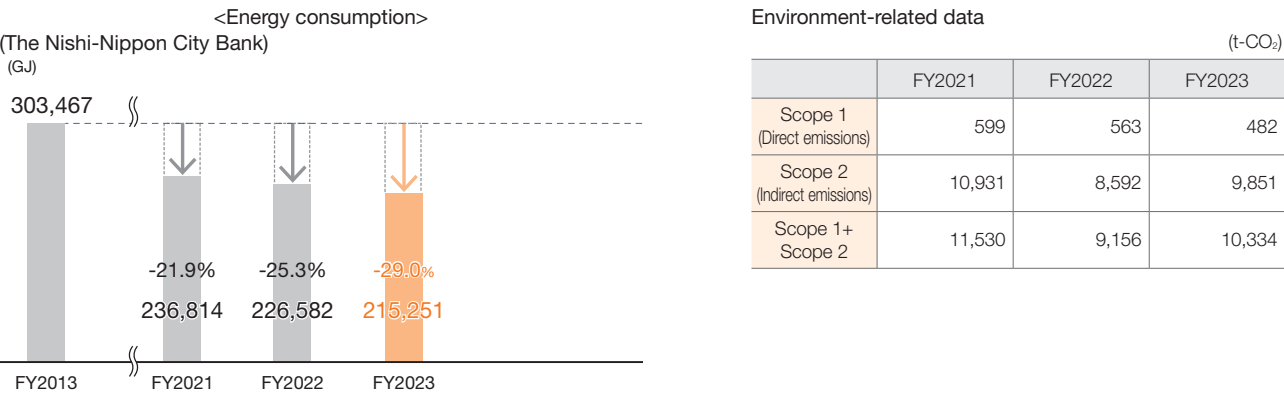
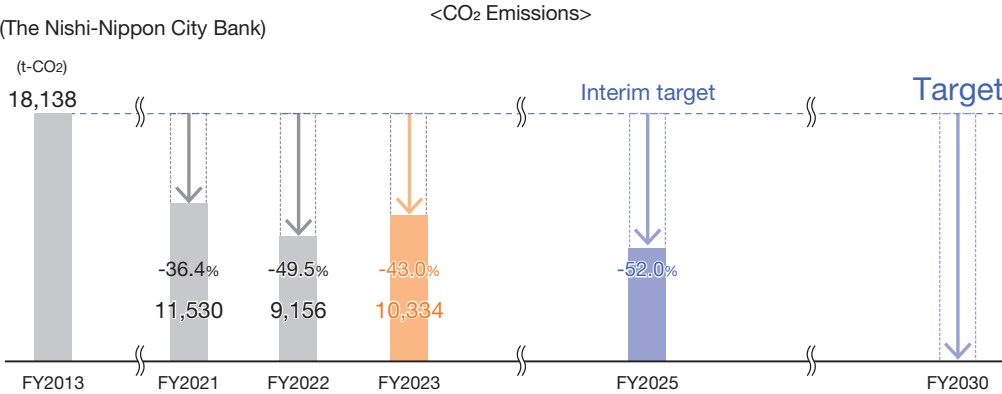
Policies on Investment in and Lending to Specific Sectors, Etc.

I. Coal-fired power generation	We will not, in principle, offer investments or funds whose application is the construction of new coal-fired power plants or the expansion of existing coal-fired power plants. Should we consider offering one as an exception, we will make the most careful decision for each proposed project individually after taking into account energy policies and situations of host countries, power generation efficiency, impacts on the environment and society, etc.
II. Deforestation business	When we consider offering investments or funds to projects that involve deforestation, we will make the most careful decision individually after taking into account the acquisition status of international certifications, impacts on biodiversity and ecosystem, environmental and societal considerations, etc.
III. Development of palm oil farms	When we consider offering investments or funds to projects that develop palm oil farms, we will make the most careful decision individually after taking into account the acquisition status of international certifications, impacts on biodiversity and ecosystem, environmental and societal considerations, etc.
IV. Production of cluster bombs and other inhumane weapons	We will not offer investments or funds to projects whose involvement in production of cluster bombs and other weapons we consider to be inhumane, regardless of their intended purpose.
V. Infringement of human rights	We will not offer investments or funds to projects that involve human trafficking, child labor, forced labor, and other human rights violations, regardless of their intended purpose.

Metrics and Targets

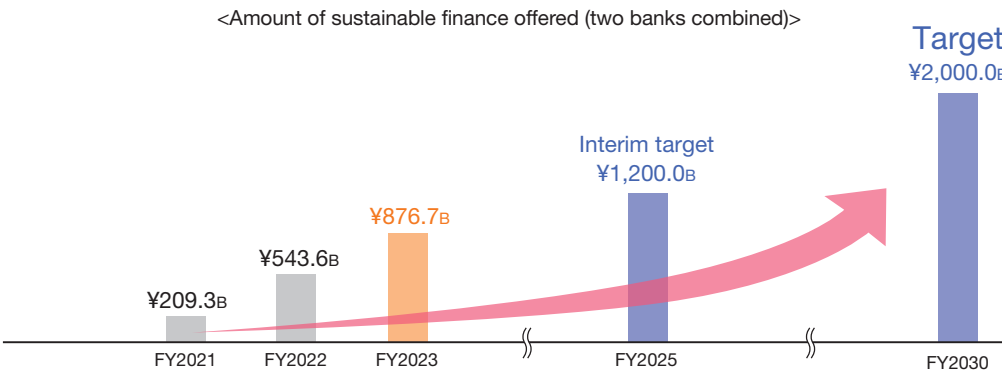
CO₂ Emissions

The NNFH Group drew up its CO₂ emissions reduction target of “achieving carbon neutrality by FY2030.” In order to achieve this target, we will monitor CO₂ emissions from business activities and launch concrete initiatives that reduce CO₂ emissions.



The Amount of Sustainable Finance Extended

NNFH sets up “sustainable finance,” a new category of financing service designed to realize a sustainable society by way of funding environmental projects, supporting startups, etc., with its target amount being a total of two trillion yen from fiscal 2021 to fiscal 2030. We aim to achieve the target by assisting customers in resolving their environmental and social challenges including addressing climate change.



Our Sustainable Finance Solutions and Targeted Areas

Main investment/loan targets and products	
Renewable energy generation business	Capital investments that contribute to carbon emissions reduction and decarbonization
Startup support	Regional revitalization
Medical care and welfare services	Educational services
Agriculture, forestry and fishery	SDGs supporting loans
SDGs private placement bonds	Sustainability-linked loans
Positive impact finance	Green bonds
Social bonds	Sustainability bonds, etc.

Column Efforts to Calculate Scope 3 Category 15 Emissions

NNFH is working on calculating Scope 3 emissions (i.e., indirect emissions not categorized as Scope 1 or Scope 2). In collaboration with an outside consulting firm, we are conducting calculations to determine Category 15 emissions (investments and loans), which account for the bulk of our Scope 3 emissions due to the nature of the banking business.

The trial calculation in FY2023 showed that GHG emissions by our investees and borrowers stood at approx. 1.89 million t-CO₂e (weighted average of data quality score was approx. 3.5).

We will continue expanding the scope of our target and improving data quality scores to use these data in our dialogues with our customers and to help them reduce their emissions.

Number of applicable accounts (%)	Amount loaned to applicable accounts (%)	GHG emissions by applicable accounts
10,284 accounts (41.2%)	¥4,466.3 B (92.8%)	1,891,258 t-CO ₂ e

<Target and methods of trial calculation>

- Target: Borrowers of business loans provided by the Nishi-Nippon City Bank (group credit of ¥100 million or more; approx. 10,000 companies)
- The trial calculations are conducted in accordance with the PCAF Global GHG Accounting and Reporting Standard, using data publicly released under the calculation, reporting, and publication system based on the Act on Promotion of Global Warming Countermeasures.
- The percentages shown indicate the ratios of borrowers included in the calculation to the overall business loan portfolio of the Nishi-Nippon City Bank.
- GHG emissions of the applicable borrowers represent the total of Scope 1 and Scope 2 emissions.

Emissions by Sector (t-CO₂e)

Sector		Emissions
Energy	Coal/oil/gas	2,560
	Electricity/utilities	162,595
Transportation	Air	4,327
	Sea	28,218
	Land	85,332
	Automobiles	7,431
Materials/buildings	Metal/mining	434,147
	Chemical	168,535
	Building materials/capital materials	133,971
	Real estate management/development	47,062
Agriculture/food/forestry products	Beverages/foods	103,131
	Agriculture	31,240
	Paper making/forestry	67,059
Other		615,650
Total emissions		1,891,258

Data Quality Score

Quality score	Type of emissions data	Conditions of emissions calculation
High Score 1	Published results	When corporate value and published emissions data certified by a third party are available
		When corporate value and published emissions data not certified by a third party are available
Score 2	Estimates based on physical activity volume	When corporate value, energy consumption, and energy consumption rate are available
		When corporate value, production output, and production output unit are available
Score 3	Estimates based on economic activity volume	When corporate value, net sales, and net sales unit are available
		When a primary total asset unit by sector is available
Score 4	Estimates based on economic activity volume	When net sales unit and asset turnover rate by sector are available
		When net sales unit and asset turnover rate by sector are available
Score 5	Estimates based on economic activity volume	When net sales unit and asset turnover rate by sector are available
		When net sales unit and asset turnover rate by sector are available

Participation in Environmental Initiatives



Respecting Human Rights



With the globalization of economic activities, corporate activities' impact on the global environment and human rights has become greater in recent years. As a result, calls for companies to protect and respect human rights are mounting rapidly. Since the formulation of the National Action Plan on Business and Human Rights in 2020 in Japan, the government has set forth various guidelines and urged companies to take action. As a result, corporate activities on such initiatives are gaining traction.

In light of such rising social demands, the NNFH Group has strengthened its initiatives on respecting human rights.

Establishment of the Group Human Rights Policy

NNFH established the Group Human Rights Policy in January 2024 to set forth the Group's policy for respecting human rights. The policy was discussed by the Sustainability Committee (chaired by the President) while incorporating information from external experts, before being established by resolution of the Executive Committee (chaired by the President) and reported to the Board of Directors (chaired by the Chairman). The policy states that we will strive to fulfill the responsibility of respecting human rights in all our business activities and respect international human rights standards such as the International Bill of Human Rights.

Based on the policy, we will continue to pursue initiatives to identify, prevent, and mitigate adverse effects on human rights.

Education and Training

Human Rights Awareness Training

The Nishi-Nippon City Bank carries out human rights awareness training, such as an e-learning program on "Business and Human Rights" for all officers and employees, including part-time employees, and training on "Companies and Issues of Human Rights/Buraku (discriminated-against communities)" for new employees.

The NNFH Group will implement and expand education and training to deepen correct knowledge and understanding of human rights on an ongoing basis.

Training for Preventing Harassment

The Nishi-Nippon City Bank regularly provides e-learning and study sessions for all officers and employees, including part-time employees, to prevent harassment. In addition, it gives more specific training for managers in its headquarters and sales branches to deepen their understanding of different types of harassment, carrying out company-wide efforts to prevent harassment.

Relief Measures

Reporting and Consultation Hotlines

The NNFH Group has internal reporting hotlines set up at NNFH and external law firms through which employees can directly report or consult about compliance-related inappropriate behavior, harassment, and HR and labor issues without going through the companies they belong to.

In addition, we have a support desk for receiving complaints, opinions, and requests from external parties.

*See page 80 for details.

Group Human Rights Policy

We, the Nishi-Nippon Financial Holdings Group (the "Group"), will respect the human rights of our customers, officers, employees, and other stakeholders based on the Group Management Philosophy and the Group Sustainability Declaration.

1. Basic Approach

Commitment to respecting human rights

The Group will strive to fulfill the responsibility of respecting human rights in all of its business activities.

Respecting international human rights standards

The Group will comply with laws and regulations applicable in the regions where it operates and respect international human rights standards, including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and the Children's Rights and Business Principles.

If there is a discrepancy between internationally recognized human rights and laws and regulations in a region, we will pursue methods for respecting international human rights standards.

2. Scope of Application

This policy applies to all officers and employees in the Group.

In addition, we expect all our stakeholders, including customers and suppliers, to understand and support the policy's intent.

3. Governance and Management System

At the Sustainability Committee, chaired by the President, the Group discusses its response policy and important matters concerning sustainability, such as human rights-related initiatives, and monitors the state of such initiatives. We have a system for reflecting the discussions held at the committee in management strategies and risk management after deliberation and decision-making at the Executive Committee. Such discussions are also reported to the Board of Directors.

4. Education and Awareness-Building Activities

The Group will provide human rights awareness education and training so that each officer and employee can gain correct knowledge and deepen their understanding of human rights.

5. Officers and Employees

The Group will clarify its stance not to tolerate discrimination on the grounds of race, nationality, creed, religion, handicap, family origin, gender, sexual orientation, gender identity, age, health condition, and the like; harassment such as sexual harassment and bullying; and human rights violations such as child labor and forced labor. The Group will ensure that its officers and employees comply with that stance.

In addition, we will respect the human rights of all officers and employees and strive to ensure that there is no discrimination in our recruiting and promotion processes. We will also work to curb long working hours and apply a pay structure based on equal pay for equal work in accordance with the Labor Standards Act of Japan and other relevant laws and regulations. We will pay above the minimum wage and respect the freedom of association and collective bargaining.

6. Customers

The Group will strive to protect and respect the privacy of its customers and to ensure that there is no discrimination in providing products and services to them.

In addition, we will not execute loans and investments in a business if we recognize its involvement in human trafficking, child labor, forced labor, and other human rights violations, regardless of the purpose of use of such loans and investments.

7. Relief Measures

If it becomes clear that the Group or a product or service it has provided has caused or has been involved in having a negative effect on human rights, we will take proper action and strive to provide relief. We have set up a consultation desk for our customers, suppliers, and other stakeholders to which they can send their complaints and requests. We have also established internal reporting hotlines for our officers and employees to report human rights violations such as discrimination and harassment cases. The desk and hotlines also properly respond to anonymous consultations.

8. Information Disclosure and Engagement

The Group will disclose its human rights initiatives on its website and other media to seek the understanding of its stakeholders.

Partnering with the Local Community

Active involvement in Regional Development

The NNFH Group is actively involved in redevelopment projects throughout Kyushu, including Tenjin Big Bang and Hakata Connected in central Fukuoka City. In addition to proactive involvement, the Group contributes to the revitalization of the local economy through multifaceted support for companies expanding into the region, including financial assistance, various forms of collaboration in business development, and support for employee asset formation.

Tenjin Big Bang

Provision of development funds for the first project, Tenjin Business Center (construction to be completed in September 2021), as well as relocation and opening of NNFH Group company offices*

* The Nishi-Nippon City Bank: Tenjin Branch, Tenjinkita Branch, NCB Alpha Tenjin Branch;
Nishi-Nippon City Tokai Tokyo Securities: Headquarters and Tenjin Branch

Hakata Connected

Reconstruction of the head office main building as the first step in a series of redevelopment of buildings owned by the Nishi-Nippon City Bank (scheduled to be completed in January 2026)

Redevelopment project around JR Kyudai Gakentoshi Station

Opening of the Nishi-Nippon City Bank's Ito Branch (October 2023)



The Nishi-Nippon City Bank's Ito Branch

Collaborating with Local Governments

The NNFH Group has signed the comprehensive agreement on regional revitalization with 14 local governments and an individual agreement on solutions to issues facing each region with nine local governments (the SDGs, promotion of immigration and settlement, tourism promotion, etc.) as part of its commitment to regional revitalization.

Comprehensive agreement partners (14 local governments)

● Fukuoka Prefecture ● Itoshima City ● Kurume City ● Tagawa City ● Nakagawa City ● Nakama City ● Fukutsu City ● Itoda Town ● Sue Town
● Fukuichi Town ● Miyako Town ● Karatsu City ● Tosu City ● Hita City

Individual agreement partners (9 local governments)

● Iizuka City ● Itoshima City ● Ukiha City ● Kama City ● Kita-Kyushu City ● Munakata City ● Yanagawa City ● Keisen Town ● Beppu City

Support for Regional Revitalization Using Corporate Version of Hometown Tax

In June 2023, the Nishi-Nippon City Bank launched the first web portal operated by a regional bank for the corporate version of hometown tax. The website describes local governments' regional revitalization projects in an easy-to-understand manner, and users can apply to pay the tax through the website. Twenty-seven local governments are listed as potential donation recipients (as of May 31st, 2024).

<https://furukamu.com/>



Seminars on Health Management

With support from local governments, commerce and industry associations, and the Fukuoka branch of the Japan Health Insurance Association, the Nishi-Nippon City Bank, in collaboration with Meiji Yasuda Life Insurance Company, held seminars on health management to support health management initiatives of local businesses (in Koga City in September 2023 and in Itoshima City in February 2024).

Collaboration with Educational Institutions

The NNFH Group signed an agreement on industry-university collaboration with nine local universities to conduct various initiatives that contribute to regional development and the advancement of learning.

Industry-university collaboration agreement partners (9 universities)

● Kyushu University ● Kyushu Institute of Technology ● Kyushu Sangyo University ● Kurume Institute of Technology ● Seinan Gakuin University
● Nakamura Gakuen University, Nakamura Gakuen University Junior College ● Nishinippon Institute of Technology ● Fukuoka University
● Fukuoka Institute of Technology

Acquisition of Naming Rights for an Entrepreneur Development Facility Attached to a Vocational High School

In May 2024, City Ascom signed an agreement with the National Institute of Technology, Ariake College on the acquisition of the naming rights for the College's facility as an initiative to develop human resources who will lead the next generation.

The facility covered by the agreement is a space where students can create prototypes and interact with each other while focusing on their activities utilizing their entrepreneurial mindsets and free thinking. For three years from June 2024, the facility will be used under the name "City Ascom Kigyokou Kobo (Entrepreneur Factory)."



Topics: Financial and Economic Education Activities

The NNFH Group provides financial and economic education that helps raise financial literacy of local communities in collaboration with local governments, schools, and other entities.

Events and Seminars to Provide Economic/Financial Information

Lectures on Economic Matters

Since January 2008, the NNFH Group has hosted this popular annual talk by the Nishi-Nippon City Bank's Special Advisor Isao Kubota, to share the latest financial and economic information that customers may find useful in steering their businesses or developing a business outlook for the new year. A total of 17 sessions have been held as of March 31st, 2024.



Financial Literacy & Asset Building Seminar

The Nishi-Nippon City Bank held seminars on financial literacy and asset building targeting university students at Seinan Gakuin University in April 2023 and at Kyushu University in November 2023 to help students avoid financial troubles following Japan's lowering of the official age of adulthood to 18 in April 2022.

At the seminar, the participating students received information on asset building which they could immediately start such as the contents of the NISA scheme, in addition to learning the purpose of the Japanese government's plan to double income-based assets, the economic environment surrounding Japan, the importance of asset building, and protection from financial troubles.



Finance Literacy Education

Since August 2007, the Nishi-Nippon City Bank has supported financial literacy education by, for instance, organizing a series of workshops for local elementary school students to teach them the value and role of money. A total of 57 sessions were held between April 1st, 2023 and March 31st, 2024.



Dispatch of Lecturers and On-site Classes

Collaboration with Universities

The NNFH Group dispatches its officers and employees to local universities in order to support university students in learning practical financial knowledge.

In FY2023, the Group offered lectures on banking theory and financial institution theory at Kyushu Sangyo University, and held seminars on developing financial specialists at Seinan Gakuin University and on the financial industry at Fukuoka University.



All Nagasaki Financial Literacy Improvement Project

In October 2023, the Bank of Nagasaki and the Nagasaki Branch of the Nishi-Nippon City Bank formed the All Nagasaki Financial Literacy Improvement Project Promotion Council as an organization for improving financial literacy in Nagasaki Prefecture, together with financial institutions and relevant groups in the prefecture. The Council works on promoting financial literacy education by, for instance, dispatching lecturers to local high schools.

Provision of Learning Materials

Production of Original Materials

The Nishi-Nippon City Bank produces original materials for financial literacy education programs (for elementary and junior high school students). The materials are available on its website and are also distributed as booklets.

The bank's financial literacy education program for elementary school students received an excellence award in May 2024 at the 2024 Consumer Educational Materials Awards organized by the National Institute on Consumer Education.

https://www.ncbank.co.jp/corporate/chiiki_shakaikoken/literacy/



Multifaceted Programs Benefitting the Local Community

Commendation

The Excellent Executive Award

Since January 1973, the Prize of Excellent Executive (Chairman: Isao Kubota) has commended excellent executives who have made outstanding achievements in the management and/or technology of SMEs in the Kyushu Region and Yamaguchi Prefecture, thus contributing to the development of the regional economy. A total of 186 executives have been commended as of April 30th, 2024.

The Asian Contribution Award/The Asian Youth Award

In order to facilitate international mutual understanding, the Nishi-Nippon City Foundation (Chairman: Isao Kubota) has annually commended groups, individuals, elementary and junior high schools, and regional groups of children who are working toward the development of Asian countries and the international exchange among them. Those to be commended are picked from the Kyushu Region and Okinawa and Yamaguchi Prefectures, and the winners of the awards receive either the Asian Contribution Award (held 25 times as of March 31st, 2024) or the Asian Youth Award (held 19 times as of March 31st, 2024).

* The Nishi-Nippon Foundation and the Fukuoka Cultural Foundation were merged on April 1st, 2024 to become the Nishi-Nippon City Foundation.



Support for Efforts to Achieve the SDGs

Machi-1 Grand Prix (An Original Card Game Event to Raise Awareness of the SDGs)

The Nishi-Nippon City Bank and the Bank of Nagasaki hold Machi-1 Grand Prix, an event to raise awareness of the SDGs among 3rd to 6th graders in elementary schools. The event provides students with opportunities to learn about the SDGs in a fun way and to generate ideas using an original card game (held three times in Fukuoka and twice in Nagasaki as of March 31st, 2024).



Workshop-style Consulting Service

The Nishi-Nippon City Bank and Kyushu Hakuhold Inc. agreed on a business alliance, and in April 2021 launched a workshop-style consulting service. Up to March 31st, 2024, a total of 19 companies have availed themselves of this service, which supports companies who seek to create ideas for businesses that contribute to the achievement of the SDGs and regional revitalization and work out solutions to social issues.

Make Fukuoka SDGs

In September 2022, the Nishi-Nippon City Bank, together with the Nishinippon Shimbun Co., Ltd., RKB Mainichi Broadcasting Corporation, and Dentsu Kyushu Inc., launched a project to support activities to publicize the SDGs initiatives of local companies, with the aim of increasing the momentum of local Fukuoka SDGs initiatives.

The project aims to create opportunities for local Fukuoka children and companies to interact in a manner that leads both to mid-to-long-term growth for businesses as well as to the further development of children, who will play leading roles in the future (The project publicized the activities of 14 companies in the three years to March 31st, 2024.).



colabora

The Nishi-Nippon City Bank runs “colabora,” a website focusing on the SDGs for regional revitalization, which features articles on the initiatives by local companies to achieve their SDGs and by local governments to revitalize the region. A total of 32 articles have been uploaded as of March 31st, 2024.



Sales of Original Character Goods and Donation Activities

In June 2022, the Nishi-Nippon City Bank began selling original goods featuring its mascot, Onek, at general retail stores and via the Onek Shop website as a for-profit business. The bank donates a portion of the proceeds to social welfare organizations. This made the bank the first Japanese bank to sell character goods as a for-profit business.



Solutions to Diverse Challenges Facing Local Companies

Food Drives

The Nishi-Nippon City Bank (in August 2021) and the Bank of Nagasaki (in August 2022) commenced food drives to donate food that they could not consume at home to children's cafeterias, in an effort to support children in the region in leading a healthy and meaningful life (provision of a cumulative total of approx. 4 tons of food at roughly 120 locations, including headquarters and sales branches, as of March 31st, 2024).

Community Activities for Senior Citizens

Seminars on Dementia Prevention

City Ascom offers dementia prevention seminars using IT, together with a Group company of City Ascom. The companies have offered a total of three seminars as of the end of March 2024.

The seminars aim to provide comprehensive training for improving cognitive functions to strengthen the functioning of the brain. In addition, the seminars seek to revitalize local communities by offering a gathering place for senior citizens and to help them continue living independently and healthily in their local communities.



Support for Improving ICT Literacy in Local Communities

Programming Classes for Children

City Ascom offers programming classes for children at various workshop events held in Fukuoka with the aim of improving ICT literacy in the local communities. The company has held 22 classes as of March 31st, 2024.



Talks/Lectures on Jobs

City Ascom provides lectures at career workshops, talks on jobs, and talks by workers held by local junior high schools and local governments for junior high school students. In addition, the company offers lectures at local universities including lectures on working in the IT industry (a total of eight lectures have been given as of March 31st, 2024).



Cultural/Artistic Activities

Japanese Traditional Culture “Kagura and Kamimai”

Since November 2015, the Nishi-Nippon City Bank and the Nishi-Nippon City Foundation have co-hosted “Kagura and Kamimai,” an annual event based on local Shinto music and dances (held nine times as of March 31st, 2024).



Music Festival

Since December 2014, the Nishi-Nippon City Bank and the Nishi-Nippon City Foundation have co-hosted the Music Festival, an annual event designed to empower people in Fukuoka and Hakata with music, inviting approximately 1,500 people to the event. This year-end music celebration has been held nine times as of March 31st, 2024.



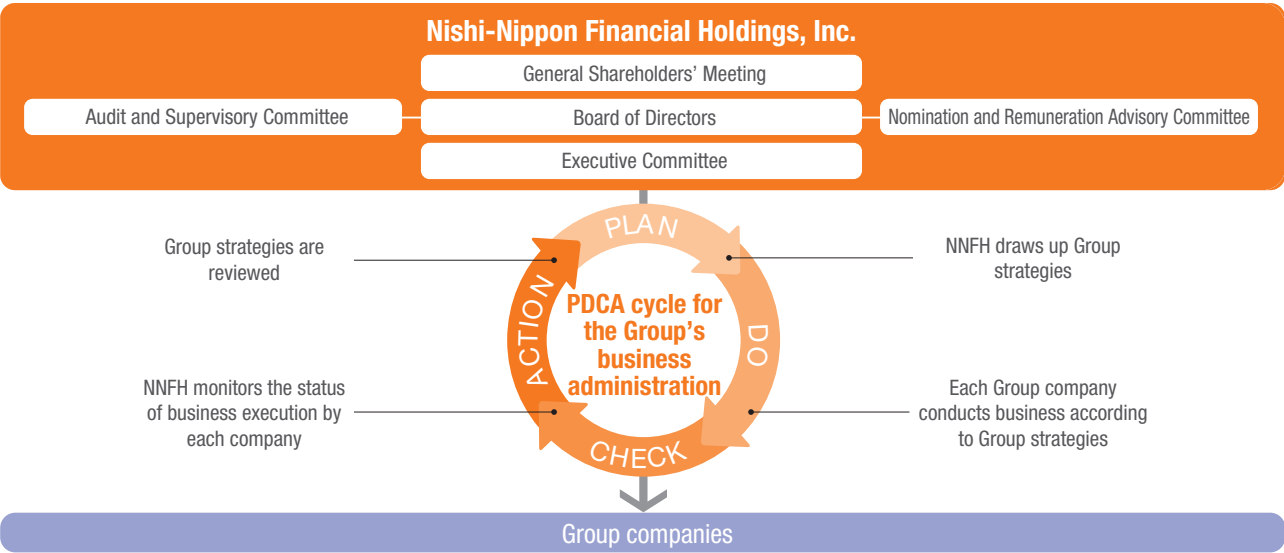
Promenade Concerts

In May 2020, the Nishi-Nippon City Bank began co-hosting the monthly Fukuoka Renaissance NCB Promenade Concerts together with the Nishi-Nippon City Foundation to provide customers with program featuring local musicians spanning a variety of genres (54 concerts held as of March 31st, 2024).

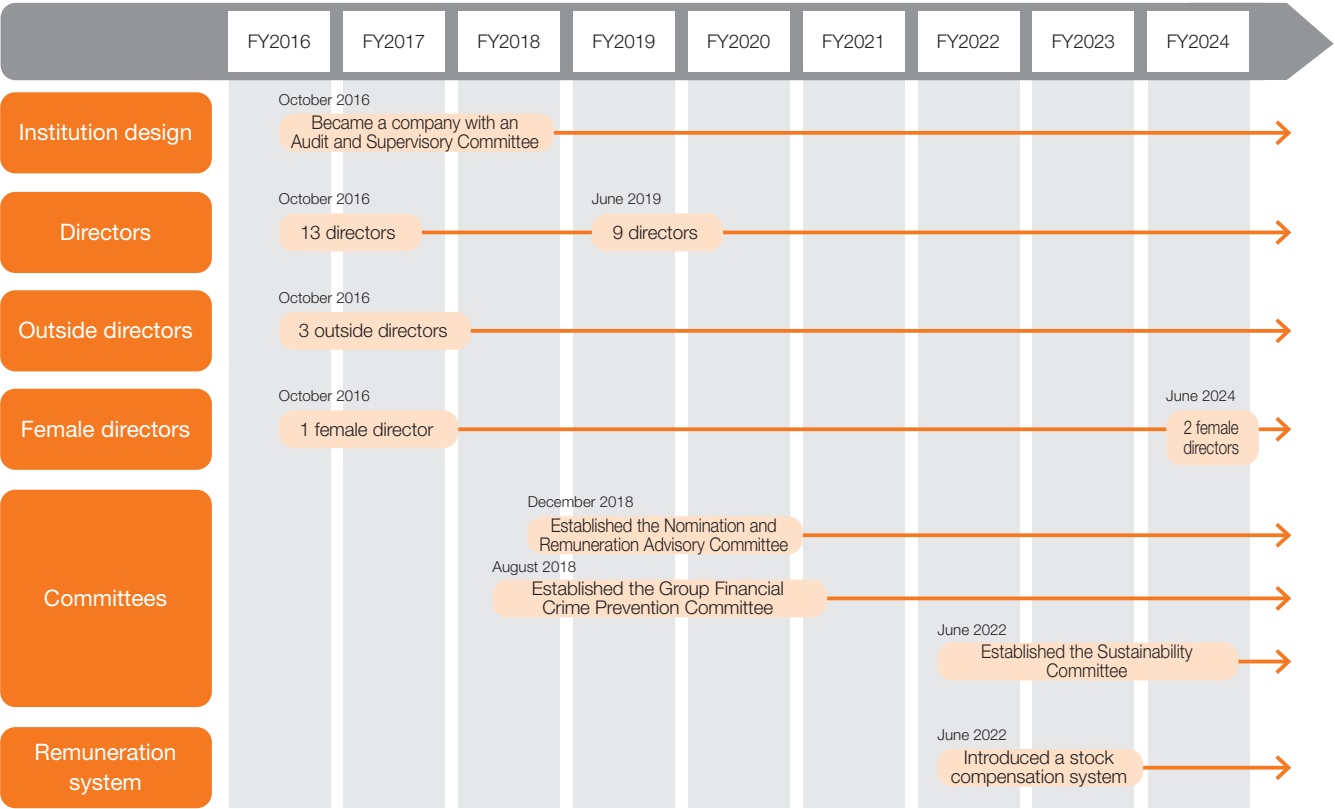
Corporate Governance

At the NNFH Group, enhancement of corporate governance is deemed to be a managerial issue of prime importance. Accordingly, every possible effort is being made to “enhance the soundness and transparency of management,” “accelerate decision-making,” and “perform duties smoothly.”

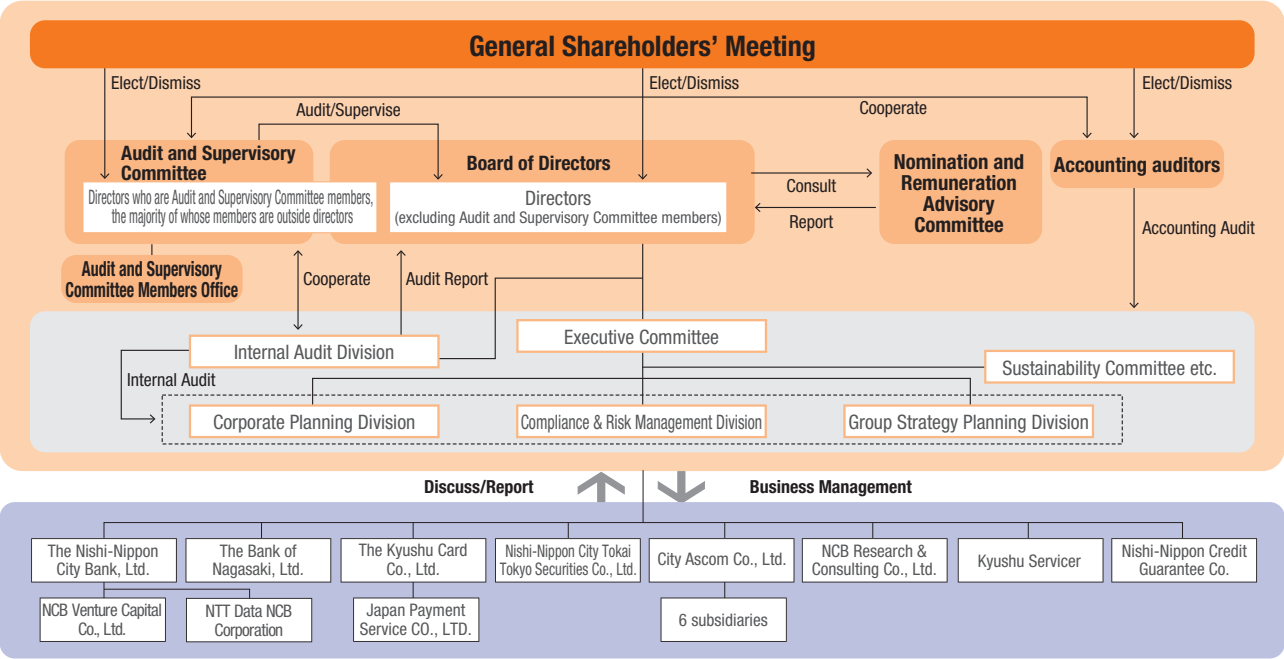
By establishing an Audit and Supervisory Committee under NNFH, we not only enhance corporate governance, but we have also built a system for prompt and efficient decision-making by delegating authority over performance of important duties. With NNFH specializing in management oversight and Group companies focusing on the performance of day-to-day duties, we maintain an advanced level of business administration for the Group.



Efforts to Strengthen Corporate Governance



Overview of the Corporate Governance Structure



Descriptions of the Organs of the Company

Board of Directors

Comprised of nine directors (including four directors who are Audit and Supervisory Committee members, as of June 30th, 2024), the Board of Directors of NNFH makes decisions about the performance of important duties concerning the Group's management and oversees the performance of the duties by directors.

NNFH has elected three independent outside directors (as of June 30th, 2024) in order to ensure that independent and objective perspectives augment the highly effective management oversight function by the Board of Directors. To adapt to rapid changes in the operating environment and clearly determine responsibilities of directors in attaining business results for each fiscal year, the term of office for directors (excluding those who are Audit and Supervisory Committee members) shall be one year, thus keeping the Board of Directors actively engaged.

In addition, by introducing the executive officer system, we have separated management decision-making and oversight from the administration of business operations in order to enhance the oversight function and promote rapid decision-making. The Board of Directors meets once a month, in principle. The Board of Directors held a total of 13 meetings in fiscal 2023.

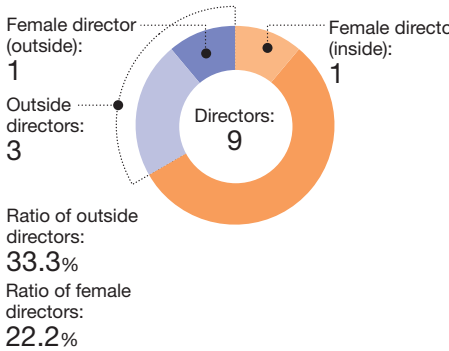
In fiscal 2023, the Board of Directors mainly discussed annual policies, the operational status of internal control systems, capital policy (the Shareholder Returns Policy, acquisition of treasury stock, etc.), and the status of business execution.

Members of Board of Directors (as of June 30, 2024) and Their Attendance at FY2023 Meetings

Name	Position	Attendance (13 meetings in total)	Notes
Hiromichi Tanigawa	Chairman (Representative Director)	11	Chairperson
Hideyuki Murakami	President (Representative Director)	13	
Hirofumi Irie *1	Director	10 *1	
Hirofumi Takeo *2	Director	—	
Takashige Honda	Director	13	
Tomoko Ito*2	Director (Audit and Supervisory Committee Member)	—	
Hiroshi Fujioka*2	Director (Audit and Supervisory Committee Member)	—	Independent outside director
Chiharu Kubo	Director (Audit and Supervisory Committee Member)	13	Independent outside director
Sachiko Miyamoto	Director (Audit and Supervisory Committee Member)	13	Independent outside director

*1 For Director Hirofumi Irie, the number of attendances at the Board meetings shows the number of attendances after his appointment as director on June 29, 2023 (10 meetings in total).
*2 Director Hirofumi Takeo and Directors (Audit and Supervisory Committee Members) Tomoko Ito and Hiroshi Fujioka were elected to their respective positions at the annual general meeting of shareholders held on June 27, 2024.

<Board Composition>



Audit and Supervisory Committee

Comprised of four directors who are Audit and Supervisory Committee members (including three outside directors, as of June 30th, 2024), the Audit and Supervisory Committee audits the performance of the duties by directors and compiles audit reports. Audit and Supervisory Committee members shall, in accordance with an audit plan drawn up by the Audit and Supervisory Committee, attend important meetings, inspect important documents, and investigate the status of the operations and the financial status of NNFH, in order to audit the performance of the duties by directors.

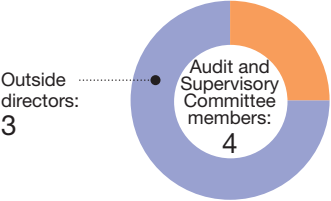
The Audit and Supervisory Committee is also partially responsible for overseeing directors by electing directors (excluding those who are Audit and Supervisory Committee members) and stating opinions on the remunerations to directors. The Audit and Supervisory Committee meets at least once every three months, in principle.

Members of the Audit and Supervisory Committee and Their Attendance at FY2023 Meetings (as of June 30th, 2024)

Name	Position	Attendance (8 meetings in total)	Notes
Tomoko Ito*	Director (Audit and Supervisory Committee Member)	–	Full-time, Chairperson
Hiroshi Fujioka*	Director (Audit and Supervisory Committee Member)	–	Independent Outside Director
Chiharu Kubo	Director (Audit and Supervisory Committee Member)	8	Independent Outside Director
Sachiko Miyamoto	Director (Audit and Supervisory Committee Member)	8	Independent Outside Director

* Directors (Audit and Supervisory Committee Members) Tomoko Ito and Hiroshi Fujioka were elected to their respective positions at the annual general meeting of shareholders held on June 27, 2024.

<Composition of the Audit and Supervisory Committee>



Nomination and Remuneration Advisory Committee

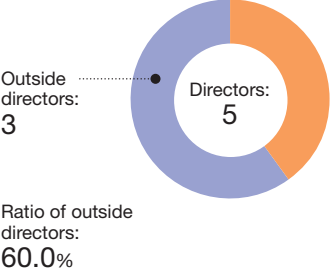
The Nomination and Remuneration Advisory Committee consists of five directors (including three outside directors, as of June 30th, 2024), ensuring independence as the majority are outside directors. The committee was established with a view toward ensuring objectivity, timeliness, and transparency concerning the election and dismissal of a representative directors and senior management members (directors with special titles), assuring objectivity and transparency concerning remunerations for directors, and developing successors in a systematic manner. The committee meets at least once each year.

The Committee met in February and May 2024 and discussed matters relating to the election and dismissal of the representative directors and senior management members (directors with special titles), executive compensation, and potential successors to the position of CEO.

Members of the Nomination and Remuneration Advisory Committee (as of June 30th, 2024)

Name	Position	Notes
Hiromichi Tanigawa	Chairman (Representative Director)	Chairman
Hideyuki Murakami	President (Representative Director)	
Hiroshi Fujioka	Director (Audit and Supervisory Committee Member)	Independent Outside Director
Chiharu Kubo	Director (Audit and Supervisory Committee Member)	Independent Outside Director
Sachiko Miyamoto	Director (Audit and Supervisory Committee Member)	Independent Outside Director

<Composition of the Nomination and Remuneration Advisory Committee>



Executive Committee

Comprised of the president, three directors and eight executive officers appointed by the president (as of June 30th, 2024), the Executive Committee deliberates on and makes decisions on important matters concerning management in accordance with management policies determined by the Board of Directors. One full-time Audit and Supervisory Committee member is invited to the Executive Committee meeting to provide pertinent advice. The Executive Committee meets whenever necessary.

Sustainability Committee

Comprised of the president, three directors and eight executive officers appointed by the president (as of June 30th, 2024), the Sustainability Committee discusses policies and other important matters pertaining to the Group's sustainability, collects information on the status of initiatives, and provides advice. In principle, the Sustainability Committee meets once every six months.

Group Financial Crime Prevention Committee

Comprised of the president, three directors and eight executive officers appointed by the president (as of June 30th, 2024), the Group Financial Crime Prevention Committee discusses policies relating to group-wide anti-money laundering and countermeasures against financing terrorism (hereinafter, “AML/CFT”), collects information on the status of AML/CFT initiatives by Group companies, and provides advice. In principle, the Group Financial Crime Prevention Committee meets once every six months.

Status of Internal Audit, Audit by the Audit and Supervisory Committee, and Accounting Audit

Internal Audit

NNFH has established the Internal Audit Division, which conducts internal audits independent from all operations divisions and has 36 members as of March 31st, 2024. The Internal Audit Division, in accordance with the Internal Audit Regulations, verifies and assesses the adequacy and effectiveness of internal control systems of the NNFH Group, including a compliance structure and a risk management structure, suggests improvements to problems, etc. to audited divisions, and reports audit findings, etc. to the Board of Directors and Audit and Supervisory Committee (members) every month. By exchanging information with accounting auditors, the division ensures that internal audits are conducted both objectively and efficiently.

Audit by the Audit and Supervisory Committee

The Audit and Supervisory Committee comprises four members, including three outside directors and one full-time director. Every member of the Audit and Supervisory Committee has considerable knowledge on finance and accounting through many years' hands-on experience, etc.

The Audit and Supervisory Committee audits the performance of directors' duties by having directors and others report on the status of execution of their business, as well as their development and implementation of an internal control system, and by attending important meetings, consulting documents on important managerial decisions, and investigating the status of directors' business execution and properties, in accordance with the audit policy and division of business as stipulated by the Audit and Supervisory Committee. The Audit and Supervisory Committee also verifies the appropriateness of the methods and findings of audits conducted by accounting auditors by having them report on the status of business execution and by witnessing audits by accounting auditors.

Accounting Audit

The NNFH's accounting audit business is executed by certified accountants affiliated with Ernst & Young ShinNihon LLC.

Appointment of Directors

Policy and Procedures for Nomination of Candidates for Directors

For the Board of Directors to effectively fulfill its roles and responsibilities, we believe it important to ensure that its members have a diverse range of knowledge, experience, skills, career backgrounds, and ages, on top of knowledge of the business and challenges of the NNFH Group. Our basic policy is to ensure that the Board of Directors is well balanced overall by appointing those with diverse expertise and backgrounds as candidates for outside directors.

From this perspective, we appoint those well-versed in the NNFH Group's business and challenges as candidates for directors. We also ensure the objectivity and transparency of the decision-making process of the Board of Directors by allowing each Audit and Supervisory Committee member to exercise his/her voting right held by the directors at the board meeting and the Audit and Supervisory Committee to exercise the statutory right to state its opinion at the general shareholders' meeting in relation to appointment/dismissal and remuneration of directors who are not Audit and Supervisory Committee members.

Our articles of incorporation prescribe that the number of directors should be no more than twenty and that the number of directors who are Audit and Supervisory Committee members should be three or more. Accordingly, we have appointed nine directors, four of whom are Audit and Supervisory Committee members (as of June 30th, 2024).

Policy and Procedures for Appointment/Dismissal of Senior Management

Our Board of Directors appoints a representative director and senior managements (directors with special titles) after taking into consideration reports by the Nomination and Remuneration Advisory Committee and, in the event that the performance of any representative director or member of senior management (director with special titles) falls under the standards of removal as stipulated by the Board of Directors, deliberates on his/her removal, thereby ensuring objective, timely, and transparent procedures for appointment/removal of senior management.

Skill Matrix

NNFH has identified corporate management, finance and economy, financial affairs and accounting, legal affairs and risk management, IT and digital, human resource and diversity, and regional revitalization and regional sales, as being the seven areas of specialty for members of the Board of Directors. Shown on the matrix below are the areas of specialty we expect from each member of the Board of Directors.

Name	Position	Attribute	Specialty						
			Corporate management	Finance and economy	Financial affairs and accounting	Legal affairs and risk management	IT and digital	Human resource and diversity	Regional revitalization and regional sales
Hiromichi Tanigawa	Chairman (Representative Director)		●	●	●	●		●	●
Hideyuki Murakami	President (Representative Director)		●	●	●	●	●	●	●
Hiroyuki Irie	Director		●	●	●				●
Hiroyuki Takeo	Director		●	●	●				●
Takashige Honda	Director			●	●	●	●		●
Tomoko Ito	Director (Audit and Supervisory Committee Member)			●	●	●	●		●
Hiroshi Fujioka	Director (Audit and Supervisory Committee Member)	Outside Independent		●	●	●			
Chiharu Kubo	Director (Audit and Supervisory Committee Member)	Outside Independent	●		●	●		●	
Sachiko Miyamoto	Director (Audit and Supervisory Committee Member)	Outside Independent		●	●	●	●	●	

* The above areas of specialty do not represent all of the knowledge and experience that directors possess.

Independence Standards for Outside Directors

We determine the independence of our outside directors based on whether or not we can expect them to proactively offer suggestions and raise questions on the NNFH Group’s business challenges, assuming that the independence standards stipulated by the Tokyo Stock Exchange, Inc. are fulfilled.

For instance, we take special care to determine if the independence of a person who has any of the following relationships with the Group is compromised because of such relationships, and disclose to shareholders the relationships between the Group and said person to the extent necessary.

1	A person who was an executing person of NNFH or any of its subsidiaries
2	A person for whom NNFH or any of its subsidiaries is his/her major counterparty*1 (If he/she belongs to a company, an executing person of said company now or in the past)
3	A major counterparty of NNFH or any of its subsidiaries*2 (If he/she belongs to a company, an executing person of said company now or in the past)
4	A person who is a consultant, accounting professional or legal professional who has received a large amount of money or other compensation*3, excluding remuneration for directors from NNFH or any of its subsidiaries, within the last three years (If he/she belongs to a company or other form of organization, an executing person of said company or organization now or in the past)
5	A person who is a major shareholder*4 of NNFH (If he/she belongs to a company, an executing person of said company)
6	A person who has kinship status with a person outlined in 1-5 above
7	An executing person of a company where an officer or an employee of NNFH or any of its subsidiaries is an outside officer
8	An executing person of a company or other form of organization who has received a large sum of donations*5 from NNFH or any of its subsidiaries within the last three years

*1 A counterparty that has received 2% or more of its consolidated net sales in the latest fiscal year from NNFH or any of its subsidiaries
*2 A counterparty from which NNFH or any of its subsidiaries have received 2% or more of their consolidated gross operating profit in the latest fiscal year
*3 A total of 30 million yen or more in cash or other compensations over the last three years
*4 A shareholder who holds 10% or more of the shares outstanding
*5 A donation of 15 million yen or more in total received over the past three years

Grounds for the Election of Outside Directors

Name	Position	Attribute	Reasons
Hiroshi Fujioka	Director (Audit and Supervisory Committee Member)	Independent Outside Director	Given his long years of practical experience in fiscal and monetary administration and broad insights into fiscal and monetary matters, Mr. Fujioka is expected to contribute to enhancing our Board’s monitoring function and has thus been elected as NNFH’s outside director. In addition, Mr. Fujioka does not meet any of the criteria prescribed by the stock exchange as grounds for potential conflicts of interests with general shareholders. We have therefore determined that Mr. Fujioka is in a highly independent position and have thus designated him as an independent director.
Chiharu Kubo	Director (Audit and Supervisory Committee Member)	Independent Outside Director	Given his specialist knowledge as a doctor and university professor and his extensive experience and comprehensive insights as a manager of a university through his positions such as former Director of Kyushu University Hospital and former President of Kyushu University, Mr. Kubo is expected to contribute to enhancing our Board’s monitoring function and has thus been elected as NNFH’s outside director who is also an Audit and Supervisory Committee Member. In addition, Mr. Kubo does not meet any of the criteria prescribed by the stock exchange as grounds for potential conflicts of interests with general shareholders. We have therefore determined that Mr. Kubo is in a highly independent position and have thus designated him as an independent director.
Sachiko Miyamoto	Director (Audit and Supervisory Committee Member)	Independent Outside Director	Ms. Miyamoto has been continuously working in the field of research related to Japanese and overseas financial and capital markets in the last 30 years in her capacity as a corporate analyst, investment strategist, and macro economist. With her specialized knowledge on corporate analysis and financial analysis, Ms. Miyamoto is expected to contribute to enhancing our Board’s monitoring function and has thus been elected as NNFH’s outside director who is also an Audit and Supervisory Committee Member. In addition, Ms. Miyamoto does not meet any of the criteria prescribed by the stock exchange as grounds for potential conflicts of interests with general shareholders. We have therefore determined that Ms. Miyamoto is in a highly independent position and have thus designated her as an independent director.

Support for Outside Directors

We make it a rule to fully explain the business, financial position, organizations, and other matters of the NNFH Group to our outside directors upon the assumption of their position. We are also taking appropriate measures to develop an environment in which outside directors can fulfill their roles and responsibilities effectively by, for example, providing prior explanations of the agenda for the board meeting and briefings on their duties, and organizing on-site visits.

We also appoint full-time Audit and Supervisory Committee members, who support outside Audit and Supervisory Committee members, and we have established the Audit and Supervisory Committee Members Office, which is directly managed by the Audit and Supervisory Committee. Full-time members of the Office assist all Audit and Supervisory Committee members, including outside members, and the Audit and Supervisory Committee in performing their duties.

Analysis and Evaluation of Board Effectiveness

Every year, we analyze and evaluate the effectiveness of our Board of Directors at the board meeting.
At the board meeting held in June 2024, we analyzed and evaluated the effectiveness of our Board of Directors based on the findings of a self-evaluation questionnaire distributed to all directors to verify that effectiveness is largely ensured.
Going forward, we will seek every opportunity available to provide directors with pertinent information by, for example, making reference materials for board meetings clearer and to the point, in order to further stimulate discussions among directors.

Training Policy of Directors

We offer and arrange opportunities for our directors to acquire and update the knowledge and information needed to properly perform their roles and responsibilities as directors. We also contribute to the payment of expenses relating to these opportunities, which include participation in seminars organized by outside organizations and lectures given by outside speakers.
We provide a thorough briefing on the Group’s business, finance, organization, and so on, to those who are newly appointed as our outside directors. In addition, we endeavor to create an environment that allows our outside directors to effectively fulfill their roles and responsibilities by, for instance, providing briefings on the agenda items of Board meetings before the meetings take place, explaining the Group’s operations, and arranging on-site inspections.

Directors’ Remuneration System

Policy and Procedures for Decisions on the Content of Remuneration, etc. of Individual Directors

We established the Nomination and Remuneration Advisory Committee, the majority of whose members are outside directors of the company, in order to enhance the objectivity and transparency of decisions on remuneration, etc. of directors (excluding directors who are Audit and Supervisory Committee members).
Remuneration of directors (excluding directors who are Audit and Supervisory Committee members) shall comprise the monthly fixed price remuneration, and the stock-based remuneration, which is provided with the aim of incentivizing directors to improve corporate value over the medium to long term, and the total amount of the remuneration, etc. shall be no more than 300 million yen per year, which was approved at the general shareholders’ meeting held on June 29th, 2022.

- i) Fixed price remuneration (cash remuneration)
The amount of the remuneration, etc. for each individual director shall be determined according to the duty of the director by a resolution of the Board of Directors and in consideration of reports from the Nomination and Remuneration Advisory Committee, and shall be paid on a monthly basis.
- ii) Stock-based remuneration (non-cash remuneration)
With respect to the stock-based remuneration, each individual director shall, at a designated time of each fiscal year, be granted points determined according to the duty of the director (with one point corresponding to one share) based on the Director Stock Benefit Regulations established by NNFH and shall, at the time of retirement, be provided with the number of shares of NNFH’s common stock (hereinafter “Company Shares”) that corresponds to the cumulative number of those points granted to the director (if the director retires at the expiration of his or her term of office, 30% of those Company Shares shall be replaced by the amount of cash that is equivalent to the market value of that 30% of those Company Shares). The stock-based remuneration shall be determined so as to account for approximately 10% of the total amount of the remuneration, etc., which is the sum of the fixed price remuneration (cash remuneration) and the stock-based remuneration.
The Nomination and Remuneration Advisory Committee held in February 2024 discussed remuneration for directors (excluding directors who are Audit and Supervisory Committee Members).
Remuneration for directors who are also Audit and Supervisory Committee Members is determined based on discussions among the Audit and Supervisory Committee Members.

Risk Management

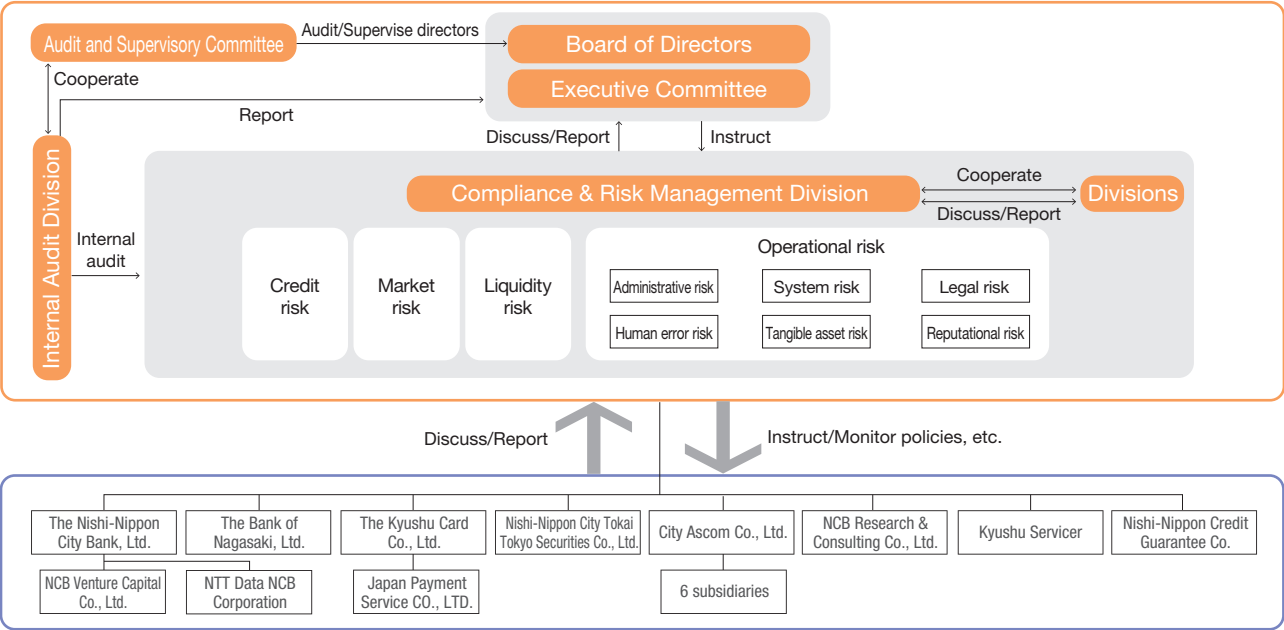
The NNFH Group's business environment continues to undergo significant changes against a backdrop of increasingly diversified and advanced customer needs due to factors such as accelerated digitization and a heightened awareness of sustainability. Under these circumstances, risk management is becoming increasingly important in ensuring stable earnings and a sound management foundation as a regional financial group.

The Group positions risk management as its top priority issues in the management. Accordingly, we make concerted efforts to advance our risk management structure in accordance with our Basic Policy on Risk Management, which serves as a set of shared norms for the Group.

Risk Management System

At NNFH, the Compliance & Risk Management Division manages risk for the entire Group under one umbrella, and the director in charge issue reports to the Board of Directors on the status of risks so that the management team can discuss and provide instructions on improvement. In addition, the Internal Audit Division, which conducts internal audits independent from all operations divisions, assesses the adequacy and effectiveness of Group companies' risk management structures through internal audits.

Each Group company establishes a consultative body, such as an ALM Committee and Operational Risk Committee, and deliberates on and periodically assesses matters concerning risk management.



Risk Management by Category

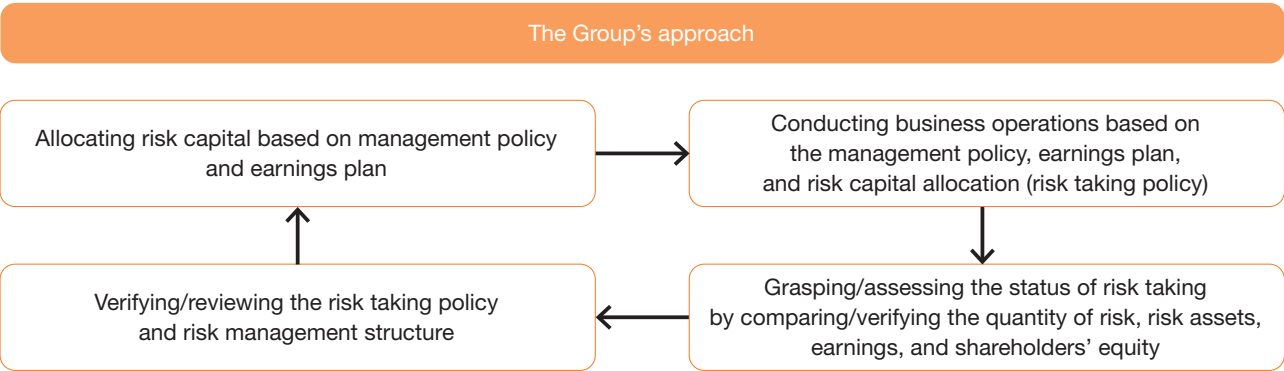
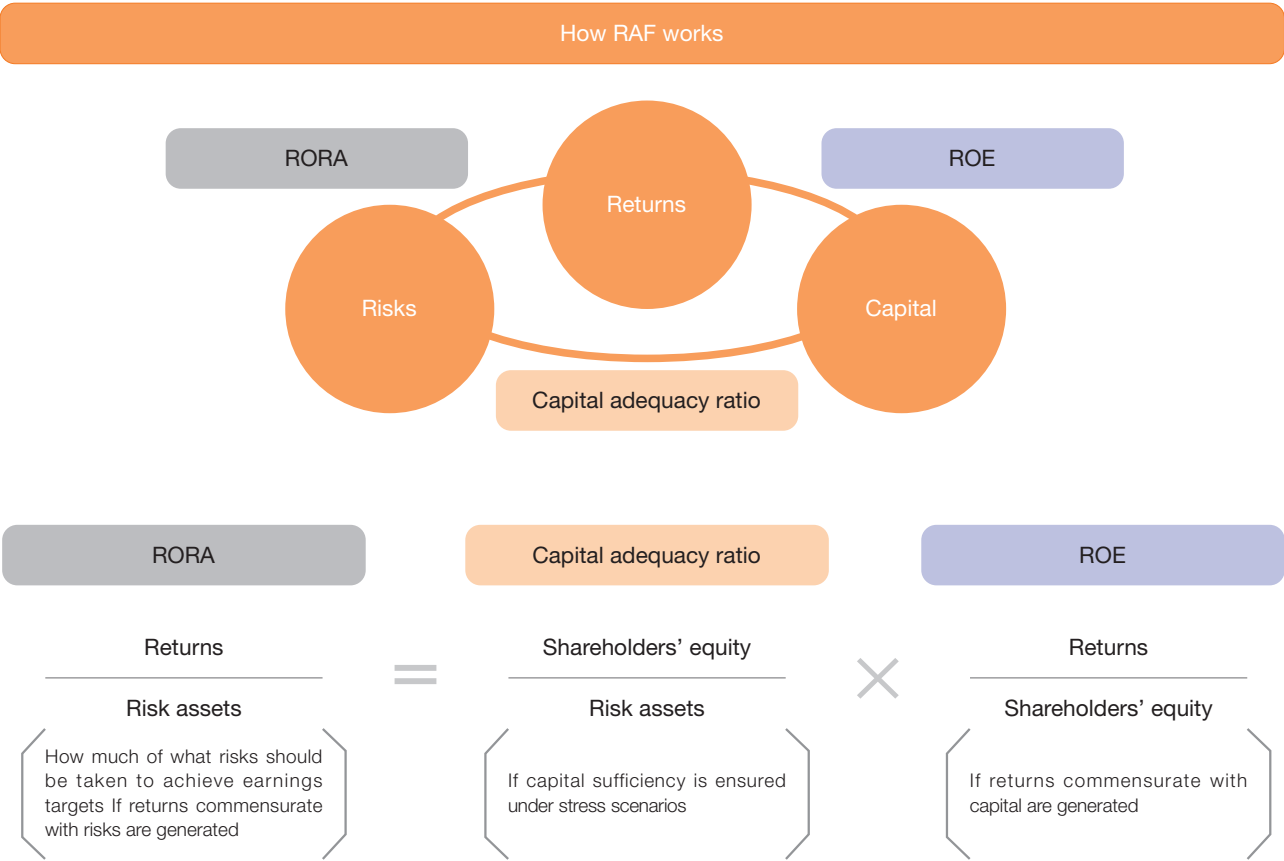
The NNFH Group categorizes the risks we face into credit risks, market risks, liquidity risks, and operational risks, and has established management policies for each category as a means of strengthening our management framework.

Credit risk	The risk of loss resulting from a reduction or complete loss of the value of assets due to a deterioration in the financial situation of borrowers or other factors. The Group quantitatively assesses and manages credit risk on a group-wide basis.
Market risk	The risk of loss due to fluctuations in the value of assets/liabilities in response to movements in interest rates, forex market, stock prices, and other parameters, and a loss due to fluctuations in earnings generated from such assets/liabilities. The Group works to secure stable earnings while controlling risk through setting limits and other measures.
Liquidity risk	The risk of loss due to a difficulty in securing necessary funds or being obliged to procure funds at an interest rate significantly higher than usual because of a timing mismatch between management and procurement or an unexpected outflow of funds. The Group maintains the soundness of its assets so that it can ensure market liquidity and stabilize cash flows.
Operational risk	The risk of loss due to inappropriate administrative operations, systemic deficiencies, legal violations, natural disasters, or other factors. We classify operational risks into six categories: 1. Administrative risk, 2. System risk, 3. Legal risk, 4. Human error risk, 5. Tangible asset risk, and 6. Reputational risk, and our Compliance & Risk Management Division monitors and manages the operational risks faced by the Group as a whole, while working to preventively manage risk and minimize the impact of any risks that emerge.

Risk Appetite Framework

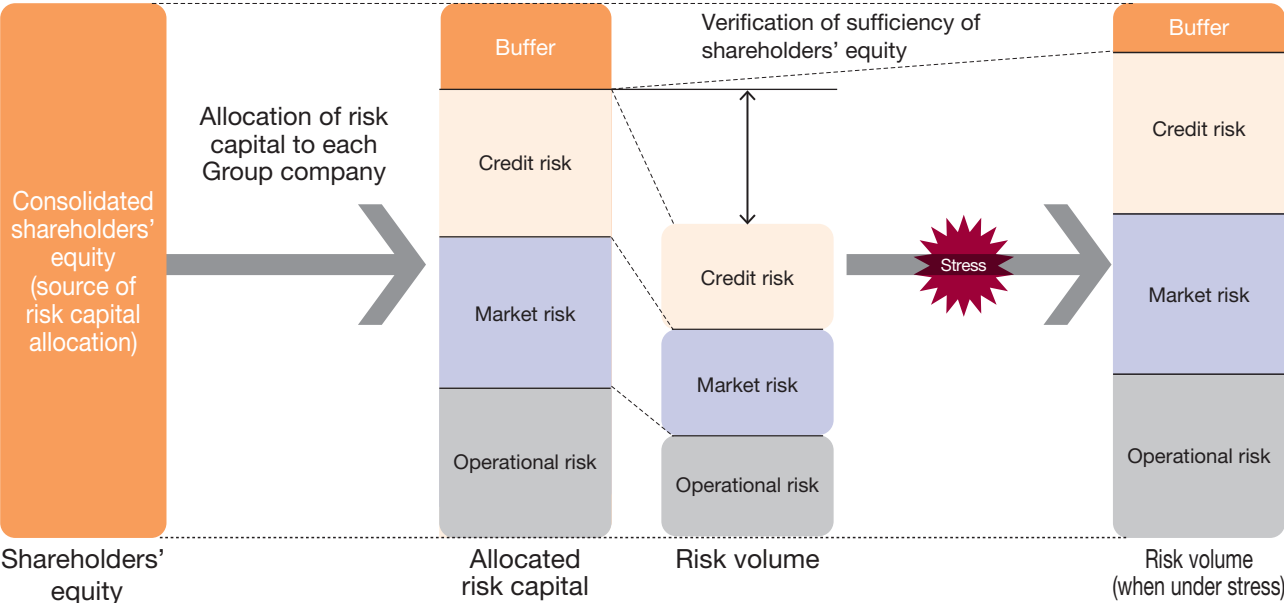
The NNFH Group works to optimize risks and returns through integrated management of business strategies and risk management in accordance with the risk appetite framework (RAF).

Specifically, in drawing up business plans (management plans and mid-term business plans), we verify management policies, earnings plans, and risk capital allocation in an integrated manner to ensure appropriate risk-taking aimed at improving profitability (e.g., ROE) while maintaining a certain level of soundness (capital adequacy ratio). In addition, we check on the degree of progress by regularly monitoring the status of earnings relative to risk and other factors.



Allocating Risk Capital

Based on the RAF framework, we use consolidated shareholders' equity to allocate risk capital to each Group company in each category of credit risk, market risk, and operational risk. We also monitor the quantity of risk and earnings results at each Group company to ensure that risk is taken appropriately through the use of the allocated risk capital.



Stress Tests

Amid the changing economic and market environments, the NNFH Group uses stress tests when drawing up its business plans and allocating risk capital.

In conducting stress tests, we create stress scenarios applied to the entire Group, considering the rapid economic downturns experienced in the past and potential future risks, and estimate risk volume and earnings in the event that the risks materialize. The results of the stress tests are used to verify the impact of stress events on our capital adequacy ratio, sufficiency of our shareholders' equity, and appropriateness of our risk-taking activities.

Crisis Management

NNFH has established Business Continuity Regulations as our basic policy on the organization of a framework to continue minimum levels of operations that are needed for the maintenance of the functioning of the financial system in the event of a large-scale disaster, system failure, or other unforeseen contingency. In compliance with these Regulations, all Group companies have prepared business continuity plans (BCP) and are working to improve the effectiveness of their business continuity framework through various training.

Our Response to Natural Disasters

The NNFH Group assesses the potential risks of natural disasters such as earthquakes, tsunamis, typhoons, and floods, for each location and reinforces the equipment, stockpiles emergency food and other supplies, and conducts routine safety drills, etc., so as to ensure business continuity in the wake of a natural disaster.

Our Response to System Failures, etc.

The NNFH Group is actively working to enhance safety measures for its systems and its backup systems in an effort to ensure that every possible precaution has been taken toward safe and uninterrupted operations. In addition, we conduct safety drills on a regular basis to ensure business continuity in the event of a system failure, cyber-attacks, etc.

Cyber Security Efforts

Cyber Security Management Structure

The NNFH Group fully recognizes that the proper and smooth operation of computer systems is extremely important for the stability of financial systems, which are critical elements of infrastructure, and for providing customers with high quality services, and we work to fortify our cyber security management structure.

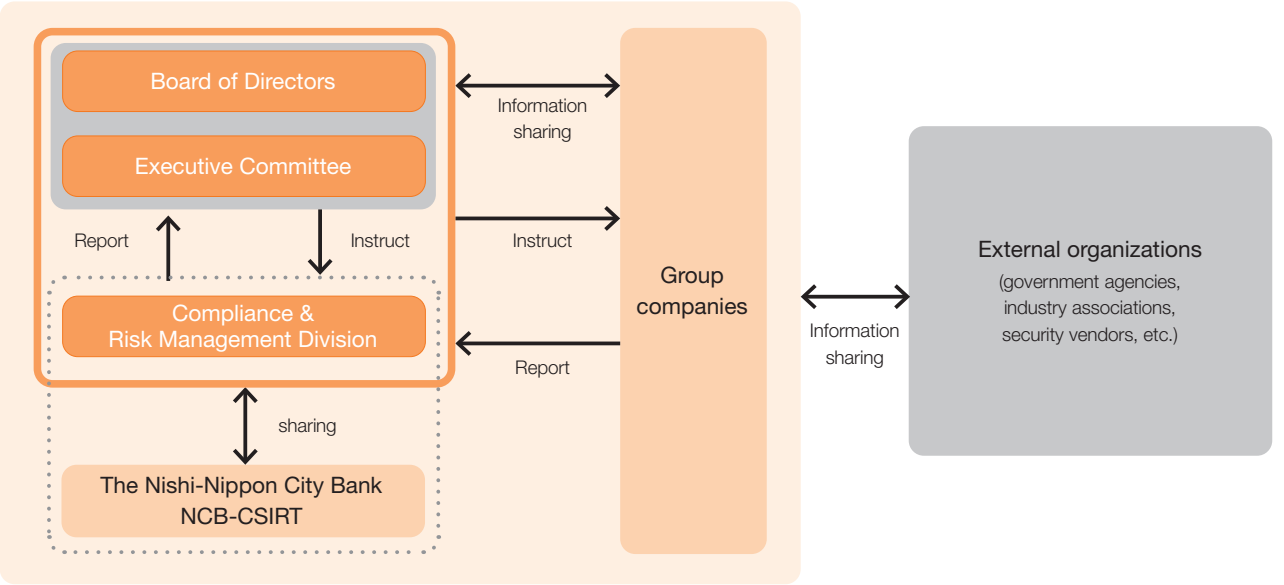
In order to respond to increasingly sophisticated and grievous cyber-attacks, the Compliance & Risk Management Division and the Nishi-Nippon City Bank Cyber Security Incident Response Team (NCB-CSIRT) work together to collect, analyze, and investigate threat intelligence related to cyber-attacks. Once threat intelligence has been obtained or identified, the personnel in charge promptly coordinate with Group companies to prevent or minimize damage through early responses.

The Group has also established a 24-hour-a-day, 365-day-a-year monitoring system that incorporates multilayered technical measures, including detection systems and intrusion prevention in a manner that makes full use of external experts as well as an SOC* (an organization that monitors networks and servers to detect cyber-attacks and conduct correlation analyses), and we prepared to take action at a moment's notice.

Furthermore, we perform internal and external audits on our cyber security management framework to enhance our management capabilities.

We will continue these efforts and upgrade our cyber security management framework under the initiative of our management team to combat the threats posed by increasingly sophisticated cyber-attacks.

*SOC: Security Operation Center



Incident Response

In the event of a cyber-attack with the NNFH Group, the Compliance & Risk Management Division and NCB-CSIRT take the lead in promptly sharing information, and depending on the circumstances and under the guidance of senior management, a countermeasures headquarters will be established to take emergency action against cyber-attacks.

In addition to collecting threat intelligence on a daily basis, and investigating and responding to attacks when detected, the Compliance & Risk Management Division and NCB-CSIRT actively participate in training sessions organized by the Financial Services Agency, the Financials ISAC Japan, and the National center of Incident readiness and Strategy for Cybersecurity (NISC), and regularly conduct management-led cyber-attacks response training in order to continuously improve the effectiveness of our incident response system in preparation for emergencies.

Education and Raising Awareness

To improve overall security literacy among our officers and employees, the NNFH Group provides ongoing educational and awareness-raising activities, including e-learning-style cyber security training offered to all of our employees, warnings based on domestic and international cyber-attacks, training on the handling of suspicious emails, and sharing information on the latest security incidents.

Compliance

The NNFH Group positions compliance as one of our overriding management issues. Based on this understanding, we have established the Basic Policy for Compliance as a common rule for the Group. Recognizing that a compliance framework is one of the key infrastructures in building trusting relationships with local communities and business partners, we are endeavoring to cultivate a corporate culture that emphasizes compliance. As part of such efforts, our management has announced to all employees their commitment to ensuring compliance.

Compliance Management Structure

In NNFH, the director in charge of the Compliance & Risk Management Division is responsible for compliance and supervises matters pertaining to the Group's compliance with laws and regulations. The Compliance & Risk Management Division, which centrally manages compliance-related matters, regularly monitors the status of compliance initiatives within the NNFH Group and strives to ensure their effectiveness by issuing instructions for improvement when necessary. In addition, the director in charge of the Compliance & Risk Management Division periodically provides reports on the status of compliance initiatives to the Board of Directors and the Board monitors Group companies based on such reports.

In the event of misconduct such as fraud, embezzlement, or any event that could constitute such misconduct, we take action such as conducting an investigation to clarify what has occurred in accordance with our rules on the handling of misconduct. We also provide a report to the Board of Directors and others as needed.

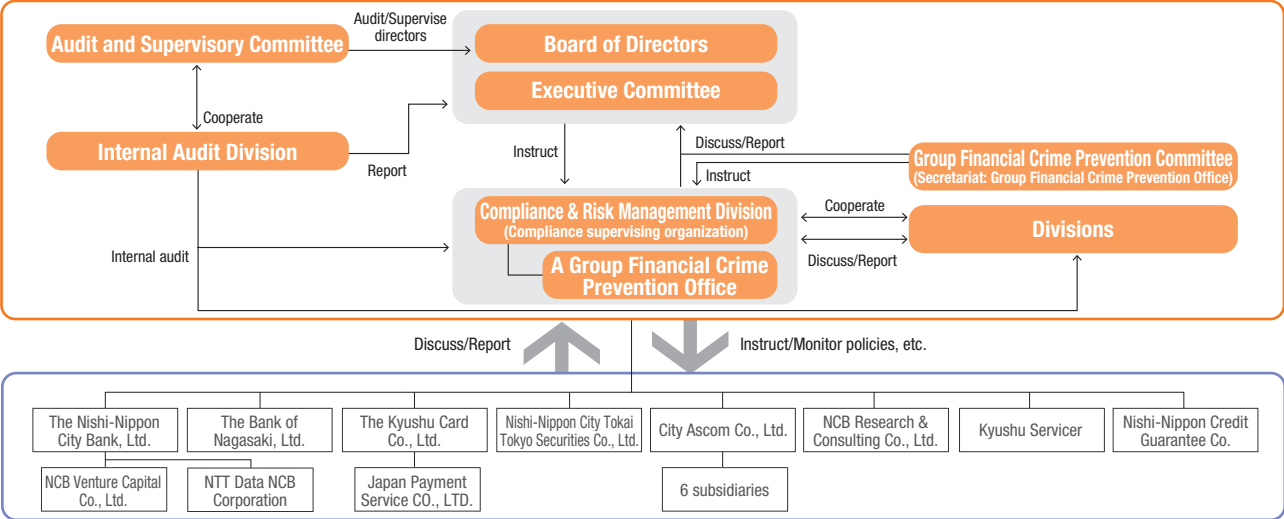
In the NNFH Group, each Group company periodically holds meetings of its compliance committee. A compliance committee consists of the respective company's Board members and conducts specific and substantial discussions and evaluations on the progress of their compliance program and on important management issues related to compliance to improve and enhance their compliance and risk management framework.

Compliance Program

We prepare a compliance program each fiscal year as a plan for practicing compliance in accordance with the NNFH Group's Basic Policy for Compliance based on the status of compliance initiatives in the previous fiscal year and an assessment of the compliance risks each Group company is exposed to.

Education and Raising Awareness Among Officers and Employees

The NNFH Group endeavors to raise awareness on compliance among its officers and employees through actions such as sending messages on compliance from the President and others on a periodical basis and conducting regular workshops on compliance open to all employees.



Measures against Money Laundering and Terrorism Financing

Given the increasing threats of nuclear weapons, missiles, and terrorist attacks worldwide, preventing the financing of criminals and terrorist organizations and enforcing appropriate sanctions based on laws and regulations have become issues for Japan and the international company to address together. This has made measures to prevent money laundering and terrorism financing (hereinafter, "Anti-Money Laundering Measures") more important than ever.

Recognizing that restraining financial crimes through Anti-Money Laundering Measures is a shared global challenge, the NNFH Group positions it as one of its important management challenges and complies with relevant laws and ordinances including the Act on Prevention of Transfer of Criminal Proceeds and the Foreign Exchange and Foreign Trade Act. In addition, we have established a basic policy to combat money laundering and terrorism financing in accordance with the guidelines provided by the Financial Services Agency, and the entire Group is working to build an advanced management framework.

https://www.nnfh.co.jp/money_laundering.html

Building a Management Framework

The NNFH Group's management team has appointed the director in charge of the Compliance & Risk Management Division as the person responsible for overseeing the Group's Anti-Money Laundering Measures based on the recognition of the importance of such measures. The officer in charge takes a leading role in the Group's Anti-Money Laundering Measures and ensures that the Group's officers and employees understand and practice the Group's Anti-Money Laundering Measures to enhance the Group's management framework.

In addition, the Group has built a centralized management framework designating a section in charge of Anti-Money Laundering Measures which develops and manages the Group's policy for cross-organization actions.

Production and Review of Risk Assessment Report

To implement effective Anti-Money Laundering Measures, the NNFH Group identifies and assesses the risks it is exposed to in an appropriate manner at appropriate times and takes measures to reduce such risks based on the risk-based approach.

For this purpose, the Group identifies and assesses risks related to the products and services it offers and produces a Risk Assessment Report, which it revises at least once a year.

Training and Education of Officers and Employees

The NNFH Group provides necessary training and education to all its officers and employees to make them understand that implementing Anti-Money Laundering Measures is a duty of every person engaging in financial transactions and to urge them to act for the safety of customers' transactions.

Severing Relations with Antisocial Forces

Strongly recognizing its social responsibility, the NNFH Group is working to block its relationships with antisocial forces that threaten the order and security of civil society.

In concrete terms, we designate a department that deals with antisocial forces and, through cooperation with police, lawyers, and other external professional bodies, firmly decline undue claims and interventions from antisocial forces, involving the entire organization in doing so. Also, we ensure that we include an article to the effect that organized crime groups and other antisocial forces should be eliminated in various application forms and contracts of the Group, in order to prevent transactions and relationships with such groups.

Whistle-Blowing System

In consideration of the purpose of the Whistleblower Protection Act, the NNFH Group has established Whistle-Blowing Regulations which stipulate the protection of whistle-blowers and the duty of confidentiality of personnel who receive reports from whistle-blowers, among other matters. In addition, the Group has created a whistle-blowing desk at each Group company. These actions are designed to ensure early detection and correction of acts in violation of relevant laws and regulations, harassment cases, and personnel and labor issues within the Group and to strengthen compliance-oriented business management. We have also established whistle-blowing desks in NNFH and external laws firms that are directly accessible to the employees of all Group companies, where they can submit reports or seek consultations without any involvement from the company they belong to. The desks also accept reports from anonymous whistle-blowers. Upon receiving reports, we investigate what has occurred and correct the identified problems in accordance with the Whistle-Blowing Regulations. Furthermore, we are making efforts to advertise the system by placing posters about whistle-blowing desks and other relevant information in each section, distributing portable palm-sized cards bearing similar information to all officers and employees, and sharing information on the system through internal media, in an effort to raise its effectiveness.

Initiatives to Prevent Bribery and Corruption

To prevent bribery and corruption, the NNFH Group has established its own compliance rules for prohibiting bribery, illegal political donations, and purchases of party tickets for political parties, any other collusive relationships with politicians and government officials, as well as entertaining and gift-giving that go beyond appropriate social norms. The Group provides training and other opportunities for its officers and employees to understand these rules to prevent bribery and corruption.

Framework for Customer Protection

For the sake of customer protection, enhanced convenience, and facilitation of financing, the NNFH Group makes constant efforts to establish a framework for customer protection by, for example, providing explanations to customers, responding to consultation and complaints from customers, managing customer information, supervising third-parties to whom it outsources part of its operations, and appropriately managing conflicts of interest that may arise from transactions with customers.

To develop a framework for the safe management of customer information, we have established the Privacy Policy for public announcements and put it to appropriate use pursuant to applicable laws and regulations.

<https://www.nnfh.co.jp/policy.html>

Initiatives for the Financial ADR System

When a customer has a dispute with a financial institution that they find difficult to resolve, no matter how much they consult with each other, they can avail themselves of the financial alternative dispute resolution* (ADR) system. Upon application by a customer or a financial institution, banking business dispute resolution organizations and dispute resolution organizations that have been designated by the government for ensuring neutrality will attempt to solve complaints and problems.

* A procedure for bringing about a flexible solution to daily troubles through the involvement of a neutral and fair third-party, rather than by a court.

Communication with Shareholders and Investors

NNFH is engaged in the following to promote constructive dialogue with shareholders and investors.

I.	Appointing responsible persons	A director in charge of the Corporate Planning Division is responsible for ensuring that constructive dialogue occurs at financial results briefings and other opportunities to engage with shareholders and investors and for providing as many of such opportunities as possible.
II.	A framework for promoting constructive dialogue	Through cooperation with each division and Group company, the Corporate Planning Division develops a framework under which varying management information is gathered, analyzed, and offered to shareholders and investors in an appropriate form.
III.	Measures to promote opportunities for dialogue	As part of dialogues with shareholders and investors, financial results briefings and other events are organized.
IV.	Feeding back shareholders' opinions	Opinions presented in dialogues with shareholders and investors are appropriately fed back to the management team by persons participating in the dialogues.
V.	Control of insider information	To manage important corporate information appropriately and prevent insider trading, we establish and keep everyone informed of relevant in-house regulations. We will not include matters that have yet to be made publicly available in handouts for investors or make any comment on issues that may be deemed material facts.

IR Calendar

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Financial results announcement, Financial Results releases		● Third-quarter financial settlement			● Full-year financial settlement			● First-quarter financial settlement			● Second-quarter financial settlement	
Securities report and quarterly reports submission		● Third-quarter report				● Securities report		● First-quarter report			● Second-quarter report	
Disclosure materials issuance		● Interim Disclosure Report					● Integrated Report (Disclosure Report) ● Mini Disclosure Report		Interim Mini Disclosure Report ●			
English disclosure materials issuance								● FINANCIAL REPORT		● INTEGRATED REPORT		
General Meeting of Shareholders						● Annual General Meeting of Shareholders						
Briefings for institutional investors and analysts, disclosure of briefing materials (including English translations)					● Full-year financial results briefing					Second-quarter financial results briefing ●		

General Shareholder’s Meeting

At Annual General Meetings of Shareholders held every June, we report our business performance to shareholders in the most digestible way possible, using videos and other tools. In addition, video recordings of General Meetings of Shareholders are available for later viewing by shareholders.

We make it a rule to send a convocation notice to shareholders well before the meeting and disclose the notice on our and stock exchanges' websites prior to the dispatch. For the convenience of international shareholders and other parties, we disclose an English version of the convocation notice alongside its Japanese original on the websites of stock exchanges and NNFH.

We also make it easy for our shareholders to exercise their voting rights by allowing them to vote on the internet or otherwise and participating in the electronic voting platform for institutional investors operated by ICJ, Inc.

The 8th Annual General Meeting of Shareholders held on June 27th, 2024 was attended by 108 shareholders.

Investor Dialogues

The NNFH Group has constructive dialogues with its investors for the purpose of achieving sustainable growth and raising its corporate value.

Dialogues with Investors and Analysts

We hold financial results briefings for institutional investors, analysts, and others, where the President makes a presentation following the announcement of our full-year and interim results. In addition, we actively organize small and one-on-one meetings to explain issues such as the Group's financial status and forecasts, management strategies, capital policies, and corporate governance, and to collect opinions from institutional investors, analysts, and other stakeholders.

The materials used in our financial results briefings are available on our website.

https://www.nnfh.co.jp/shareholder/ir/ir_presentations_eng/

FY2023 Results

	Overview	Presenters	Participants
Mar. 26, 2023	Financial results briefing for institutional investors (Tokyo/Online)	President	78
Jul. 14, 2023	Small meeting (Fukuoka)	President	8
Aug. 29, 2023	Theme-specific small meeting (Online/Corporate solutions area)	The Nishi-Nippon City Bank Corporate Business Solution Division	7
Sep. 29, 2023	Small meeting (Fukuoka)	President	4
Dec. 1, 2023	Financial results briefing for institutional investors (Tokyo/Online)	President	96
FY2023	One-on-one meetings (Target) Institutional investors (fund managers, analysts, ESG personnel, proxy voting personnel), sell-side analysts, etc.	President Director in charge of Corporate Planning Division General Manager of Corporate Planning Division	Number of meetings 80

Examples of Issues Investors are Interested in
<div>- Robust economy in Kyushu (semiconductor-related investments, redevelopment in Fukuoka, etc.) - Background of the bottoming-out of lending rates - Impact of rising interest rates on the Group's performance - Credit cost outlook - Structured finance initiatives</div> <div>- Capital cost levels - Approach to reducing strategic shares - Future approach to shareholder returns - Composition of the Nomination and Remuneration Committee etc.</div>

Information Provision to Individuals

We hold company briefings as needed for the residents of our local communities to help improve their understanding of the Group.

The materials used in these briefings are available on our website.

https://www.nnfh.co.jp/shareholder/ir/presentation_for_individual_investors.html

FY2023 Results

	Overview	Presenter	Participants
Sep. 19, 2023	Company briefing for individual investors (Fukuoka)	President	109
Sep. 26, 2023	Company briefing for individual investors (Kita-Kyushu)	President	84
Mar. 15, 2024	Company briefing of NNFH (Fukuoka)	President	38

Financial Information

Nishi-Nippon Financial Holdings Consolidated Financial Settlement Summary

Results Summary

	(Million yen)				
	FY2019	FY2020	FY2021	FY2022	FY2023
Ordinary income	141,698	134,949	138,484	160,448	185,595
Gross operating profit	115,234	116,032	121,640	108,159	109,814
Net interest income	91,275	92,026	97,373	93,741	91,008
Fees and commissions	20,264	19,046	20,932	21,114	24,019
Trading income	1,382	1,842	1,919	1,369	1,036
Other operating income	2,310	3,117	1,415	(8,066)	(6,250)
of which net gains (losses) related to bonds	2,579	2,751	955	(10,431)	(10,787)
Expenses	80,479	78,603	78,076	78,039	80,226
Net business profits	34,754	37,429	43,563	30,119	29,588
Gains (losses) on equity securities	2,205	1,946	(909)	2,235	15,311
Cost of credit	6,445	9,452	4,030	3,949	6,649
Other extraordinary gains (losses)	(1,797)	(3,160)	(754)	5,270	(2,640)
Ordinary profit	28,716	26,763	37,868	33,677	35,609
Extraordinary profit (loss)	431	(864)	(714)	434	(754)
Income taxes	8,771	7,272	12,342	7,678	10,648
Profit attributable to non-controlling interests	154	537	575	368	630
Profit attributable to owners of parent	20,222	18,088	24,236	26,064	23,576

Balance Sheet Summary

	(Million yen)				
	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2024
Assets					
Cash and due from banks	1,714,664	1,738,761	2,614,747	1,946,575	2,200,594
Loans and bills discounted	7,554,143	8,543,946	8,470,861	8,955,399	9,178,238
Securities	1,297,874	1,506,834	1,773,344	1,792,650	1,803,150
Total assets	10,822,765	12,075,567	13,127,906	12,985,181	13,483,062
Liabilities					
Deposits	8,481,571	9,295,489	9,570,343	9,791,772	10,177,203
Negotiable certificates of deposit	349,475	188,520	264,293	167,423	247,711
Total liabilities	10,314,007	11,524,660	12,597,181	12,445,737	12,898,257
Net assets					
Shareholders' equity	440,563	453,140	469,837	488,468	502,349
of which retained earnings	270,954	284,535	304,236	325,460	341,349
Accumulated other comprehensive income	60,650	89,651	52,332	41,355	72,272
Non-controlling interests	7,544	8,114	8,555	9,620	10,183
Total net assets	508,758	550,906	530,724	539,444	584,805
Total liabilities and net assets	10,822,765	12,075,567	13,127,906	12,985,181	13,483,062

Nishi-Nippon Financial Holdings Summary of Consolidated Financial Statements

Consolidated Balance Sheet Summary

	(Million yen)	
Assets	Mar. 31, 2023	Mar. 31, 2024
Cash and due from banks	1,946,575	2,200,594
Call loans and bills bought	8,011	7,570
Monetary claims bought	42,733	47,653
Money held in trust	11,609	11,699
Securities	1,792,650	1,803,150
Loans and bills discounted	8,955,399	9,178,238
Foreign exchanges	17,311	9,361
Other assets	99,071	101,896
Tangible fixed assets	116,854	115,958
Buildings, net	31,622	30,595
Land	75,659	75,372
Leased assets, net	361	363
Construction in progress	530	130
Other tangible fixed assets	8,680	9,496
Intangible fixed assets	5,204	5,193
Software	4,787	4,769
Other intangible fixed assets	416	423
Retirement benefit assets	8,038	24,964
Deferred tax assets	6,367	1,083
Customers' liabilities for acceptances and guarantees	16,372	18,559
Allowance for loan losses	(40,455)	(42,302)
Allowance for investment losses	(562)	(557)
Total assets	12,985,181	13,483,062
Liabilities and net assets	Mar. 31, 2023	Mar. 31, 2024
Deposits	9,791,772	10,177,203
Negotiable certificates of deposit	167,423	247,711
Call money and bills sold	512,491	104,542
Payables under repurchase agreements	265,881	226,248
Cash collateral received for securities lent	293,853	238,191
Borrowed money	1,249,709	1,759,123
Foreign exchanges	504	720
Borrowed money from trust account	5,233	5,349
Other liabilities	120,171	93,590
Provision for share-based remuneration for directors	4	11
Retirement benefit liability	4,647	1,973
Provision for retirement benefits for directors (and other officers)	200	236
Provision for reimbursement of deposits	545	392
Provision for contingent losses	1,194	1,182
Reserves under special laws	12	17
Deferred tax liabilities	1,070	8,589
Deferred tax liabilities for land revaluation	14,646	14,613
Acceptances and guarantees	16,372	18,559
Total liabilities	12,445,737	12,898,257
Capital stock	50,000	50,000
Capital surplus	118,706	117,584
Retained earnings	325,460	341,349
Treasury stock	(5,698)	(6,584)
Total shareholders' equity	488,468	502,349
Valuation difference on available-for-sale securities	25,757	43,262
Deferred gains or losses on hedges	1,015	711
Revaluation reserve for land	29,425	29,678
Remeasurements of defined benefit plans	(14,843)	(1,379)
Total accumulated other comprehensive income	41,355	72,272
Non-controlling interests	9,620	10,183
Total net assets	539,444	584,805
Total liabilities and net assets	12,985,181	13,483,062

Consolidated Statement of Income

	(Million yen)	
	FY2022	FY2023
Ordinary income	160,448	185,595
Interest income	106,142	116,311
Interest on loans and discounts	81,242	83,845
Interest and dividends on securities	21,012	28,672
Interest on call loans and bills bought	28	100
Interest on deposits with banks	2,398	2,092
Other interest income	1,459	1,600
Trust fees	0	0
Fees and commissions	33,136	37,790
Trading income	1,369	1,036
Other operating income	8,064	13,047
Other ordinary income	11,735	17,409
Recoveries of written-off claims	251	290
Other	11,483	17,118
Ordinary expenses	126,770	149,985
Interest expenses	12,401	25,303
Interest on deposits	432	544
Interest on negotiable certificates of deposit	19	29
Interest on call money and bills sold	319	1,380
Interest expenses on securities sold under repurchase agreements	7,627	15,291
Interest expenses on cash collateral received for securities lent	22	38
Interest on borrowings	589	923
Other interest expenses	3,390	7,094
Fees and commissions payments	12,021	13,770
Other operating expenses	16,130	19,297
General and administrative expenses	80,634	83,468
Other ordinary expenses	5,583	8,145
Provision of allowance for loan losses	1,984	5,036
Other	3,598	3,108
Ordinary profit	33,677	35,609
Extraordinary income	869	52
Gains on disposition of fixed assets	32	52
Gain on negative goodwill	564	–
Gain on step acquisition	272	–
Extraordinary losses	435	807
Losses on disposition of tangible fixed assets	368	363
Impairment losses	66	434
Other	–	9
Profit before income taxes	34,111	34,855
Income taxes - current	6,513	11,022
Income taxes - deferred	1,164	(374)
Total income taxes	7,678	10,648
Profit	26,433	24,206
Profit attributable to non-controlling interests	368	630
Profit attributable to owners of parent	26,064	23,576

Consolidated Statement of Comprehensive Income

	(Million yen)	
	FY2022	FY2023
Profit	26,433	24,206
Other comprehensive income	(11,009)	30,787
Valuation difference on available-for-sale securities	(12,962)	17,598
Deferred gains or losses on hedges	1,023	(304)
Retirement benefits liability adjustments	872	13,462
Share of other comprehensive income of affiliates accounted for by the equity method	56	31
Comprehensive income	15,423	54,994
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	15,087	54,241
Comprehensive income attributable to non-controlling interests	336	752

The Nishi-Nippon City Bank, Ltd. Summary of Financial Statements

Non-Consolidated Balance Sheet

(Million yen)		
Assets	Mar. 31, 2023	Mar. 31, 2024
Cash and due from banks	1,911,245	2,161,345
Call loans and bills bought	39,011	33,570
Money held in trust	11,609	11,699
Securities	1,757,285	1,765,672
Loans and bills discounted	8,737,883	8,959,421
Foreign exchanges	17,311	9,361
Other assets	81,623	84,773
Tangible fixed assets	110,891	110,087
Buildings, net	30,227	29,289
Land	71,782	71,496
Leased assets, net	131	114
Construction in progress	530	130
Other tangible fixed assets	8,219	9,056
Intangible fixed assets	4,646	4,800
Software	4,295	4,463
Other intangible fixed assets	350	337
Prepaid pension cost	26,730	26,845
Customers' liabilities for acceptances and guarantees	14,737	17,033
Allowance for loan losses	(35,799)	(37,357)
Allowance for investment losses	(440)	(436)
Total assets	12,676,735	13,146,816
Liabilities and net assets	Mar. 31, 2023	Mar. 31, 2024
Deposits	9,555,156	9,939,853
Negotiable certificates of deposit	167,176	244,876
Call money and bills sold	512,491	104,542
Payables under repurchase agreements	265,881	226,248
Cash collateral received for securities lent	293,853	238,191
Borrowed money	1,242,152	1,749,973
Foreign exchanges	504	720
Borrowed money from trust account	5,233	5,349
Other liabilities	80,485	48,066
Reserve for employee retirement benefits	214	165
Provision for reimbursement of deposits	531	366
Provision for contingent losses	1,172	1,148
Deferred tax liabilities	1,600	8,030
Deferred tax liabilities for land revaluation	14,376	14,343
Acceptances and guarantees	14,737	17,033
Total liabilities	12,155,568	12,598,911
Capital stock	85,745	85,745
Capital surplus	85,684	85,684
Retained earnings	296,420	306,821
Total shareholders' equity	467,849	478,250
Valuation difference on available-for-sale securities	22,874	39,263
Deferred gains or losses on hedges	1,015	711
Revaluation reserve for land	29,427	29,679
Total valuation and translation adjustments	53,317	69,654
Total net assets	521,167	547,905
Total liabilities and net assets	12,676,735	13,146,816

Non-Consolidated Statement of Income

(Million yen)		
	FY2022	FY2023
Ordinary income	132,094	157,460
Interest income	100,250	110,169
Interest on loans and discounts	77,310	79,924
Interest and dividends on securities	20,517	28,037
Interest on call loans	9	82
Interest on deposits with banks	2,368	2,069
Other interest income	43	55
Trust fees	0	0
Fees and commissions	25,384	28,504
Fees and commissions on domestic and foreign exchanges received	6,967	7,034
Other	18,416	21,469
Trading income	3	6
Gains on trading account securities transactions	3	6
Other operating income	2,811	3,030
Gains on foreign exchange transactions	1,260	1,144
Gains on sale of bonds	1,482	686
Gains on redemption of bonds	37	—
Gains on financial derivative products	—	1,194
Other	31	4
Other ordinary income	3,644	15,750
Recoveries of written-off claims	236	250
Gains on sale of stock and other securities	2,554	14,704
Gains on money held in trust	14	13
Other	838	782
Ordinary expenses	111,726	129,601
Interest expenses	12,350	25,261
Interest on deposits	389	511
Interest on negotiable certificates of deposit	18	29
Interest on call money and bills sold	319	1,380
Interest expenses on securities sold under repurchase agreements	7,627	15,291
Interest expenses on cash collateral received for securities lent	22	38
Interest on borrowings	585	920
Other interest expenses	3,386	7,089
Fees and commissions payments	15,135	16,695
Fees and commissions on domestic and foreign exchanges	925	949
Other	14,209	15,746
Other ordinary expenses	12,155	11,468
Losses on sale of bonds	11,737	11,024
Losses on redemption of bonds	213	435
Losses on devaluation of bonds	—	8
Expenses for derivatives other than trading derivatives	205	—
General and administrative expenses	67,648	69,692
Other ordinary expenses	4,436	6,483
Provision of allowance for loan losses	2,587	4,400
Losses on write-offs of claims	299	745
Losses on sale of stock and other securities	64	2
Losses on devaluation of stock and other securities	10	134
Losses on money held in trust	89	2
Other	1,385	1,197
Ordinary profit	20,367	27,859
Extraordinary income	32	52
Gains on disposition of fixed assets	32	52
Extraordinary losses	385	784
Losses on disposition of fixed assets	345	350
Impairment losses	40	434
Profit before income taxes	20,014	27,127
Income taxes - current	4,570	8,490
Income taxes - deferred	949	(206)
Total income taxes	5,520	8,284
Profit	14,493	18,842

The Bank of Nagasaki, Ltd. Summary of Financial Statements

Non-Consolidated Balance Sheet

(Million yen)		
Assets	Mar. 31, 2023	Mar. 31, 2024
Cash and due from banks	32,095	33,745
Securities	11,560	11,991
Loans and bills discounted	267,312	269,522
Other assets	1,837	1,840
Tangible fixed assets	4,364	4,369
Buildings, net	471	443
Land	3,597	3,597
Leased assets, net	122	156
Other tangible fixed assets	173	173
Intangible fixed assets	174	86
Software	155	65
Other intangible fixed assets	18	21
Prepaid pension cost	86	100
Customers' liabilities for acceptances and guarantees	10	8
Allowance for loan losses	(318)	(300)
Allowance for investment losses	(43)	(42)
Total assets	317,080	321,321
Liabilities and net assets	Mar. 31, 2023	Mar. 31, 2024
Deposits	253,271	258,074
Negotiable certificates of deposit	5,797	8,384
Call money and bills sold	31,000	26,000
Borrowed money	6,200	7,800
Other liabilities	1,313	1,113
Reserve for employee retirement benefits	9	12
Provision for retirement benefits for directors (and other officers)	76	97
Provision for reimbursement of deposits	14	25
Provision for contingent losses	21	34
Deferred tax liabilities	11	29
Deferred tax liabilities for land revaluation	508	508
Acceptances and guarantees	10	8
Total liabilities	298,235	302,089
Capital stock	7,621	7,621
Capital surplus	5,963	5,963
Retained earnings	3,772	4,035
Total shareholders' equity	17,357	17,620
Valuation difference on available-for-sale securities	337	460
Revaluation reserve for land	1,150	1,150
Total valuation and translation adjustments	1,487	1,611
Total net assets	18,845	19,231
Total liabilities and net assets	317,080	321,321

Non-Consolidated Statement of Income

(Million yen)		
	FY2022	FY2023
Ordinary income	4,648	4,807
Interest income	3,853	3,948
Interest on loans and discounts	3,492	3,492
Interest and dividends on securities	332	433
Interest on deposits with banks	28	22
Other interest income	—	0
Fees and commissions	676	800
Fees and commissions on domestic and foreign exchanges received	84	85
Other	591	715
Other ordinary income	118	58
Reversal of reserve for possible loan losses	75	—
Recoveries of written-off claims	14	38
Other	28	19
Ordinary expenses	4,242	4,379
Interest expenses	27	14
Interest on deposits	43	33
Interest on negotiable certificates of deposit	0	0
Interest on call money and bills sold	(18)	(18)
Interest on borrowings	—	0
Other interest expenses	1	—
Fees and commissions payments	975	1,053
Fees and commissions on domestic and foreign exchanges	6	6
Other	968	1,046
Other ordinary expenses	0	2
Losses on redemption of bonds	0	2
General and administrative expenses	3,184	3,208
Other ordinary expenses	54	100
Provision of allowance for loan losses	—	42
Losses on write-offs of claims	15	—
Other	38	58
Ordinary profit	406	427
Extraordinary losses	36	4
Losses on disposition of fixed assets	14	0
Impairment losses	21	—
Other	—	4
Profit before income taxes	369	423
Income taxes - current	49	96
Income taxes - deferred	70	(36)
Total income taxes	119	60
Profit	249	363

Non-Financial Data (ESG Data)

Social

Item	Unit	The Nishi-Nippon City Bank			The Bank of Nagasaki		
		FY2021	FY2022	FY2023	FY2021	FY2022	FY2023
Number of employees (full-timeemployees, non-permanent employees, part-time employees)	persons	5,274	5,093	4,934	274	261	251
Ratio of female employees [to all employees]	%	55.7	56.0	55.8	50.7	48.7	49.0
Average age [full-time employees]	years-old	40.9	40.9	40.9	39.0	38.9	38.7
Average length of service [male full-time employees]	years	16.0	15.2	14.2	19.5	18.9	18.3
Average length of service [female full-time employees]	years	13.3	13.2	13.3	14.0	14.3	15.1
Gender wage gap (all workers) *1	%	–	42.1	44.0	–	60.6	63.2
Permanent employees	%	–	63.2	65.5	–	71.3	75.1
Part-time and fixed-period employees	%	–	47.1	48.8	–	51.4	51.1
Non-managerial positions (Assistant Manager or below)	%	–	81.6	82.4	–	86.8	86.7
Number of recruitment (new graduate + mid-career hires) [full-time employees]	persons	166	154	192	24	22	10
Number of women among new graduate hires [full-time employees]	persons	85	79	80	12	10	4
Total number of new graduate hires [full-time employees]	persons	158	136	164	18	21	10
Number of female new graduate hires [full-time employees]	persons	83	73	75	9	9	4
Total number of mid-career hires [full-time employees]	persons	8	18	28	6	1	0
Number of female mid-career hires [full-time employees]	persons	2	6	5	3	1	0
Ratio of women in positions of section manager *2 or above	%	10.7	12.1	13.4	20.0	23.5	26.6
Ratio of women in positions of Manager *3 or above	%	12.3	14.2	15.6	26.2	27.1	31.7
Ratio of women in positions of Assistant Manager *4 or above	%	27.2	29.2	30.2	38.1	35.5	37.6
Usage ratio of childcare leave (male employees) [to all employees] *5	%	41.7	96.0	102.7	0.0	50.0	–
Usage ratio of childcare leave (female employees) [to all employees] *6	%	85.5	105.6	109.8	100.0	100.0	100.0
Employee survey (Feeling self-growth from working at the bank) *7	–	–	3.6	3.9	–	3.0	3.1
Employee survey (Feeling proud of working at the bank) *7	–	–	3.7	4.0	–	3.1	3.0
Annual training expenses *8	million yen	120	127	185	9	13	14
Annual training hours [full-time employees]	hours	164,860	173,573	203,492	8,421	11,916	7,999
Average training hours per person [full-time employees]	hours	47.2	51.4	61.7	44.8	64.4	44.2
Number of participants in training (total number) [all employees]	persons	7,295	7,960	11,819	849	1,401	1,381
Number of occupational accidents	cases	40	42	41	1	2	1
Ratio of employees receiving health checkups *9	%	100.0	100.0	100.0	99.6	99.6	100.0
Ratio of employees receiving stress checks	%	95.5	95.3	97.5	88.7	91.0	89.9

*1 The ratio of the average wage of female workers to the average wage of male workers
*2 Refers to positions of section manager and above calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life
*3 Refers to those in positions similar to section manager such as Manager
*4 Refers to those in positions immediately below Manager
*5 The ratio of male workers who have used childcare leave (in the relevant fiscal year) to the total number of male workers whose spouse gave birth (in the relevant fiscal year)
If there is no male worker whose spouse gave birth (denominator), "-" is written.
*6 The ratio of female workers who have used childcare leave (in the relevant fiscal year) to the total number of female workers who gave birth (in the relevant fiscal year)
*7 Average score on a five-grade scale (with five the highest score)
Because the Nishi-Nippon City Bank conducted its employee survey once in three years until FY2022, "-" is written for FY2021.
The bank conducted an employee survey using a six-grade scale in FY2023. For comparisons between different years, the scores for FY2023 were recalculated using a five-grade scale.
The Bank of Nagasaki conducts an employee survey every year. Because this question was introduced in FY2022, "-" is written for FY2021.
*8 Includes IT expenses related to HR development and expenses for self-education (incentives for passing examinations).
*9 Includes those who received comprehensive medical examinations.

Environment

Item	Unit	The Nishi-Nippon City Bank		
		FY2021	FY2022	FY2023
Scope 1 CO ₂ emissions *1	t-CO ₂	599	563	482
Scope 2 CO ₂ emissions *1	t-CO ₂	10,931	8,592	9,851
Scope 3 CO ₂ emissions *2	t-CO ₂ e	Not measured	Not measured	1,942,877
Category 1 (purchased goods and services)	t-CO ₂ e	Not measured	Not measured	34,236
Category 2 (capital goods)	t-CO ₂ e	Not measured	Not measured	10,525
Category 3 (fuel and energy-related activities not included in Scope 1 or 2)	t-CO ₂ e	Not measured	Not measured	1,822
Category 4 (upstream transportation and distribution)	t-CO ₂ e	Not measured	Not measured	2,509
Category 5 (waste generated in operations) *3	t-CO ₂	Not measured	Not measured	5
Category 6 (business travel)	t-CO ₂	Not measured	Not measured	411
Category 7 (employee commuting)	t-CO ₂	Not measured	Not measured	2,107
Category 8 (upstream leased assets)	t-CO ₂	Not measured	Not measured	*4
Category 9 (downstream transportation and distribution)	t-CO ₂	Not measured	Not measured	
Category 10 (processing of sold products)	t-CO ₂	Not measured	Not measured	
Category 11 (use of sold products)	t-CO ₂	Not measured	Not measured	
Category 12 (end-of-life treatment of sold products)	t-CO ₂	Not measured	Not measured	
Category 13 (downstream leased assets)	t-CO ₂	Not measured	Not measured	*4
Category 14 (franchises)	t-CO ₂	Not measured	Not measured	
Category 15 (investments) *5	t-CO ₂ e	Not measured	Approx.1.7million	1,891,258
Total CO ₂ emissions (Scope 1 and 2)	t-CO ₂	11,530	9,156	10,334
Total CO ₂ emissions (Scope 1, 2 and 3)	t-CO ₂ e	Not measured	Not measured	1,953,211
Energy consumption	GJ	236,814	226,582	215,251
Eco-friendly branches	branches	27	27	28
Eco-friendly vehicles (total of hybrid and electric vehicles)	vehicles	58	111	168

*1 Results based on the standards applied to periodic reports under the Act on Rationalizing Energy use and Shifting to Non-fossil Energy.
*2 For the calculation of Scope 3 Categories 1 to 7 emissions, we referred to the "Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 2.6)" (Ministry of the Environment/Ministry of Economy, Trade and Industry), "Emissions Unit Value Database for Accounting of Greenhouse Gas Emissions, etc., by Organizations Throughout the Supply Chain (Ver. 3.4)" (Ministry of the Environment), and "LCI Database IDEA v2.3 (for Calculating Supply Chain Greenhouse Gas Emissions)" (the Advanced LCA Research Group at the Research Institute of Science for Safety and Sustainability of the National Institute of Advanced Industrial Science and Technology/Sustainable Management Promotion Organization).
*3 The total volume of document waste from HQ, branches, etc.
*4 We do not produce Scope 3 Categories 8-14 emissions.
*5 Please refer to page 62 for the target and method of calculating Scope 3 Category 15 emissions.
*6 Any figure below 1 is rounded down for CO₂ emissions. Accordingly, adding all the emissions figures presented may not necessarily match the total figures.

Governance

Item	Unit	Nishi-Nippon Financial Holdings		
		FY2021	FY2022	FY2023
Number of directors	persons	9	9	9
Number of outside directors	persons	3	3	3
Number of female directors	persons	1 (outside)	1 (outside)	1 (outside)

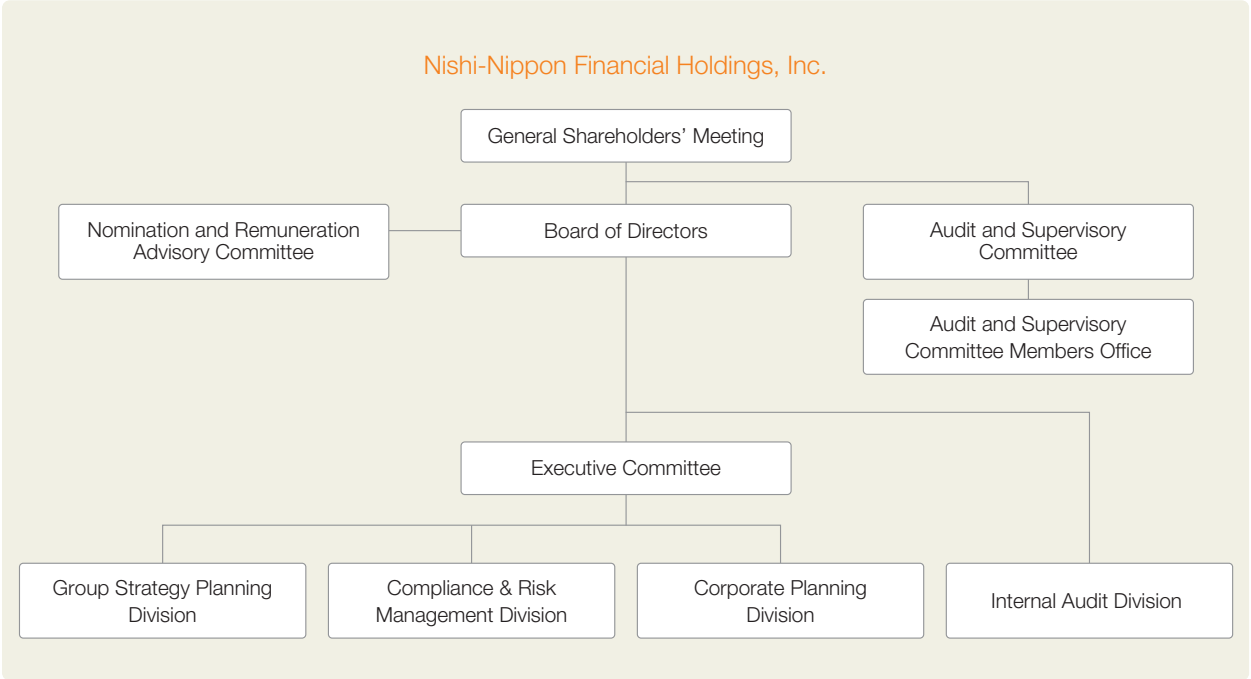
* The number of female directors as of June 30,2024 is two (1 internal director and 1 outside director).

Profile of Nishi-Nippon Financial Holdings

Name: Nishi-Nippon Financial Holdings, Inc.	
Location	1-1, Hakata-ekimae 3-chome, Hakata-ku, Fukuoka 812-0011, Japan
Business	Management and operation of banks and other companies that NNFH may have as subsidiaries under the Banking Act and any all businesses incidental or related thereto.
Capital	50 billion yen
Date of establishment	October 3rd, 2016
Fiscal year end	March 31st
Stock exchange	Tokyo Stock Exchange Prime Market and Fukuoka Stock Exchange Main Board
Share-trading unit	100 shares
Credit Ratings	R&I: A+ (Stable) JCR: A+ (Stable)

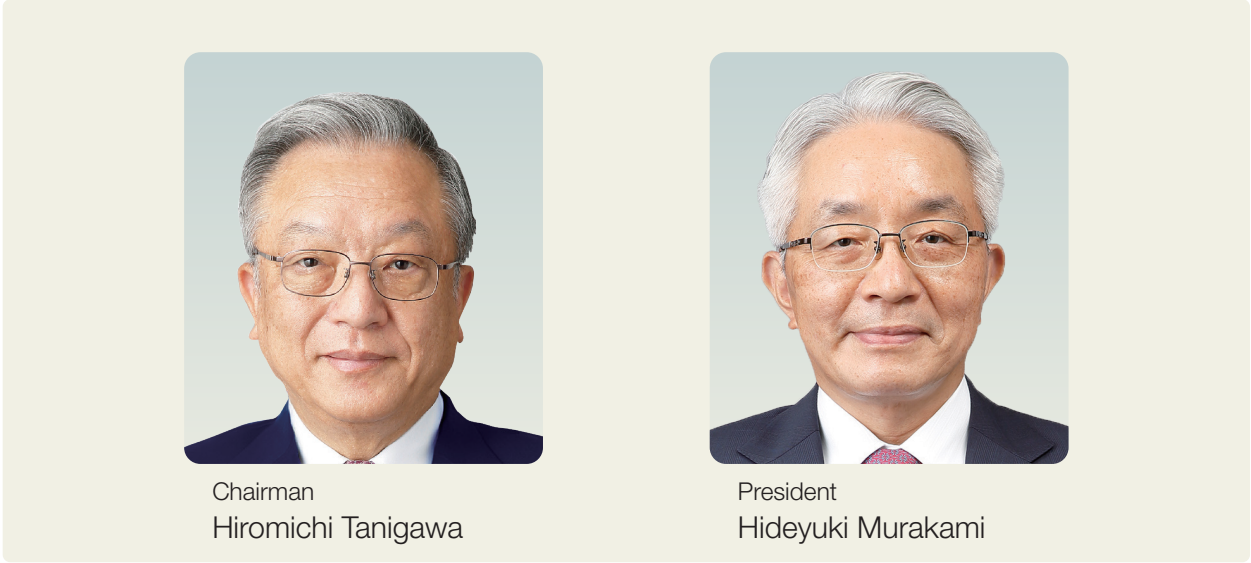
(As of June 30, 2024)

Organization Chart



(As of June 30, 2024)

Directors



Chairman	Hiromichi Tanigawa
President	Hideyuki Murakami
Directors	Hiroyuki Irie Hiroyuki Takeo Takashige Honda
Directors (Audit and Supervisory Committee Members)	Tomoko Ito Hiroshi Fujioka (outside) Chiharu Kubo (outside) Sachiko Miyamoto (outside)

(As of June 30, 2024)

* Directors (Audit and Supervisory Committee Members) Hiroshi Fujioka, Chiharu Kubo, and Sachiko Miyamoto are outside directors as prescribed in Article 2 (xv) of the Companies Act of Japan.
* The name of Director (Audit and Supervisory Committee Member) Ms. Sachiko Miyamoto on the family register is Sachiko Miki.

Major Shareholders (Common Stock)

Name	Number of shares held (Unit: 1,000 shares) (Note 1)	Ratio of shares held to total number of shares issued (excluding treasury stock) (%) (Note 2)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,251	12.28
Custody Bank of Japan, Ltd. (Trust Account)	12,860	9.15
Aso Corporation	2,800	1.99
Nippon Life Insurance Company	2,780	1.97
Meiji Yasuda Life Insurance Company	2,765	1.96
Custody Bank of Japan, Ltd. (Trust Account No.4)	2,684	1.91
Resona Bank, Ltd.	2,200	1.56
JA Mitsui Leasing, Ltd.	2,017	1.43
The Nishi-Nippon City Bank Employee Shareholding Association	1,984	1.41
DFA INTL SMALL CAP VALUE PORTFOLIO	1,983	1.41
Total	49,327	35.12

(As of March 31, 2024)

Notes: 1. In addition to the above, there are 6,965 thousand shares of treasury stock (4.72% of the total number of shares issued) in the name of Nishi-Nippon Financial Holdings, Inc.
2. Treasury stock not counted within the total number of issued shares does not include the 120 thousand shares in NNFH held in trust accounts related to the Board Benefit Trust (BBT).

Outline of Banking Subsidiaries

Name: The Nishi-Nippon City Bank, Ltd.	
▶ Business	Banking
▶ Established	December 1st, 1944
▶ Headquarters	1-1, Hakata-ekimae 3-chome, Hakata-ku, Fukuoka 812-0011, Japan
▶ Number of Employees	3,300
▶ Number of Domestic Offices	176
▶ Number of Correspondent Banks	73
▶ Parent Company	Nishi-Nippon Financial Holdings, Inc. (NNFH's share of voting rights 100%)

(As of March 31, 2024)

Directors	
Chairman	Hiromichi Tanigawa
President	Hideyuki Murakami
Deputy Presidents	Hiroyuki Irie
Representative Executive Director	Hiroyuki Takeo
Executive Directors	Takeshi Kurihara
	Masaru Ikeda
	Takashige Honda
	Kenichi Ozaki
Managing Directors	Kenji Morimoto
	Keitaro Yaji
	Hiroyuki Izumihara
	Yasuhiko Togawa
	Mami Kominato
Directors (Audit and Supervisory Committee Members)	Makoto Uchitomi
	Michiaki Uriu (outside)
	Yukinori Michinaga (outside)

* Directors (Audit and Supervisory Committee Members) Michiaki Uriu and Yukinori Michinaga are outside directors as prescribed in Article 2 (xv) of the Companies Act of Japan.

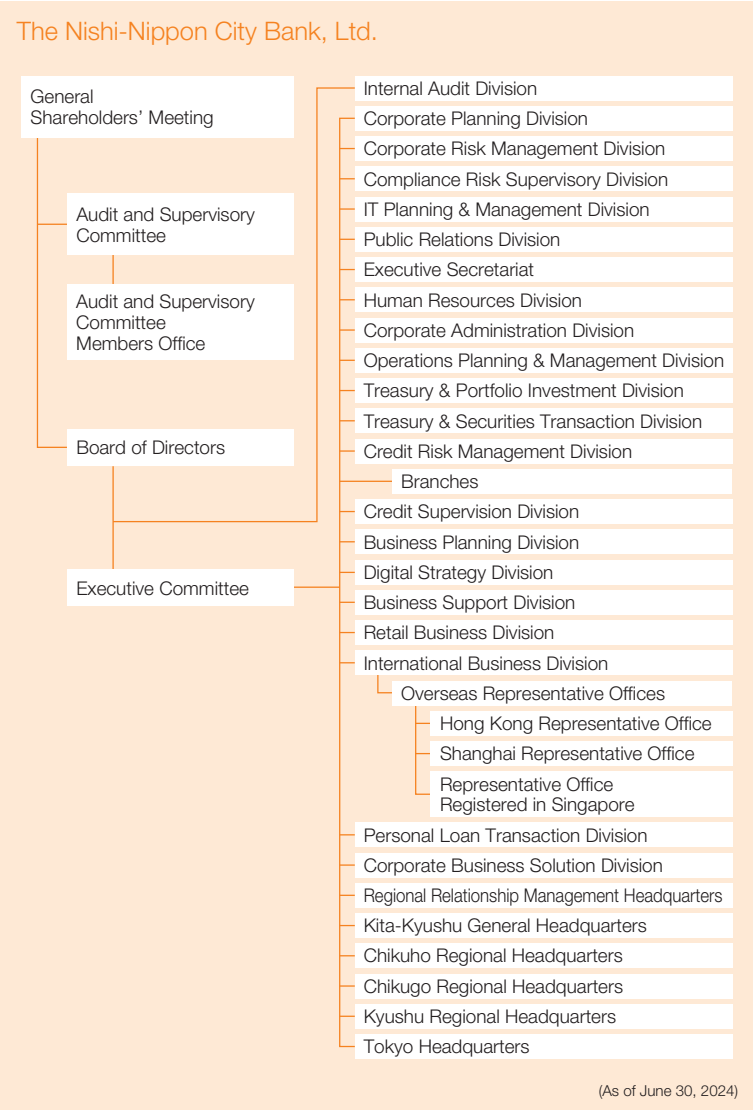
Name: The Bank of Nagasaki, Ltd.	
▶ Business	Banking
▶ Established	November 11th, 1912
▶ Headquarters	3-14, Sakaemachi, Nagasaki 850-8666, Japan
▶ Number of Employees	201
▶ Number of Domestic Offices	24
▶ Parent Company	Nishi-Nippon Financial Holdings, Inc. (NNFH's share of voting rights 100%)

(As of March 31, 2024)

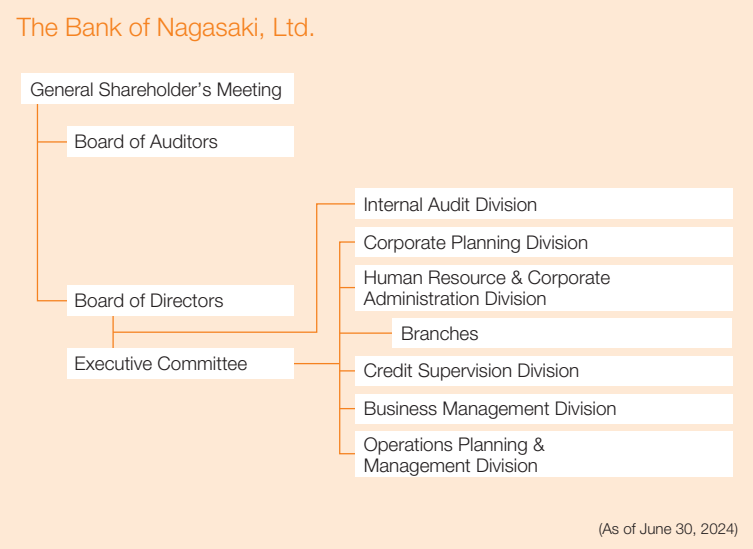
Directors and Audit and Supervisory Board Members	
President	Ryutaro Kaichi
Managing Directors	Kiyotaka Imamura
	Hiroshi Akiyama
	Hiroji Mochida
Directors	Toshihiro Takaki
	Takashige Honda
Audit and Supervisory Board Members	Kenji Miyata
	Mitsuru Kawatani (outside)
	Junichi Sakaguchi (outside)

* Audit and Supervisory Board Members Mitsuru Kawatani and Junichi Sakaguchi are outside Audit and Supervisory Board Members as prescribed in Article 2 (xvi) of the Companies Act of Japan.

Organization Chart of Banking Subsidiaries



(As of June 30, 2024)



(As of June 30, 2024)

International Network of
The Nishi-Nippon City Bank, Ltd.

INTERNATIONAL BUSINESS DIVISION

3-6, Hakata-ekimae 1-chome,
Hakata-ku, Fukuoka 812-0011, Japan
Phone: +81-92-476-2481
SWIFT: NISIJPJTFKK
Fax: +81-92-476-2488

TREASURY & PORTFOLIO INVESTMENT DIVISION

4th Fl., Nittetsu Nihonbashi Bldg,
13-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
103-0027, Japan
Phone: +81-3-6262-7957
SWIFT: NISIJPJT
Fax: +81-3-3273-2255

TREASURY & SECURITIES TRANSACTION DIVISION

3-6, Hakata-ekimae 1-chome,
Hakata-ku, Fukuoka 812-0011, Japan
Phone: +81-92-476-2540, +81-92-476-2484
SWIFT: NISIJPJT, NISIJPJTFKK
Fax: +81-92-441-6106

HONG KONG REPRESENTATIVE OFFICE

Suite 3112, Tower 6, The Gateway, Harbour
City, 9 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong
Phone: +852-2526-2259
Fax: +852-2845-9264

SHANGHAI REPRESENTATIVE OFFICE

Room No. 2209 Shanghai International Trade
Center, 2201 Yan-An Road (West), Chang
Ning District, Shanghai, People's Republic of
China
Phone: +86-21-6219-0600
Fax: +86-21-6278-5940

REPRESENTATIVE OFFICE REGISTERED IN SINGAPORE

1 Marina Boulevard Unit#25-07
One Marina Boulevard,
Singapore 018989
Phone: +65-6222-0115
Fax: +65-6222-0171



Nishi-Nippon Financial Holdings, Inc.

1-1, Hakata-ekimae 3-chome, Hakata-ku,
Fukuoka 812-0011, Japan
Phone: +81-92-461-1867



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