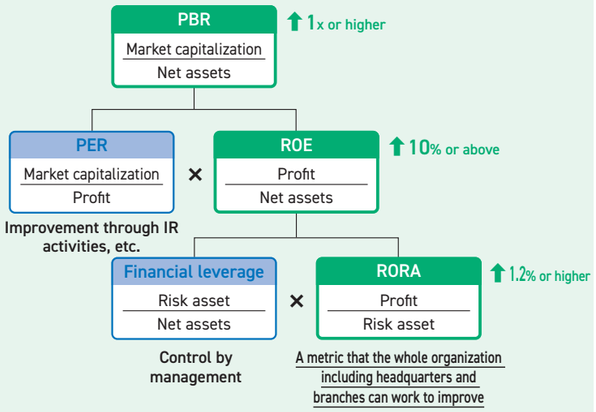
# RORA Management to Improve Corporate Value

## Strategies for improving corporate value

The Group has advanced corporate management centered on a return on risk-weighted assets (RORA) to sustainably improve the price-to-book ratio (PBR), a key metric for corporate value enhancement, ahead of other regional banks.

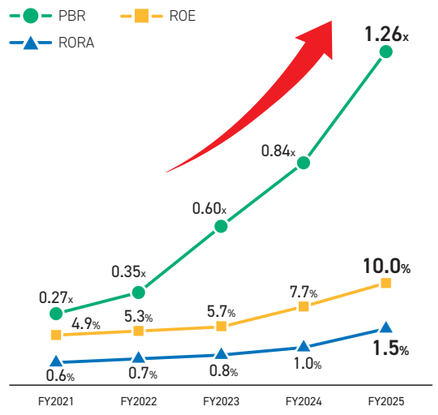
To improve PBR, it is necessary to improve return on equity (ROE) and price earnings ratio (PER). The PER is significantly affected by the external market environment and is therefore difficult to control. Accordingly, the Group prioritizes the improvement of ROE and has adopted RORA as a practical metric to be used for focusing on capital efficiency across the organization including the front-line employees. RORA has been incorporated into the profitability assessment of loans and other transactions.

As RORA makes profitability in alignment with risk clear, we use it to improve profitability from the level of individual transactions and have steadily raised the Group's overall capital efficiency. With the thorough practice of RORA management, we achieved a PBR of over 1x in FY2025. We will continue to improve our capital efficiency further through the enhancement of RORA management and pursue an increase in sustainable corporate value.




* Return On Risk-weighted Asset (RORA)
Profitability relative to risk asset. A metric that indicates profits earned relative to the risks taken.

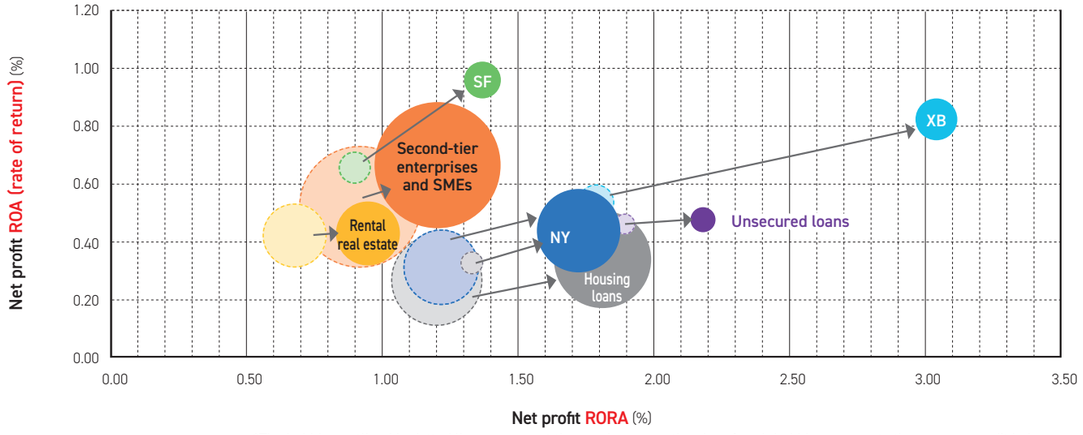
**Achieved the Mid-Term Business Plan targets of ROE of 10% or higher and RORA of 1.2% or higher in the first year of the Plan**




## Efforts to improve RORA

We have taken measures for the improvement of RORA for each business area to improve the Bank's overall RORA.

**RORA and ROA by business area (FY2025)**




*The bubbles outlined in dotted lines represent the previous year; the size of each bubble represents the average credit balance

### ① Building high-RORA assets

**Large enterprises, New York Branch, SF, and XB**

- Selecting good-quality deals for higher RORA
  We aim to increase profitability by selecting good-quality deals with higher RORA to work on.
- Addressing a shift to a "world with interest rates" and enhancing profitability assessment (strengthening profitability management)
  In response to changes in the interest rate environment, effective use of deposits, which have low funding cost, has become more important. The Bank focuses on the level of rate of return (ROA) in addition to RORA and has been building a profitability assessment framework that addresses changes in the environment by establishing new selection rules to control low-spread deals and taking other actions.

**Housing loans and unsecured loans**

We aim to increase RORA and maximize lifetime value for customers through cross-selling of housing loans and unsecured loans.

### ② Accumulating high-quality assets and improving customer profitability

**Loans for second-tier enterprises, SMEs, and rental real estate**

- Improving RORA through the utilization of a standard profit margin and expansion of ancillary transactions
  As a regional financial institution, we will deepen our relationships with second-tier enterprises and SMEs and use a standard profit margin* as our own metric to be shared by sales branches and headquarters as a common standard. We will work on increasing RORA and customer profitability by accumulating high-quality assets and expanding ancillary transactions including fees and commissions.
- Sales frontline penetration and increasing profitability across transactions
  The sales branches and headquarters discussed an interest rate level and profitability improvement measures. Through these efforts, sales activities based on a standard profit margin have taken root. We steadily increase RORA across transactions by building up initiatives.

*Standard profit margin　A profitability target that we aim to achieve for customers of cash flow-based lending. We set the standard profit margin according to customers' credit ratings, based on the RORA that we aim to achieve under the Mid-Term Business Plan (the Mid-Term Business Plan target of 1.2% or higher).

**Voices of front-line employees** Changes resulting from introduction of standard profit margin



Sales branch staff

As the level we should ensure is now clear, we can carry out pricing independently

I now routinely check an appropriate interest rate in alignment with risk in advance, and that enables me to make a proposal with a focus on profitability. We used to respond to trends among other banks, but now, as the level we should ensure is clear, we can exercise pricing judgement independently.

Perspectives have expanded to cover a wide range of transactions beyond interest-rate-focused deals

As we can see profitability clearly, I am now able to perform my duties with a focus on overall profitability improvement, not limited to negotiations over interest rates but including giving deeper consideration to fees, commissions, and deposits.



Credit Department staff

No discrepancy in understanding, leading to a smooth discussion with sales branches

As a common standard is established, we at the Credit Department and the Sales Branch staff are aligned on a level of interest rate. As a result, we now have very smooth discussions on pricing.

### ③ Enhancing non-interest business profit by providing consulting services

- Expanding the revenue base with high capital efficiency
  As a key measure to increase RORA, we strongly promote consulting services as the fees (non-interest business profit) contribute to revenue expansion without increasing risk assets.
- Strengthening corporate and individual consulting
  For corporate consulting, we will dig deep into customers' needs based on the "connecting process" and provide solutions with high added value. For individual consulting, we will provide comprehensive support for customers, ranging from their lifelong asset building to smooth asset succession, by making full use of our strength of collaboration with Gungin Securities.

Corporate consulting ▶ P.42
Individual consulting ▶ P.44