

**Basic Policy** Strengthening Business Model

**Key Strategy** Strategy to Enhance Loan Income and Fees and Commissions

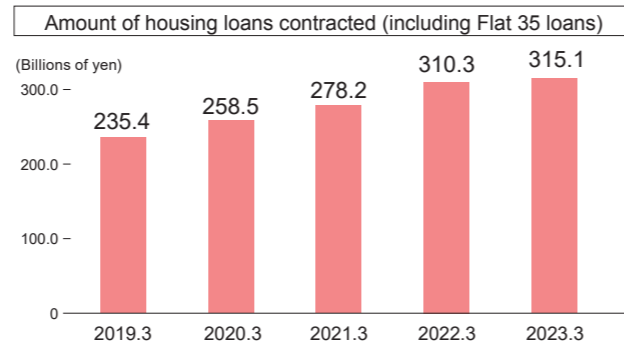
By reviewing the Bank's business portfolio, we will strive to strengthen our business model by concentrating management resources on three growth-drivers: individual loans, depository assets, and corporate consulting.

### Individual Loans

#### Housing loans

In the first half of FY2022, several new locations were established in conjunction with the reorganization of Retail Banking Center and the increase in personnel. The new Retail Banking Center is equipped with a spacious reception room, a children's room, and a nursing room so that customers can comfortably complete procedures, which has been well received, especially by customers of child-raising age.

As a result of these efforts, which were highly evaluated by customers and housing builders, the amount of housing loans contracted in FY2022 reached a record high.



**Voice of customers**

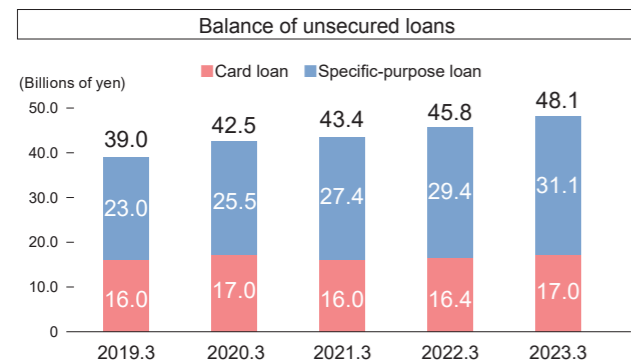
Voice of customers who signed contracts at the new Retail Banking Center

- The reception room was spacious enough so that I was able to focus on paper works even with children
- Meetings are held in a private room, so you can meet without worrying about being seen
- There is a children's room to keep them occupied during long interviews
- There is a nursing room so you don't have to worry about not being able to change diapers



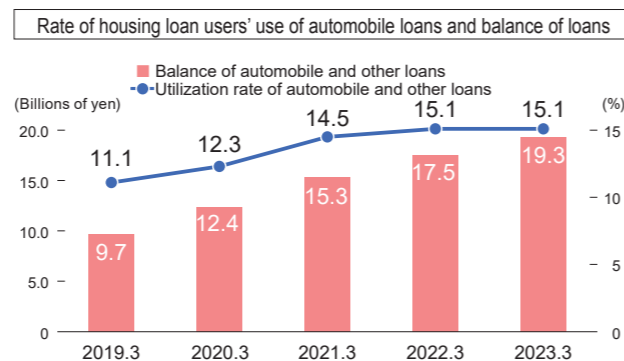
#### Unsecured loans

Beginning in December 2022, some unsecured loans can be applied online even by people who do not hold an account with the Bank, with the aim of making such loans available to a wider range of customers. We will continue our efforts to im-



prove customer convenience going forward.

In addition, we offer exclusive loan deals to our housing loan customers. We strive to optimize the overall life plan in conjunction with insurance reviews.



### Depository Assets

#### Practicing customer-oriented business operations in depository assets operations

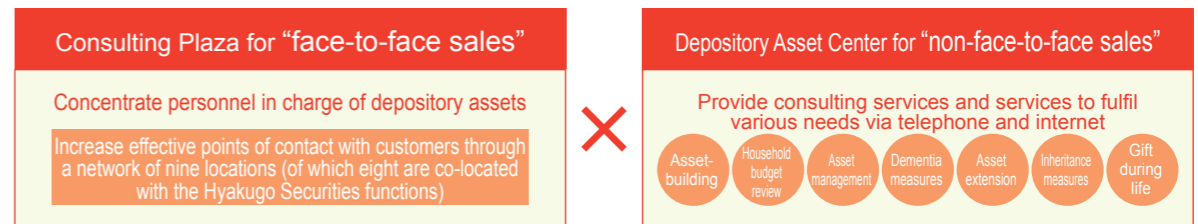
**Customer-oriented business operations —Three promises—**

- We will thoroughly implement customer-oriented business operations in order to contribute to asset building by customers.
- Our executives and employees will propose financial products with the best interests of our customers in mind.
- We listen to our customers' voice and actively work to improve our services and operations.

knowledge, experience, financial situation, investment objectives, and risk appetite, and explain information such as products, risks, fees, and market trends in an easy-to-understand manner.

In addition, we provide high-quality consulting and follow-up services with the customer's best interest as the top priority. We strive to provide detailed proposals to a large number of customers through Consulting Plazas, our face-to-face sales locations and a Depository Asset Center, our non-face-to-face sales location, and by co-locating the consulting plazas and Hyakugo Securities functions, we are strengthening cooperation between securities and banking staff and improving their skill levels.

The Bank and Hyakugo Securities have set forth three promises in our declaration of customer-oriented business operations. In order to propose an optimal asset management plan to our customers, we strive to accurately understand their



**Propose optimal asset management plans**

Leverage various service tools and provide a wide range of information to identify customers' needs, life plans, and risk tolerance

**Voice of the person in charge**

At our Consulting Plaza, we place the highest priority on providing consulting services that are closely aligned with the future of our customers. We spend time in dialogue with our customers to share with them their specific future vision of asset building and asset succession, and strive to propose the optimal product portfolio.

In addition, as market trends change on a daily basis, we strive to provide detailed follow-up and act to resolve the concerns and questions of customers.

With the Consulting Plazas and Hyakugo Securities functions now at the same location, interaction with securities representatives has deepened, and expertise in areas such as taxation and market knowledge has been further enhanced. We will continue to make efforts to improve our services in the best interest of our customers.



Maki Marumoto, Senior Staff at Yokkaichi Consulting Plaza

### Corporate Consulting

As a reliable partner with roots in the community, we offer consulting services according to the management issues of our customers.

#### Strengthening consulting capabilities

The environment surrounding our customers is changing on a daily basis, and in particular, there is an increasing need to solve management issues such as labor shortages, implementation of diverse working styles, and improvement of productivity through digitalization. In April 2022, we started ICT consulting services to provide accompanying support to customers in proposing solutions utilizing cloud ICT tools to solve their management issues, as well as their introduction and establishment.

Specifically, we support customers in solving their management issues with ICT tools, such as centralized management of analog sales information and daily reports to improve the efficiency of information sharing and visualization. We also collaborate with affiliates such as Hyakugo Computer Soft to solve more advanced issues.

	2022 (1st half)	2022 (2nd half)	FY2023 (Estimate)
Number of support cases	2	7	15

## Business matching

We are proactively engaged in initiatives to promote business matching by utilizing our regional network, making various efforts including expansion of sales channels of customers and providing support for resolving management issues.

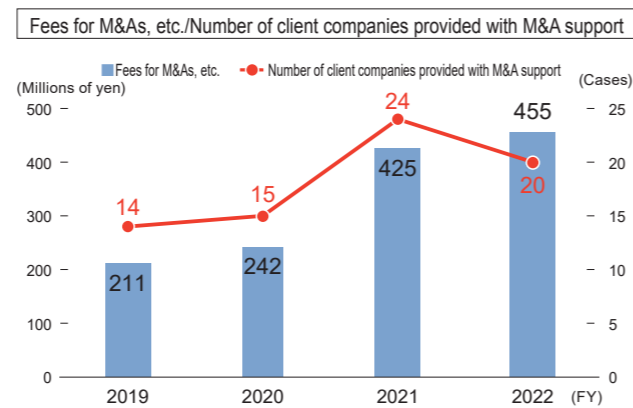
In addition, in response to various management issues such as measures against social issues including decarbonization, improvement of productivity through promotion of DX, new product development, and cost reduction, we support the growth of businesses by introducing business partners in line with customers' needs.

Furthermore, we offer leasing products as a part of its solution sales lineup, and through cooperation with Hyakugo Leasing, we mediate and introduce leasing deals. Through integrated proposals of bank loans and leasing products, we support our customers in achieving business growth and resolving management issues. Looking ahead, we will promote business matching leading to the resolution of customers' issues and aim to work with customers to realize a sustainable society.

## Business succession and M&A initiatives

Needs for business succession are increasing year by year, and succession policies are diversifying, such as succession within the family, succession to employees, and third-party succession including investment funds. Ten dedicated staff members have been assigned to the Business Succession and M&A Support Section, and in cooperation with our affiliate Hyakugo Mirai Investment, we have established a one-stop support system to meet the business succession policies desired by our customers. As needs related to business succession and M&A increase, our track record of support is also growing.

Number of consultations on business succession				
	FY2019	FY2020	FY2021	FY2022
Business succession consultations	18	33	41	51



## Structured finance

Since our first participation in project finance for PFI in 2002, we have been involved in a total of 64 projects (including 35 as the lead managing bank), which is one of the strongest track records in Japan.

In addition, we are collaborating with Hyakugo Research Institute, a Group company, from project creation to completion, and are strengthening our efforts in PPP/PFI that lead to regional development.

### Collaboration within the Group

- Hyakugo Bank**
  - Arrangement operations
  - Financing operations
  - Monitoring operations
- Hyakugo Research Institute**
  - Financial advisory operations
  - Project management support operations

**Name of project:** Iga City new crematorium development and operation project  
**Implementing municipality:** Iga City  
**Implementing business:** Iga Fuyo Co., Ltd.  
**Business description:** The project to develop, maintain, operate and manage facilities to meet the increased demand for cremation services which increased due to the increase in the use of funeral homes after the merger of municipalities and the aging of society

## Topics

### Japan's first social loan initiatives for Park-PFI

In June 2022, we signed a social loan agreement\*2 with Howa Inc. for the "Chusei Green Park Public-Private Partnership Project," a Park-PFI\*1 in Tsu City. This is the first social loan initiative that obtained a third-party opinion in Japan with use of funds for a Park-PFI. Under the concept of a "park that the citizens will be proud of and that will be a center of exchange for all generations," this project has created a private cafe/restaurant and a public facilities management building in "Chusei Green Park," a general park in Tsu City, and opened a new area in April 2023. In March 2023, the Secretariat of the Cabinet Secretariat's Council for the Realization of the Vision for a Digital Garden City

Nation selected the Bank as an "example of distinctive initiatives by financial institutions contributing to regional development in FY2022," and the Bank received an award from the Minister of State for Special Missions for its support of regional economic revitalization through this initiative.



\*1 Park-PFI are projects in which a publicly solicited company is selected to develop a park.  
 \*2 Social loans are loans that limit the use of funds to projects that solve social issues.

### Voice of customers

We have a saying, "A circle of people is a treasure." We are a company that have grown through diversified business development, mainly in the field of logistics, with a spirit of challenge to always do whatever we can do while considering the importance of bringing together employees, business partners, and the regional community.



**Rie Kabutake,**  
President and Representative Director, Howa Inc.

Profile	Location	Headquarters: Kou-cho, Suzuka City, Mie Prefecture
	Paid-in capital	¥20 million
	Business description	Motor truck transportation business, on-site logistics, real estate leasing, commodities business, gas station business

#### Q: How did you get involved in the project?

It all started when the city of Tsu approached us to ask if we would manage the park in front of our Tsu Sales Office. I myself often take my daughter to this park and felt that the number of visitors was increasing year by year, but there was no shade, few benches, and no place to stay. At that time, as we were talking with Tsu City, we thought it would be a new step for us as a new project that would benefit the community and the people who use the park.

#### Q: What is the social significance of this project?

I think Park-PFI will become the norm in the future. I think it makes sense for public services to take advantage of the private sector's ability to have a profit-oriented perspective when considering municipal taxes and taxes and other revenue and expenditures.

#### Q: What made you choose the Bank's social loan program, and what do you expect from the Bank in the future?

Above all, we were struck by the proposal that considered us and exceeded our expectations. What is great about

Hyakugo is that the process from proposal to realization of the project was extremely smooth. Thanks to this project taking shape, and receiving an award, it has allowed the community to learn more about Howa as a company that participated in the Park-PFI. I believe that this project has turned out to be the best for all three parties (the community, us, and the Bank). Because the Bank is one of the leading local companies, we expect that it will always be a step ahead in offering proposals other than this project.



For more information on the "Chusei Green Park Public-Private Partnership Project," please scan the QR code on the right.  
[https://www.hyakugo.co.jp/news/pdf/20220606\\_01.pdf](https://www.hyakugo.co.jp/news/pdf/20220606_01.pdf)



## Support for overseas business expansion

The International Business Support Section of the International Division in Japan and two overseas representative offices (Shanghai and Bangkok) have been established as dedicated departments for helping customers enter overseas markets and expand their business overseas. The International

Business Support Section, which is composed mainly of former overseas representatives, offers detailed, tailor-made support for a wide range of consultations related to international business, such as international trading and overseas financing.

### Support examples —Support for export of local products—

On October 5, 2022, with the aim of expanding exports of agriculture, forestry, fisheries, and other attractive regional products, we established Local Design Mie Corporation as a joint venture with Japan Transcity Corporation, a general logistics company based in Mie Prefecture, much like the Bank.

The origin of the company name is derived from the idea of "connecting the world and the region, and designing the future of the region and what the region should be." We not only export regional products, but also communicate the appeal of the region, including its culture and nature, to over-

seas markets.

Specifically, through (1) logistics support, (2) sales channel development support, and (3) export consulting, we provide sales channel development support including overseas market research and logistics design, as well as export plan development. We aim to expand exports of local products by working together with customers who are trying to export or who have tried to export but have not found a way to do so, regardless of the size of their organization or company, and by demonstrating our ability to support the export business of local customers.



Seminar to promote export of products of Higashi-Kishu



Export support for business partners