

**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

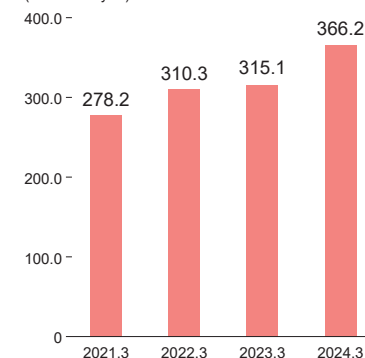
## Housing loans

The amount of housing loans contracted in FY2023 reached a record high, reflecting the positive effect of the establishment of new Retail Loan Center, organizational restructuring, and personnel increases implemented in the first half of FY2022.

The sales area of Retail Loan Center encompasses housing exhibition centers and other major locations of housing builders, and the headquarters-led efforts to develop sales personnel have improved the sales and proposal skills of sales personnel. As a result, the Bank has been chosen by many customers and housing builders. In the future, we will work to establish an organizational structure that will enable us to conduct sales more efficiently and provide more convenient procedures.

Amount of housing loans contracted (including Flat 35 loans)

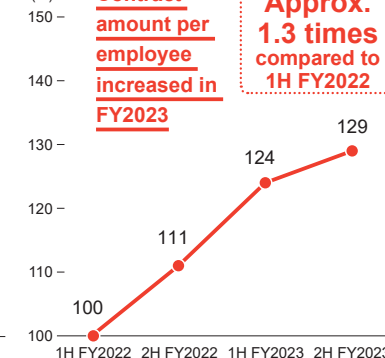
(Billions of yen)



Contract amount per employee

Contract amount per employee

(%)



## Topics

## Participated in “Housing and Living Fair in YOKKAICHI DOME 2023”

The Bank participated in the “Housing and Living Fair in YOKKAICHI DOME 2023” with a booth mainly to provide loan information. At the booth, we also offered loan consultations and simple games for children, and received many visitors. The event was a valuable opportunity for the Bank to introduce itself to customers of all ages, including those unfamiliar with banks. We will continue to value our interactions with customers and work to help them learn more about us.



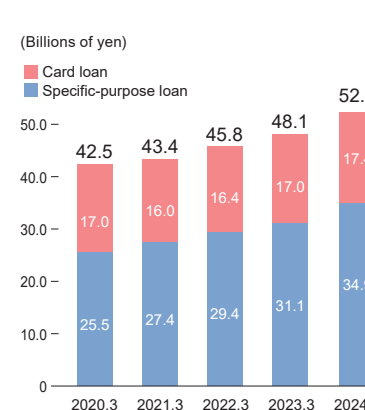
## Unsecured loans

Since February 2024, our mainstay multi-purpose loans have offered special interest rates, previously available only during campaigns, during regular periods, making it easier for customers to access these loans.

In addition, we offer exclusive low-cost loans to our housing loan customers. The balance of these loans has been increasing year by year, primarily due to the product feature that allows customers to access them at any time during the housing loan term.

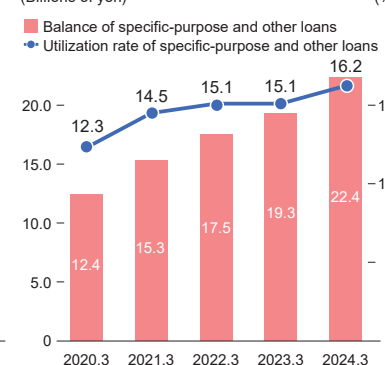
Balance of unsecured loans

(Billions of yen)



Rate of housing loan users' use of specific-purpose loans and balance of loans

(Billions of yen)



## Depository Assets

## Practicing customer-oriented business operations

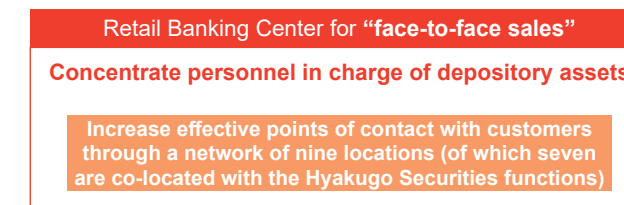
The Bank and Hyakugo Securities have made a declaration of customer-oriented business operations and have set forth three promises. In order to propose an optimal asset management plan to our customers, we strive to accurately understand their knowledge, experience, financial situation, investment objectives, 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 Retail Banking Center, our face-to-face sales locations and a Depository Asset Center, our non-face-to-face sales location.

## 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.

Furthermore, by co-locating the Retail Banking Center and Hyakugo Securities functions, we are strengthening cooperation between securities and banking staff and improving their skill levels.



## 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

At the Depository Asset Center, we offer consulting and follow-up services to a larger number of customers through remote consultations via phone and tablet.

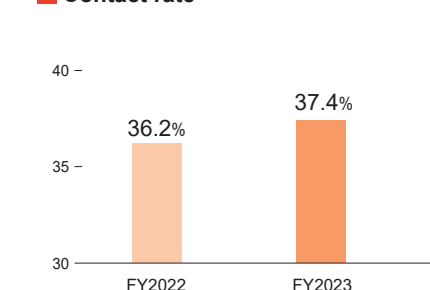
The Center also supports our branches by providing remote consultations via tablet to customers visiting our branches.

We focus on AI data-driven targeted promotions, such as sending SMS-based campaign invitations to customers with high interest.

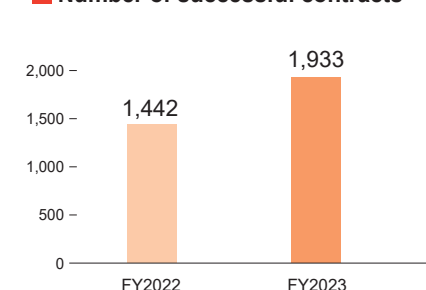
These efforts led to a contact rate (the ratio of effective customer contacts to total calls made) of 37.4% in FY2023 (up 1.2 percentage points year on year), and 1,933 successful contracts (up 491 contracts year on year).

The number of remote consultations to support branches increased significantly to 2,912 in FY2023 (up 613 year on year), with a wide range of consultations provided, mainly on NISA, installment investment trusts, and iDeCo.

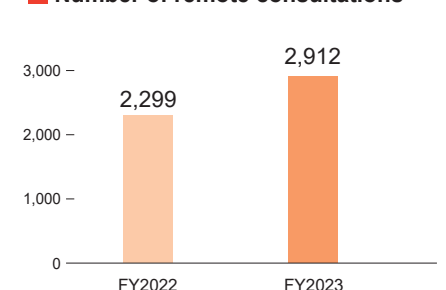
## Contact rate



## Number of successful contracts



## Number of remote consultations



## Voice of the person in charge

At the Depository Asset Center, a call center dedicated to asset management, we provide customers with valuable information via asset management proposals and post-contract follow-up services. Through conversations with customers, we identify a variety of needs and work with branches and Retail Banking Center to propose optimal asset management.

To support branches, we also conduct remote interviews via tablet with customers who visit our branches. We will continue to strive to improve our services to better serve our customers.





## Corporate Consulting

The Corporate Consulting Division offers support services according to customers' life stages, including business incorporation and new business support, various financing proposals, support for business matching, and support for M&A and business succession.

Over the past few years, the economic environment has changed dramatically, and companies are facing a variety of challenges. In this context, we provide SDGs consulting and

comprehensive ICT support for regional DX to help customers solve their essential business issues and achieve sustainable management. In October 2023, we launched the Automobile Industry Support Team to assist customers in navigating the structural changes across the industry driven by the shift to EVs.

We will continue to monitor the evolving trends of the times and develop a flexible support system that is not bound by existing solutions.

## Structured finance (PFI initiatives)

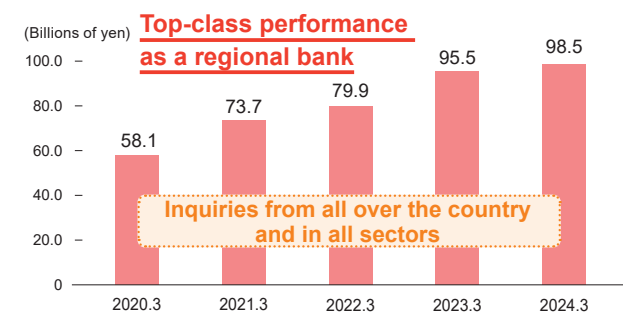
Since our first participation in project finance for PFI in 2002, we have been involved in a total of 66 projects (including 37 as the lead managing bank), which is one of the strongest track records in Japan. In addition, we are collaborating with Hyakugo Research Institute, a Group company, from project creation support to project completion, and are strengthening our efforts in PPP/PFI that lead to regional development. Our personnel structure has been strengthened through organizational restructuring and training, resulting in increased project inquiries from across Japan thanks to our accumulated expertise and long-term relationships with business operators.



Name of project: Shunan Green Space Development Management Project  
Implementing municipality: Shunan City, Yamaguchi Prefecture  
Implementing business : Shunan Green Space Sports and Recreation Park Co., Ltd.

Business description : Develop the targeted facilities and maintain, operate, and manage them for approximately 19 years to create a city where people want to continue to live and visit, while fostering civic pride

### Cumulative total of PFI loans underwritten



### Results of PFI initiatives

Sector	No. of projects	Cumulative no. of PFI initiatives	Prefecture	No. of projects
Accommodations, government buildings, housing	19	66 projects Approx. ¥98.5 billion Of which, 37 arranger projects Approx. ¥55.0 billion	Aichi	22
Educational and cultural facilities	14		Osaka	10
School meal service centers	11		Tokyo	8
Sports and health facilities	8		Mie	8
Resource utilization and water treatment plants	7		Kanagawa	5
Other (funeral halls, concession projects, etc.)	7		Shizuoka and elsewhere	13

## 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 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 our customers' businesses by introducing business partners in line with their needs.



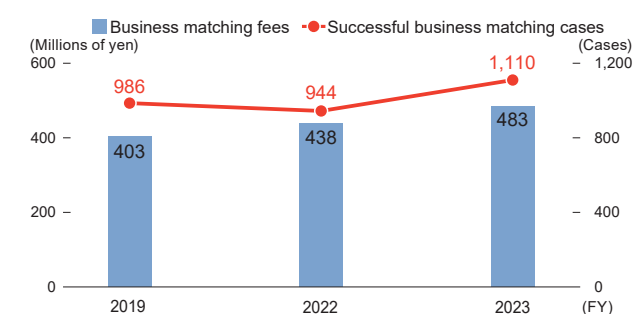
Collaboration with Group companies is also being strengthened, leading to the resolution of key management issues related to people, goods, and money, including support for recruitment through Hyakugo Staff Service Company Limited, support for system infrastructure construction through Hyakugo Computer Soft, Ltd., and support for cash flow during capital investments through Hyakugo Leasing Company Limited.

Regarding the expansion of sales channels, we collaborated with our regional revitalization partner, Meiji Yasuda Life Insurance Company, to organize the Mie Prefectural Product Fair. The event was held for their employees at their administrative

center in Koto Ward, Tokyo. By planning and organizing business meetings, we support the promotion of local products to markets outside the prefecture. 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.



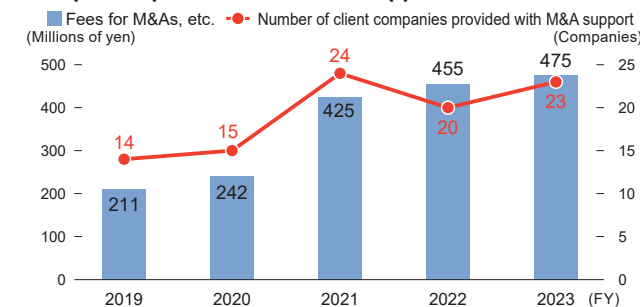
### Trends in business matching fees



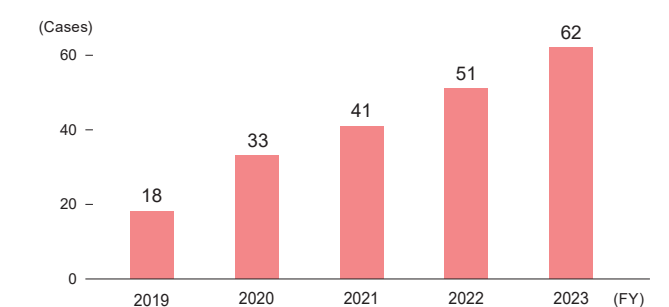
## Business succession and M&A initiatives

With eleven dedicated staff members assigned to the Business Succession and M&A Support Section, 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.

### Trends in fees for M&As, etc. and the number of client companies provided with M&A support



### Trends in the number of consultations on business succession



### Held the 5th Hyakugo Successor Training School



From July 2023 to February 2024, Hyakugo Bank and Hyakugo Research Institute held The 5th Hyakugo Successor Training School. The venue was moved from Tsu City to Nagoya City, where 27 young managers and management executives attended

lectures on important topics for smooth business succession. From this year, we have introduced a new lecture day in which all the lectures are given by our employees. They incorporate recent trends into their lectures, such as using a card game themed around the SDGs. Participants' comments included: "The lectures, based on real-life experiences, were helpful," "It was beneficial to share my concerns with many people in similar situations," and "The SDGs card game was fun, and I enjoyed learning about the SDGs, which I had not been very interested in." The Successor Training School provides a forum for acquiring knowledge about the need for business succession, how to deal with it, and how to manage it. It also serves as a venue for networking across industries and ages.



### Established the 105 Tokai Mirai Search Fund, the first of its kind in the Tokai region

In collaboration with Growthix Investment Co., Ltd., the Bank established the 105 Tokai Mirai Search First Investment Limited Partnership (commonly known as "105 Tokai Mirai Search Fund"). The fund will provide business succession support for regional small and medium-sized corporate customers through "search funds", which have gained attention in recent years. The Bank has already provided smooth business succession and M&A support for successors, while our Group company, Hyakugo Mirai Investment Co., Ltd., has provided business succession support through funds. The establishment of this fund will provide customers with a new option of "introducing management talent" for business succession.

\* A search fund is an M&A model in which a management talent acquires control of a company without a successor by purchasing shares through a fund or other means, and then develops a growth strategy as manager.

Name of the Fund	105 Tokai Mirai Search First Investment Limited Partnership (commonly known as "105 Tokai Mirai Search Fund")
Date of establishment	March 13, 2024
Total amount of the fund	¥ 501 million
General Partner	Growthix Investment Co., Ltd.
Limited Partner	The Hyakugo Bank, Ltd.

## 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. In Vietnam, where we receive the highest number of consultations, we dispatch our

staff to HDBank, our business partner. In addition to international trading and overseas financing, we offer detailed, tailor-made support for a wide range of consultations related to international business, including on-site assistance from overseas representatives.

### Support examples

#### Organizing "Mie Sushi Day: Experience Mie —Mie Sushi and the Craftsmanship that Enriches It"

On March 7, 2024, the Bank and the Central Japan Economic Federation jointly held an event to showcase the appeal of Mie Prefecture's products to an international audience. The event was titled "Mie Sushi Day: Experience Mie —Mie Sushi and the Craftsmanship that Enriches It" and was aimed at foreign residents in Japan, mainly embassy and consulate staff, and overseas government officials, as well as buyers. Under the theme of sushi, representing Japanese cuisine, as many as 30 suppliers exhibited various products from Mie Prefecture, including ingredients used in the sushi served at the event, Japanese sake to pair with sushi, and traditional crafts such as *banko-yaki* porcelain. To make this international exchange a learning opportunity, we invited students from the Culinary Course at Mie Prefectural Ohka High School to prepare the sushi. We aim to expand exports of local products by acting as a bridge between regional customers and international markets.

