May 14, 2026

To whom it may concern,

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Notice Regarding the Commencement of Consideration for the Introduction of a Performance-Linked Compensation System for Employees (Stock Grant Trust with Cash Benefits)

The Company considers its human resources to be the core driver of sustainable enhancement of corporate value and positions human capital management as one of the most important elements of its management strategy. Based on this approach, the Company has been implementing various personnel initiatives. As part of these efforts, the Company has decided to commence consideration of the introduction of a performance-linked compensation system for employees of the Company and its subsidiaries, and hereby announces as follows.

1. Purpose and background of the consideration for introduction

In June 2023, the Company introduced the Stock Compensation Plan for Directors (excluding Directors who are Audit and Supervisory Committee Members and, among the other Directors, Outside Directors and non-executive directors) and executive officers of the Company and its subsidiaries (The Higo Bank, Ltd., and The Kagoshima Bank, Ltd.). The purpose of the plan is to further clarify the linkage between remuneration for Directors, etc., and the Company's performance and share value, and to strengthen Directors' commitment to enhancing medium- to long-term business performance and corporate value by ensuring that they share with shareholders not only the benefits of share price increases but also the risks of share price declines.

The Company has now decided to commence consideration of introducing a similar system for employees of the Group to further align employee compensation with share price and business performance. This initiative is intended to enable employees to share economic outcomes with shareholders and thereby further enhance employees' motivation and commitment to improving business performance.

2. Key features of the new system under consideration

The Company envisages a system in which the degree of achievement of key management indicators designated by the Company will serve as the basis for evaluation.

(1) Compensation structure combining short-term and medium- to long-term incentives linked to business performance

The Company is considering a mechanism under which cash compensation and stock compensation will be granted in combination according to the degree of achievement of predetermined performance targets. Cash compensation will be positioned as a reward for short-term contributions to business performance, while stock compensation is intended to align employees' interests more closely with those of shareholders over the medium to long term. Through this mechanism, the Company aims to achieve a balanced approach to human capital investment that incorporates both short-term and medium- to long-term perspectives.

(2) Utilization of a stock grant trust (J-ESOP)

With respect to the stock compensation component, the Company will commence consideration of introducing a framework utilizing a stock grant trust (J-ESOP), under which Company shares will be delivered in the future in accordance with points accumulated pursuant to the applicable regulations.

3. Scope and future schedule

The Company is proceeding with consideration of the proposed compensation system for employees of the Company and its subsidiaries. The timing, amount, and other details regarding the establishment of the stock grant trust (J-ESOP) will be announced promptly after they are determined.