

Outline of Financial Position

- An increase in interest income and fees and commissions, and a decrease in expenses caused interim net income to increase 21.3% year-on-year.

	(Million yen)	FY 9/20	FY 9/21	YoY change
Gross operating income C	(1)	28,449	30,441	1,991
Interest income		23,992	24,515	522
Fees and commissions		4,599	5,922	1,323
Other operating income		(142)	4	146
Of which, gain and loss from government bonds and other bonds	(2)	235	104	(131)
Provision of general allowance for loan losses	(3)	(56)	531	588
Expenses	(4)	20,775	20,102	(673)
Net operating income	(1) - (3) - (4)	7,731	9,807	2,076
Core net operating income A	(1) - (2) - (4)	7,438	10,234	2,796
Core net operating income (excluding gain and loss from cancellation of investment trusts)		6,859	9,673	2,813
Non-recurring gain and loss		272	(82)	(355)
Of which, disposal of bad debts	(5)	985	1,749	764
Gain and loss from stocks and other securities		1,192	1,051	(141)
Ordinary income B		8,003	9,724	1,720
Extraordinary gain and loss		(167)	(214)	(46)
Interim net income before income taxes		7,835	9,509	1,673
Interim net income		5,759	6,984	1,224
Credit costs	(3) + (5)	928	2,281	1,353

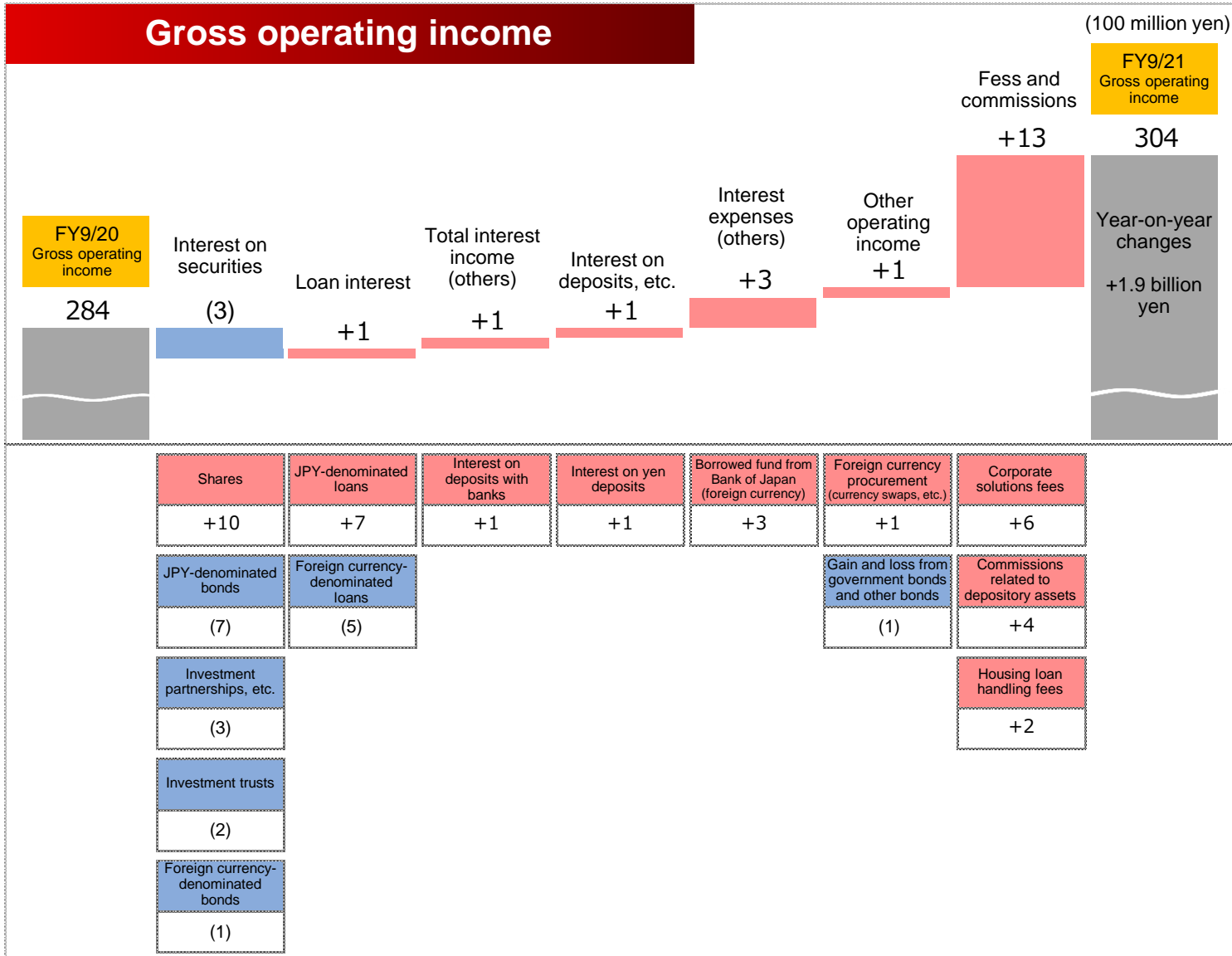
<Year-on-year changes>

- An increase in interest income and fees and commissions, etc. caused gross operating income to increase.
- A decrease in expenses also helped net operating income increase substantially.
- An increase in disposal of bad debts and a decrease in gain and loss from stocks and other securities caused non-recurring gain and loss to decrease, but both ordinary income and interim net income increased year-on-year.

<Credit costs>

- Credit costs increased year-on-year due to cautious and conservative assessment of the debtor classification in anticipation of the impact of COVID-19, but were largely in line with the initial forecast of 2 billion yen for the first half and 4 billion yen for the full year.

- An increase in interest income and fees and commissions, etc. caused gross operating income to increase 7.0% year-on-year.



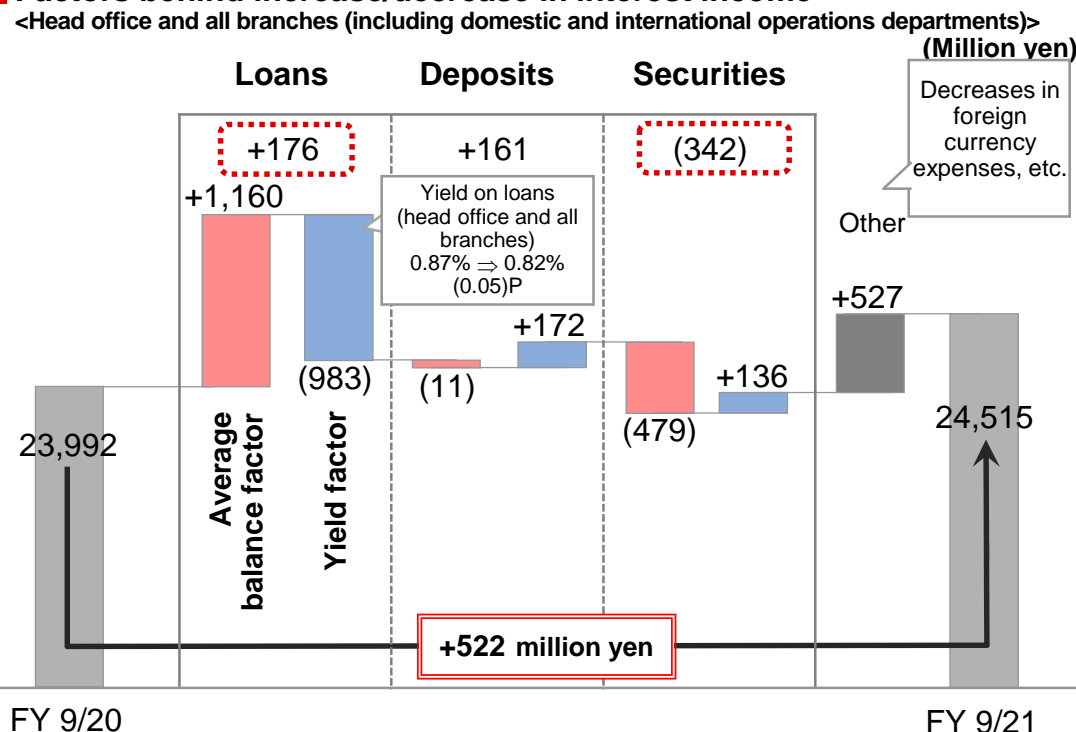
Interest on securities decreased, but interest income increased due to an increase in loan interest and interest on deposits with banks, and a decrease in interest on Bank of Japan borrowings for foreign currency financing.

Fees and commissions increased year-on-year due mainly to increases in corporate solution fees, commissions related to depository assets, and housing loan handling fees.

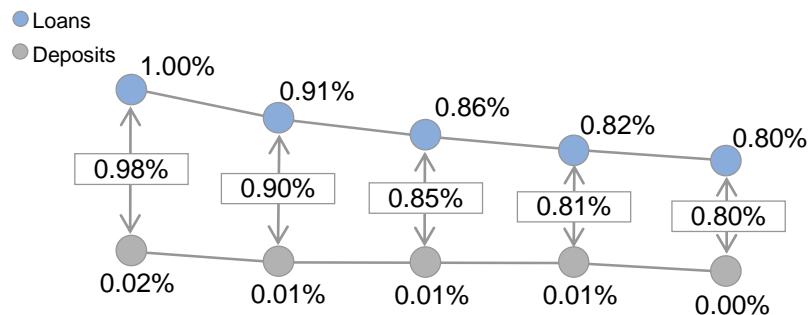
● An increase in loan interest contributes to an increase in interest income of 2.2% year-on-year.

(Million yen)	FY 9/20	FY 9/21	YoY change
Interest income	23,992	24,515	522
Total interest income	25,768	25,743	(25)
Loan interest	16,475	16,651	176
Interest and dividends on securities	9,095	8,753	(342)
Other	198	339	140
Interest expenses	1,776	1,228	(547)
Interest on deposits	351	189	(161)
Other	1,425	1,039	(386)

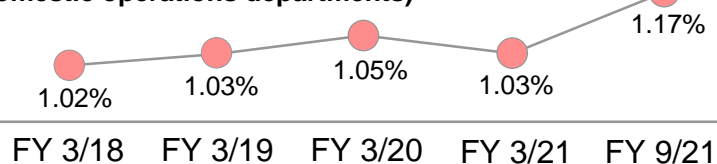
Factors behind increase/decrease in interest income



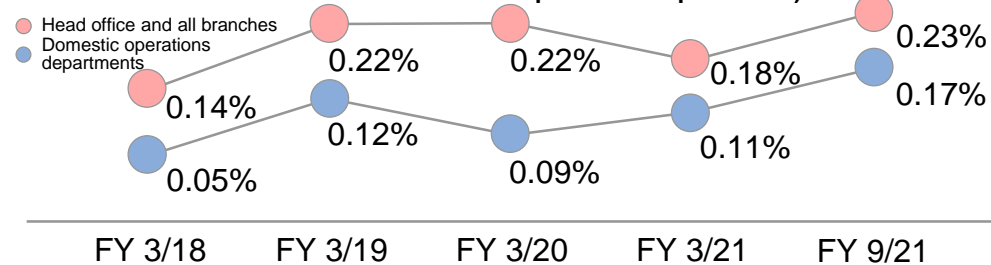
Deposit loan yield margin (domestic operations)



Returns on securities investments (domestic operations departments)



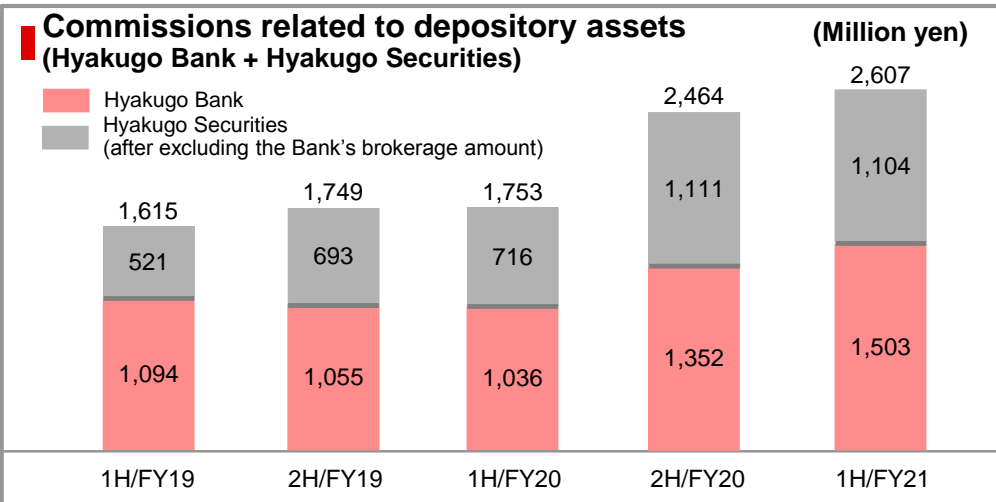
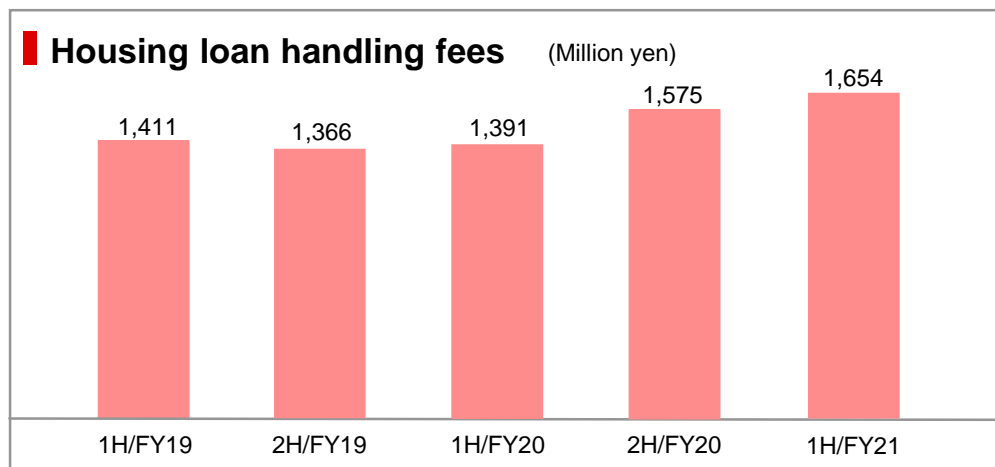
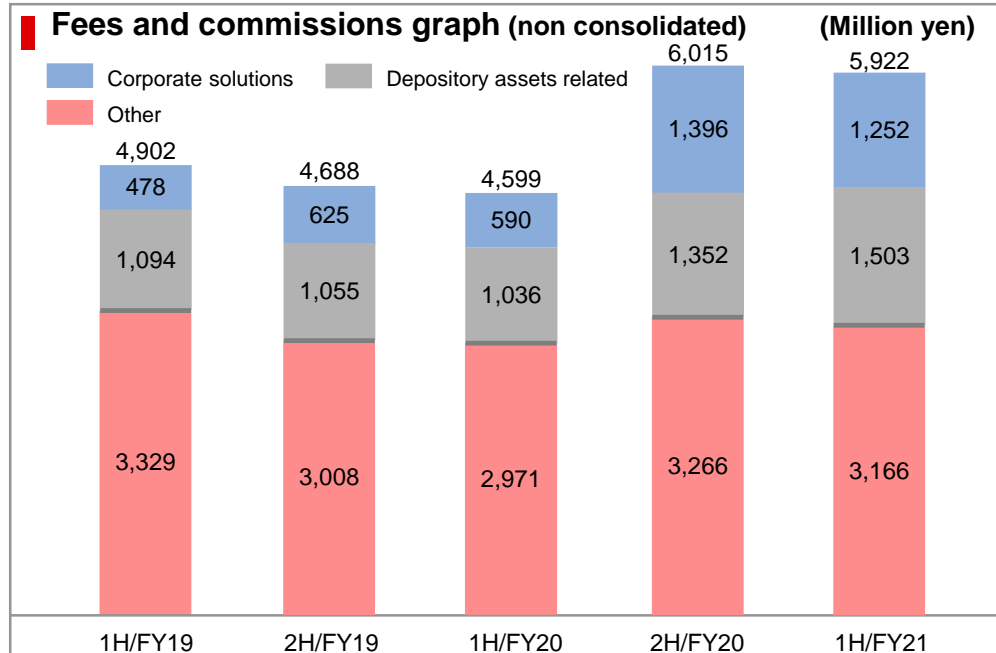
Historical overall profit margin <Head office and all branches (including domestic operations departments)>



- Fees and commissions increased 28.8% year-on-year due to an increase in corporate solution fees, commissions related to depository assets, etc.

	(Million yen)		
	FY 9/20	FY 9/21	YoY change
Fees and commissions	4,599	5,922	1,323
Fees and commissions	7,099	8,526	1,427
Commissions related to depository assets A	1,036	1,503	466
Investment trust commissions	452	786	333
Insurance sales commissions (*)	375	437	61
Financial instruments brokerage commissions	151	211	60
Defined contribution pension commissions	57	68	10
Corporate solutions fees (*) B	590	1,252	662
Housing loan handling fees C	1,391	1,654	262
Fees and commissions expenses (expenses)	2,500	2,603	103
Of which, payment of housing loan guarantee and insurance premium, etc. (expenses)	1,786	1,896	109

* A part of business insurance fees is included in corporate solutions fees, not in insurance sales commissions.



● Expenses decreased 3.2% year-on-year due to decreases in personnel and non-personnel expenses, etc.

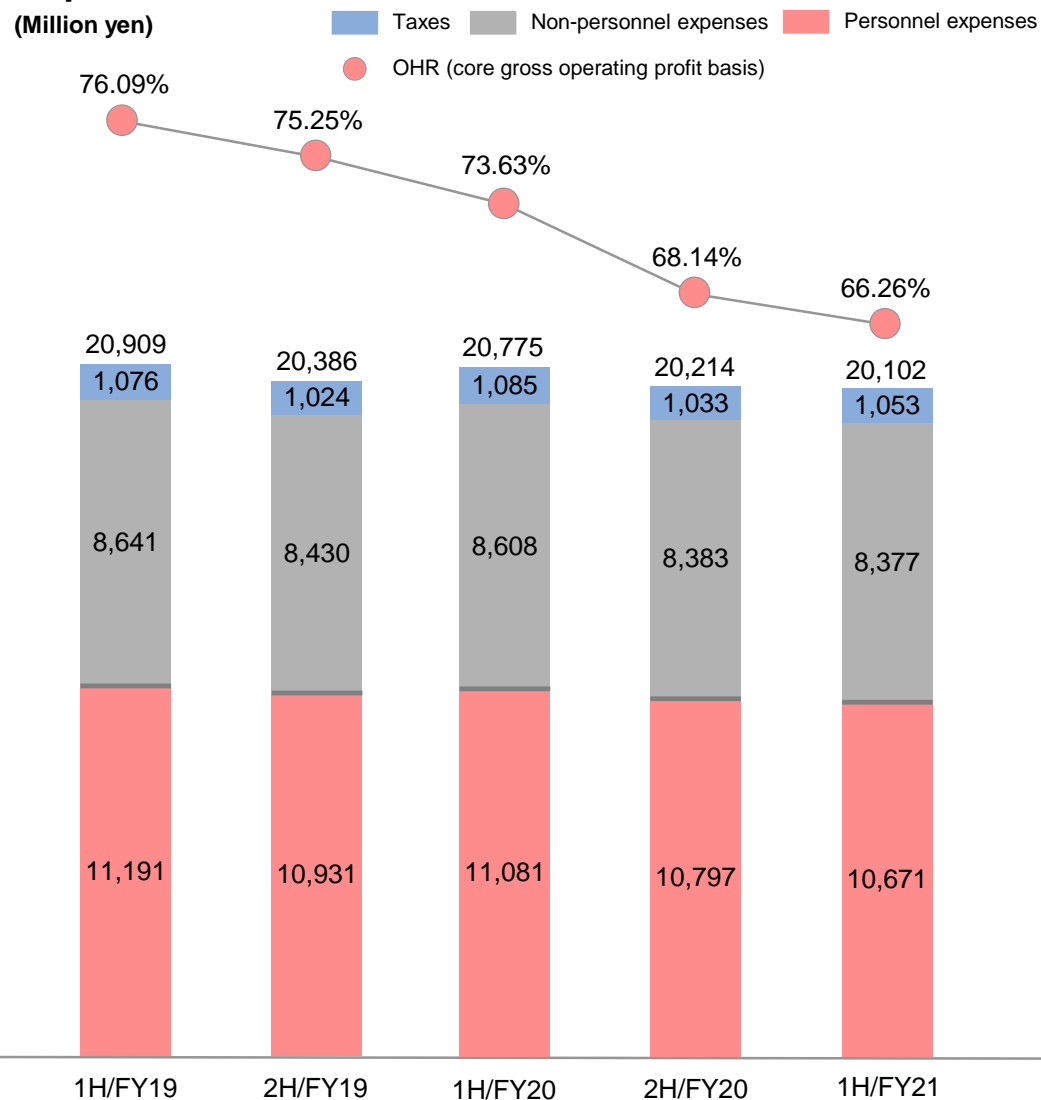
	(Million yen)		
	FY 9/20	FY 9/21	YoY change
Expenses	20,775	20,102	(673)
Personnel expenses	11,081	10,671	(409)
Non-personnel expenses	8,608	8,377	(231)
Taxes	1,085	1,053	(32)

Major factors underlying changes in expenses

- **Personnel expenses**
Decreased 3.7%, mainly due to a decrease in retirement benefit expenses
- **Non-personnel expenses**
Decreased 2.7% as a result of efforts to cut expenses
- **Core OHR**
Core OHR increased 7.37 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

(Million yen)



● The Bank fulfilled the OHR requirements for FY2020 (initial fiscal year). It is expected to do so again for FY2021.

(Million yen)

	FY2019 (base year)	FY2020 (actual)	FY 2021 (1H)
Expenses	39,455	38,879	19,085
Gross operating income	58,103	61,698	31,813
OHR (%)	67.90	63.01	59.99
Base year comparison OHR change rate	-	(7.20)	(11.64)

* OHR is on a consolidated base. Based on the calculation method set forth by the Bank of Japan.

[Expenses]

- Reduce personnel (natural reduction due to gap between hiring and retirement, consideration of increase in external transfers)
- Integrate and close branches (reduction in non-personnel expenses, optimization of personnel allocation)
- Improve operational efficiency across the entire Group, including affiliated companies

etc.

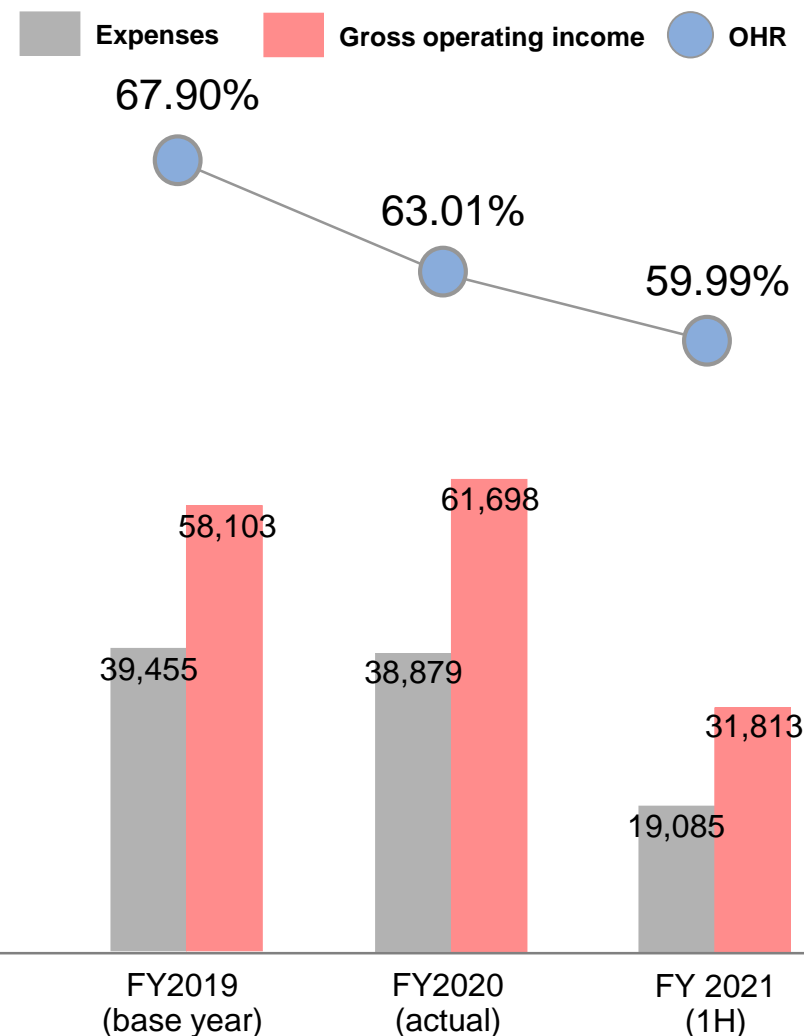
[Gross operating income]

- Strengthen loans (for housing, regional small and medium-sized companies, etc.)
- Strengthen fees and commissions, especially consulting income
- Strengthen securities investments

etc.

Changes in expenses, gross operating income and OHR

(Million yen)



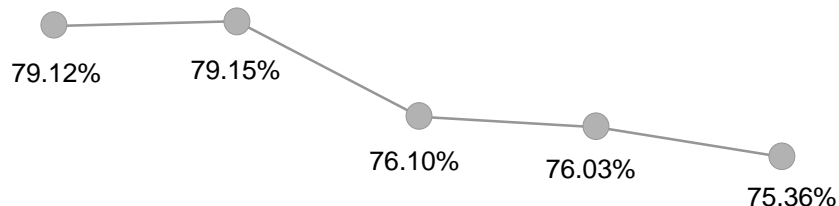
● An increase in the provision of allowance for loan losses caused a year-on-year increase in credit costs, but they were largely in line with initial forecasts.

(Million yen)

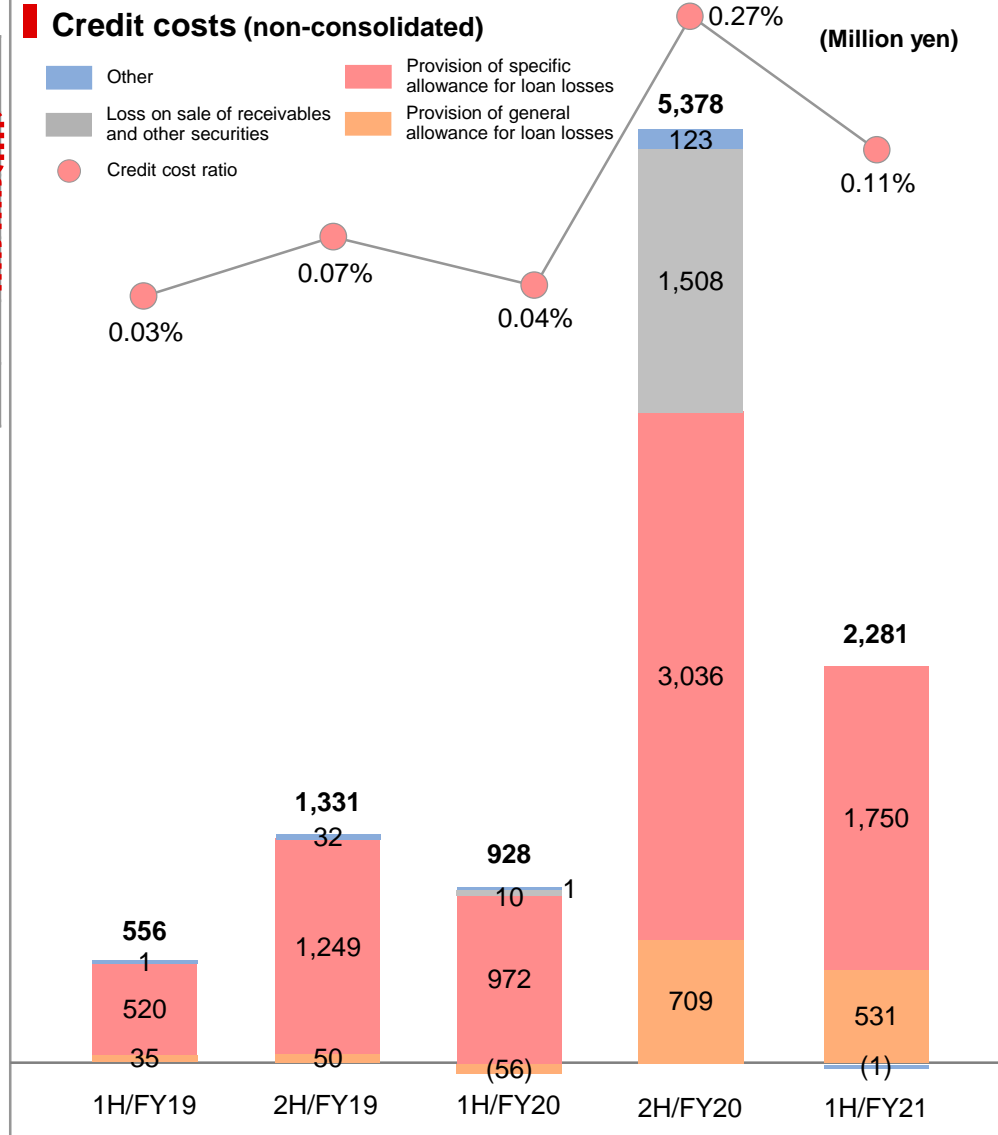
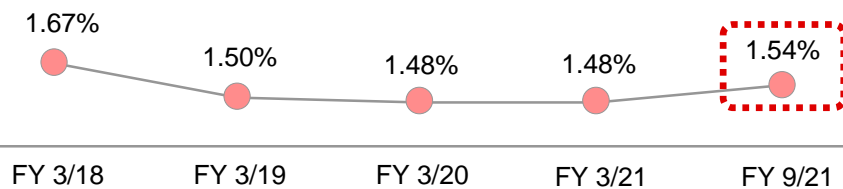
	FY 9/20	FY 9/21	YoY change
Credit costs	928	2,281	1,353
Of which, provision of general allowance for loan losses	(56)	531	588
Of which, provision of specific allowance for loan losses	972	1,750	778
Of which, loss on sale of receivables and other securities	10	-	(10)
Credit cost ratio	0.04%	0.11%	0.07P

	FY 3/21	FY 9/21	YoY change
Nonperforming loans	59,823	64,329	4,506

Nonperforming loans coverage ratio



Nonperforming loans ratio



● Individual deposits and corporate deposits both remained strong, increasing total deposits 4.8% year-on-year

(100 million yen)

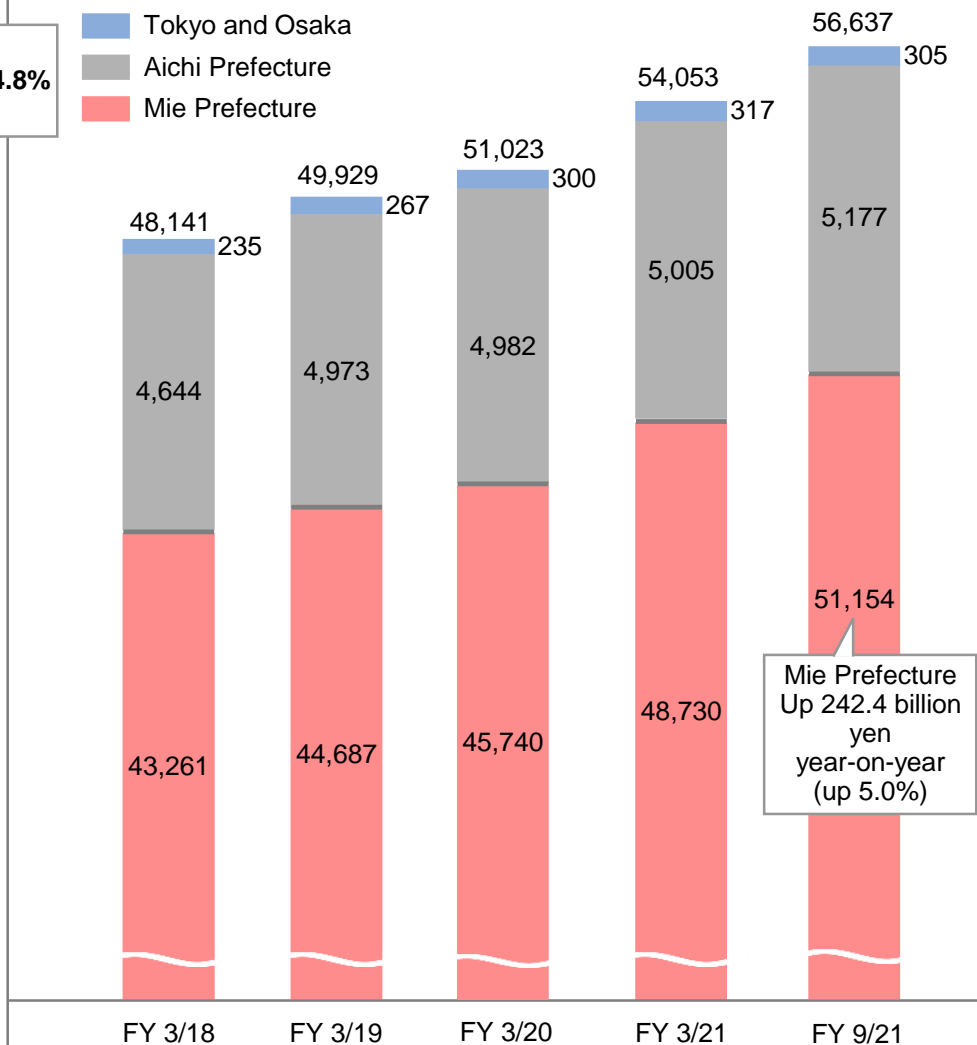
	FY 3/21	FY 9/21	YoY change
Total deposits (average balance)	54,053	56,637	2,584
Mie Prefecture	48,730	51,154	2,424
Aichi Prefecture	5,005	5,177	171
Tokyo and Osaka	317	305	(11)

Up 4.8%

Total deposits (average balance)

(100 million yen)

■ Tokyo and Osaka
■ Aichi Prefecture
■ Mie Prefecture



(100 million yen)

	FY 3/21	FY 9/21	YoY change
Individual deposits (average balance)	39,835	41,299	1,464
Mie Prefecture	36,797	38,115	1,317
Aichi Prefecture	3,015	3,161	146
Tokyo and Osaka	22	22	0

(100 million yen)

	FY 3/21	FY 9/21	YoY change
Corporate deposits (average balance)	11,649	12,402	753
Mie Prefecture	9,389	10,140	751
Aichi Prefecture	1,972	1,983	11
Tokyo and Osaka	288	278	(9)

* Mie Prefecture includes Shingu and Internet branches.

● Individual loans such as housing loans and loans to SMEs increased, resulting in a 5.5% increase year-on-year in total loans

(100 million yen)

	FY 3/21	FY 9/21	YoY change
Total loans (average balance)	38,240	40,345	2,104
Mie Prefecture	18,051	18,865	814
Aichi Prefecture	12,958	14,209	1,250
Tokyo and Osaka	7,231	7,270	39

Up 5.5%

Up 9.7%

(100 million yen)

	FY 3/21	FY 9/21	YoY change
Loans to SMEs (average balance)	13,219	13,724	504
Mie Prefecture	7,823	8,187	364
Aichi Prefecture	3,563	3,708	145
Tokyo and Osaka	1,833	1,828	(4)

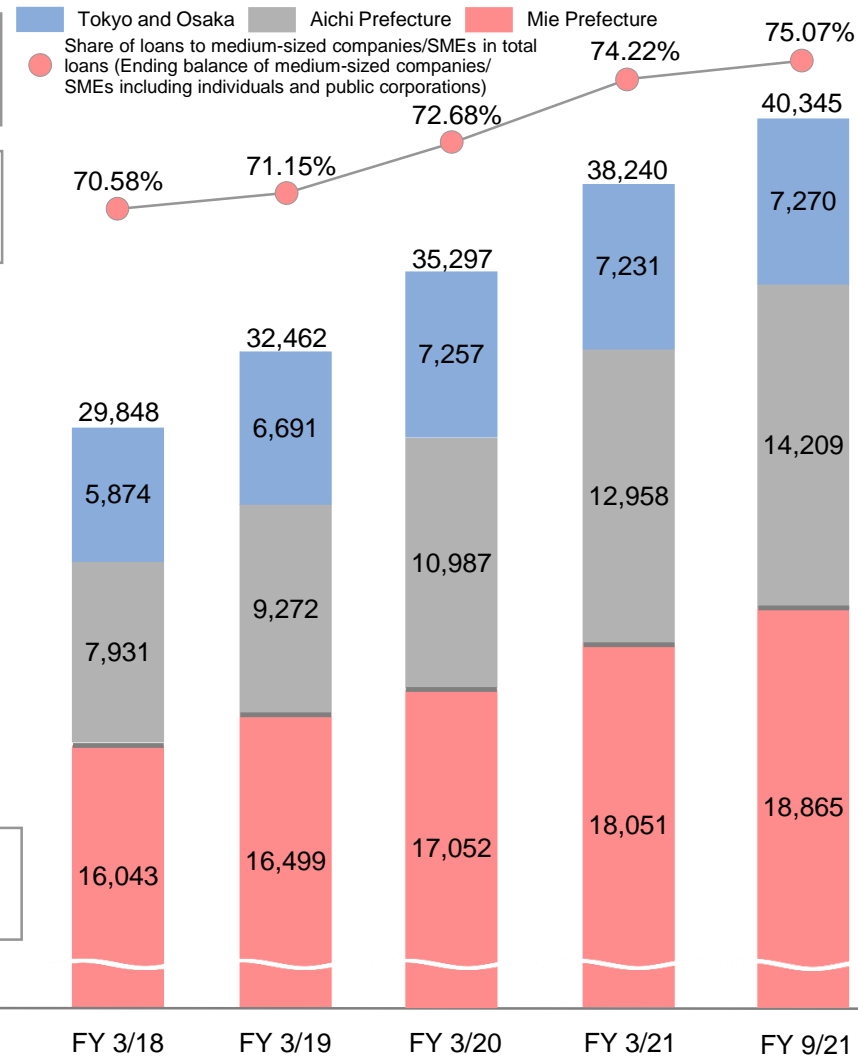
(100 million yen)

	FY 3/21	FY 9/21	YoY change
Housing loans (average balance)	14,069	15,689	1,619
Mie Prefecture	6,770	7,282	512
Aichi Prefecture	7,299	8,406	1,107

Up 11.5%

Total loans (average balance)

(100 million yen)



* Mie Prefecture includes Shingu and Internet branches.

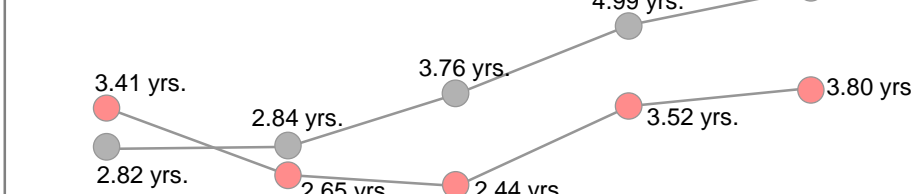
● Valuation gains (losses) on securities increased 7.2% from the end of the previous fiscal year due mainly to an increase in share prices.

(100 million yen)	FY 3/21	FY 9/21	YoY change
Securities balance	17,096	17,637	540
Government bonds	2,924	2,931	6
Municipal bonds	4,357	4,671	314
Corporate bonds	2,091	2,012	(78)
Shares	2,005	2,085	79
Investment trusts	1,256	1,362	106
Foreign securities A	4,384	4,495	111
Other	76	78	1

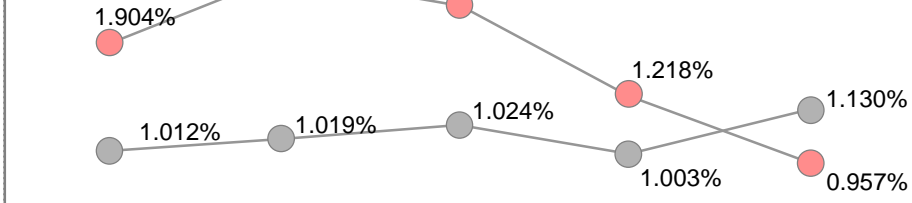
JPY-denominated average balance (*)	13,559	12,345	(1,213)
Foreign currency-denominated average balance (*)	3,282	3,694	412

Duration, yield (*) ● JPY denominated ● Foreign currency-denominated

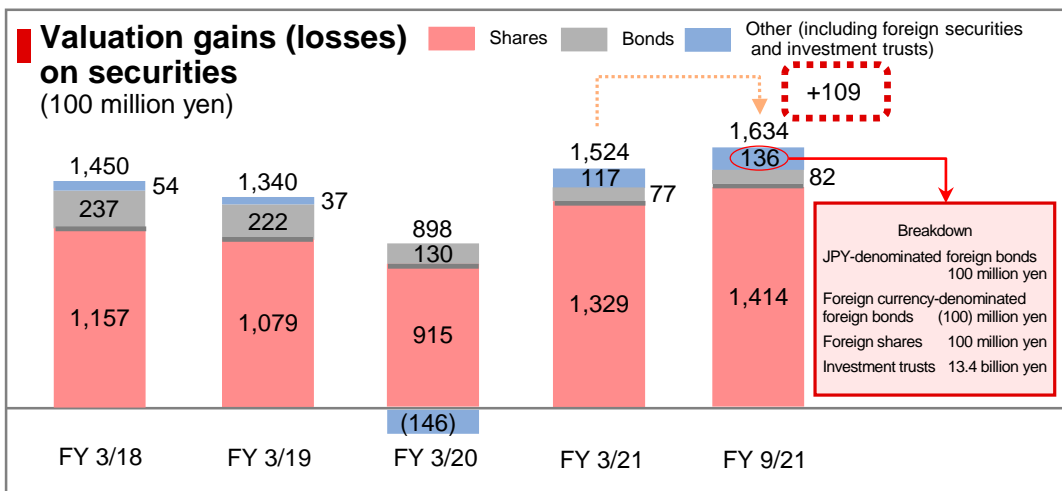
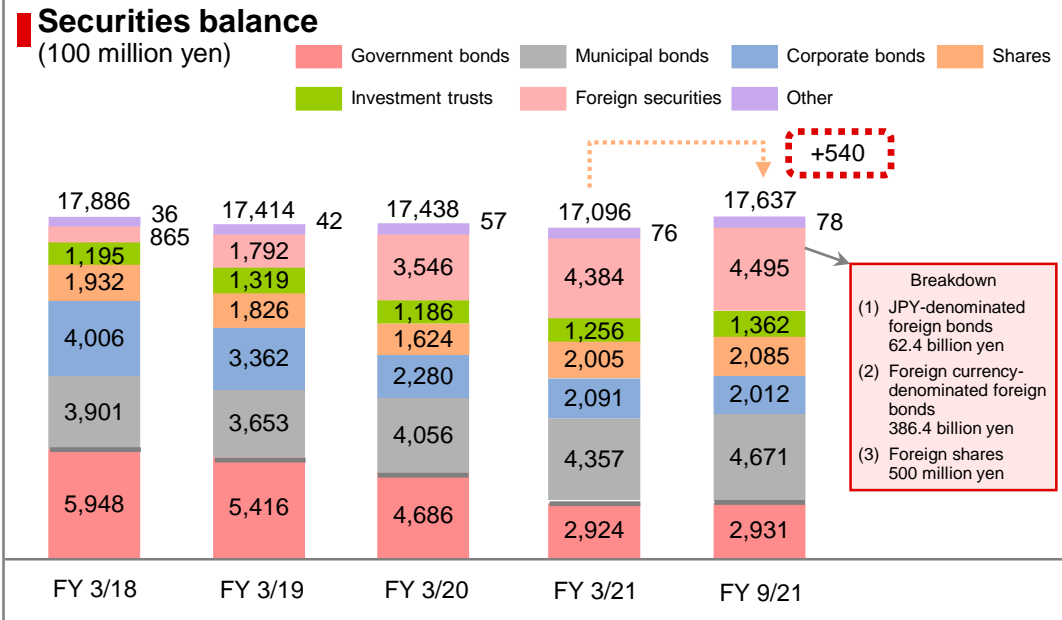
Duration



Yield



* Including trust beneficiary rights



- An increase in risk assets, resulting from increased loans, caused the equity ratio to decrease 0.07 percentage points year-on-year

(100 million yen)

	FY 3/20	FY 3/21	FY 9/21
Equity capital (For equity ratio calculation purposes)	2,338	2,412	2,455
Risk Assets	23,200	23,841	24,441
Equity Ratio	10.07%	10.11%	10.04%

(0.07)P

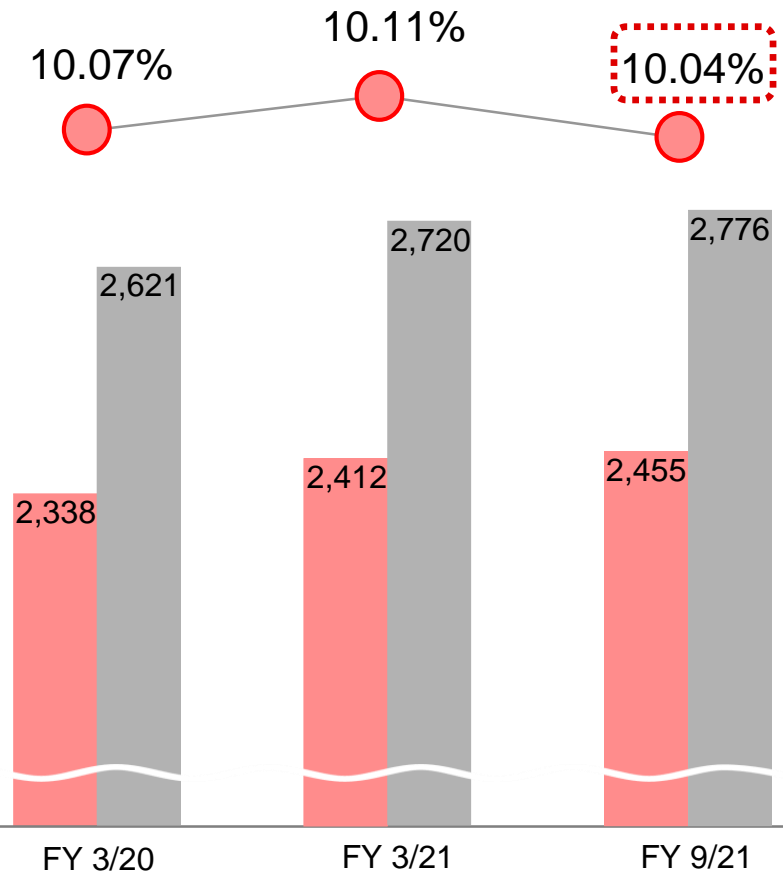
Shareholders' equity	2,621	2,720	2,776
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Method of computing value-at-credit-risk asset value:
Fundamental internal ratings based approach
Method of computing value-at-operational risk:
The Standardized Approach (TSA)

Equity capital, shareholders' equity, and equity ratio (100 million yen)

Equity capital Shareholders' equity Equity Ratio

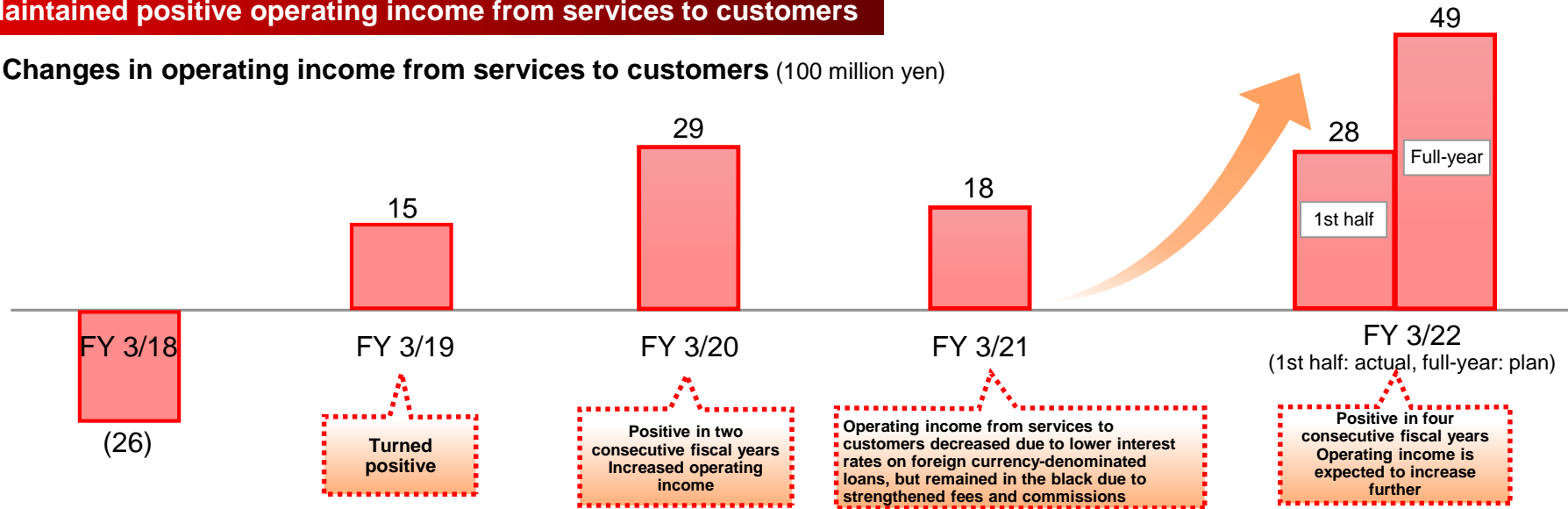
(JGAAP, Non-consolidated)



- Operating income from services to customers is expected to be positive for four consecutive terms due to an increase in fees and commissions

Maintained positive operating income from services to customers

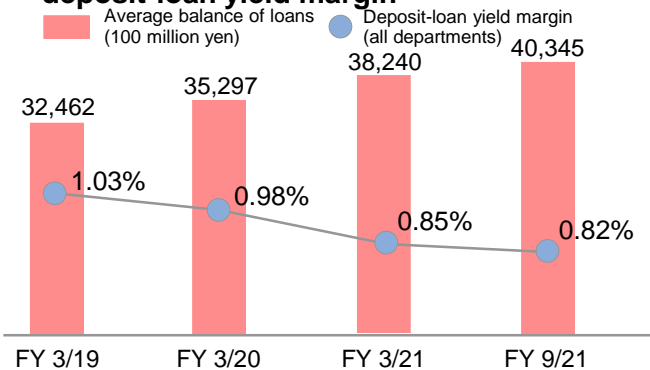
Changes in operating income from services to customers (100 million yen)



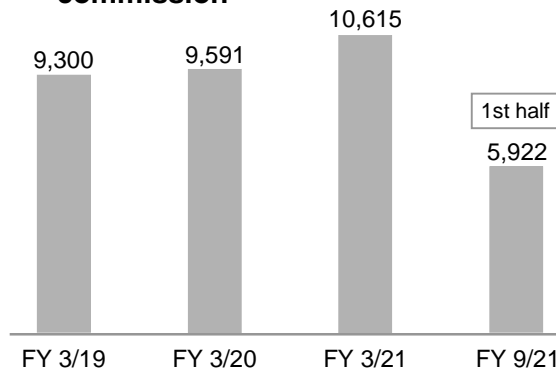
Operating income from services to customers

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.)

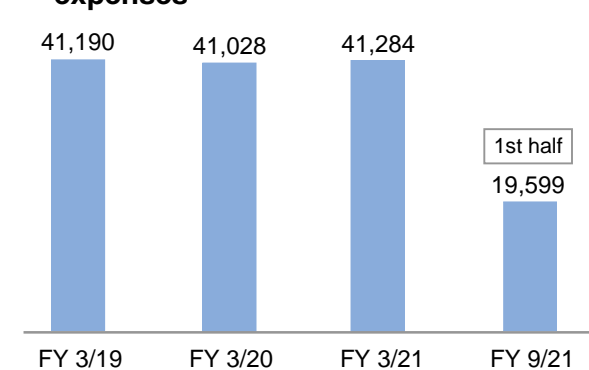
Change in average balance of loans and deposit-loan yield margin



Change in fees and commission



Change in operating expenses



- Full-year net income forecast for FY2021 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)

	FY3/22 (Initial announcement)	FY3/22 (Upward revision)
Gross operating income	56,700	59,500
Interest income	46,100	48,300
Fees and commissions	10,600	11,200
Other operating income	-	-
Net operating income	15,700	18,700
Ordinary income	15,800	17,700
Net income	11,000	12,500
Credit costs	4,000	4,300
Consolidated net income attributable to shareholders of the parent (consolidated)	11,300	13,000

Compared with the initial announcement, an increase in interest income and fees and commissions, and a decrease in expenses are expected. Credit costs for the second half of the fiscal year remained at the initially announced level of 2 billion yen

Dividend forecast

Interim	Year-end	Full year
5.5 yen (Up 0.5 yen from the initial announcement)	5.5 yen (Up 0.5 yen from the initial announcement)	11.0 yen (Up 1.0 yen from the initial announcement)

