百五銀行
FRONTIER BANKING

Outline of Financial Position

Summary of Financial Results

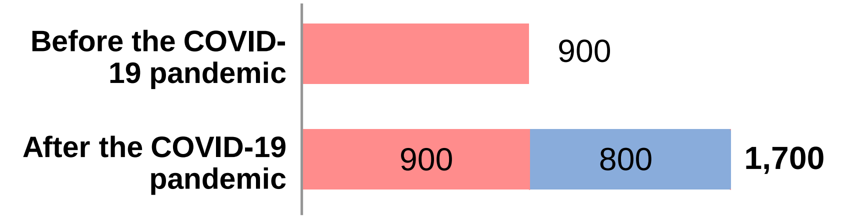
● **Gain posted from revising the retirement benefit scheme to extraordinary gains during the same period in the previous fiscal year caused interim net income to decrease 16.1% year-on-year.**

(Million yen)		FY 9/19	FY 9/20	Year-on-year
Gross operating income	(1)	28,953	28,449	(504)
Interest income		24,931	23,992	(938)
Fees and commissions		4,902	4,599	(303)
Other operating income		(880)	(142)	738
Of which, gain and loss from government bonds and other bonds	(2)	1,474	235	(1,238)
Provision of general allowance for loan losses	(3)	35	(56)	(92)
Expenses	(4)	20,909	20,775	(134)
Net operating income	(1) − (3) − (4)	8,009	7,731	(277)
Core net operating income A	(1) − (2) − (4)	6,569	7,438	868
Core net operating income (excluding gain and loss from cancellation of Investment trusts)		6,163	6,859	696
Non-recurring gain and loss		(1,060)	272	1,333
Of which, disposal of bad debts	(5)	521	985	463
Gain and loss from stocks and other securities		(752)	1,192	1,945
Ordinary income B		6,948	8,003	1,055
Extraordinary gain and loss C		2,311	(167)	(2,479)
Interim net income before income taxes		9,259	7,835	(1,423)
Interim net income		6,863	5,759	(1,104)
Credit costs	(3) + (5)	556	928	371

Forecasts and performance of credit costs

FY 9/20 (forecast)

(Million yen)



FY 9/20 (actual)

Year-on-year changes

- Core net operating income increased due mainly to increases in other operating income except for gain and loss from government bonds and other bonds, and to a decrease in expenses
- Ordinary income increased due mainly to increases in gain and loss from stocks and other securities
- Gain posted from revising the retirement benefit scheme during the same period in the previous fiscal year caused interim net income to decrease

Forecast changes in credit costs

- A substantial increase in credit costs were posted at the time of announcing the forecast interim financial results in May in response to the COVID-19 pandemic
- The impact of COVID-19 was less than expected thanks to government support including no interest-bearing and unsecured loans and subsidies. In the current interim period, the actual credit costs were 771 million yen lower than the forecast

Interest income

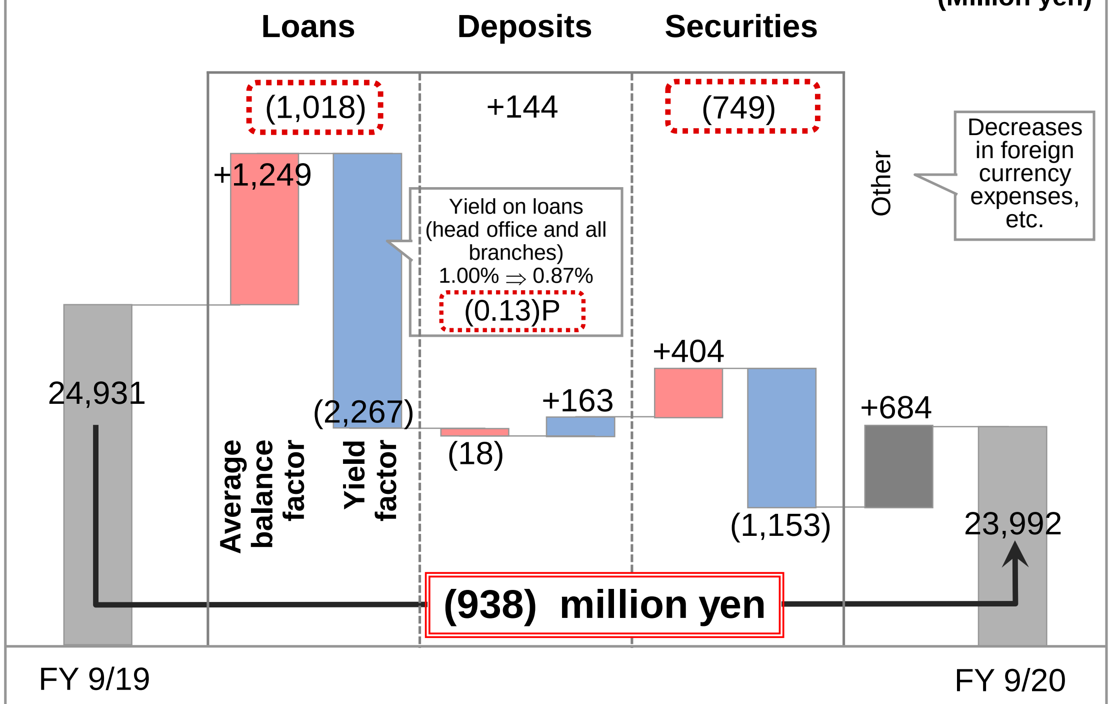
● A decrease in loan and securities interest contributed to a decrease in interest income of 3.8% year-on-year.

(Million yen)	FY 9/19	FY 9/20	Year-on-year
Interest income	24,931	23,992	(938)
Total interest income	27,676	25,768	(1,907)
Loan interest	17,493	16,475	(1,018)
Interest and dividends on securities	9,844	9,095	(749)
Other	337	198	(139)
Interest expenses	2,745	1,776	(968)
Interest on deposits	496	351	(144)
Other	2,248	1,425	(823)

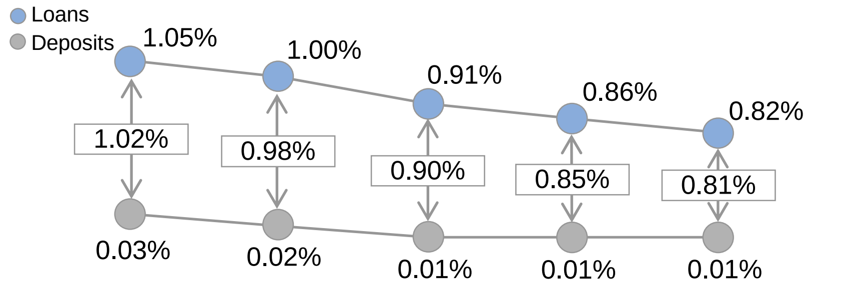
Factors behind increase/decrease in interest income

<Head office and all branches (including domestic and international operations departments)>

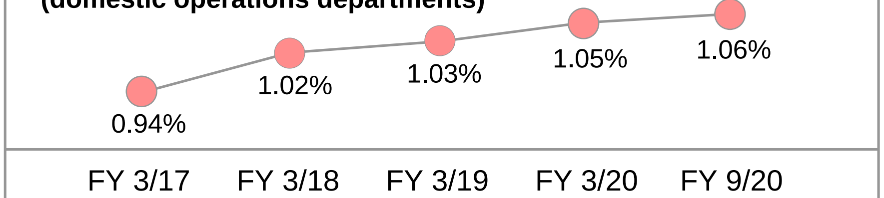
(Million yen)



Deposit-loan yield margin (domestic operations departments)

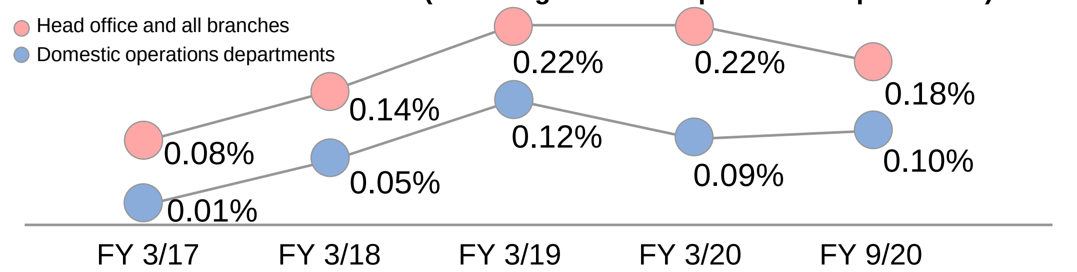


Returns on securities investments (domestic operations departments)



Historical overall profit margin

<Head office and all branches (including domestic operations departments)>



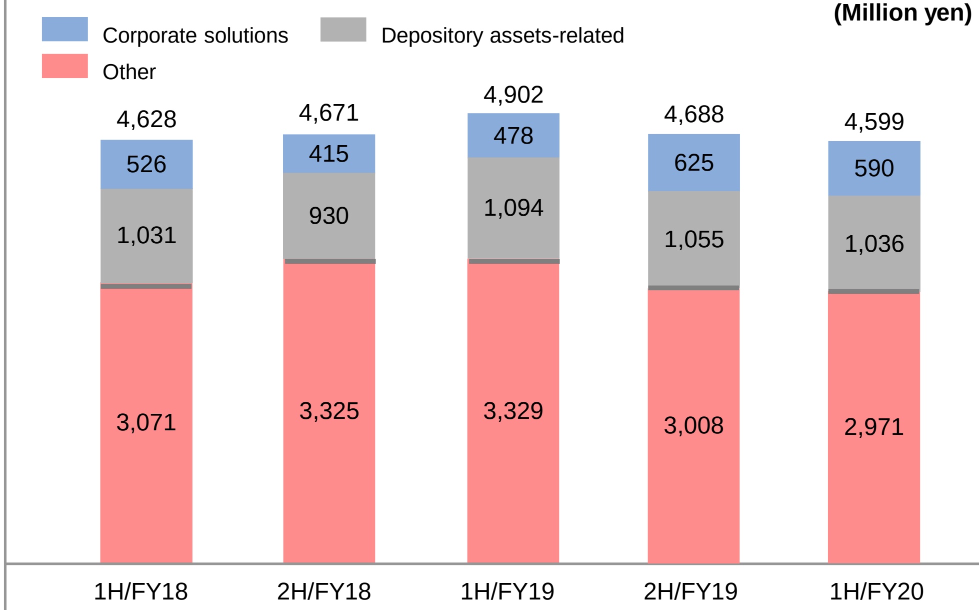
Fees and commissions

- **An increase in payment of housing loan guarantee and insurance premium, etc. and a decrease in insurance sales commissions contributed to a decrease in fees and commissions of 6.2% year-on-year**

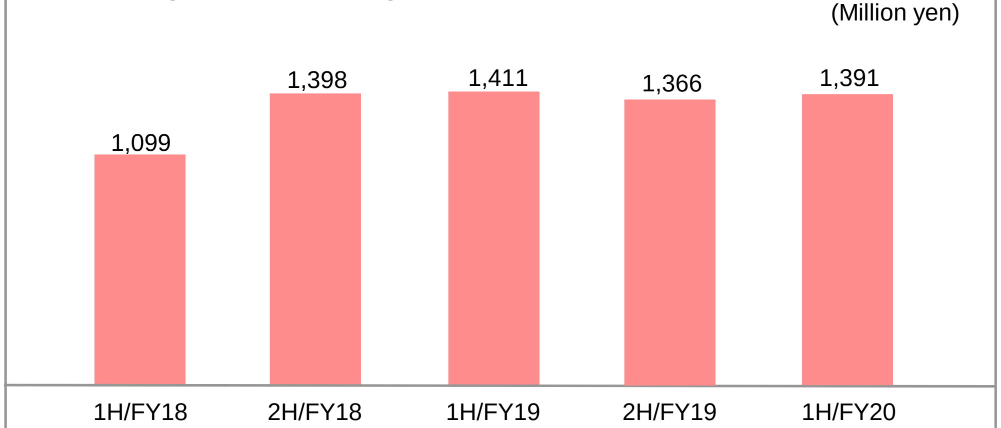
(Million yen)

	FY 9/19	FY 9/20	Year-on-year
Fees and commissions	4,902	4,599	(303)
Fees and commissions	7,244	7,099	(144)
Commissions related to depository assets A	1,094	1,036	(57)
Investment trust commissions	405	452	47
Insurance sales commissions	573	375	(197)
Financial instruments brokerage commissions	65	151	85
Defined contribution pension commissions	50	57	6
Corporate solutions fees B	478	590	112
Housing loan handling fees	1,411	1,391	(20)
Fees and commissions expenses (expenses)	2,341	2,500	158
Of which, payment of housing loan guarantee and insurance premium, etc. (expenses) C	1,546	1,786	240

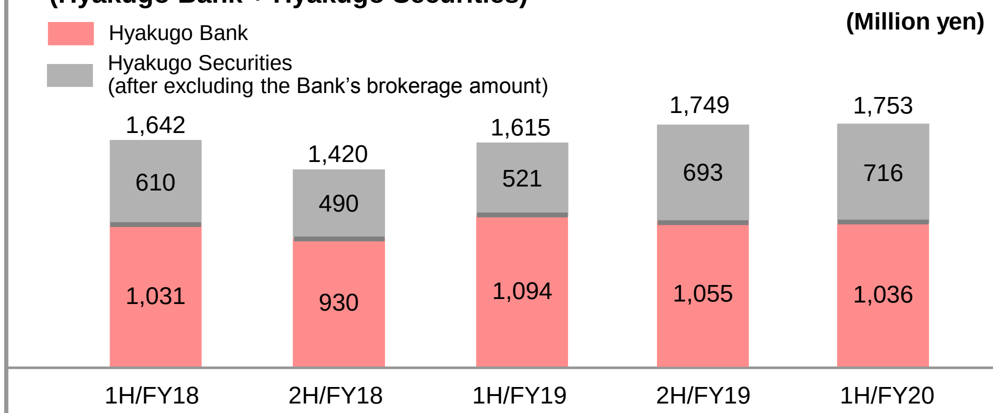
Fees and commissions graph (non-consolidated)



Housing loan handling fees



Commissions related to depository assets (Hyakugo Bank + Hyakugo Securities)



Expenses

● **Expenses decreased 0.6% year-on-year due to decreases in personnel and non-personnel expenses**

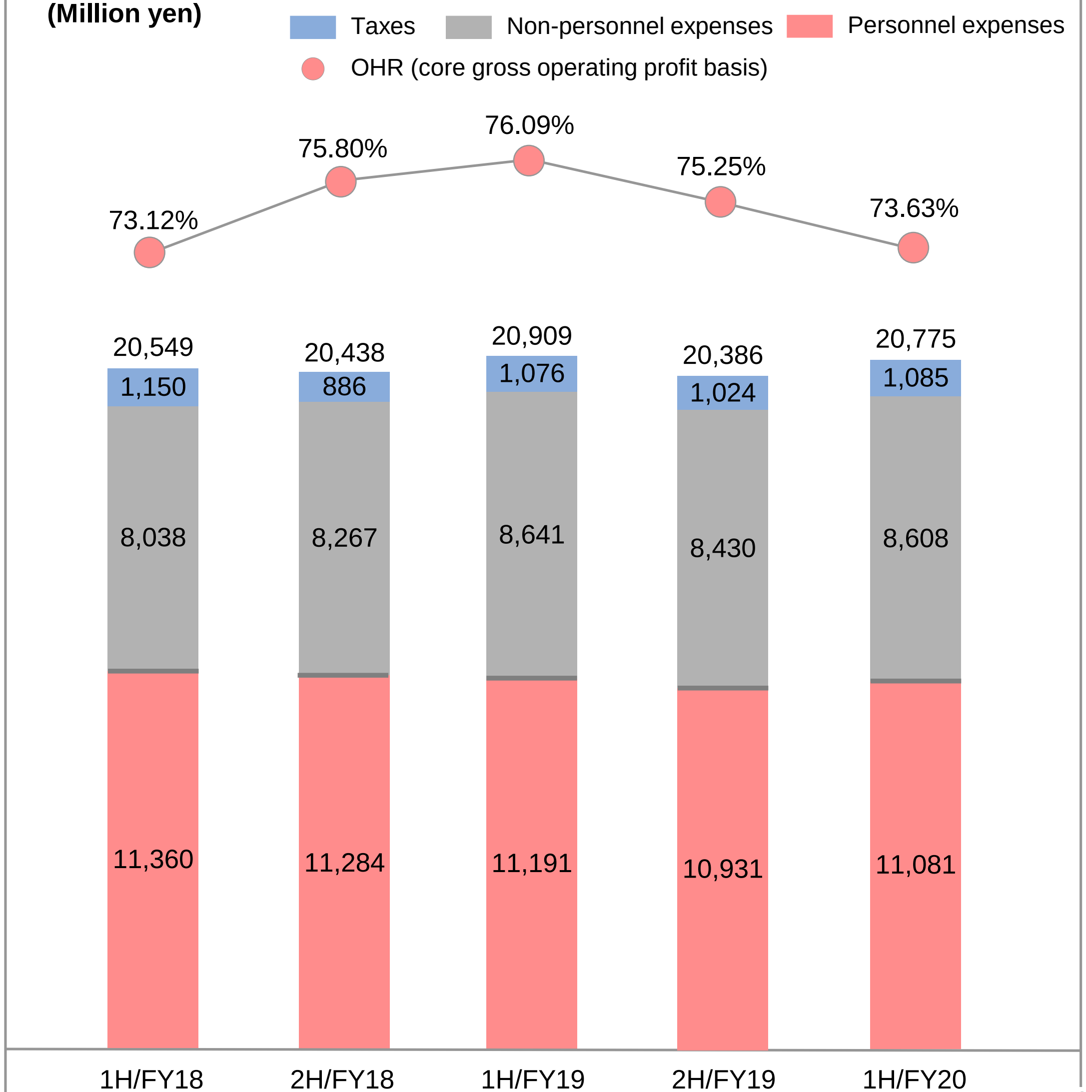
(Million yen)

	FY 9/19	FY 9/20	Year-on-year
Expenses	20,909	20,775	(134)
Personnel expenses	11,191	11,081	(110)
Non-personnel expenses	8,641	8,608	(32)
Taxes	1,076	1,085	8

Major factors underlying changes in expenses

- **Personnel expenses**
  Salaries, etc. fell due to a decrease in personnel
- **Non-personnel expenses**
  Supplies expenses decreased as a result of efforts to cut expenses
- **Core OHR**
  Core OHR increased 2.46 points year-on-year due to an increase in core gross operating profit and a decrease in expenses.
  Efforts will be continuously made to reduce expenses

Expenses and core OHR



Credit Costs (nonperforming loans ratio)

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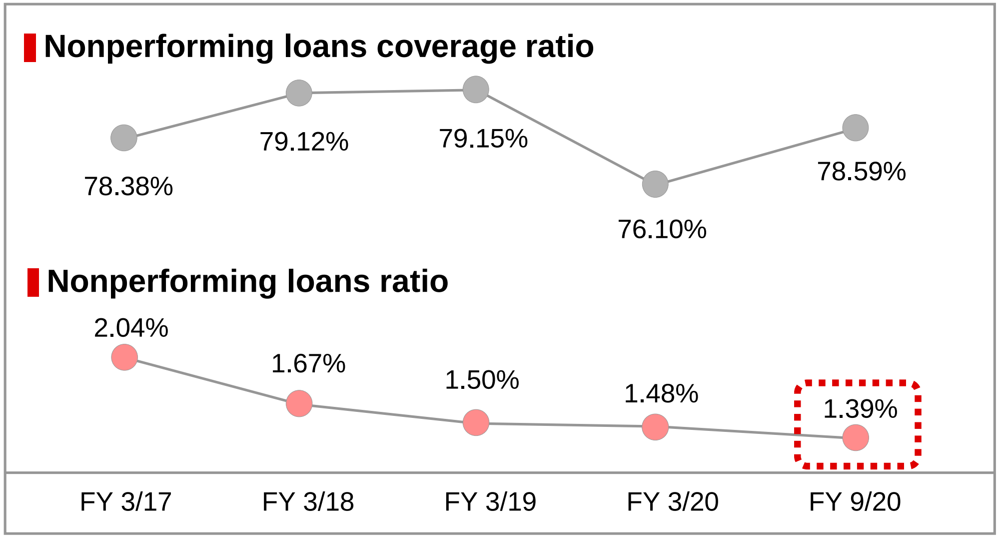
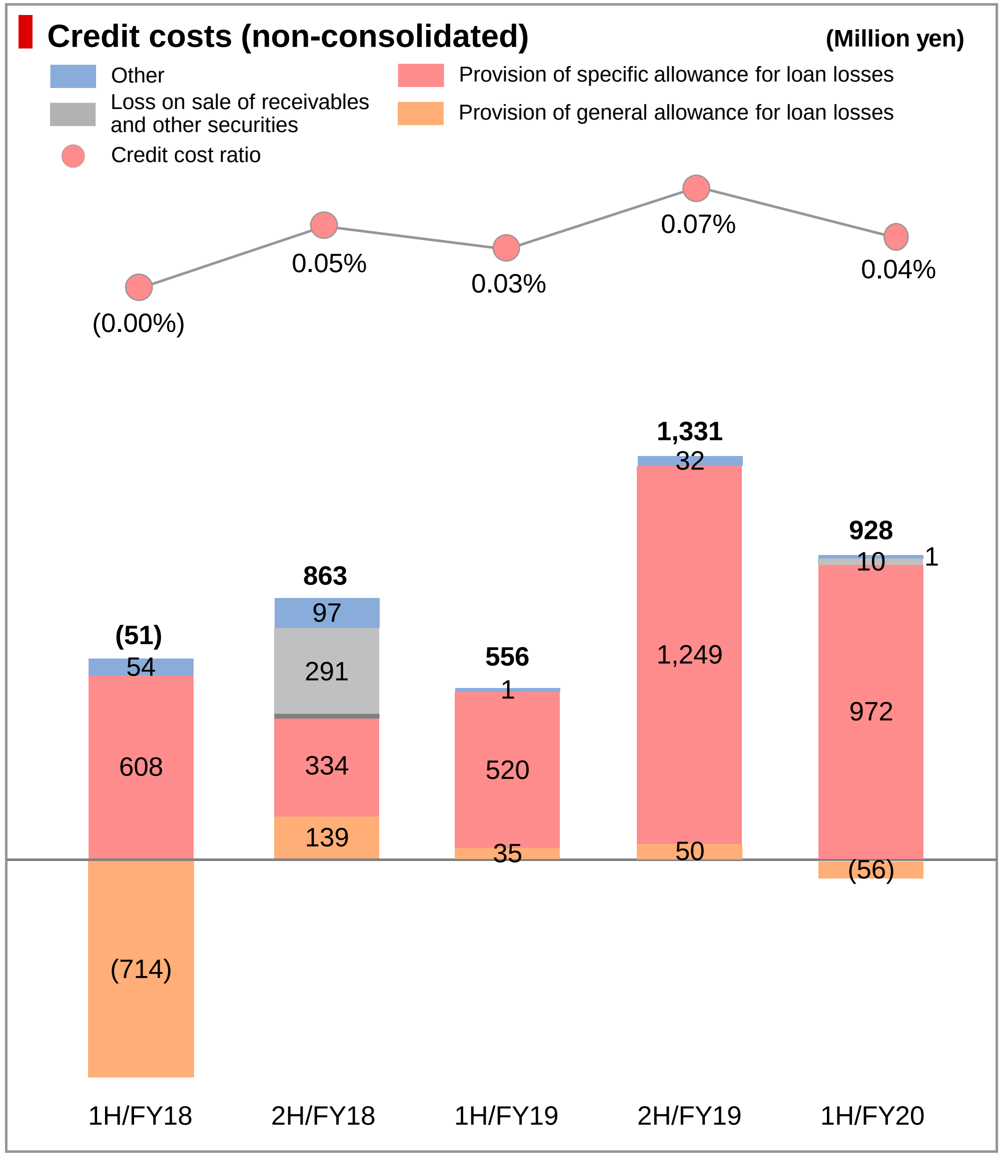
● An increase in the provision of allowance for specific loan losses caused a year-on-year increase in credit costs. Credit costs related to COVID-19 were limited

(Million yen)

	FY 9/19	FY 9/20	Year-on-year
Credit costs	556	928	371
Of which, provision of general allowance for loan losses	35	(56)	(92)
Of which, provision of specific allowance for loan losses	520	972	452
Of which, loss on sale of receivables and other securities	—	10	10
Credit cost ratio	0.03%	0.04%	0.01P

	FY 3/20	FY 9/20	Year-on-year
Nonperforming loans	54,706	54,051	(654)





Deposits (including negotiable certificates of deposit)

● **Individual deposits and corporate deposits both remained strong, increasing total deposits 4.4% year-on-year**

(100 million yen)

	FY 3/20	FY 9/20	Year-on-year
Total deposits (average balance)	51,023	53,275	2,251
Mie Prefecture	45,740	47,958	2,218
Aichi Prefecture	4,982	4,957	(25)
Tokyo and Osaka	300	359	58

(100 million yen)

	FY 3/20	FY 9/20	Year-on-year
Individual deposits (average balance)	37,846	39,260	1,413
Mie Prefecture	34,989	36,286	1,297
Aichi Prefecture	2,835	2,951	115
Tokyo and Osaka	21	22	0

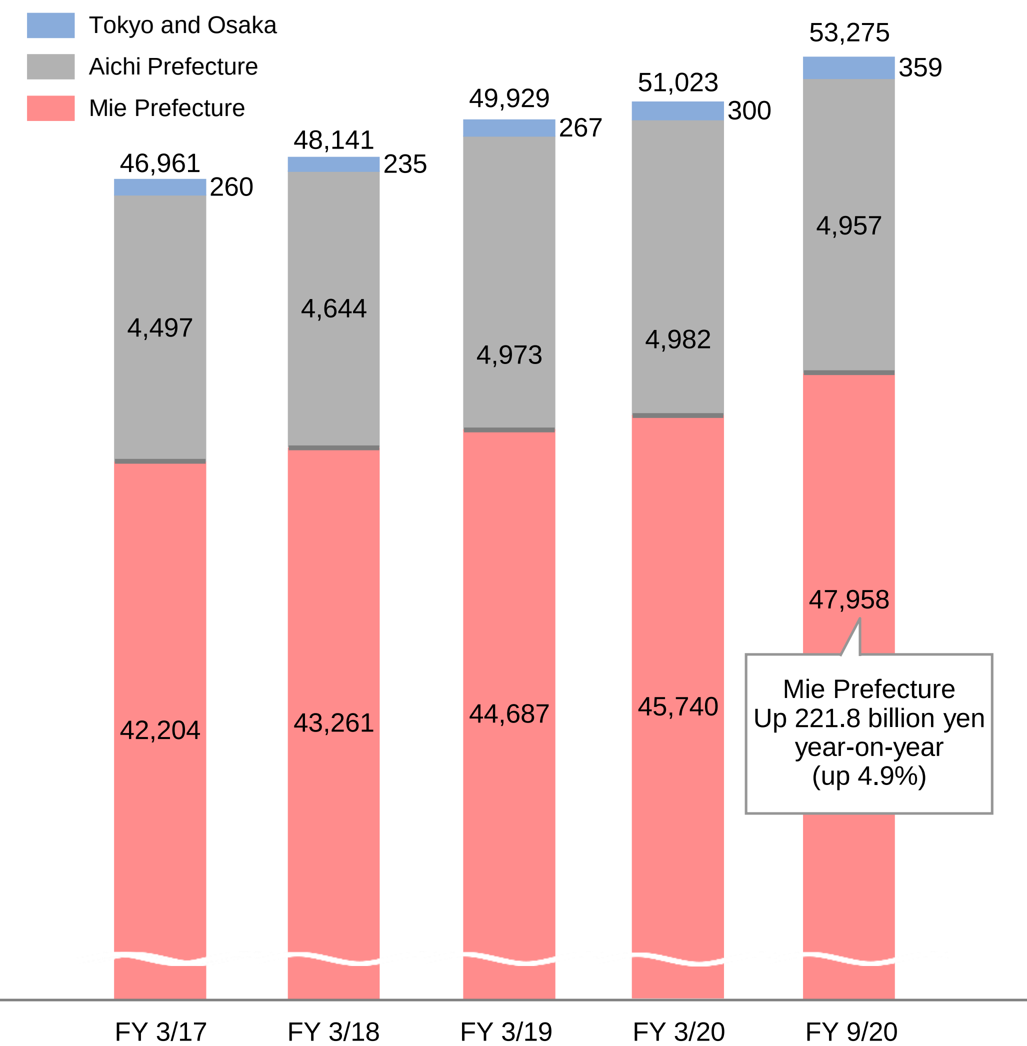
(100 million yen)

	FY 3/20	FY 9/20	Year-on-year
Corporate deposits (average balance)	10,539	11,363	824
Mie Prefecture	8,220	9,046	826
Aichi Prefecture	2,043	1,988	(54)
Tokyo and Osaka	275	328	52

* Mie Prefecture includes Shingu and Internet branches.

Total deposits (average balance)

(100 million yen)



Loans

● **Individual loans such as housing loans and corporate loans increased, resulting in a 6.3% increase year-on-year in total loans**

(100 million yen)

	FY 3/20	FY 9/20	Year-on-year
Total loans (average balance)	35,297	37,534	2,237
Mie Prefecture	17,052	17,724	672
Aichi Prefecture	10,987	12,537	1,550
Tokyo and Osaka	7,257	7,272	14

up 6.3%

up 14.1%

(100 million yen)

	FY 3/20	FY 9/20	Year-on-year
Loans to SMEs (average balance)	12,474	13,002	528
Mie Prefecture	7,172	7,592	420
Aichi Prefecture	3,324	3,506	182
Tokyo and Osaka	1,977	1,903	(73)

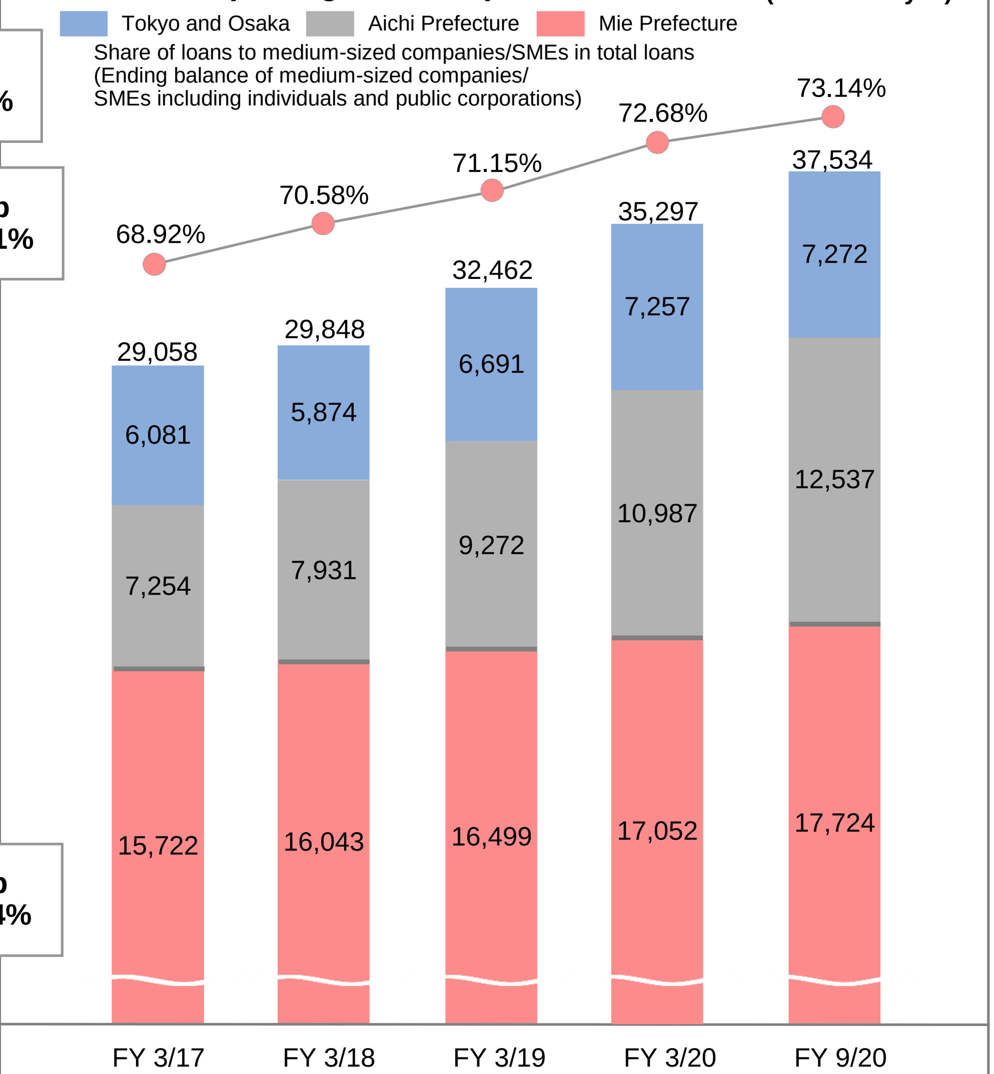
(100 million yen)

	FY 3/20	FY 9/20	Year-on-year
Housing loans (average balance)	12,164	13,555	1,390
Mie Prefecture	6,252	6,623	371
Aichi Prefecture	5,912	6,931	1,019

up 11.4%

* Mie Prefecture includes Shingu and Internet branches.

Total loans (average balance)



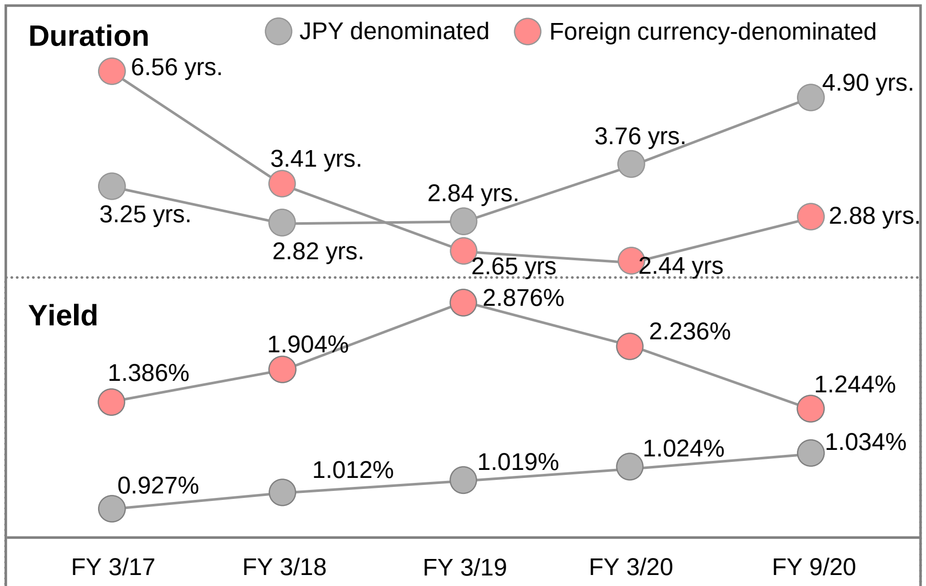
Securities Investments

- **Valuation gains (losses) on securities increased 36.2% from the end of the previous fiscal year due mainly to increases in share prices and investment trusts.**

(100 million yen)	FY 3/20	FY 9/20	Year-on-year
Securities balance	17,438	17,837	398
Government bonds	4,686	4,473	(212)
Municipal bonds	4,056	4,382	325
Corporate bonds	2,280	1,976	(304)
Shares	1,624	1,729	105
Investment trusts	1,186	1,162	(23)
Foreign securities	3,546	4,052	506
Other	57	59	1

JPY-denominated average balance*	14,127	13,889	(237)
Foreign currency-denominated average balance*	2,319	3,062	742

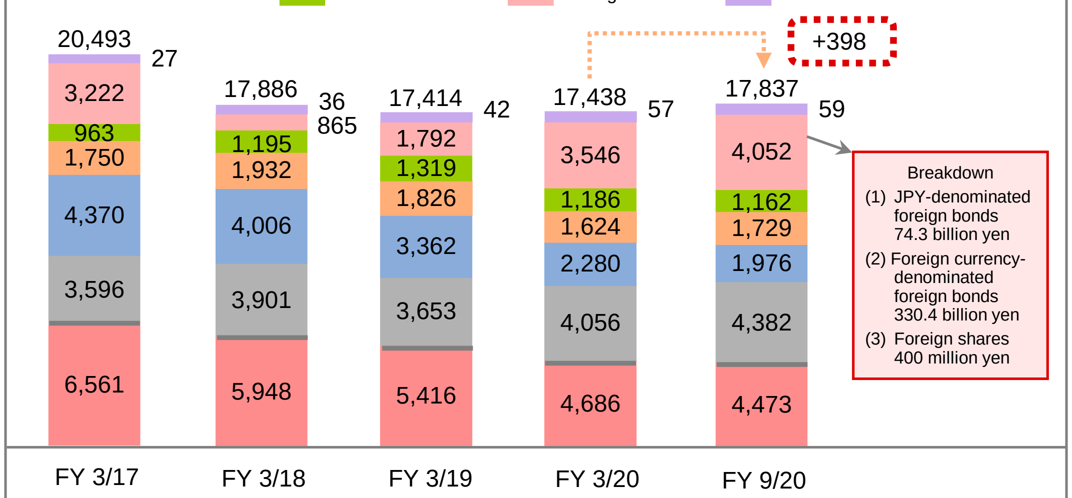
Duration, yield*



* Including trust beneficiary rights

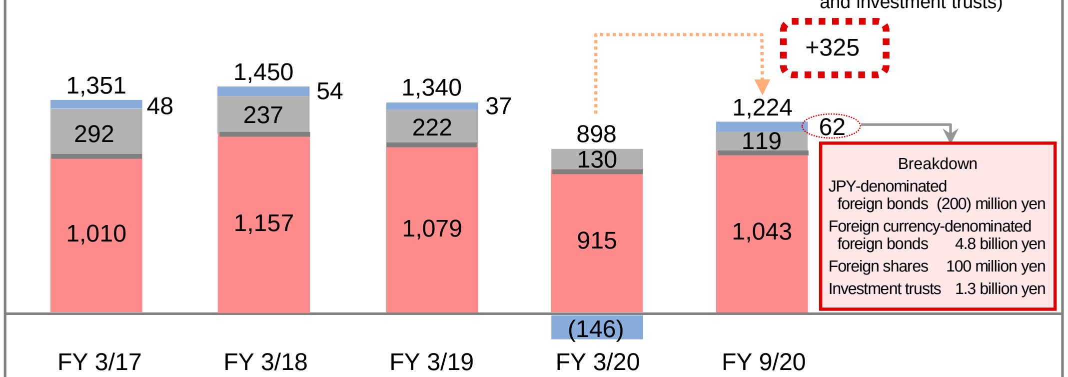
Securities balance

(100 million yen)



Valuation gains (losses) on securities

(100 million yen)



Equity Ratio

- **An increase in equity capital, resulting from income recognition, caused the equity ratio to increase 0.15 percentage points year-on-year**

(100 million yen)

Computation method of credit risk asset value	Fundamental internal ratings-based approach		
As of	FY 3/19	FY 3/20	FY 9/20
Equity capital (For equity ratio calculation purposes)	2,285	2,338	2,397
Risk Assets	23,458	23,200	23,456
Equity Ratio	9.74%	10.07%	10.22%
Shareholders' equity	2,530	2,621	2,668

Method of computing value-at-credit-risk asset value:
Fundamental internal ratings-based approach
Method of computing value-at-operational risk:
The Standardized Approach (TSA)

Benefits of introducing FIRB

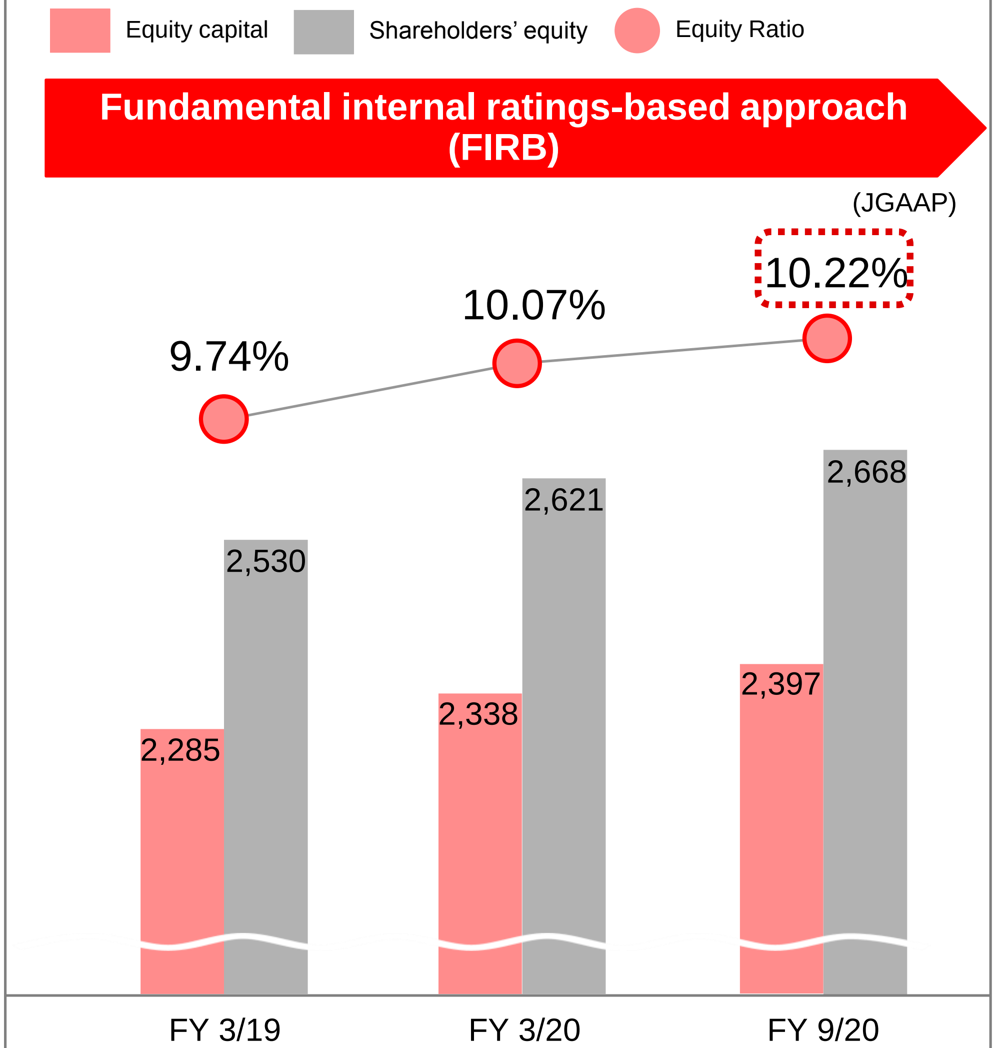
Sophisticated management of risk and equity capital

Achieves financial health

Enhances financial intermediary capability

Equity capital, shareholders' equity, and equity ratio

(100 million yen)

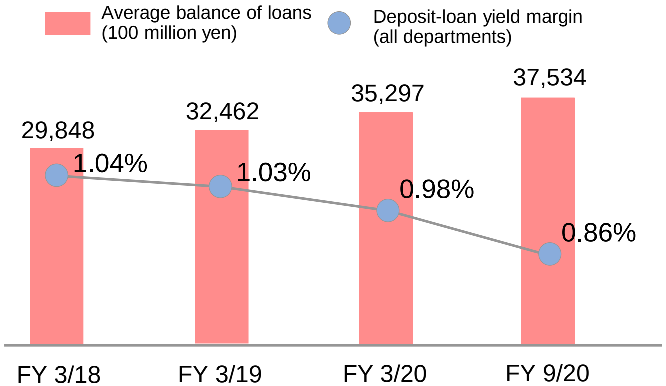


Status of Operating Income from Services to Customers

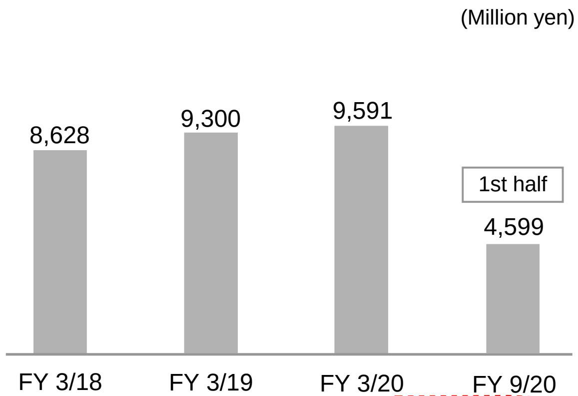
- **Negative operating income from services to customers was posted in the first half, but the Bank seeks to increase fees and commission and reduce expenses to achieve positive operating income on a full-year basis for three consecutive fiscal years.**

Maintained operating income from services to customers

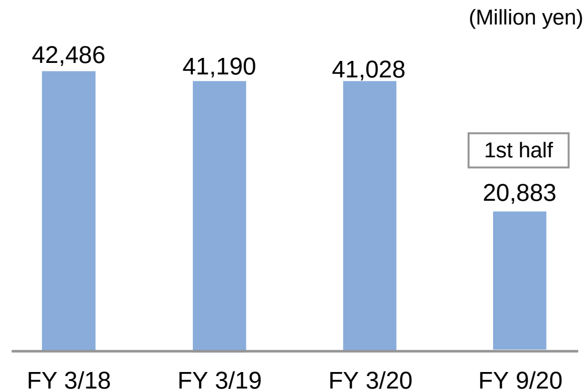
Change in average balance of loans and deposit-loan yield margin



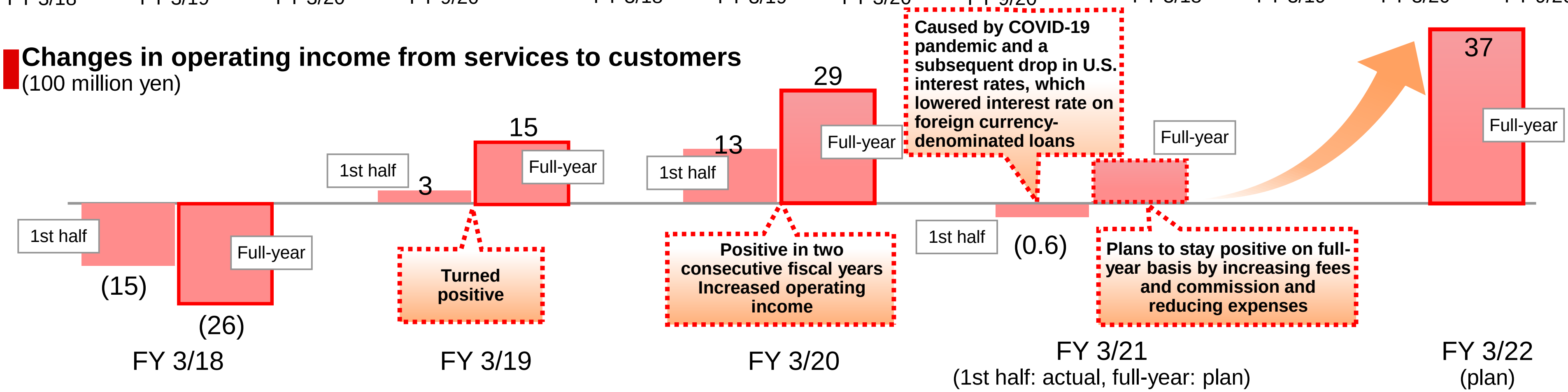
Change in fees and commission



Change in operating expenses



Changes in operating income from services to customers
(100 million yen)



Operating income from services to customers

Average balance of loans x (interest rate on loans − interest on deposits, etc.) + fees and commissions − operating expenses
(including retirement benefit expenses in extraordinary gain and loss, etc.)

FY 3/2021 Forecasts (published figures)

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- **Full-year net income forecast for FY2020 was revised upward in light of the actual figure in the first half. Increased dividends to enhance the shareholder return**

Forecast (non-consolidated)

(Million yen)

	FY 3/21 (Initially published)	FY 3/21 (Revised upward)
Gross operating income	54,400	55,900
Interest income	47,500	45,800
Fees and commissions	9,700	10,100
Other operating income	(2,800)	—
Net operating income	12,300	14,800
Ordinary income	12,400	14,200
Net income	9,000	10,000
Credit costs	3,300	2,500
Consolidated net income attributable to shareholders of the parent (consolidated)	9,100	10,500

Full-year net income (non-consolidated) is forecast to be 10 billion yen as an increase in credit costs resulting from the impact of COVID-19 is incorporated to some extent in the second half.

Dividend forecast

Interim	Year-end	Full year
5.0 yen (Figure initially published + 0.5 yen)	5.0 yen (Figure initially published + 0.5 yen)	10.0 yen (Figure initially published + 1.0 yen)

Dividends