Increasing disclosure in accordance with TCFD recommendations

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

* The Task Force on Climate-related Financial Disclosures (TCFD) was established in December 2015 by the Financial Stability Board (FSB) at the request of the G20 finance ministers and the central bank governors. The TCFD published its final report offering recommendations to encourage voluntary disclosure by companies in June 2017. These recommendations targeted not only financial companies but the corporate sector as a whole.

Governance

The Group has formulated a "Basic Sustainability Policy" as a foundation for addressing sustainability issues, and the Board of Directors is discussing matters to be prioritized contained in the Policy. The Board has identified "addressing the escalating problem of climate change" as one of the Group's top materialities (priority issues).

The Board of Directors examines the conclusions reached at the semi-annual Management Meetings of the Executive Committee to determine their appropriateness in light of the Group's Management Strategy.

Strategy

The Nanto Bank Group is working as one to address climate change, providing value to stakeholders by fulfilling our mission of "regional development," "vibrant talent creation," and "profitability improvement."

As a member of the local community, we not only pursue our own decarbonization efforts, for example, but we also actively support those of our customers and other members of the local community.

Under our decarbonization policy, we have set CO_2-reduction and net-zero targets and are introducing renewable energy, converting in-branch and off-premises ATM lighting to LEDs, and adopting eco-friendly vehicles. When constructing or rebuilding branches, we plan to install rooftop solar panels and continue to install environmentally friendly equipment. To curb paper use, we run ongoing awareness initiatives to limit printing, promote paperless meetings, and digitize documents.

Nanto Bank has had a specialist in sustainability management assigned to Headquarters since fiscal 2025 to support customers' decarbonization and other sustainability initiatives. We are consequently always prepared to employ sustainable finance and related initiatives to help customers resolve their management challenges.

Our efforts to decarbonize the region also include offering <Nanto> J-Credit donation-type private placement bonds. Under this program, we purchase J-Credits derived from Nara Prefecture's forests valued at up to 0.1% of the amount issued and donate them to Nara or Osaka Prefecture. These donations stimulate local customers' decarbonization initiatives and support efforts to address climate change and resolve customers' management challenges.

In our commitment to working together as a community to support customers' decarbonization and energy conservation efforts, we have joined the Energy-Saving and Regional Partnership* providing energy-conservation information and support for subsidies and loans to install energy-saving equipment.

* The Partnership is a new framework established by the Agency for Natural Resources and Energy to strengthen cooperation between financial institutions and energy-saving organizations (organizations that conduct energy-saving diagnoses, etc.) and to build a regional system to support the energy-saving efforts of small and medium-sized enterprises. Participating members include more than 200 financial institutions and energy-saving support organizations.

Risks and opportunities

We assessed the risks and opportunities associated with climate change based on several public scenarios,* including the 1.5°C and 4°C scenarios. The timeline is analyzed for the short term (5 years), medium term (10 years), and long term (30 years).

		Contents	Temporal perspective
Risk	Transition risk	Increase in credit costs (credit risk) resulting from negative effects of tighter climate change regulations and changes in the tax system on customers' business and financial conditions, as well as damage to the value of real estate collateral due to non-compliance with environmental regulations.	Short- to long-term
		Decrease in the Bank's corporate value due to insufficient responses to climate change (operational risk related to damaging rumors)	Short- to long-term
	Physical risk	Increase in credit costs (credit risk) due to damage to real estate collateral resulting from large-scale windstorms, floods, or other natural disasters, as well as suspension of business and/or adverse effects on business stemming from damage to customers' operating bases, etc.	Medium- to long-term
		Increase in restoration costs (operational risk related to tangible assets) stemming from damage to the Bank's bases by large-scale windstorms, flood disasters, or other natural disasters.	Medium- to long-term
Opportunity		Increase in customer demand for capital investment in decarbonization projects	Short- to long-term
		Increase in demand for funds for infrastructure investment in disaster-prevention measures	Short- to long-term
		Increase in opportunities to offer disaster preparedness insurance products and financial products and services related to environmental protection stemming from growing numbers of windstorms and flood disasters that lead to increasingly environmentally conscious customer behavior	Short- to long-term
		Increase in business opportunities for services such as solution provision to support customers' decarbonization efforts	Short- to long-term

*Referenced public scenarios
1.5°C scenario with progressive decarbonization: IEA NZE2050, IEA APS, NGFS Net Zero2050, IPCC SSP1-1.9, SSP1-2.6
4°C scenario with warming exceeding 4°C: IEA STEPS, current NGFS policies, IPCC SSP5-8.5

Scenario analysis

Our assessment of the analysis results suggested that there was only a limited financial impact of transition risk and physical risk.

Since the analysis is based on certain assumptions, however, we will continue to upgrade our analysis methods and expand the scope of coverage.

	Transition risk	Physical risk
Risks to be analyzed	Increase in credit costs due to impacts on customers' business and financial conditions of tightened regulations, changes in taxation systems, and other such factors.	Damage to real estate collateral due to flooding, and increased credit costs due to suspension or stagnation of business operations resulting from damage to customers' sales offices
Scenarios	IEA*1 / NZE (1.5°C scenario), SDS (2°C scenario)	IPCC*2 / RCP8.5 (4°C scenario), RCP2.6 (2°C scenario)
Portfolios to be analyzed	Electricity and gas sectors	Business loans in the Bank's operating region
Analysis methodology	Projected future financial impacts and estimated additional credit costs based on transition scenarios	Additional credit costs due to damage to collateral and reduced sales, estimated by determining inundation risk based on collateral property and customer location
Analysis results	Increased credit costs to 2050, cumulative total up to approx. ¥2.1 billion	Increased credit costs to 2050, cumulative total up to approx. ¥6.0 billion

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

Carbon emissions-related assets

The percentage of carbon-related assets (excluding renewable energy generation projects) measured as a percentage of the Bank's loans according to the Revised TCFD Annex is as shown below (as of March 31, 2026).

Energy	Transportation	Materials & buildings	Agriculture, food & forest products
2.4%	3.8%	25.0%	3.3%

Our calculations are based on the Bank of Japan's industry classification and may be different from calculations based on the Global Industry Classification (GICS).

Risk Management

The Group recognizes that addressing climate change is a central issue for sustainable regional development.

The Bank's climate change risk is classified into two categories, credit risk and operational risk, each of which is incorporated into the items for monitoring by the ALM Committee and Operational Risk Management Committee, respectively, to enhance appropriate risk management.

Our Group has also established an investment and financing policy featuring active engagement in investments and financing that contribute to realization of sustainable local communities by addressing environmental and social issues. We make it a point at the same time to carefully evaluate the advisability of proceeding with investments or financing that may exert adverse environmental or social impacts, and seek to mitigate or avoid any such impacts.

Investment and financing policies aimed at achieving a sustainable society

Guided by its "Basic Policy on Sustainability," the Group engages in investments and financing that contribute to realization of sustainable local communities by addressing environmental and social challenges. We make it a point at the same time to carefully evaluate the advisability of proceeding with investments or financing that may exert adverse environmental or social impacts, and seek to mitigate or avoid any such impacts.

<Actively pursued investments and financing>

1. Investments and financing that contribute to environmental preservation, such as renewable energy and energy conservation
2. Investments and financing that contribute to social issue solution and regional development, such as new business creation and business succession

<Entirely prohibited investments and financing>

1. Investments and financing in businesses that violate public order and morals
2. Investments and financing in businesses known to commit human rights violations, such as child labor, forced labor, and human trafficking

<Investment and financing in specified sectors>

1. Weapons

We do not conduct investment or financing in businesses that manufacture weapons of mass destruction such as nuclear weapons, or inhumane weapons such as cluster munitions, that are designed for killing or destruction in the context of war or other conflicts.

2. Coal-fired power generation

As a general rule, we do not engage in investment or financing to fund construction of new coal-fired power plants. In exceptional cases in which we do we consider such engagement, however, we refer to international guidelines and other relevant sources, closely investigate the individual project's power generation efficiency and environmental and social impacts, and carefully evaluate the advisability of proceeding.

3. Coal mining and mine development

We carefully evaluate the feasibility of investments and financing in coal mining and mine development with their environmental and social impacts taken into account. We do not engage in investments or financing for the following projects, however, that exert significant negative environmental impacts:

- Coal mining projects employing the mountain top removal (MTR) method, which severely damages the natural environment
- New thermal coal mining projects for power generation, as well as expansion projects for existing thermal coal mining operations
- New development or expansion projects for facilities and equipment associated with thermal coal mining projects for power generation

4. Large-scale hydropower

We carefully evaluate the advisability of proceeding with investments and financing intended for large-scale hydropower projects (with a capacity of 30 MW or more and a dam height of 15 meters or more), taking their environmental and social impacts and other factors into account.

5. Oil and gas

As for the investments and loans to fund new projects related to oil and gas extraction listed below, we carefully evaluate the advisability of proceeding, taking their environmental and social impacts and other factors into account.

- Oil sand extraction projects
- Oil and gas extraction projects in the Arctic Circle (above 66°33' north latitude)
- Shale oil and shale gas extraction projects
- Oil and gas pipeline construction projects

6. Deforestation

When considering investments or financing for development and other projects involving deforestation, we carefully evaluate the advisability of proceeding, taking into account the legality of the logging and potential environmental impacts.

7. Large-scale farms

As for investments and financing to fund development of large-scale farms*1, we carefully evaluate the advisability of proceeding, taking into account the formulation status of policies such as NDPE*2 and their environmental and social impacts.

*1 Projects covering 10,000 hectares or more (including projects for cultivating soybeans, natural rubber, cocoa, coffee, etc., or pastureland development)

*2 Policies regarding zero deforestation, zero peatland development, and zero exploitation, primarily adopted by companies in the palm oil sector

8. Palm oil plantation development

As concerns investments and financing for palm oil plantation development, we carefully evaluate the advisability of proceeding, taking into account such factors as the status of international certification for sustainable palm oil (RSPO*) and potential environmental and social impacts.

*A roundtable on sustainable palm oil

9. Wood biomass power generation

As for new investment and financing projects to fund wood biomass power generation, we carefully evaluate the advisability of proceeding, taking into consideration the potential environmental and social impacts and other factors.

Addressing Climate Change

Indicators and Targets

The Group adopted "C-Turtle®FE," a greenhouse gas emissions calculation tool provided by NTT Data Corporation, for its fiscal 2025 CO_2 emissions calculations and is continuing to use it in accordance with the GHG Protocol*.

*An international standard for calculating greenhouse gas emissions

CO_2 emissions of the Nanto Bank Group (Scopes 1 and 2)

Our CO_2 emissions for fiscal 2025 were 4,206 t- CO_2, a 57% reduction from fiscal 2013.

Emissions decreased year on year, driven by the effects of introducing renewable energy and purchasing non-fossil certificates.

We will continue to accelerate progress toward a decarbonized society by installing solar panels in newly built branches, including our new head office building, which has obtained ZEB certification.

Group CO_2 emission reduction targets

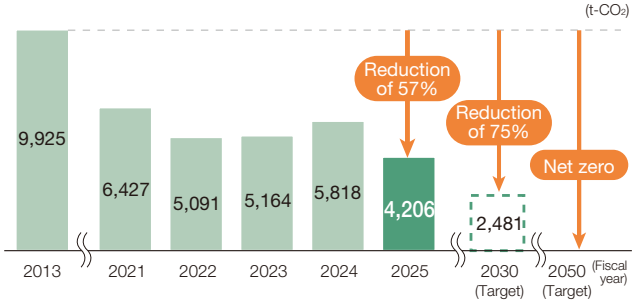
Reduction of 75%
by FY2030 compared to FY2013

By FY2050
Net zero

FY2025 actual result

4,206 tons of CO_2
(57% reduction compared to fiscal 2013)

■Group's CO_2 emissions (Scopes 1 and 2)



(t-CO_2)

Calculation items		FY2013	FY2021	FY2022	FY2023	FY2024	FY2025
Scope 1 Direct emissions	City gas, LP gas, gasoline, heavy oil	1,584	1,509	1,517	1,410	1,389	1,162
Scope 2 Indirect emissions	Electricity	8,341	4,918	3,574	3,755	4,429	3,044
Total		9,925	6,427	5,091	5,164	5,818	4,206

Group's CO_2 emissions (Scope 3)

Scope 3 emissions increased primarily in connection with an increase in Category 15 (financed emissions).

■Scope 3

(t-CO_2)

Calculation items	FY2023	FY2024	FY2025
Category 1: Purchased products and services	15,463	17,994	18,273
Category 2: Capital goods	56,748	63,094	47,239
Category 3: Fuel and energy activities not included in scope 1 or 2	1,028	1,041	999
Category 4: Transportation and distribution (upstream)	0	0	0
Category 5: Waste generated in operations	332	312	2,523
Category 6: Business travel	*1 110 (87)	131	144
Category 7: Commuting	*1 1,953 (1,965)	1,772	1,460
Category 8: Leased assets (upstream)	0	0	0

Calculation items	FY2023	FY2024	FY2025
Category 9: Transportation and distribution (downstream)	153	117	122
Category 10: Processing of sold products	0	0	0
Category 11: Use of sold products	9,998	8,431	7,764
Category 12: End-of-life disposal of sold products	18	11	12
Category 13: Leased assets (downstream)	15,790	13,438	13,781
Category 14: Franchises	0	0	0
Category 15: Investments and loans*2	8,895,074	8,991,183	9,655,305
Total	8,996,667	9,097,524	9,747,622

*1 As concerns Scope 3 emissions for fiscal 2023, we revised the category 6 and 7 emissions intensities, which required revision of the final results. ( ) Figures in parentheses are those disclosed in the previous fiscal year.
*2 Category 15 applies to the Bank on a non-consolidated basis.

Scope 3 Category 15 calculation

Indirect emissions from an investment and lending account for a large share of financial institutions' Scope 3 emissions; we view this as a key indicator in our climate-related efforts. In fiscal 2025, we again calculated Category 15 (investment and loan) emissions based on the PCAF Standard* as we had the year before. Emissions increased slightly due to our higher loan balance.

We use these results to inform engagement with our business partners and support their emissions reductions as a further contribution toward realization of a decarbonized society. We will continue to expand the scope and refine our methodologies (emissions calculation results may change in the future due to revisions of the calculation methods and business partner disclosure status, etc.).

Subject of calculation

Loans to domestic corporations (excluding project finance) as of September 30, 2025

Loans for which the financial data required for the calculation is insufficient are excluded, and loans subject to calculation account for 99.7% of loans to domestic corporations.

Calculation methodology

Calculated in accordance with the PCAF standard. The following calculation formulae are used for every company to which we provide loans or investment funds.

$$\text{Portfolio company emissions volume} \times \frac{\text{Loan amount}}{\text{Total amount of financing}}$$

Note that since FY2025, carbon intensity has been calculated by dividing the emissions of investment and financing recipients by their sales revenue.

Understanding emissions

The emissions of each company to which we have provided loans or financing were calculated using a combination of the bottom-up and top-down methods.

- Bottom-up method: A method employing emission data disclosed by the individual company
- Top-down method: Estimate by multiplying each company's sales by an average emission factor (using the Ministry of the Environment's emissions intensity database).

The data quality score as defined by PCAF is 2.7, and we will continue our efforts to improve its accuracy going forward.

* PCAF (Partnership for Carbon Accounting Financials) is an international initiative that provides standards for measuring and disclosing GHG emissions from financial institutions' investment and loan portfolios.

Main category	Sub-categories	Loan amount (million yen)	Carbon intensity (tCO_2/loan amount)	Emissions (tCO_2)
Energy	Oil and gas	30,852	1.9	156,996
	Coal	0	—	0
	Power utilities	41,104	14.3	382,318
Transportation	Air cargo	710	2.4	3,500
	Passenger air freight	779	6.4	5,210
	Ocean transportation	21,472	6.5	106,266
	Rail transportation	37,775	0.9	15,935
	Trucking services	49,254	3.4	474,088
	Automotive & parts	43,265	0.2	202,770
Materials & buildings	Metals & mining	59,708	8.1	1,191,105
	Chemicals	138,439	3.3	713,903
	Construction materials	18,233	11.7	332,514
	Capital goods	336,949	2.7	2,321,173
	Real estate management & development	276,364	0.6	91,418
Agriculture, food, forest products	Beverages	7,376	0.9	32,864
	Agriculture	1,584	7.0	37,014
	Processed foods & meat	42,501	3.4	289,844
	Paper and forest products	44,276	3.3	284,261
Others	Others	1,108,183	1.8	3,014,117
Total		**2,258,834**	—	**9,655,305**
Previous fiscal year (increase/decrease)		**2,124,420** **134,414**	—	**8,991,183** **664,122**

Sustainable finance

The Nanto Bank Group has set the following targets for the amount of sustainable finance disbursements to provide financial support for activities aimed at resolving sustainability issues facing local communities and customers.

The cumulative disbursements from fiscal 2023 to fiscal 2025 are expected to reach ¥523.9 billion (52.3% of the ¥1 trillion target), of which ¥162.0 billion will represent environmental finance.

Financing that contributes to solving environmental and social issues

- Environmental: Renewable energy, energy conservation, ZEB, ZEV, etc.
- Social: Regional revitalization, community revitalization, startups, business succession, BCP measures, etc.

Finance supporting or promoting clients' efforts to achieve the SDGs

Sustainable finance goals

FY2023-FY2030
Cumulative amount of investment and loan disbursements **¥1 trillion**

Cumulative results

¥523.9 billion
(of which, ¥162.0 billion environmental finance)