



The Hyakugo Bank, Ltd.

TSE Prime, NSE Premier (8368)

Information meeting

Information meeting

Presentation for FY2022 Interim Financial Results

November 30, 2022



Closed Recycling of Paper

Initiatives for Closed Recycling of Paper	...	4
---	-----	---

Outline of Financial Position

Outline of Financial Position	...	7~16
FY 3/2023 Forecasts (published figures)	...	17

Medium-term Management Plan KAI-KAKU 150 2nd STAGE “Gateway to the Future II”

Overall Picture of the Medium-term Management Plan	...	19
Numerical Targets (General)	...	20
Strengthening Efforts towards Carbon Neutrality		
Carbon Neutral Strategy	...	21
Strengthening Business Model		
Strategy to Enhance Loan Income and Fees and Commissions (General)	...	22
Strategy to Enhance Loan Income and Fees and Commissions (Housing Loans)	...	23~24
Strategy to Enhance Loan Income and Fees and Commissions (Depository Assets)	...	25
Strategy to Enhance Loan Income and Fees and Commissions (Corporate Consulting)	...	26~29
Strategy to Enhance Loan Income and Fees and Commissions (Support for Overseas Expansion and Export Promotion)	...	30
Securities Strategy	...	31

Increased Productivity		
Channel Strategy (Physical Branches, ATMs)	...	32
Channel Strategy (Smartphone Banking)	...	33
Strengthening Management Foundation		
Human Resources Strategy (Human Capital Enhancement)	...	34
Governance Strategy (strengthen business management system)	...	35
Increased Awareness of SDGs/ESG		
Diversity Strategy (Increased Awareness of Diversity)	...	36
SDGs/ESG Strategy	...	37~38

Appendix

Deposits and Loans	...	40
Deposits (including negotiable certificates of deposit), Depository Assets	...	41
Loans	...	42
Integrated Risk Management	...	43
Outstanding Nonperforming Loans by Disclosure Standard and Coverage	...	44
Trends of Debtor Classification	...	45
Hyakugo Bank’s Credit Policies	...	46
Mie Prefecture’s Shares of Deposits and Loans	...	47
Group Companies	...	48

Closed Recycling of Paper

— SDGs Initiatives in Restrooms

Initiatives for Closed Recycling of Paper

Closed recycling of paper in the Hyakugo Bank Group



Benefits of closed recycling of paper

CO₂ emission reduction through recycling of confidential documents

The Group recycles confidential documents that have passed their retention period into toilet paper, which is used in approx. 100 bank branches



In FY2022, 36,230 kg worth of documents were recycled

36,230 kg = approx. 210,000 rolls

CO₂ emission reduction effect

Reduction of CO₂ emissions:

54 tons per year

Amount of deforestation control:

equivalent to 724 trees

* Based on actual waste paper data for fiscal 2022



Reducing CO₂ emissions through effective use of paper resources

Employment of persons with disabilities by a special affiliated company

Staff with disabilities engage in management and other duties at Hyakugo Kanri Service Company



28 people with disabilities are working

Intellectual disabilities	21 persons
Mental disabilities	6 persons
Physical disabilities	1 person

HKS 百五管理サービス株式会社

百五銀行グループ特例子会社



- In 2016, certified as a “special affiliated company” for employment of persons with disabilities
- In 2020, certified as a “company where people with disabilities are active”
- In 2021, certified as a “small or medium-sized employer with excellent employment of persons with disabilities”

First regional bank in the three Tokai prefectures!

First in Japan as a special affiliated company of a regional bank!

First in Mie Prefecture!

Contributing to the realization of a sustainable, recycling-oriented society through employment of people with disabilities

Outline of Financial Position

An increase in interest income and gain and loss from stocks and other securities, and a decrease in expenses caused interim net income to increase 10.9% year-on-year

	(Million yen)	FY 9/21	FY 9/22	YoY change
Gross operating income	(1)	30,441	27,832	(2,609)
Interest income		24,515	26,139	1,624
Fees and commissions		5,922	5,635	(286)
Other operating income		4	(3,943)	(3,947)
Of which, gain and loss from government bonds and other bonds	(2)	104	(2,997)	(3,101)
Provision of general allowance for loan losses	(3)	531	678	146
Expenses	(4)	20,102	19,444	(657)
Net operating income	(1) - (3) - (4)	9,807	7,709	(2,098)
Core net operating income	(1) - (2) - (4)	10,234	11,385	1,150
Core net operating income (excluding gain and loss from cancellation of investment trusts)		9,673	11,306	1,633
Non-recurring gain and loss		(82)	3,014	3,097
Of which, disposal of bad debts	(5)	1,749	1,938	189
Gain and loss from stocks and other securities		1,051	4,179	3,128
Ordinary income		9,724	10,723	998
Extraordinary gain and loss		(214)	(259)	(44)
Interim net income before income taxes		9,509	10,463	954
Interim net income		6,984	7,745	761
Credit costs	(3) + (5)	2,281	2,617	336

(100 million yen)

	FY 9/21	FY 9/22	Year-on-year
Interest and dividend on securities	87	87	0
Of which, gain and loss from cancellation of investment trusts	5	0	(4)
Gain and loss from government bonds and other bonds	1	(29)	(31)
Of which, gain on sale and redemption	9	7	(1)
Of which, loss on sale and redemption, and amortization	8	37	29
Gain and loss from stocks and other securities	10	41	31
Of which, gain on sale	15	46	30
Of which, loss on sale and amortization	5	4	(0)

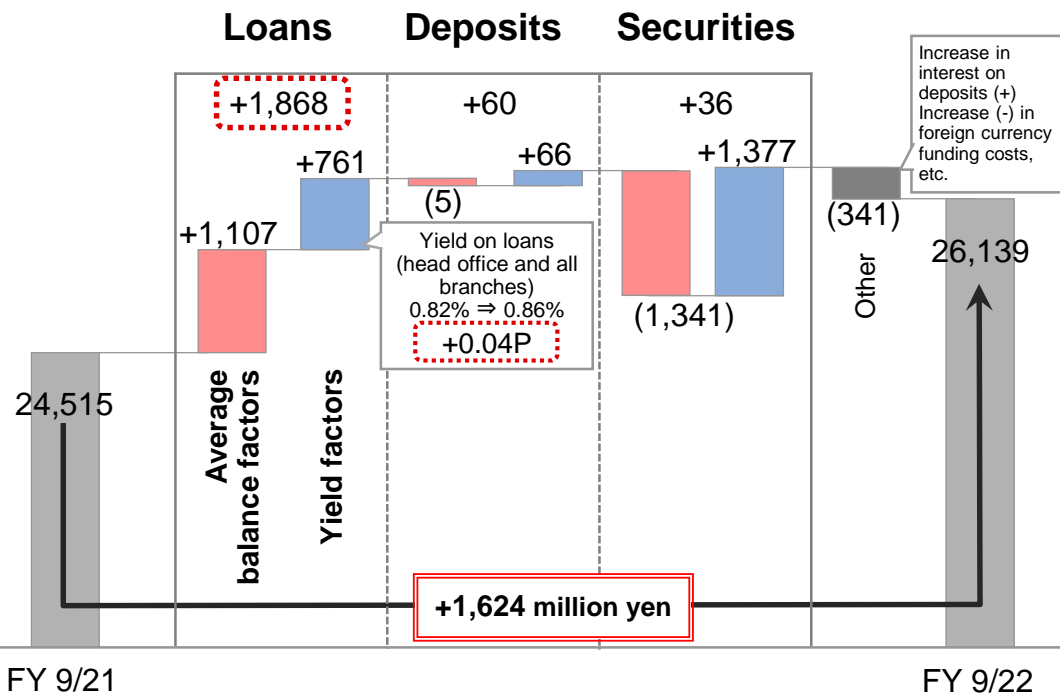
- Net interest income grew mainly due to an increase in loan interest. On the other hand, net operating income fell due to a decrease in other operating income, which was mainly caused by a drop in gain and loss from government bonds and other bonds.
- The drop in gain and loss from government bonds and other bonds was attributable to the sale of bonds that incurred valuation losses in order to ensure the soundness of the portfolio.
- Non-recurring gain and loss grew due to an increase in gain and loss from stocks and other securities, etc. Both ordinary income and interim net income rose year-on-year.
- Credit costs increased year-on-year, as the Bank carefully and conservatively made judgments on debtor classification this fiscal year in anticipation of the impact of the COVID-19 pandemic. For the full year, the Company expects 4.7 billion yen, the same level as the initial forecast.

An increase in loan and securities interest contributes to higher interest income of 6.6% year-on-year

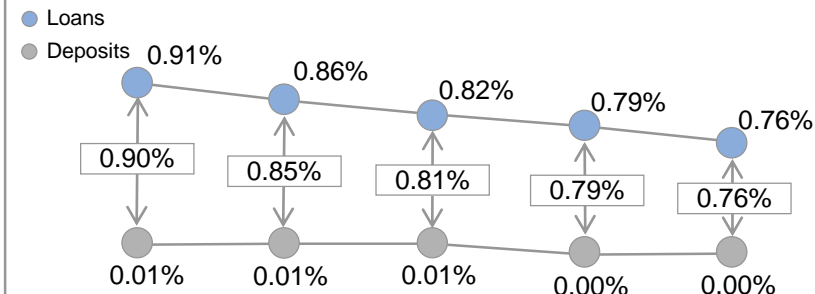
(Million yen)	FY 9/21	FY 9/22	YoY change
Interest income	24,515	26,139	1,624
Total interest income	25,743	28,237	2,494
Loan interest	16,651	18,520	1,868
Interest and dividends on securities	8,753	8,789	36
Other	339	928	588
Interest expenses	1,228	2,098	869
Interest on deposits	189	128	(60)
Other	1,039	1,969	930

Factors underlying changes in net interest income

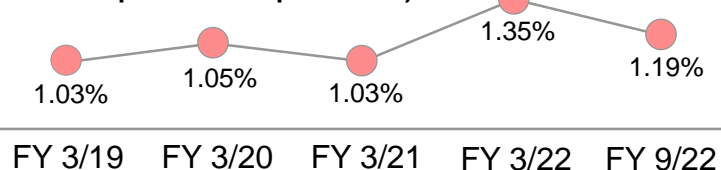
All branches (domestic and international operations)



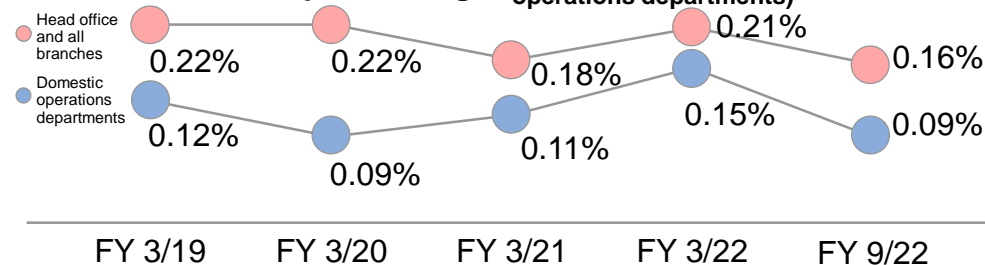
Deposit-loan yield margin (domestic operations)



Returns on securities investments (domestic operations departments)



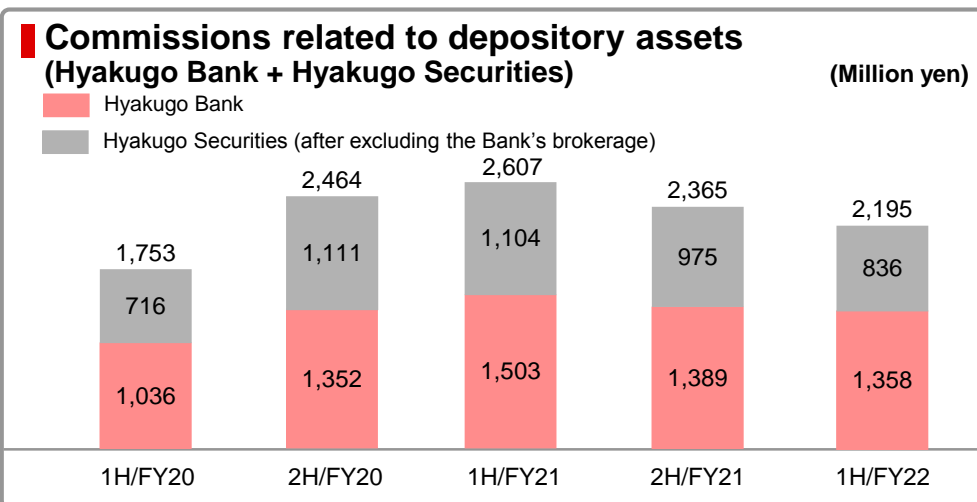
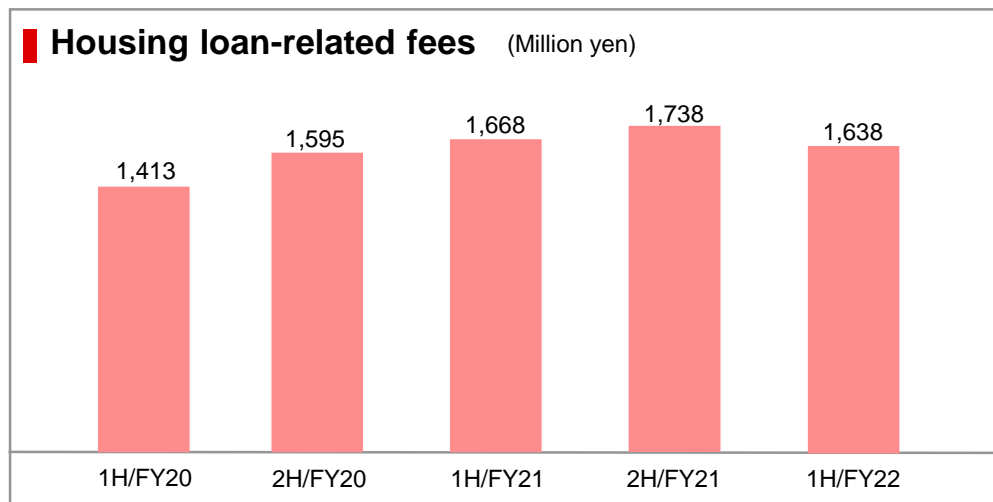
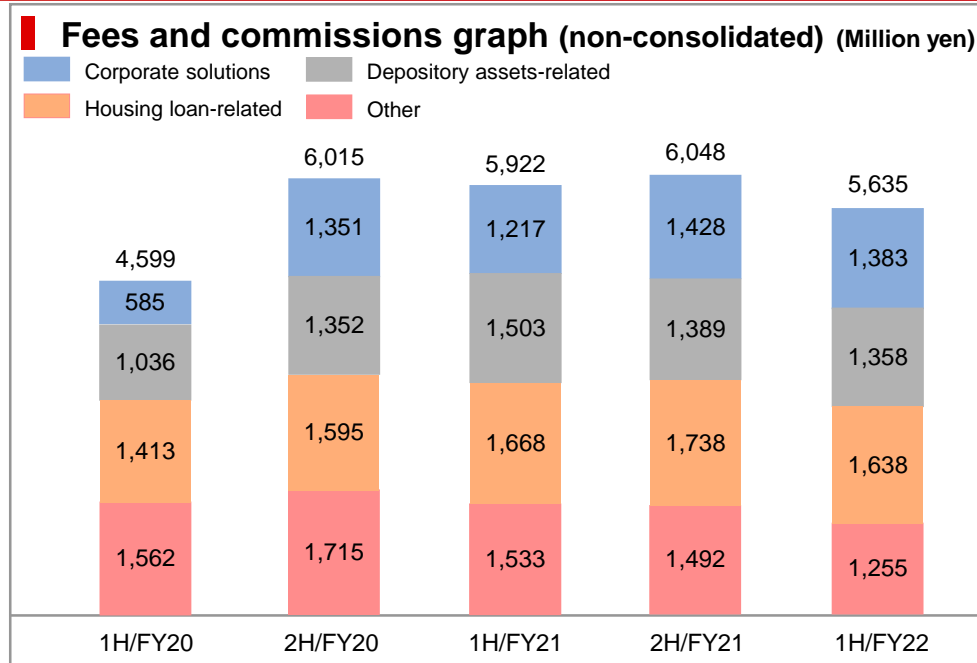
Historical overall profit margin (Head office and all branches (including domestic operations departments))



Fees and commissions fell 4.8% year-on-year due to a decrease in commissions related to depository assets, etc.

	(Million yen)		
	FY 9/21	FY 9/22	YoY change
Fees and commissions	5,922	5,635	(286)
Fees and commissions	8,526	8,335	(190)
Commissions related to depository assets B	1,503	1,358	(144)
Of which, investment trust commissions	786	482	(304)
Of which, insurance sales commissions*	437	612	174
Of which, financial instruments brokerage commissions	211	183	(27)
Of which, defined contribution pension commissions	68	71	3
Corporate solutions fees* A	1,217	1,383	165
Housing loan-related fees	1,668	1,638	(29)
Fees and commissions expenses (expenses)	2,603	2,699	95

* Some business insurance fees are included in corporate solutions fees, not in insurance sales commissions



Expenses fell 3.3% year-on-year due to decreases in personnel and non-personnel expenses, etc.

(Million yen)

	FY 9/21	FY 9/22	YoY change
Expenses	20,102	19,444	(657)
Personnel expenses	10,671	10,553	(118)
Non-personnel expenses	8,377	7,891	(485)
Taxes	1,053	999	(53)

Major factors underlying changes in expenses

- Personnel expenses

Fell 1.1%, mainly due to a decrease in retirement benefit expenses

- Non-personnel expenses

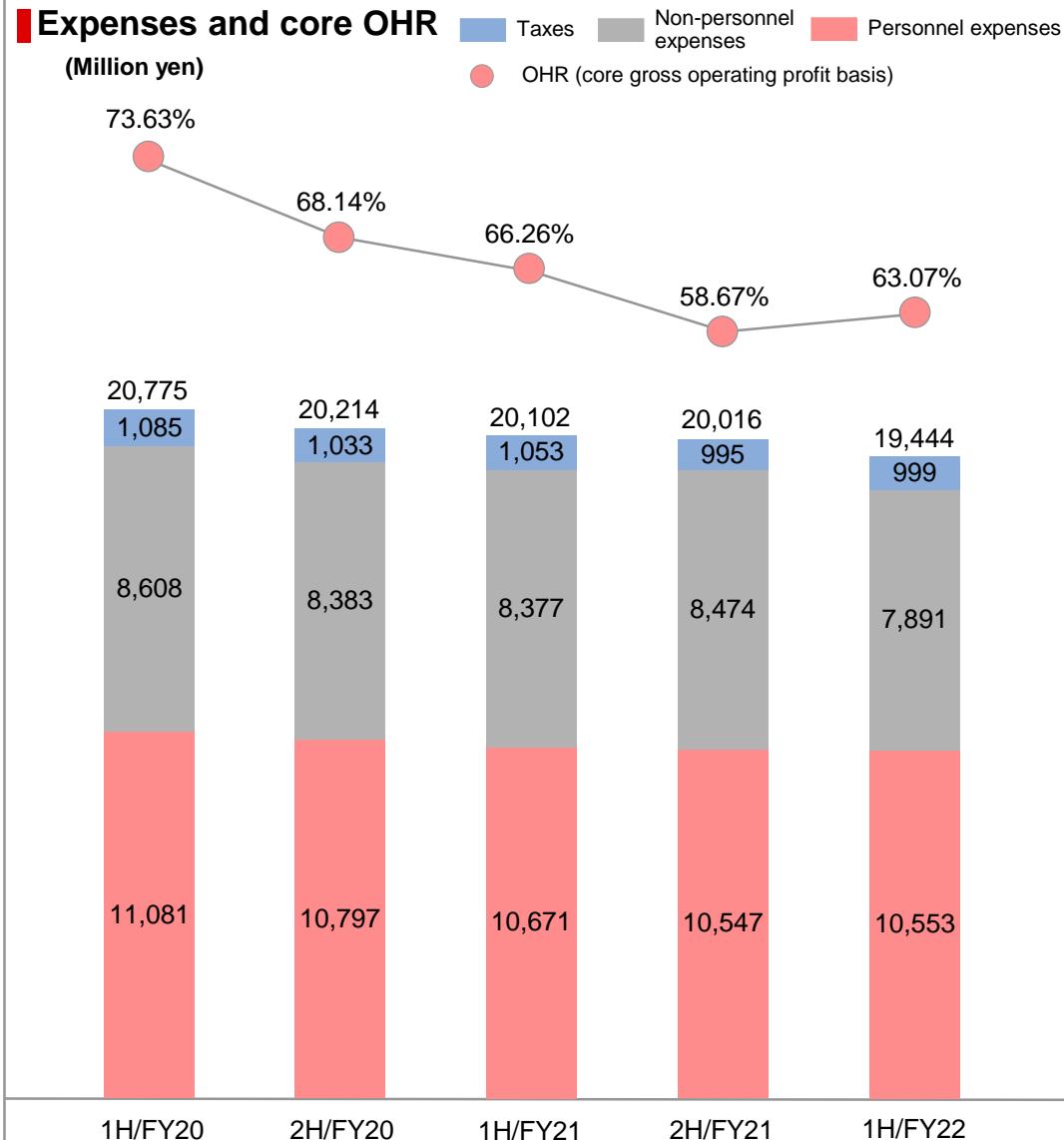
Fell 5.8% due to a decrease in deposit insurance premiums and cost reduction efforts

- Core OHR

Core OHR decreased 3.19 points compared with 1H of 2021.

Expenses and core OHR

(Million yen)



The Bank fulfilled the OHR requirements for FY2021 (second fiscal year). It is expected to do so again in the final fiscal year

(Million yen)

	FY2019 (base year)	FY2021 (actual)	FY2022 (1H)
Expenses	39,455	38,262	19,099
Gross operating income	58,103	64,360	32,136
OHR(%)	67.90	59.44	59.43
Changes in OHR from base year	-	(12.45)	(12.47)

* OHR is on a consolidated basis. Based on the calculation method prescribed by the Bank of Japan

(Target: -4%)

Key measures to achieve OHR requirements

[Expenses]

- Reduce personnel (natural reduction due to gap between hiring and retirement, consider increasing 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
...And others

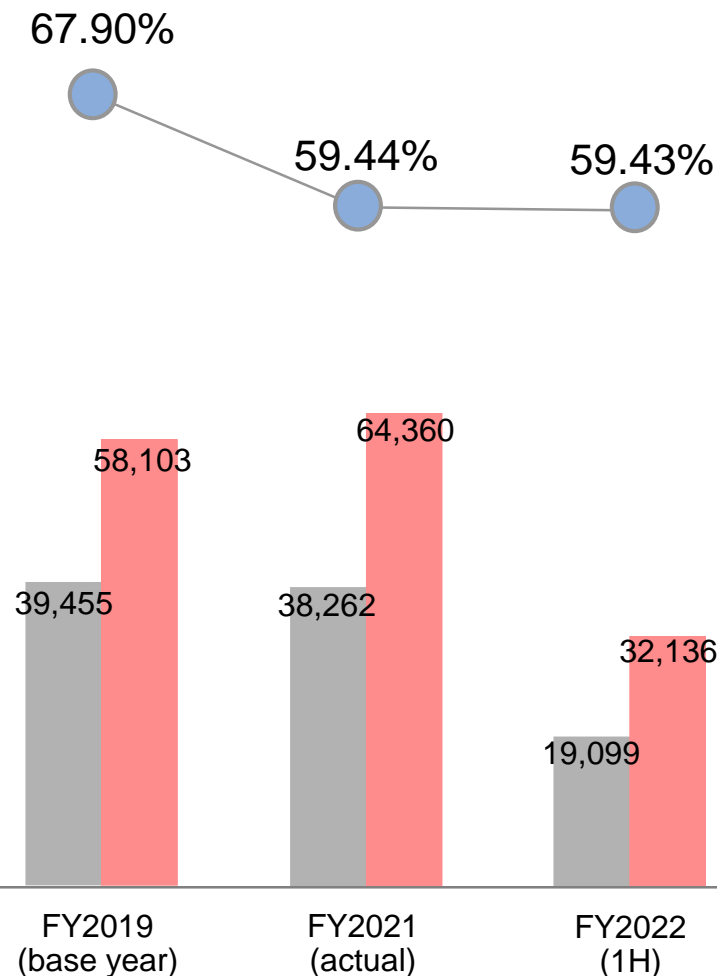
[Gross operating income]

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

Changes in expenses, gross operating income and OHR

(Million yen)

Expenses Gross operating income OHR

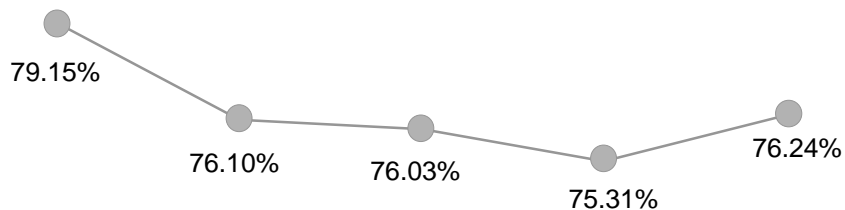


An increase in the provision of allowance for loan losses caused a year-on-year increase in credit costs

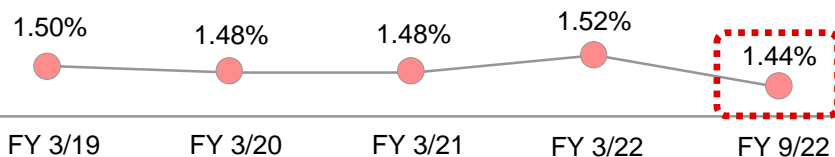
	(Million yen)		
	FY 9/21	FY 9/22	YoY change
Credit costs	2,281	2,617	336
Of which, provision of general allowance for loan losses	531	678	146
Of which, provision of specific allowance for loan losses	1,750	1,817	66
Of which, loss on sale of receivables and other securities	-	73	73
Credit cost ratio	0.11%	0.11%	-

	FY 3/22	FY 9/22	YoY change
Nonperforming loans	65,109	64,191	(918)

Nonperforming loans coverage ratio



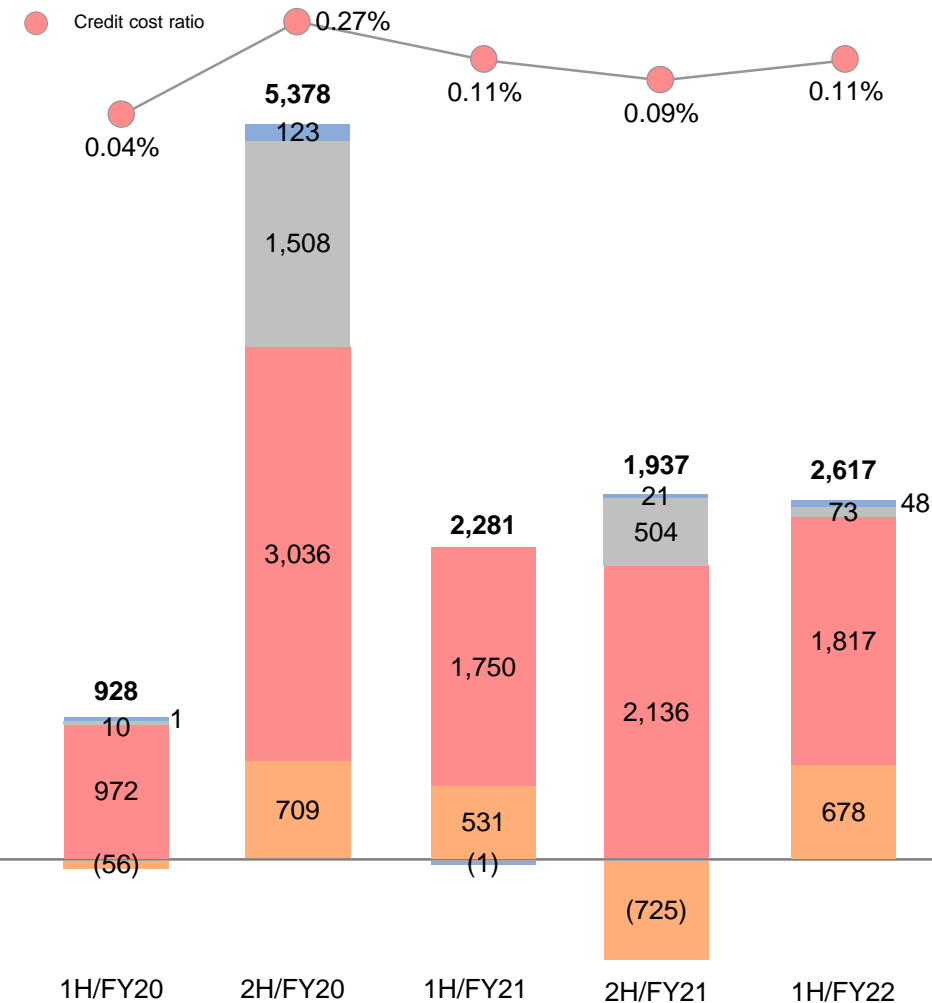
Nonperforming loans ratio



Credit costs (non-consolidated)

(Million yen)

- Other
- Loss on sale of receivables and other securities
- Provision of specific allowance for loan losses
- Provision of general allowance for loan losses



Individual deposits remained strong, increasing total deposits 3.6% year-on-year

(100 million yen)

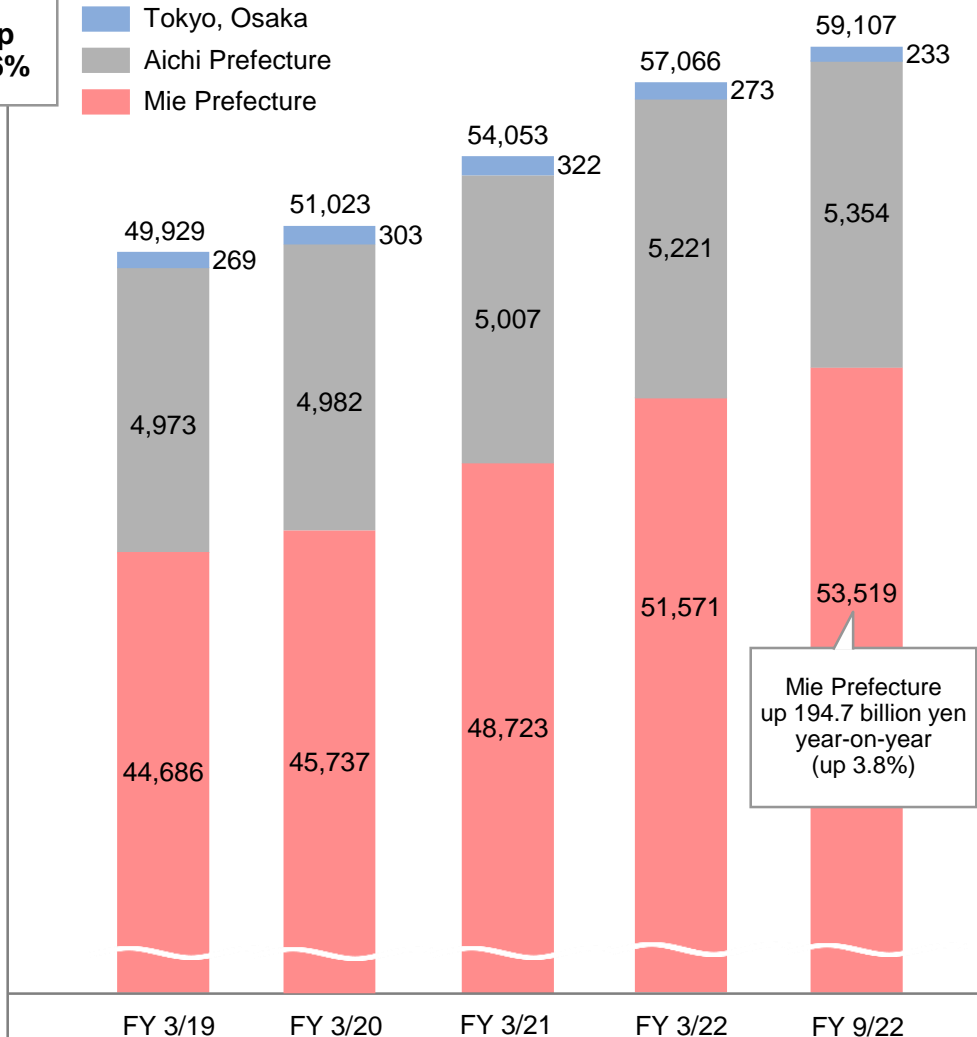
	FY 3/22	FY 9/22	YoY change
Total deposits (average balance)	57,066	59,107	2,041
Mie Prefecture	51,571	53,519	1,947
Aichi Prefecture	5,221	5,354	133
Tokyo, Osaka	273	233	(39)

up
3.6%

Total deposits (average balance)

(100 million yen)

■ Tokyo, Osaka
■ Aichi Prefecture
■ Mie Prefecture



(100 million yen)

	FY 3/22	FY 9/22	YoY change
Individual deposits (average balance)	41,729	42,756	1,026
Mie Prefecture	38,470	39,377	906
Aichi Prefecture	3,229	3,348	119
Tokyo, Osaka	29	30	1

(100 million yen)

	FY 3/22	FY 9/22	YoY change
Corporate deposits (average balance)	12,339	12,493	154
Mie Prefecture	10,139	10,322	183
Aichi Prefecture	1,960	1,971	11
Tokyo, Osaka	240	199	(41)

Individual loans such as housing loans and loans to SMEs grew, resulting in a 4.7% increase year-on-year in total loans

(100 million yen)

	FY 3/22	FY 9/22	YoY change
Total loans (average balance)	40,999	42,910	1,910
Mie Prefecture	18,568	18,994	425
Aichi Prefecture	14,820	16,163	1,342
Tokyo, Osaka	7,610	7,753	142

up 4.7%

up 9.1%

(100 million yen)

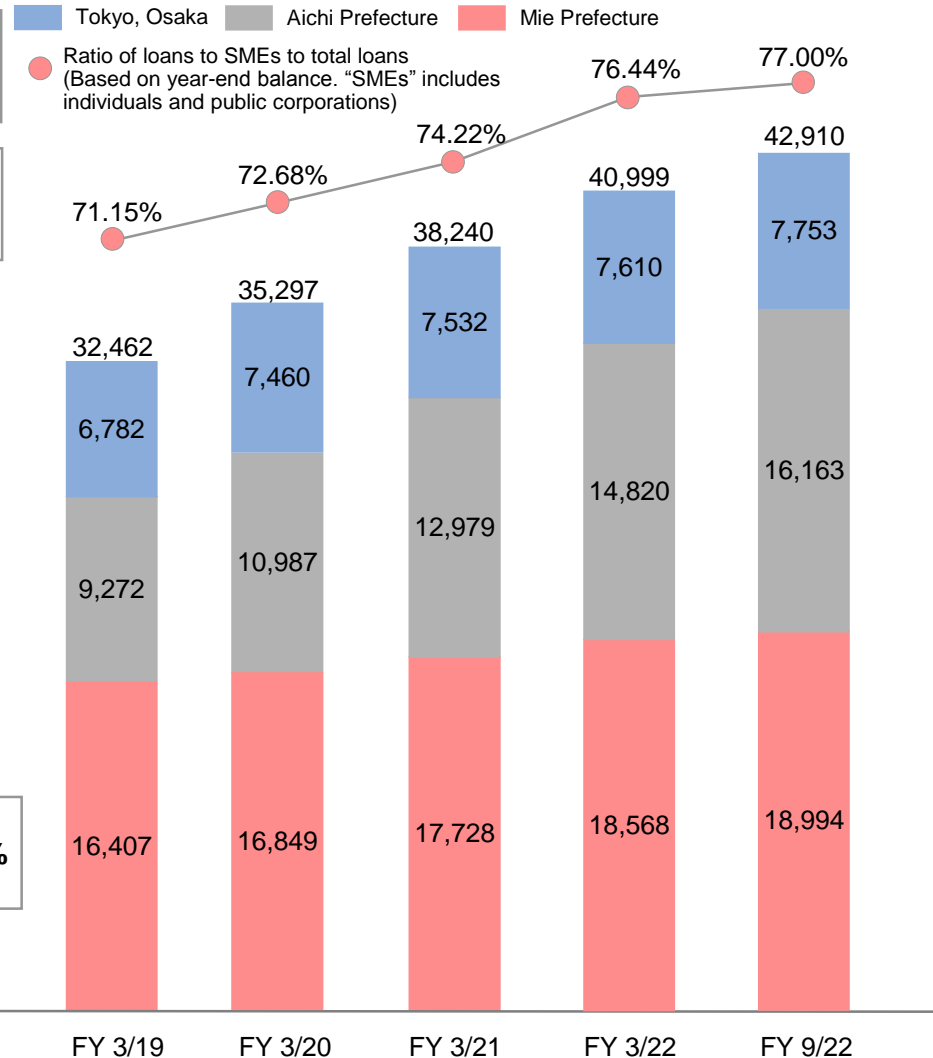
	FY 3/22	FY 9/22	YoY change
Loans to SMEs (average balance)	13,834	14,276	441
Mie Prefecture	8,271	8,457	185
Aichi Prefecture	3,749	3,920	170
Tokyo, Osaka	1,812	1,898	85

(100 million yen)

	FY 3/22	FY 9/22	YoY change
Housing loans (average balance)	16,273	17,888	1,615
Mie Prefecture	6,948	7,274	325
Aichi Prefecture	8,938	10,143	1,204
Osaka	385	471	85

up 9.9%

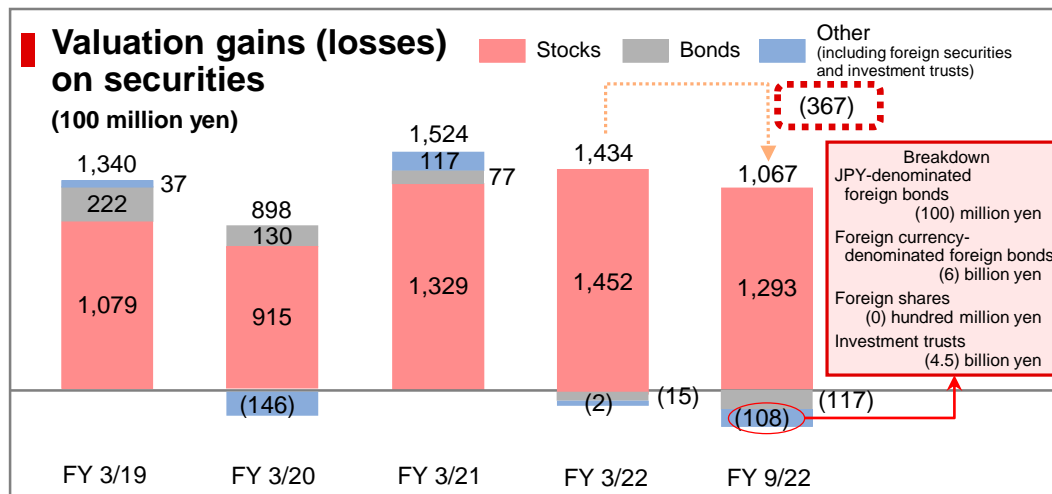
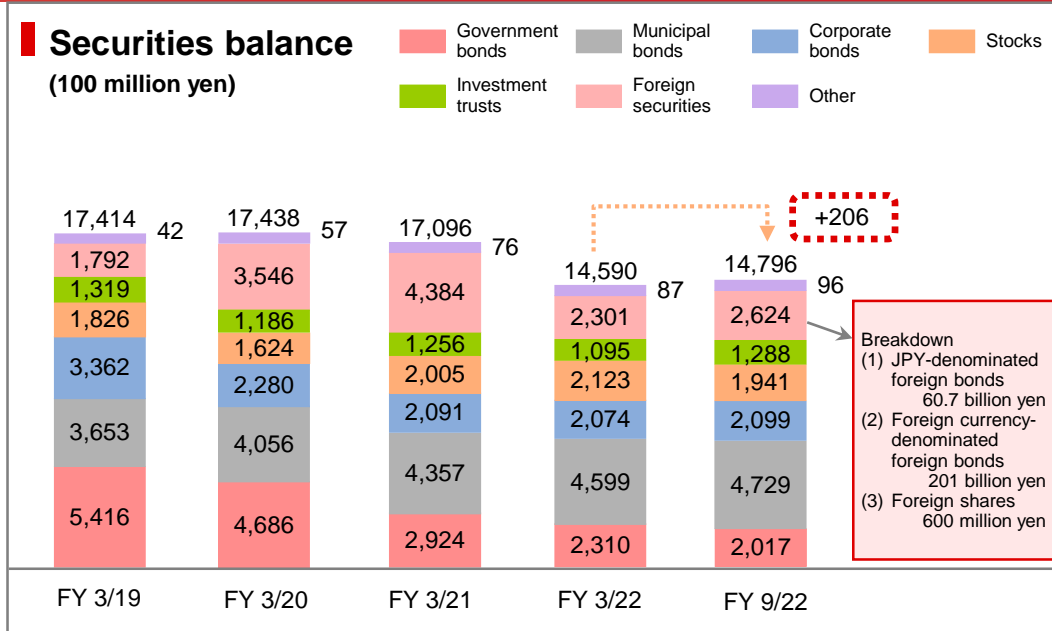
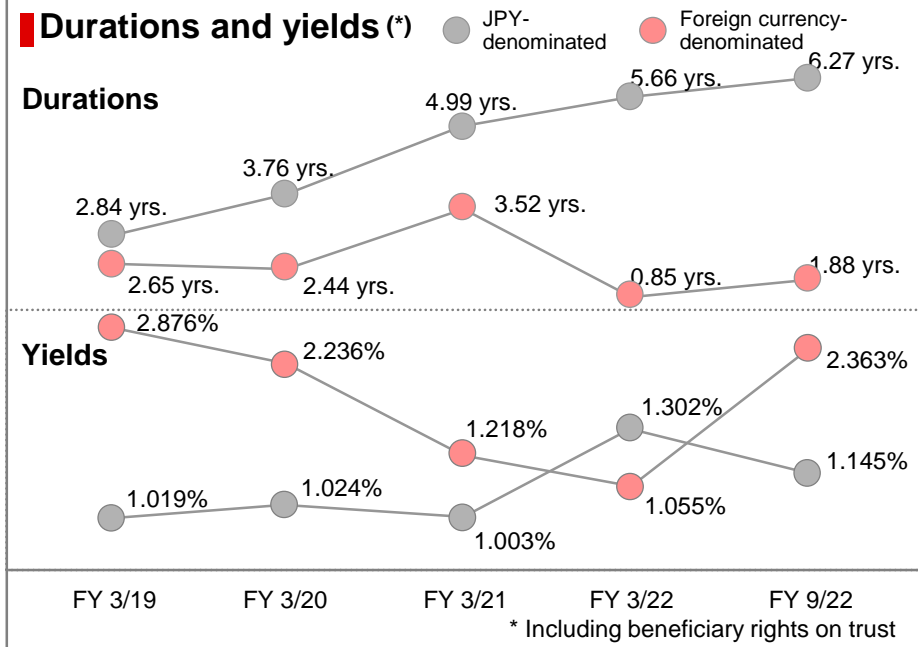
Total loans (average balance)



Valuation gains on securities decreased almost entirely, including stocks and bonds

(100 million yen)	FY 3/22	FY 9/22	YoY change
Securities balance	14,590	14,796	206
Government bonds	2,310	2,017	(292)
Municipal bonds	4,599	4,729	130
Corporate bonds	2,074	2,099	24
Stocks	2,123	1,941	(182)
Investment trusts	1,095	1,288	192
Foreign securities	2,301	2,624	323
Other	87	96	9

JPY-denominated average balance*	12,468	11,907	(561)
Foreign currency-denominated average balance*	3,433	1,656	(1,776)



An increase in risk assets, resulting from increased loans, caused the equity ratio to decrease 0.18 percentage points year-on-year

	(100 million yen)		
	FY 3/21	FY 3/22	FY 9/22
Equity capital (For equity ratio calculation purposes)	2,412	2,470	2,526
Risk Assets	23,841	25,089	26,137
Equity Ratio	10.11%	9.84%	9.66%

(0.18)P

Shareholders' equity	2,720	2,821	2,884
-----------------------------	--------------	--------------	--------------

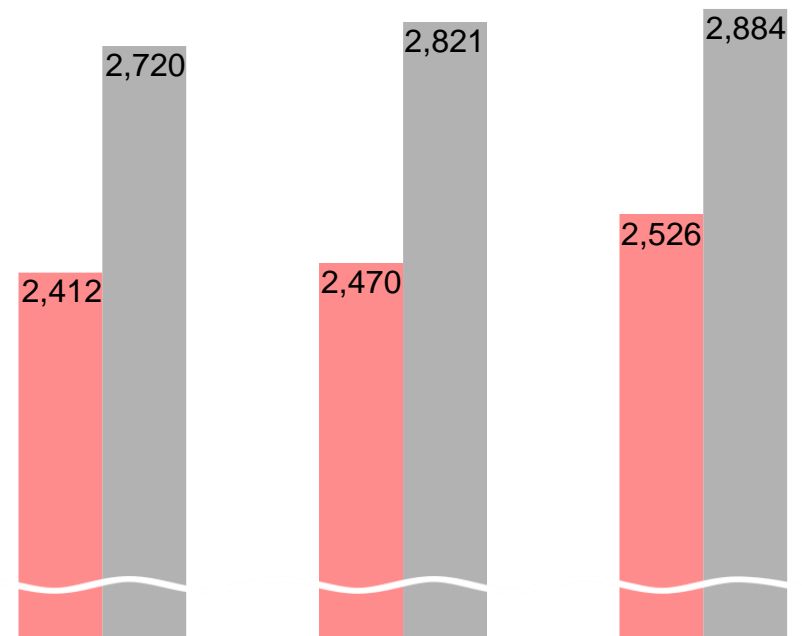
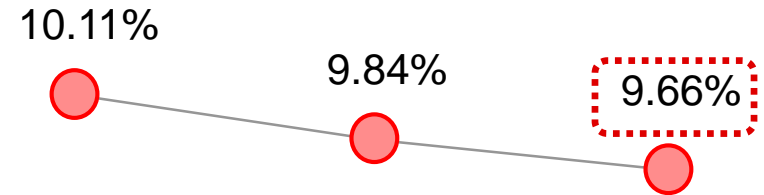
Method of computing value-at-credit-risk asset value: Fundamental internal ratings based approach

Method of computing value-at-operational risk: Standardized approach (TSA)

Equity capital, shareholders' equity, and equity ratio

(100 million yen)

Equity capital (red square) Shareholders' equity (grey square) Equity Ratio (red circle)
(JGAAP, Non-consolidated)



FY 3/21

FY 3/22

FY 9/22

The full-year forecast for FY2022 remains unchanged from the initial forecast. Increased dividends to enhance the shareholder return

Forecast (non-consolidated)

(Million yen)

	FY 3/23 (Initial announcement)	FY 3/23 (Post-revision)
Gross operating income	55,600	55,500
Interest income	45,800	50,400
Fees and commissions	11,100	11,200
Other operating income	(1,300)	(6,100)
Net operating income	15,700	15,700
Ordinary income	18,500	18,500
Net income	13,000	13,000
Credit costs	4,600	4,700
Consolidated net income attributable to shareholders of the parent (consolidated)	13,500	13,500

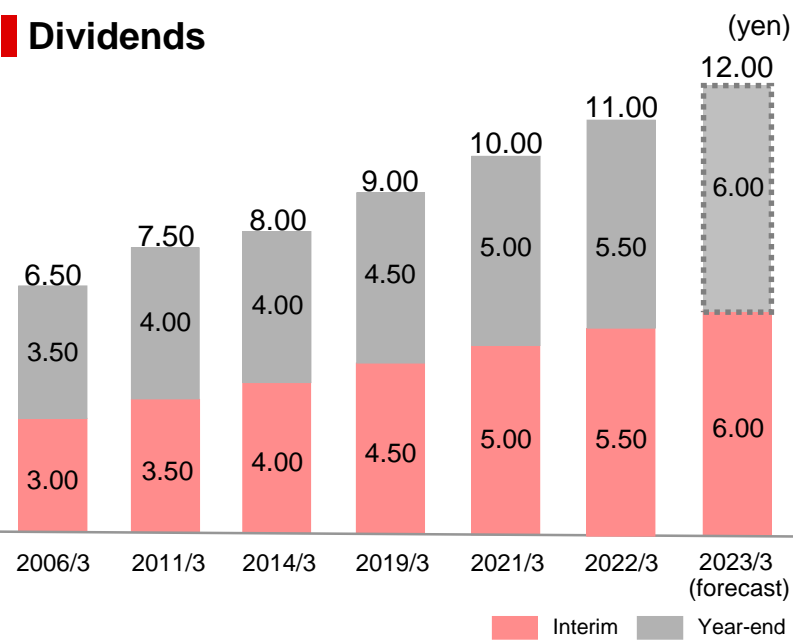
Compared with the initial announcement, other ordinary income is expected to decrease, but net interest income is expected to grow and expenses are expected to drop. As a result, ordinary income and net income are expected to remain unchanged from the initial announcement. Credit costs for the full year are expected to remain at the initially announced level of 4.7 billion yen.

Dividend forecast

Interim	Year-end	Full year
6.0 yen	6.0 yen	12.0 yen
(Up 0.5 yen from the initial announcement)	(Up 0.5 yen from the initial announcement)	(Up 1.0 yen from the initial announcement)

Dividend payout ratio
Non-consolidated 23.4%
Consolidated 22.5%

Dividends



Medium-term Management Plan

KAI-KAKU 150 2nd STAGE “Gateway to the Future II”

Aiming to Transform into a Green & Consulting Bank Group

Progress

Medium-term Management Plan **KAI-KAKU 150 2nd STAGE “Gateway to the Future II”** consists of five basic policies and 11 key strategies

Five Basic Policies		11 Key Strategies	
I	Strengthening Efforts towards Carbon Neutrality	1	Carbon Neutral Strategy
II	Strengthening Business Model	2	Strategy to Enhance Loan Income and Fees and Commissions
		3	Securities Strategy
		4	Group Company Strategy
III	Increased Productivity	5	Channel Strategy
		6	IT Strategy
IV	Strengthening Management Foundation	7	Human Resources Strategy
		8	Governance Strategy
		9	Organizational Strategy
V	Increased Awareness of SDGs/ESG	10	Diversity Strategy
		11	SDGs/ESG Strategy

KGI items are generally progressing as planned, as we aim to achieve targets in the first year of the Medium-term Management Plan

		FY 3/22, actual	FY 9/22, actual	FY 3/25, target (Final targets of the Medium-term Management Plan)
KGI	Consolidated net income	13.4 billion yen	7.4 billion yen	15 billion yen or more
	ROE in consolidated net assets	3.36%	3.79%	3.50% or more *
	Core OHR	62.24%	63.07%	Less than 67%
	Equity Ratio	9.84%	9.66%	11% or more
KPI	Housing loan-related fees	3.4 billion yen	1.6 billion yen	4.4 billion yen
	Commissions related to depository assets	2.8 billion yen	1.3 billion yen	3.4 billion yen
	Corporate solutions fees	2.7 billion yen	1.3 billion yen	3 billion yen
	Number of personnel with professional qualifications	336 persons	364 persons	450 persons

* Aiming for 5% in the long term

Target for the end of FY2030

Greenhouse gas emissions

To achieve **net zero emissions** (Scope1,2)

Amount of sustainable finance executed

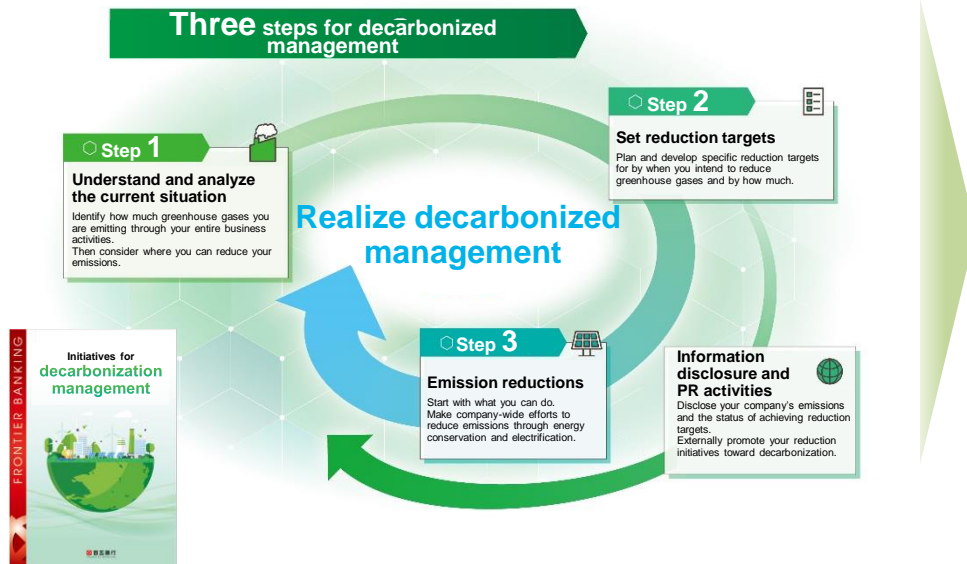
1 trillion yen (Of which, more than 500 billion yen is environment-related loans)

* Cumulative total since FY2022

The Bank implemented initiatives to support local decarbonization

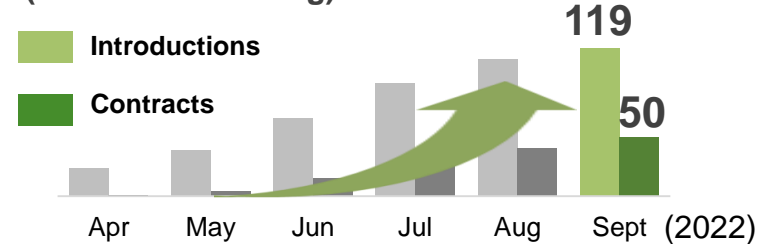
Initiatives to support decarbonized management

The Bank provides support for each step in the process of achieving decarbonized management, as well as for the identification of needs



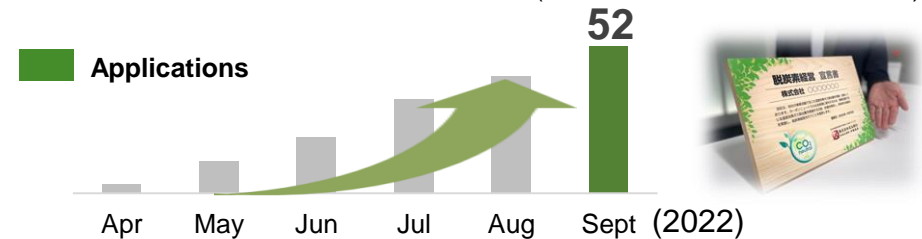
Support for calculation of greenhouse gas emissions (business matching)

(cumulative number of contracts)



Hyakugo Decarbonization Support Services*

(cumulative number of contracts)



* Support for the development of reduction simulations, delivery of declarations, and posting of activities on the Bank's website

Initiatives in cooperation with local governments

The Bank signs agreement with Tsu City to promote decarbonized management

Concluded in September 2022

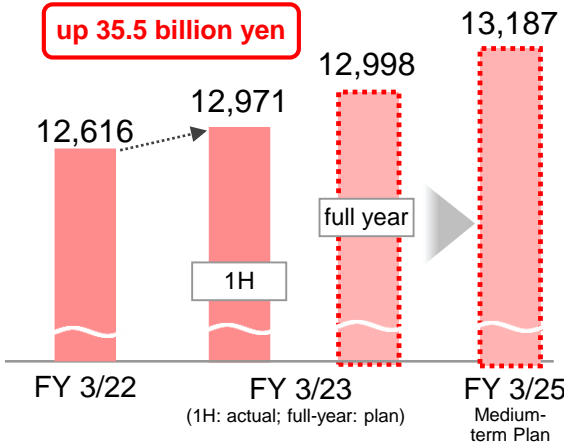
Partnership Agreement on the Promotion of Decarbonized Management to Achieve Carbon Neutrality

Both parties work together to promote awareness and support for decarbonized management so as to achieve carbon neutrality

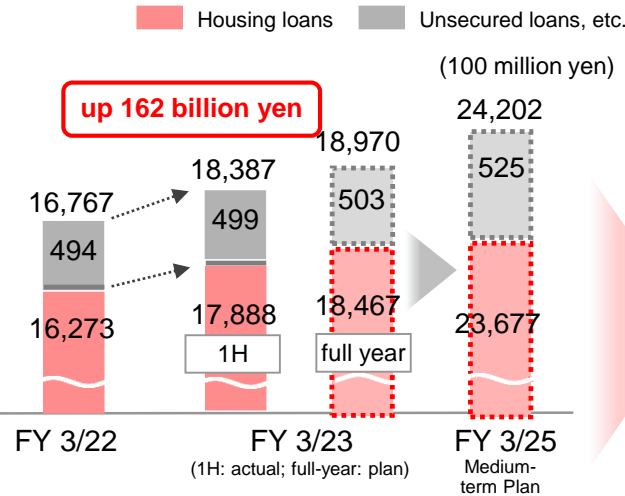


Steadily increase loans to small and medium-sized businesses and consumer loans in the region, leading to an increase in loan and service revenues.

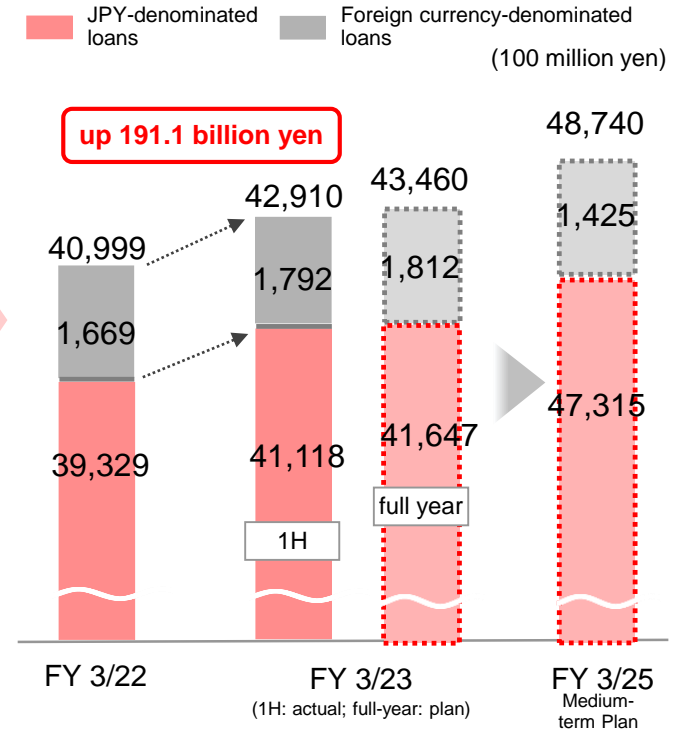
Loans to medium-sized companies and SMEs in the region (100 million yen)



Consumer loans (100 million yen)



Total loans Average balance plan (100 million yen)

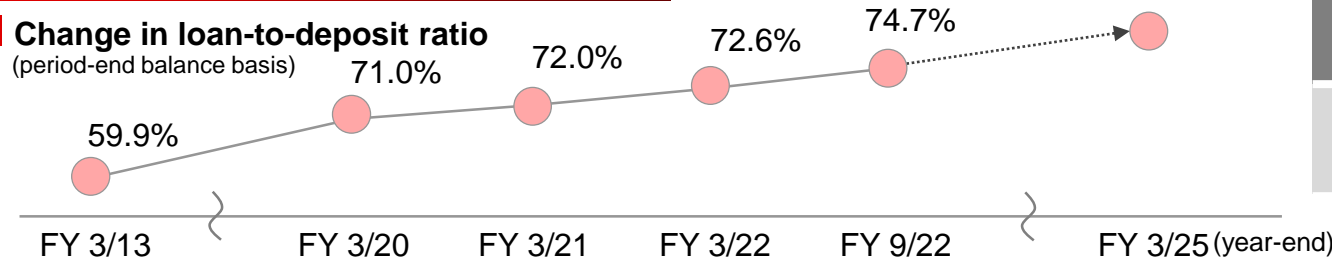


Foreign currency-denominated loans Average balance plan

- Focus on investment-grade companies and projects with good quality guarantees
- Diversify in terms of industries, regions, and schemes, and build up balances prudently

Increase in loan-to-deposit ratio

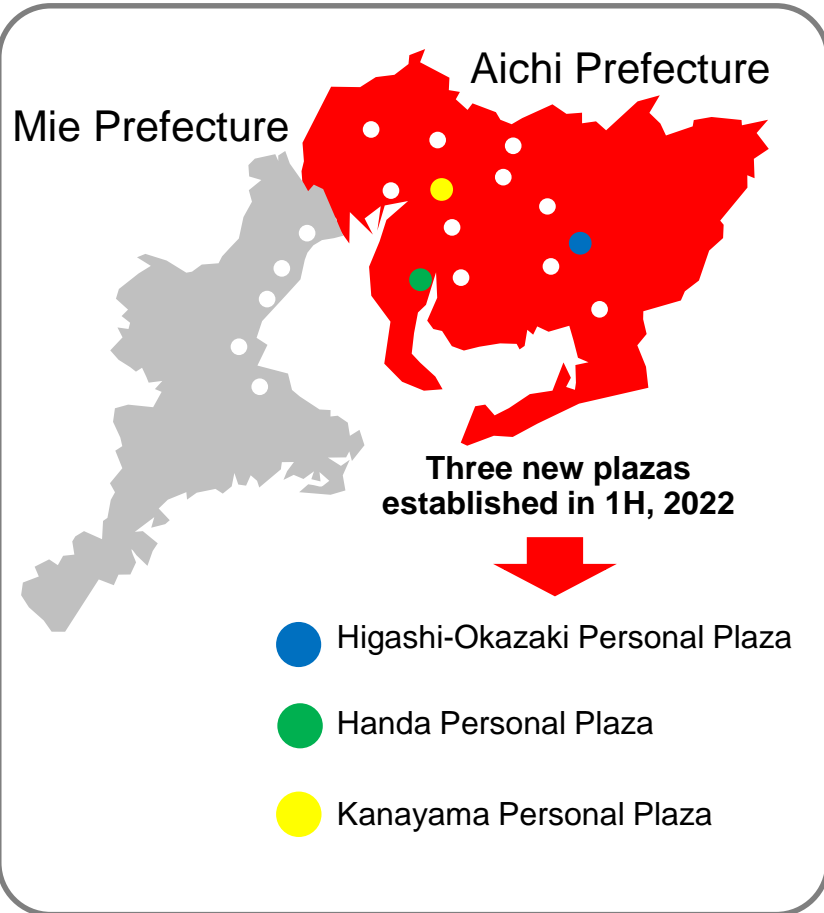
Change in loan-to-deposit ratio (period-end balance basis)



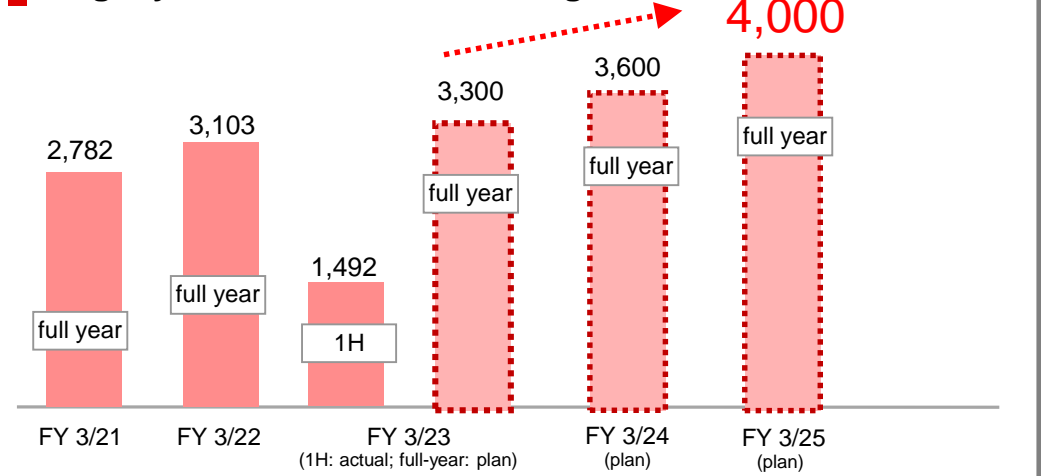
FY 9/22 (actual)	FY 3/25 (Medium-term Plan)
74.7%	80.0% or more

All new personal plazas are now opened, creating a structure capable of acquiring 400 billion yen annually

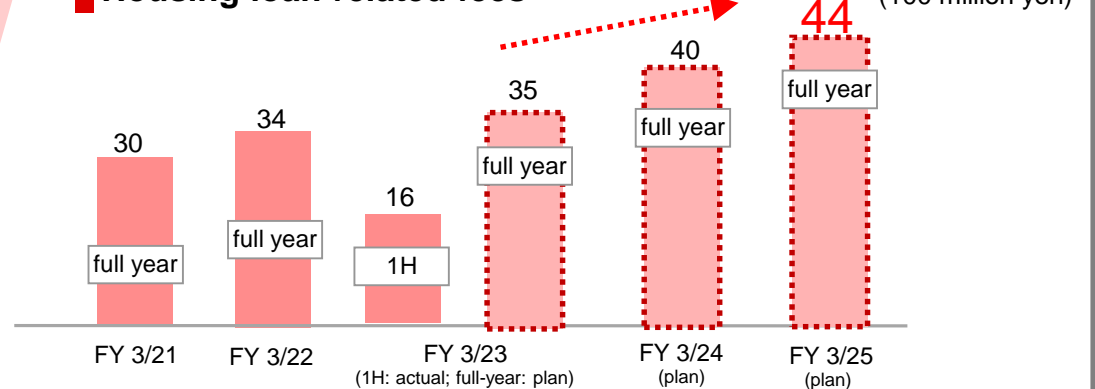
Build a housing loan promotion bases



Single-year execution of housing loans



Housing loan-related fees



Increase in housing loans

Ranked **first** among regional banks nationwide for the **third consecutive year (FY 3/2020 – FY 3/2022)**

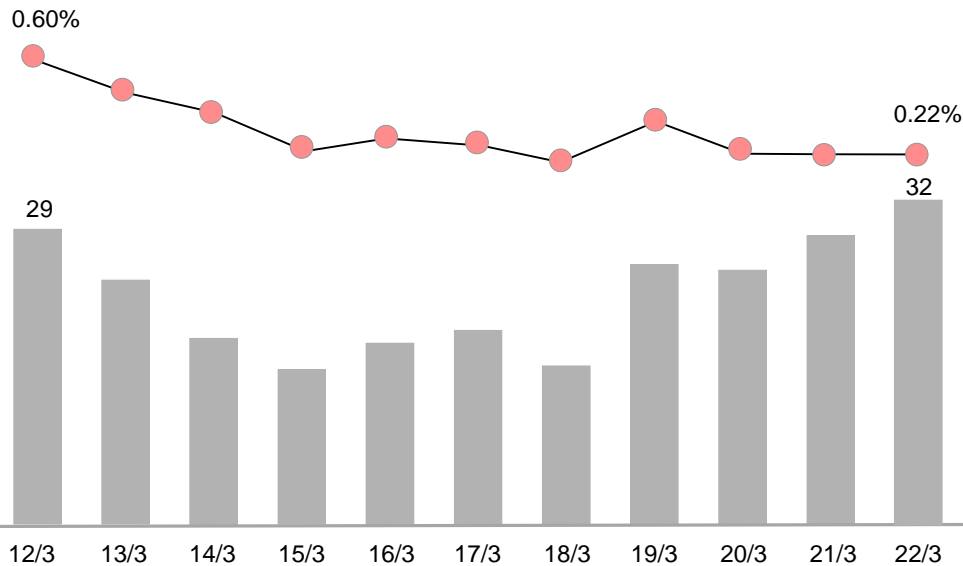
* From Nikkin Reports Three consecutive years are year-on-year comparisons at the end of March 2020, March 2021, and March 2022.

Financial health is maintained even as balances increased. Further streamline housing loan operations

Housing loan delinquency and default status

Delinquent loan balance and rate

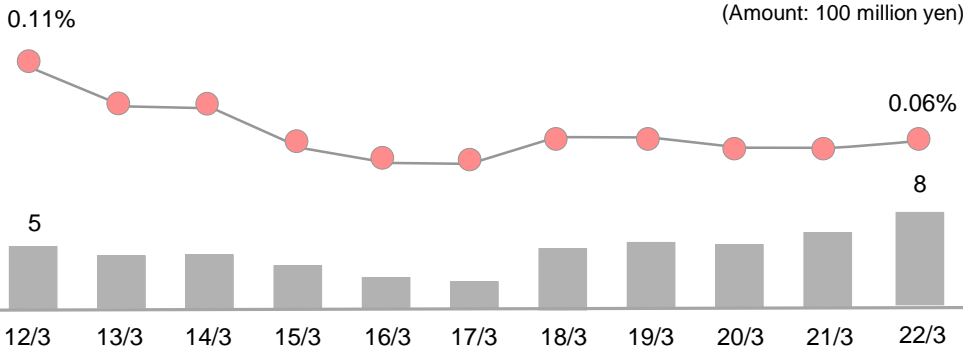
(Balance: 100 million yen)



Amount and rate of defaults, etc.

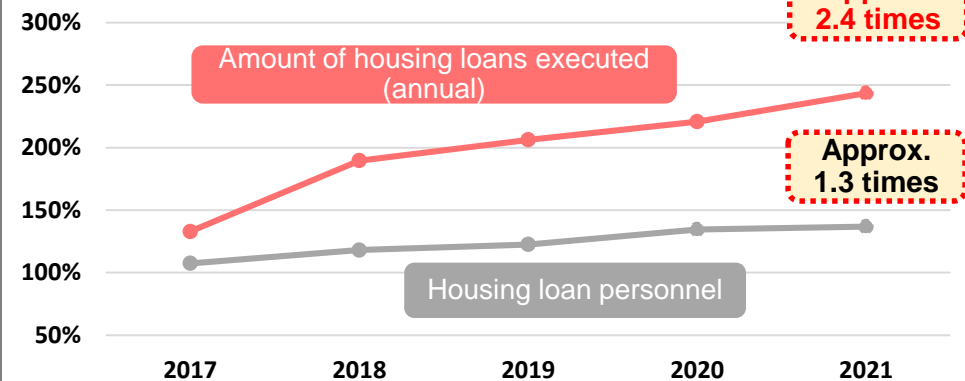
* Including guaranteed loans (payment under guarantee)

(Amount: 100 million yen)



Streamline housing loan operations

Amount of housing loans executed and growth rate in housing loan personnel (Compared with 2016)



Outcomes for FY2017 through 1H 2022

Centralized paperwork at headquarters: 18,800 hours

Systematized loan terms management: 6,700 hours

Simplified loan administration: 5,100 hours

Preprinted contract documents: 3,800 hours

Successful in reducing office workload of over 50,000 hours

Equivalent to a reduction in workload of approximately 40 persons

Increase customer-oriented business operations and overall income from depository assets by “increasing opportunities to make proposals” and “improving quality”

Newly established a consulting plaza to “strengthen face-to-face sales”

- Strengthen human resource development by consolidating personnel
- Co-locate Hyakugo Securities at the branches for enhanced collaboration between the banking and securities functions
- Relocate personnel generated by the new structure to strategic divisions

Consulting Plaza (CP) locations

9 locations (of which, 7 are co-located with the Hyakugo Securities functions)

Newly established a depository asset center to “strengthen non-face-to-face sales”

- Strengthen non-face-to-face sales to customers with assets
- Aim to become the main bank for as many customers as possible by promoting products other than depository assets
- Facilitate transactions through personal Internet banking services and, depending on needs, provide intermediary services to face-to-face transaction departments and remote support using tablets

Provide consulting services and services to fulfil various needs via telephone and internet



Commissions related to depository assets (Hyakugo Bank)

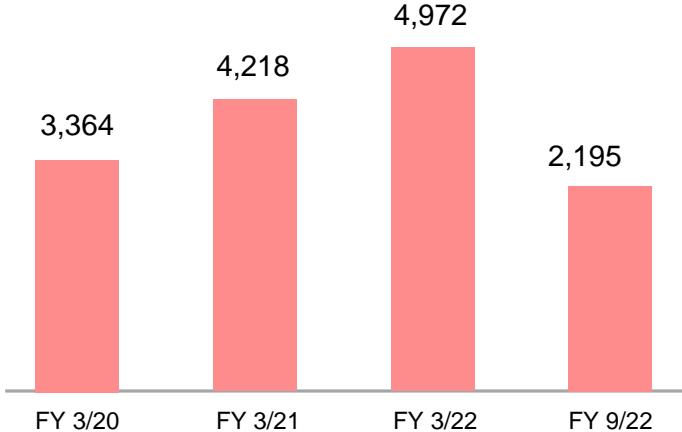
(Million yen)

* Breakdown of four major items

	FY 3/22 (actual)	FY 9/22 (actual)	FY 3/25 (Medium-term Plan)
Investment trusts	1,496	482	1,569
Insurance	866	612	1,245
Financial instruments brokerage	404	183	505
Defined contribution pension	124	71	153
Total	2,892	1,358	3,497

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

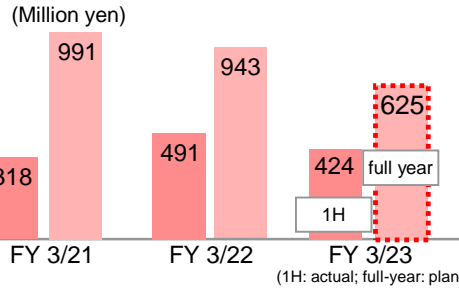
(Million yen)



Provide optimal solutions to customers' diverse management issues and needs and increase non-interest income

Increased corporate solutions fees

Structured finance-related fees

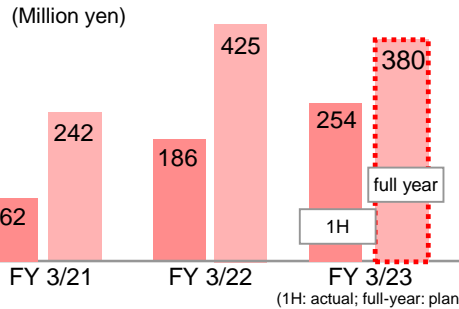


424 million yen

(Results as of Sept. 2022)

◇ Provide financing methods in line with customers' needs, and engage in PPP/PFI project financing

M&A fees

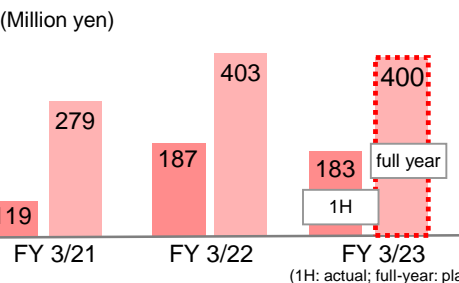


254 million yen

(Results as of Sept. 2022)

◇ Support companies in resolving business succession issues and further growth strategies through M&A operations

Business matching fees

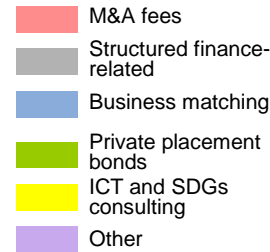


183 million yen

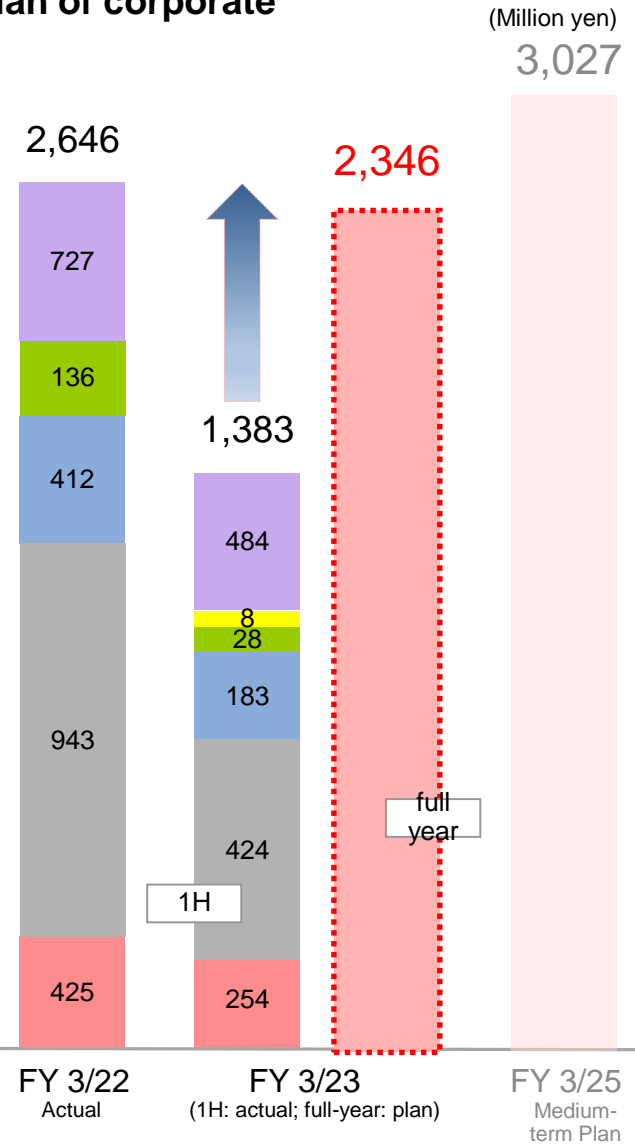
(Results as of Sept. 2022)

◇ Facilitate business matching based on current trends such as active use of construction benchmarking for business expansion, decarbonization, and digital transformation

Results and plan of corporate solutions fees



* Excluding income from derivatives



Examples of initiatives that demonstrate the Bank's consulting capabilities — promotion of structured financing

Promotion of project finance for PPP/PFI

Project finance for PPP/PFI

*Recent PPP/PFI Initiatives



Project size: approx. 49.6 billion yen

©2021(株)瑞穂LOOP-PFI
Project for development of Nagoya City Mizuho Park Athletic Field, etc.
(*Image is for reference only)



Project size: approx. 15.9 billion yen

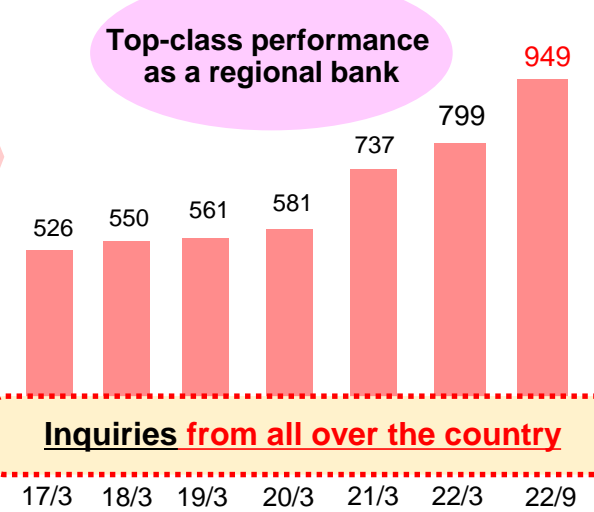
Project for development of No.4 regional government building in Nagoya



Project size: approx. 4.7 billion yen

Project for development and operation of Suzuka Youth Center and Suzuka Youth Forest

Cumulative total of PFI loan underwritten (100 million yen)



Projects participated in 1H 2022: 5
Of which, projects where the Bank served as the arranger: 5 projects

Prefecture	No. of projects	Cumulative no. of participating projects
Aichi	22	63 projects
Tokyo	8	
Osaka	9	94.9 billion yen
Mie	7	
Kanagawa	5	
Shizuoka and elsewhere	12	34 arranger projects approx. 51.4 billion yen

Hyakugo Bank Group companies strengthen collaboration in PPP/PFI projects

Group collaboration

- Hyakugo Bank**
- Financing service
 - Monitoring service



- Hyakugo Research Institute Company**
- Financial advisory services
 - Project management support services



Project name:
Project for development and operation of health promotion facilities

Implementing local government:
Nishichita Medical Service and Public Welfare Association (Partial administrative association consisting of Tokai and Chita cities)

Project operator:
Nishichita Health Promotion Partners Co., Ltd.

Description:
The project is to establish, maintain, and operate a new health promotion facility for the purpose of promoting the health and welfare of citizens.

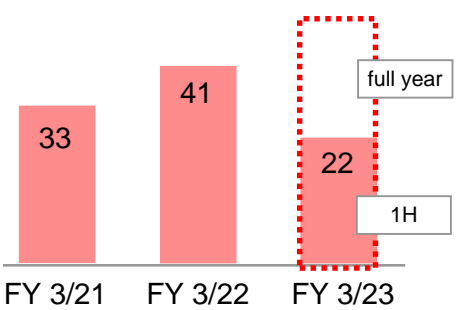
Enhance the scheme to support business succession as part of the Bank's commitment to sustainable community development, and increase earnings also

Support for business succession

Number of consultations on business succession

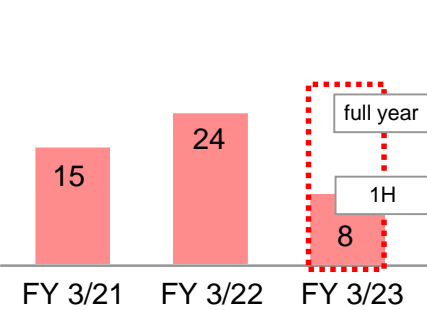
(Consultations)

* Including partner companies



Number of client companies for M&A

(Client companies)



Received the Regional Contribution Award of the M&A Bank of the Year

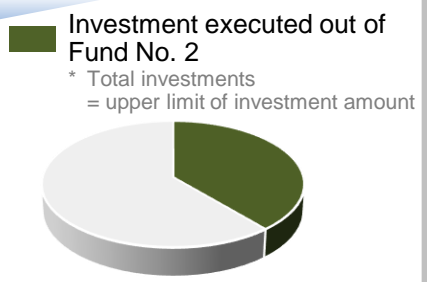
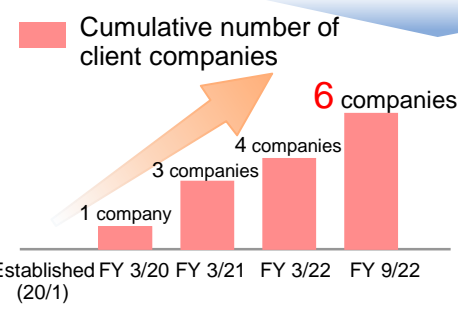


- The "M&A Bank of the Year" is an annual award given to regional banks by the Nihon M&A Center Inc. The Hyakugo Bank received the Regional Contribution Award (Tokai Area) for its contribution to the local community through M&A operations
- The Bank will continue to focus on regional development through M&A operations

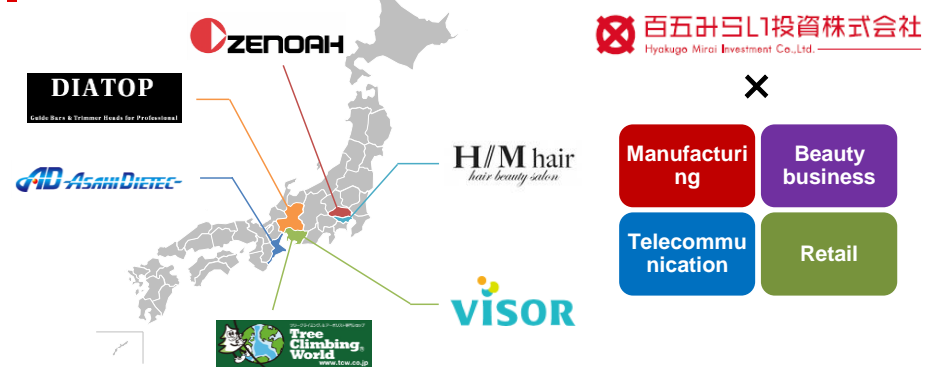
Enhance support through Hyakugo Mirai Investment Company

Management of business succession funds (AIDMA Nos. 1 & 2, fund of 3 billion yen each)

Investment in two new excellent companies in 1H FY2022



Status of investment destinations

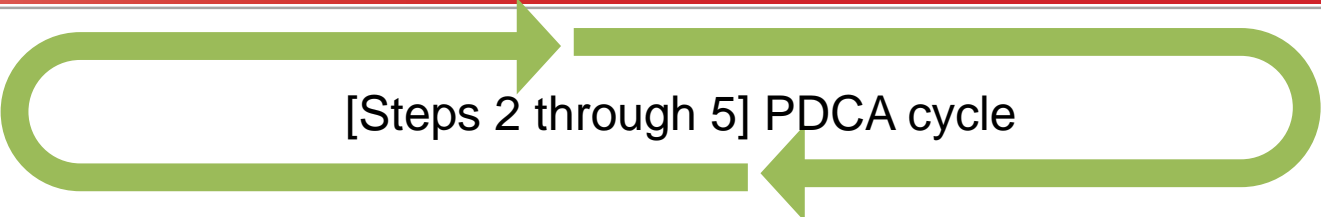


- Investments are progressing well, with AIDMA No. 1 having completed most of its available investment capacity, and the Bank has moved on to investments with No. 2
- The Bank intends to differentiate itself from other banks through wide-area expansion and specialization in the field of business succession, while focusing on the Tokai area.
- The Bank will continue investment aimed at providing interactive management support

Implement an “essential” SDGs support system to help businesses realize sustainable corporate activities — Promotion of SDGs consulting

Total support for essential SDGs

Launched in April 2022
The Bank has offered support to 31 companies



Seminars for management and employees

**Support for SDGs relevance analysis
Support for SDGs declaration**

Support for setting their own SDGs (KPIs)

Support for review of monitoring plan

The Bank holds seminars and workshops to help client companies build an environment in which they can engage in company-wide initiatives.

The Bank analyzes the relevance between business activities and the SDGs with its original screening sheet. Client companies create an SDGs declaration after determining their priorities.

The Bank helps client companies set their own goals (KPIs) for their priorities. It also provides guidance on an individualized menu to achieve their goals.

The Bank confirms the progress and works with client companies to review and propose a future course of action.



* Participants playing SGS card game




Send out the latest information on local products overseas and support the expansion of exports of local products

Sending out of overseas local information

[Seminars to send out information]

Seminar title
Seminar on business related to Hawaii
Hyakugo webinar on business in China

2022年0116(水) 14:00~16:00

提供先: 2022年0116(水) 14:00~16:00

2022年0112(火) 14:00~15:40

提供先: 2022年0112(火) 14:00~15:40

Provides up-to-date, overseas local information through collaboration with partner institutions and overseas financial institutions

Holds physical seminars after the COVID-19 regulations were lifted

[Collaboration with overseas partner institutions, embassies, and consulates]

(In collaboration with the Board of Investment of Thailand)

(In cooperation with the Consulate General of Indonesia in Osaka)

Support for expansion of exports of local products

8 DECENT WORK AND ECONOMIC GROWTH

14 LIFE BELOW WATER

15 LIFE ON LAND

11 SUSTAINABLE CITIES AND COMMUNITIES

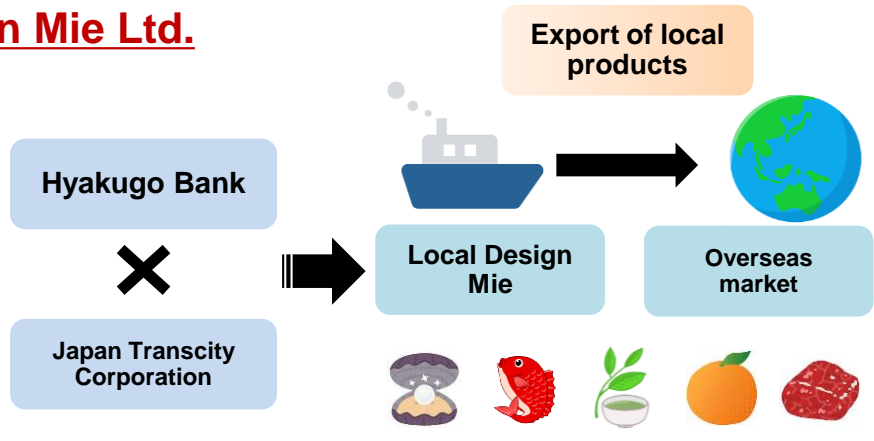
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Establishment of a joint venture with a general logistics company

Local Design Mie Ltd.

[Established] October 5, 2022

[Business description] Import and export of agricultural, forestry and fishery products, etc. Support for sales channel development Consulting services



Organize seminar events to promote local exports Co-sponsored by Hyakugo Bank, Japan Transcity Corporation, Japan Finance Corporation

About 80 people from prefectures, cities, towns, and other related organizations participated

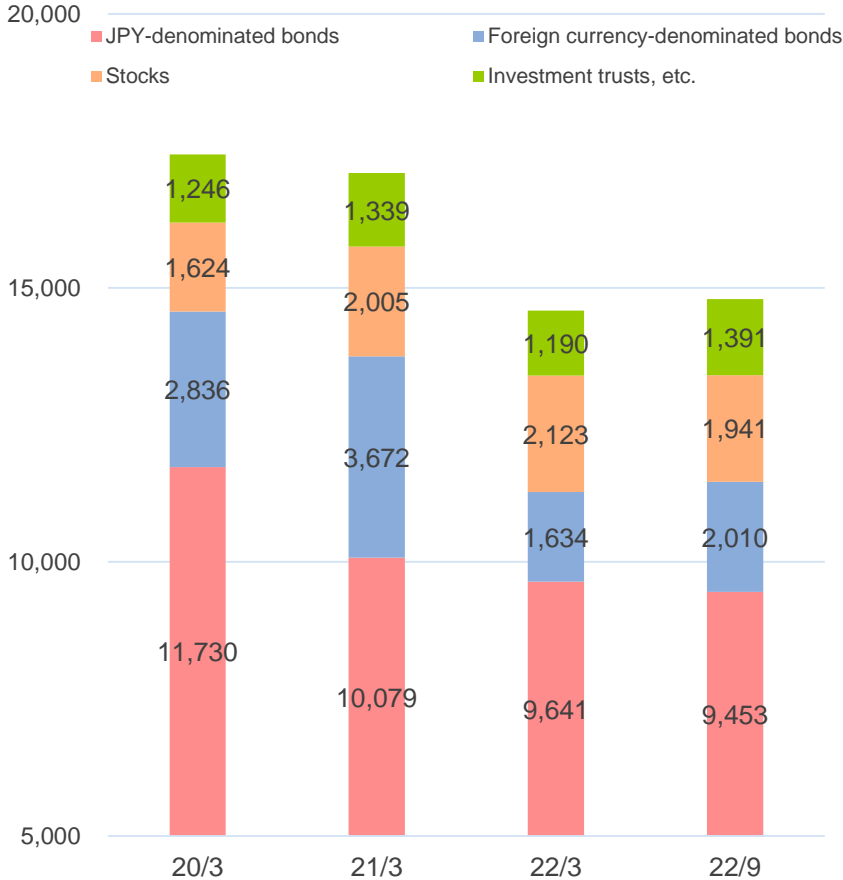


Restrained reinvestment in yen-denominated bonds as the economy is under a negative interest rate policy. Reduced foreign currency-denominated bonds, mainly fixed-income bonds, in response to rising interest rates in Europe and the U.S.

Changes in securities portfolio

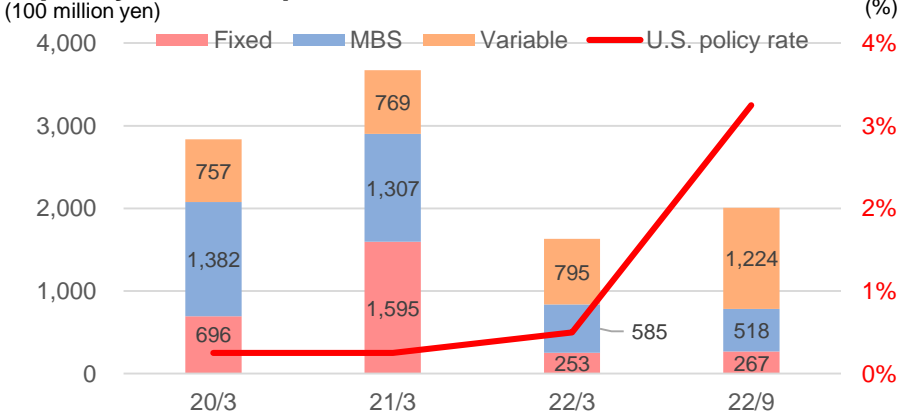
Continuing downward trend in securities balances

(100 million yen)



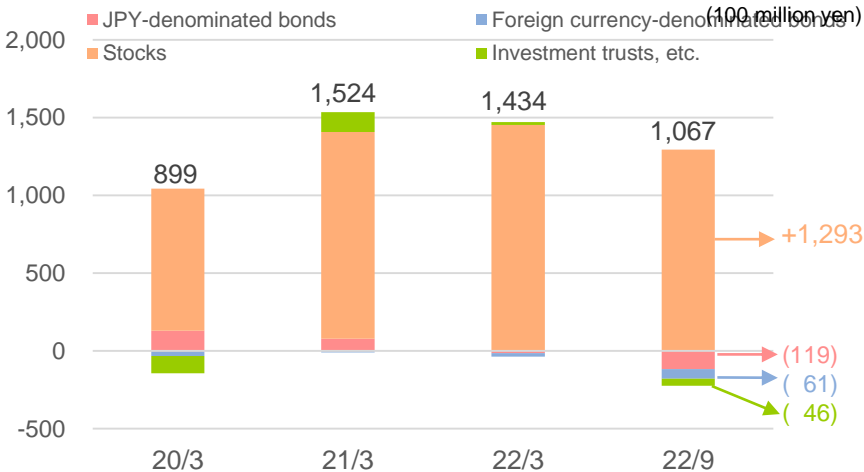
Changes in foreign currency-denominated bonds

Reduced fixed bonds and MBS balances during the U.S. policy rate hike phase



Valuation gains (losses) on securities

Unrealized gains of over 100 billion yen mainly in equities



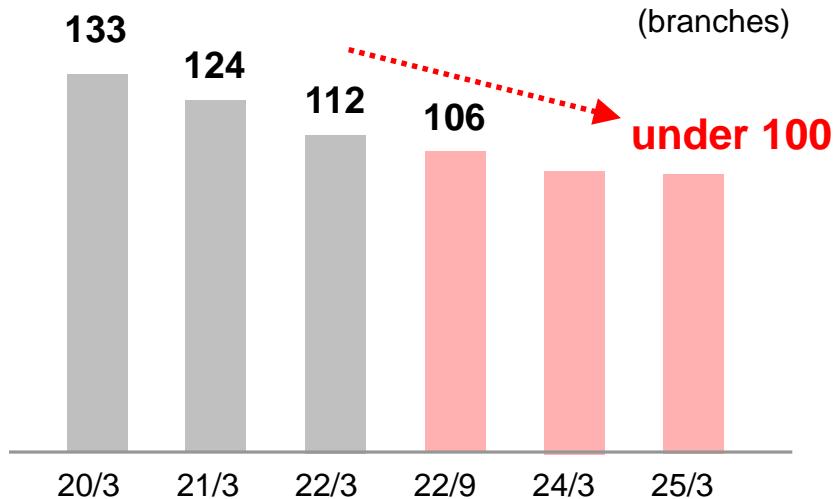
Aim to build an optimal sales structure by developing a channel strategy that captures the changing needs of customers

Optimize the branch and ATM network

Consolidation of branches through branch-in-branch method

Plan

Aim to reduce number of branches to less than **100** over the three years of the Medium-term Management Plan

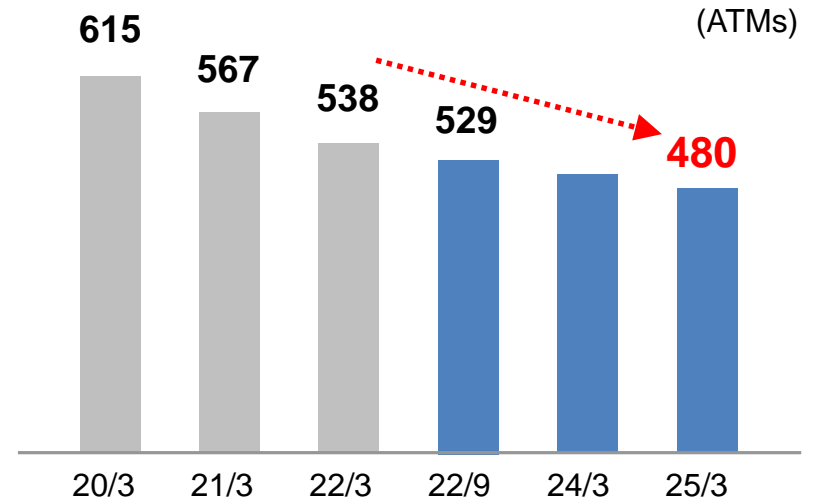


As the non-face-to-face channel has become usual practice, the Bank seeks to reorganize its branches with a view to the future of banking branches

Review of ATMs

Plan

Aim to reduce number of ATMs by **10%** over the three years of the Medium-term Management Plan

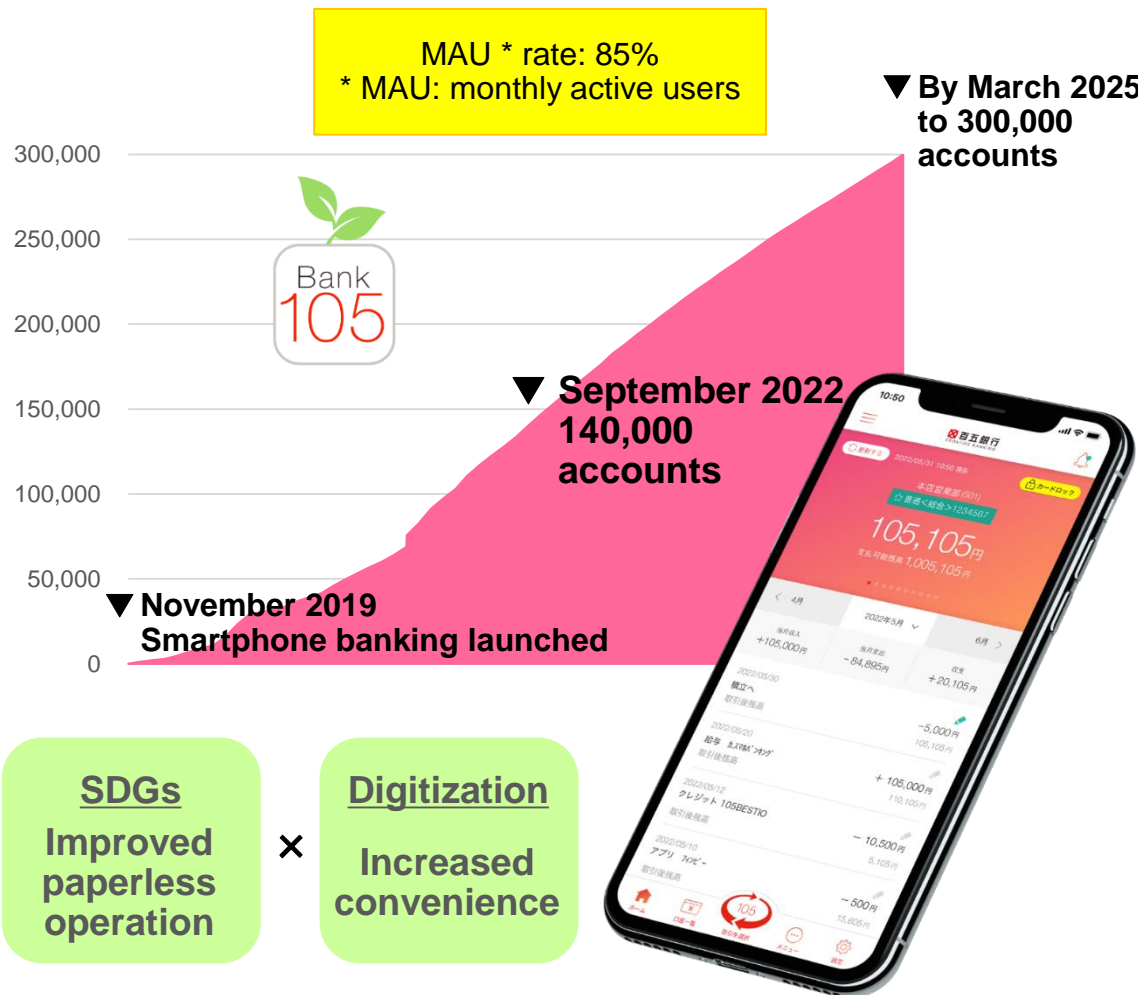


Consider the operating status of each ATM and optimize the number of ATMs to secure both convenience and cost reduction

Establish alternative customer contact channels to physical branches

Enhanced smartphone

Changes in smartphone banking accounts



Evolution of smartphone banking

UI and UX Improvement

Now larger “select transaction” button on the home screen
Transaction icons are all on the menu screen



New functions

Opening of foreign currency savings accounts
App users can open accounts for 3 currencies (USD, AUD, and EUR)
Payee registration
App users can register payees



Upcoming functions and improvements

— For release in spring 2023

New function
L-30 application (general account overdraft)
Upcoming improvements

- Customers will be able to use IC reading functions such as My Number Card when changing their personal information.
- Customers will be required to register their mobile phone number (for enhanced registration)



Advance consulting and digital human resource development

Hyakugo professional personnel (consulting and digital human resources)

[Consulting human resources]

- Corporate long-term trainees
- Corporate medium-term trainees (engaged in multiple duties within the Bank)
- Short-term trainees for various operations, etc.

Hands-on training

Expand training to further enhance the skills of qualified personnel

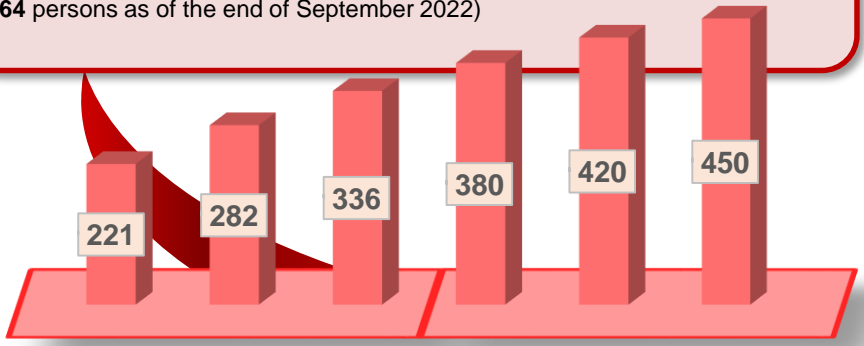
[Digital human resources]

- Medium-term trainees for data utilization (engaged in multiple duties within the Bank), etc.

* "Engagement in multiple duties" refers to holding two positions concurrently

Professional qualifications
1st grade certified skilled professional of financial planning, CFP, registered SME management consultant, tax accountant, labor and social security attorney, securities analyst, certified internal auditor

450 personnel with professional qualifications
1 in 4 to 5 bank employees
(364 persons as of the end of September 2022)



Results in FY 3/20 in FY 3/21 in FY 3/22 Target in FY 3/23 Target in FY 3/24 Target in FY 3/25

Target 500 people to pass IT Passport Exam
1 in 4 to 5 bank employees
(187 persons as of the end of September 2022)



Results in FY 3/20 Results in FY 3/21 Results in FY 3/22 Target in FY 3/23 Target in FY 3/24 Target in FY 3/25

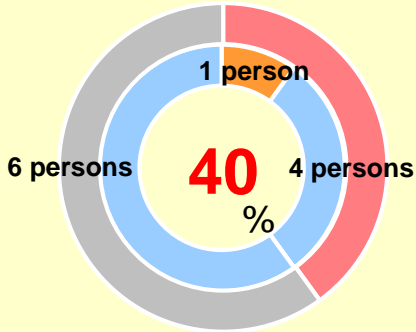
Strengthen the management system by responding to changing regulations and addressing new risks as needed

Appointment and diversification of outside officers

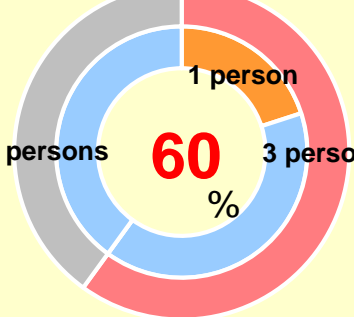
Ratio of outside officers

* As of September 2022
 Outside Inside Female Male

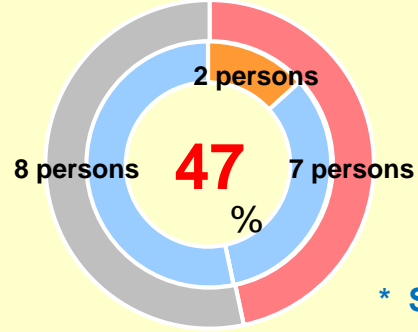
Ratio of outside directors



Ratio of outside corporate auditors



Ratio of outside officers



[Future policy]
 The Bank will make further efforts to appoint and diversify individuals who meet the independence requirements and who can contribute to the Bank's management

* Seven outside officers are all independent

Appropriate involvement and advice from outside officers

Corporate Governance Committee (non-mandatory nomination/compensation committee)

Chair is elected from among **outside directors**

Title	No. of persons
Outside directors	4
Inside directors (representative director)	2
Total	6

Decision-making of Board of Directors
 for higher **transparency**
 for higher **objectivity**

[Functions]
 Providing advice on the following matters to Board of Directors

- Matters concerning candidates for directors and corporate auditors
- Matters concerning compensations, etc. to directors
- Other significant matters concerning management (such as fostering of successors and initiatives for diversity)

* No. of officers as of September 2022

Build an environment in which each member of our diverse human resources feels fulfilled in their work and can maximize their abilities

Human rights policy

The Hyakugo Bank will not tolerate discrimination or infringement of human rights on the basis of nationality, race, ethnicity, family origin, social status, religion, creed, gender, sexual orientation, gender identity, disability, or anything in any situation. [Excerpts from the anti-discrimination provisions]

Health declaration

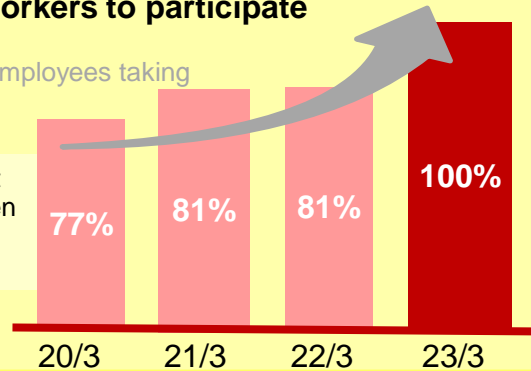
The Hyakugo Bank will seek to extend healthy life expectancy and commit itself to raising the health awareness of each and every employee and creating a workplace environment where all employees can work with vitality. [Excerpt]



Encourage male workers to participate in childcare

Percentage of male employees taking childcare leave, etc.

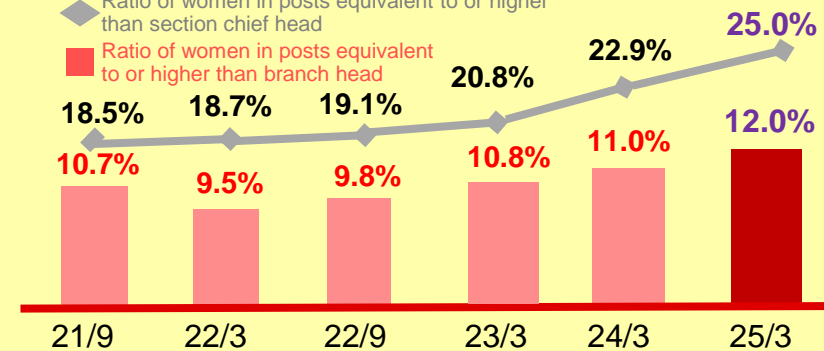
Create a work environment where both men and women can balance work and child rearing



Ratio of female managers

Ratio of women in posts equivalent to or higher than section chief head

Ratio of women in posts equivalent to or higher than branch head



Guidelines on diverse sexuality

- Established guidelines for better understanding of diverse sexuality and appropriate behavior
- Diversity and inclusion consultation desk



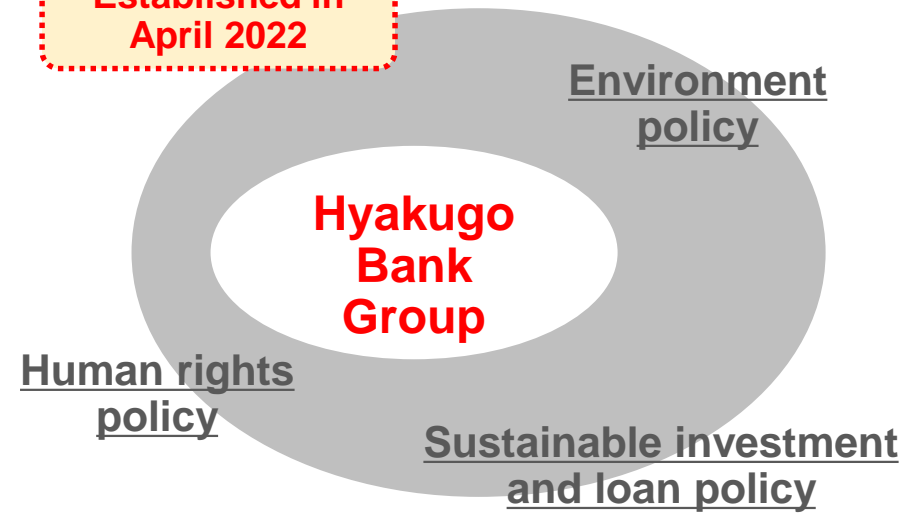
Career support for diverse human resources

The Bank is implementing a wide range of SDG/ESG-related initiatives

Establishment of a new policy

Hyakugo Bank Group Sustainability Policy

Established in April 2022

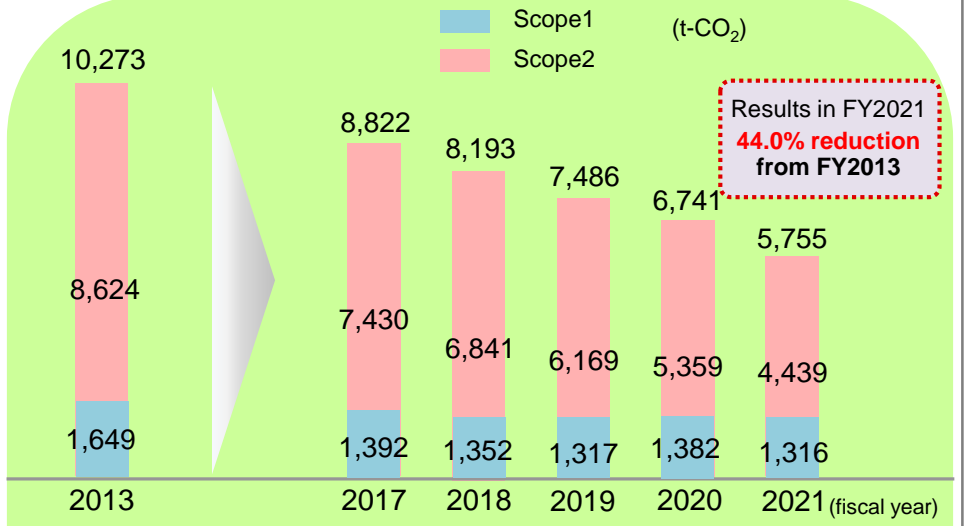


Greenhouse gas (GHG) emissions reduction targets

by the end of FY2030
To achieve **net zero missions**
(Scope1,2)

Greenhouse gas (GHG) emissions

Changes in the Group's GHG emissions



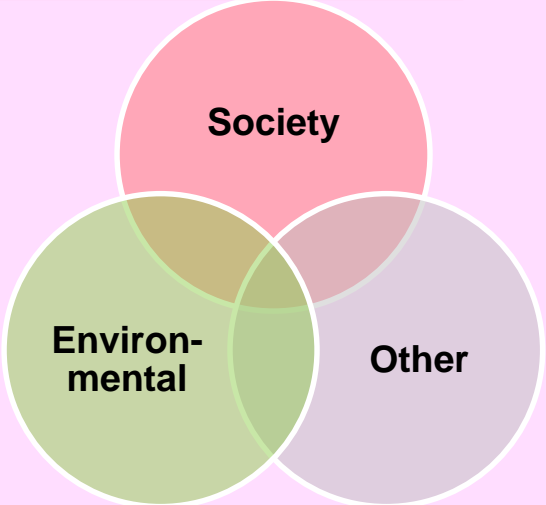
Support customers' decarbonization efforts and also promote GHG emission reduction initiatives at the Bank

Promote sustainable finance to create prosperous local economies

Definition

Definition of sustainable finance

Investments and loans that contribute to the realization of a sustainable society by resolving social and environmental issues



Targets and results

Target to be executed

1 trillion yen

* Cumulative total at the end of FY2030

(Of which, more than 500 billion yen is environment-related loans)

Actual amount executed

132.7 billion yen Of which, 22.3 billion yen in environmental sector

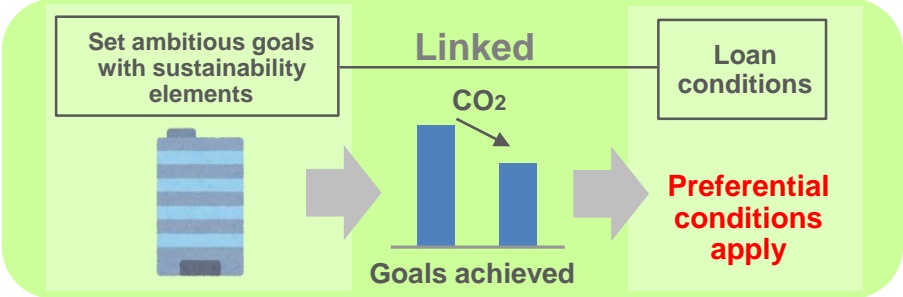
* Cumulative total at the end of September 2022

Product lineup

Support customers with products that conform to principles and guidelines

Sustainability-linked loans (SLLs)

Individual assessment, framework assessment



The Bank applies preferential loan conditions to companies that achieve ambitious goals, helping them increase their corporate value and realize a sustainable society

Positive impact finance (PIF)



Comprehensively analyze and evaluate the impact of corporate activities



Support customers' efforts to increase positive economic, social, and environmental impacts and mitigate negative impacts

Appendix

Deposits (ending balance)

(Million yen)

	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 9/22
Corporate deposits	940,577	957,260	1,140,057	1,148,376	1,142,980
JPY liquid	637,719	652,847	812,544	827,444	825,188
JPY time	296,595	296,535	321,973	315,830	312,271
Foreign currency	6,261	7,877	5,539	5,102	5,521
Individual deposits	3,741,707	3,821,661	4,086,211	4,244,558	4,291,149
JPY liquid	2,000,289	2,122,226	2,424,830	2,628,110	2,698,880
JPY time	1,720,154	1,680,890	1,643,569	1,602,595	1,580,763
Foreign currency	21,263	18,544	17,811	13,851	11,505
Public funds deposits	165,245	129,009	117,530	190,852	214,516
JPY liquid	126,707	104,235	85,817	156,486	158,364
JPY time	38,537	24,774	31,713	34,365	56,152
Foreign currency	0	0	0	0	0
Other	35,456	42,955	44,176	65,728	27,266
Total deposits	4,882,986	4,950,887	5,387,976	5,649,515	5,675,913
Deposits in Mie Prefecture (*)	4,427,536	4,485,158	4,874,667	5,122,798	5,141,121
Deposits outside Mie Prefecture	455,449	465,729	513,308	526,717	534,792
Tokyo, Osaka	11,379	18,776	13,513	13,081	11,188
Aichi	444,069	446,952	499,794	513,635	523,604
Negotiable certificates of deposit	182,115	160,490	154,505	171,666	178,724

Loans (ending balance)

(Million yen)

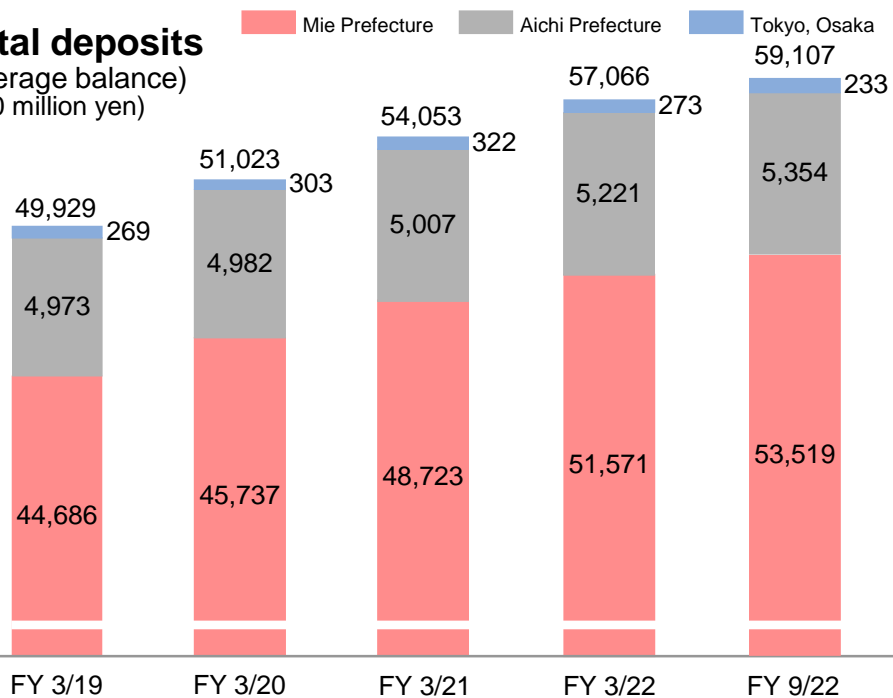
	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 9/22
Corporate sector	2,023,492	2,038,320	2,211,389	2,230,098	2,279,626
Large companies	701,520	706,445	764,085	741,121	753,046
Medium-sized companies	68,607	76,523	72,632	70,012	69,489
Small and medium-sized companies	1,253,364	1,255,350	1,374,671	1,418,965	1,457,091
Individual sector	1,188,146	1,378,725	1,581,166	1,806,575	1,909,043
Public corporations	230,114	214,004	195,812	187,096	185,286
Total loans	3,441,753	3,631,051	3,988,368	4,223,771	4,373,956
Consumer loans	1,172,255	1,363,812	1,568,347	1,793,865	1,896,890
Housing loans	1,125,634	1,315,068	1,519,349	1,744,239	1,846,892
Other loans	46,621	48,744	48,998	49,626	49,998
Loans in Mie Prefecture*	1,672,737	1,705,231	1,827,164	1,883,944	1,915,315
Loans outside Mie Prefecture	1,769,016	1,925,819	2,161,204	2,339,826	2,458,641
Tokyo, Osaka	749,869	738,003	765,891	763,513	786,294
Aichi	1,019,146	1,187,816	1,395,312	1,576,313	1,672,346

(*) Deposits and loans in Mie include those in Shingu.

Deposits (including negotiable certificates of deposit), Depository Assets

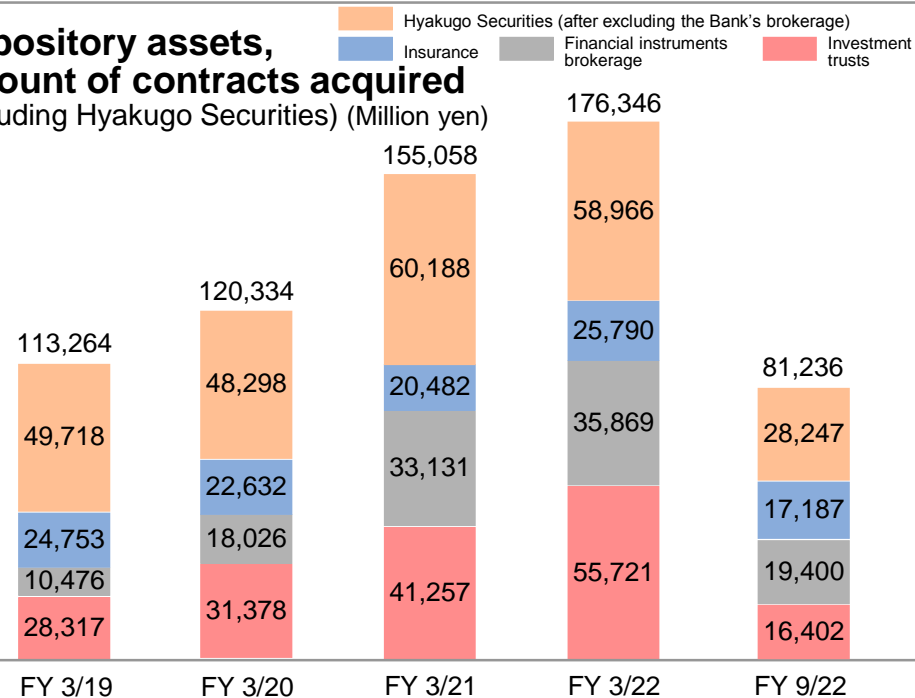
Total deposits

(average balance)
(100 million yen)



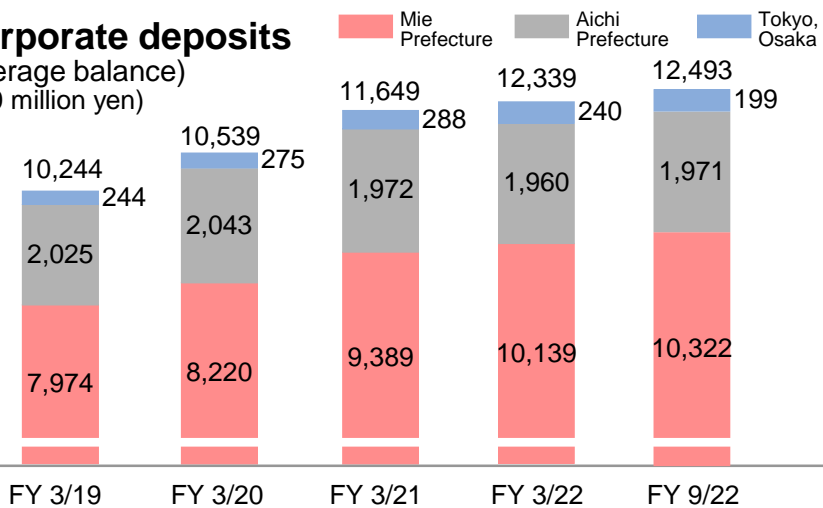
Depository assets, amount of contracts acquired

(including Hyakugo Securities) (Million yen)



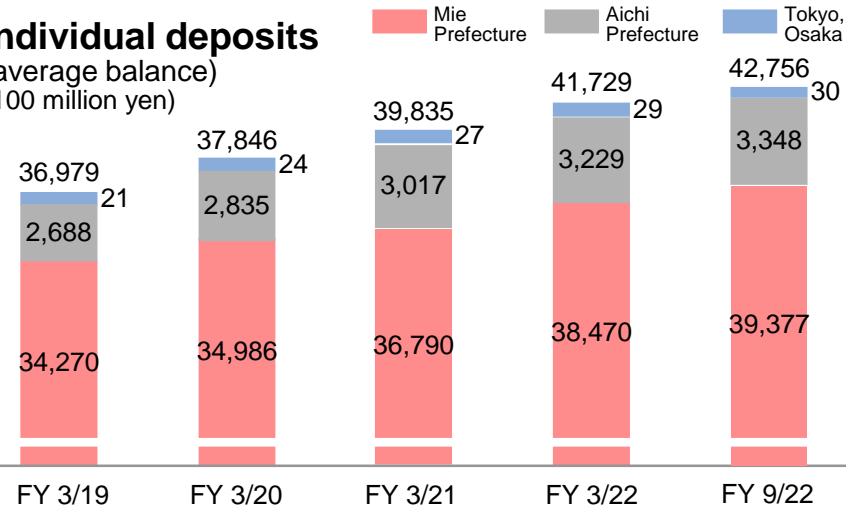
Corporate deposits

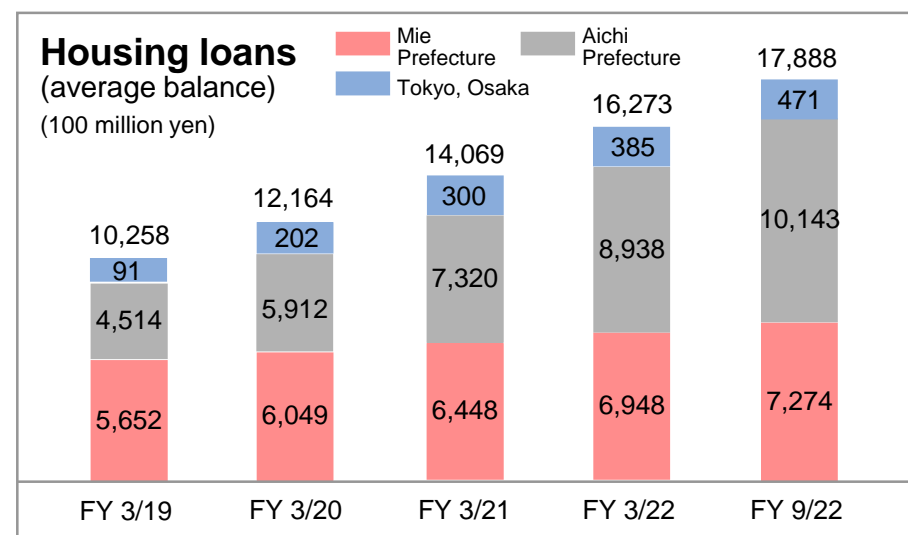
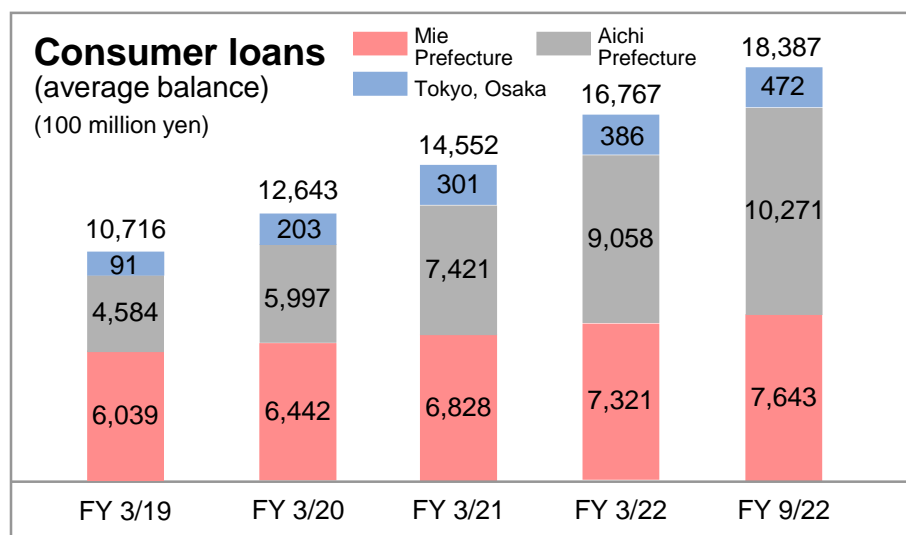
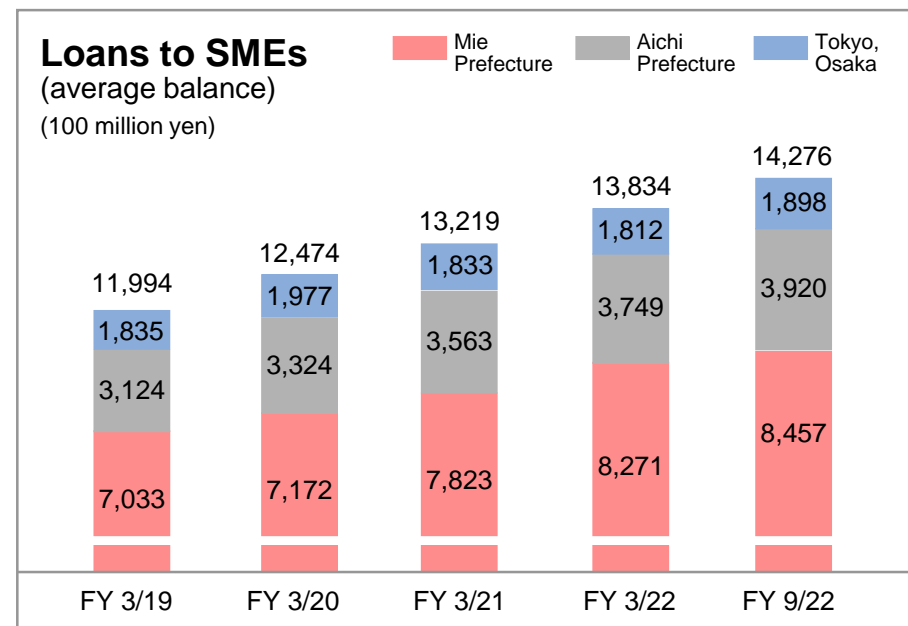
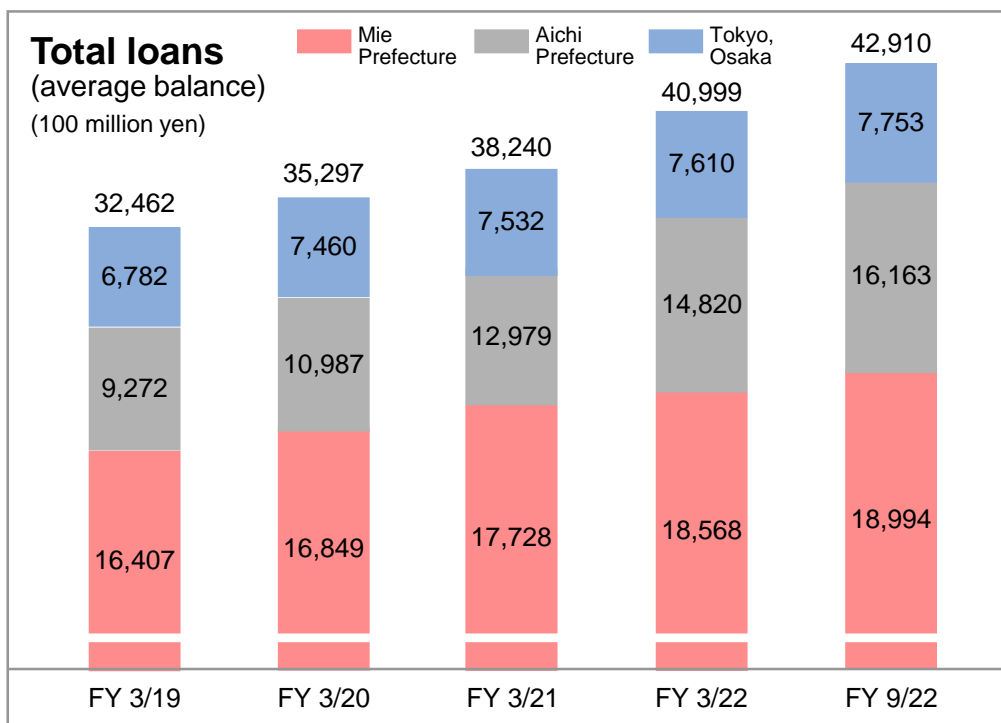
(average balance)
(100 million yen)



Individual deposits

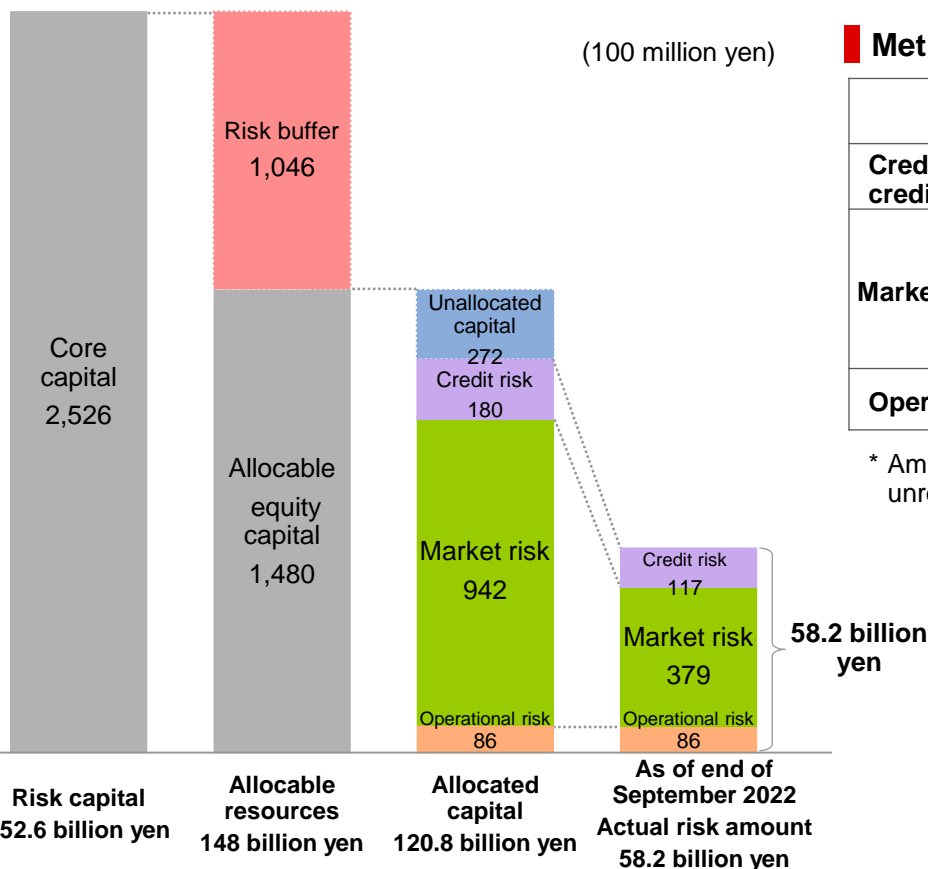
(average balance)
(100 million yen)





- Risk is kept within an appropriate range according to the Bank's operating capabilities based on integrated risk management.
- Compared with core capital of 252.6 billion yen and allocable capital of 148.0 billion yen, actual amount of risk is 58.2 billion yen.

(100 million yen)



Method of measuring risk

	Method of measurement	Confidence interval	Holding period
Credit risk (including market-related credit exposure)	VaR	99 %	1 year
Market risk	Cross-shareholdings	VaR *	Six months
	Investment rates, portfolio investment, investment trusts	VaR	99 %
Operational risk	The Standardized Approach (TSA)		

* Amount of risk of cross shareholdings is measured after taking into consideration unrealized gains or losses (valuation gains (losses) minus the VaR equivalent value)

* Risk buffer: Capital not allocated to risk limits in the case of emergencies (equivalent to 4% of equity ratio)

* Unallocated capital: Unused portion of allocable capital

Outstanding Nonperforming Loans by Disclosure Standard and Coverage

Nonperforming Loans under Internal Assessment Standard (target: total credit exposure)						Loans disclosed under the Financial Reconstruction Act and risk-managed claims (target: total credit exposure) * Special attention loans, loans that are delinquent for three months or more and restructured loans are loans only				
Classification	Credit outstanding	Category				Classification	Credit outstanding	Amount covered by collateral and guarantee	Reserve for possible loan losses	Coverage ratio
		Non-categorized	Category II	Category III	Category IV					
Failure	5 <2>	4	0	- (0)	- (2)	Bankrupt and quasi-bankrupt assets	67 <44>	39	28	100.00%
Substantial failure	62 <41>	47	15	- (4)	- (21)					
Possible failure	480	293	75	112 (115)		Doubtful assets	480	253	115	76.69%
Watch list	Under control	141	38	103		Substandard loans	93	45	7	56.71%
	Others	866	399	466						
	Normal	42,739	42,739			Sub-total	641 <618>	337	152	76.24%
	Total	44,295 <44,272>	43,522	661	112 (120)	- (23)	Normal assets	43,653	Ratio of loans disclosed under the Financial Reconstruction Act (subtotal) over total credit exposure: 1.44%	
									Reference Ratio of loans disclosed under the Financial Reconstruction Act over total credit exposure if partial direct write offs were carried out: 1.39%	

(100 million yen) * Amounts less than stated units are rounded down.

* Total credit: loans, customers' liabilities for acceptances and guarantees, private placement bonds guaranteed by the bank, foreign exchange, suspense payments and accrued interest similar to loans, etc.

* Values shown in the section "Nonperforming Loans" under "Internal Assessment Standard" are after loan loss reserves, with the value indicated in parentheses representing amounts of reserves corresponding to the respective sections.

* The Bank does not carry out partial direct write offs, but the amounts that would be derived if a partial direct write-off were carried out is shown in angled brackets.

Trends of Loans disclosed under the Financial Reconstruction Act

(100 million yen)

	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 9/22	Year-on-year
Bankrupt and quasi-bankrupt assets	73	66	87	91	67	(23)
Doubtful assets	379	387	419	456	480	24
Substandard loans	68	92	90	103	93	(9)
Total	522	547	598	651	641	(9)
Nonperforming loans ratio	1.50%	1.48%	1.48%	1.52%	1.44%	(0.08)

Upper: Number of debtors / Lower: credit exposure

(Million yen)

		Debtor Classification as of the end of September 2022									Ratio of downgrading to possible failure or lower	Upgrade	Downgrade
		Normal	Other under close observation	Under control	Possible failure	Substantial failure	Failure	Other	Bulk, etc.				
as of 3/31/2022 Credit exposure by debtor classification	Normal	191,811	175,475	425	22	18	97	1	15,773	-	0.06%	-	563
		4,090,015	3,875,496	10,419	1,619	199	700	9	201,570	-	0.02%	-	12,949
	Other under close observation	2,014	211	1,534	12	54	11	1	191	1	3.28%	211	78
		86,444	4,757	70,998	1,024	4,539	263	69	4,792	298	5.64%	4,757	5,896
	Under control	194	4	10	159	13	1	-	7	1	7.22%	14	14
		14,714	296	624	10,516	1,948	36	-	1,292	176	13.49%	920	1,984
	Possible failure	1,131	9	28	2	1,008	29	-	55	6		39	29
		45,594	201	1,929	167	40,105	734	-	2,455	193		2,299	734
	Substantial failure	490	9	21	-	1	327	6	126	12		31	6
		8,604	2	627	-	0	4,407	283	3,282	2,667		630	283
	Failure	26	-	3	-	2	5	12	4	4		10	-
		496	-	76	-	24	85	139	169	77		186	-
	Total	195,666	175,708	2,021	195	1,096	470	20	16,156	24		305	690
		4,245,869	3,880,754	84,676	13,327	46,817	6,227	503	213,562	3,413		8,794	21,849

Number of debtors

	1H 2017	2H 2017	1H 2018	2H2018	1H 2019	2H 2019	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022
Subject to Head Office support	40	46	48	53	62	58	64	64	60	71	84
Subject to branch support	308	293	271	259	202	217	212	205	196	205	216
Number of instances of upgrading	28	25	32	25	22	18	15	10	20	11	18
Number of instances of downgrading	11	12	14	15	14	15	7	15	12	23	31
Change in onperforming loans of branches subject to support	(24) million yen	0.8 million yen	(8) million yen	1 million yen	3 million yen	21 million yen	0.6 million yen	900 million yen	1.3 billion yen	33 million yen	1.0 billion yen

Compliance with Hyakugo Bank's credit policies (as of end of September 2022)

(100 million yen)

Classification	Content	Limit	Compliance	
Loans for individuals engaging in housing leasing business	7% or less of total loans	3,061	1,927	4.41%
Loans for other real estate industry	7% or less of total loans	3,061	2,234	5.11%
Loans for non-banks	10% or less of total loans	4,373	1,777	4.06%
Loans for large companies	Total loans for large companies by Tokyo and Osaka sales departments should be 20% or less of the Bank's total loans	8,747	4,626	10.58%
Loan balance per borrower	Credit for a borrower should be 10% or less of the Bank's equity capital	252	220	8.71%
Loan balance per corporate group	Credit per corporate group should be 25% or less of the Bank's equity capital	631	443	17.55%

Changes in loans by industry

(100 million yen)

Industry	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY 9/22	Share by industry
Manufacturing	3,627	3,758	4,035	4,056	4,108	9.39%
of which, transportation equipment manufacturing	795	865	849	851	903	2.06%
Agriculture, Forestry, Fishery, Mining, Quarrying and Gravel quarrying	241	239	241	218	226	0.51%
Construction	1,057	1,099	1,388	1,418	1,475	3.37%
Utilities	900	977	1,047	1,176	1,226	2.80%
Telecommunication	123	123	149	135	126	0.28%
Transport and Post	1,231	1,237	1,374	1,354	1,340	3.06%
Wholesale and Retail	2,678	2,718	3,028	2,899	2,973	6.79%
Finance and Insurance	3,440	3,049	3,138	2,979	3,067	7.01%
Real estate and Rental	4,619	4,780	4,913	5,098	5,228	11.95%
of which, Real estate	3,399	3,524	3,524	3,705	3,782	8.64%
Academic research, Specialist and Technical services	136	147	183	203	240	0.54%
Accommodation and Food and beverage	315	316	397	379	368	0.84%
Lifestyle-related services and Entertainment	245	263	308	294	288	0.65%
Education and Learning support	76	76	83	91	99	0.22%
Medical and Social welfare	1,216	1,239	1,406	1,517	1,547	3.53%
Other services	399	407	463	508	501	1.14%
National and local governments	2,227	2,088	1,911	1,839	1,830	4.18%
Other	11,881	13,787	15,811	18,065	19,090	43.64%
Total by industry	34,417	36,310	39,883	42,237	43,739	100.00%

Deposits

Loans

Including megabanks

Megabank Other Shinkin Bank A

Hyakugo Bank

Hyakugo Bank

Bank A Shinkin Other Megabank

8.9	9.0	11.6	24.5	46.0	Mie Prefecture	38.8	28.3	11.4	16.6	4.9
-----	-----	------	------	------	----------------	------	------	------	------	-----

* Excludes Agricultural Cooperative, Fisheries Cooperative, JP Bank, and Hyakugo Bank's Shingu Branch

(% (as of end of March, 2022))

Excluding megabanks

Other Shinkin Bank A

Hyakugo Bank

Hyakugo Bank

Bank A Shinkin Other

9.8	12.8	26.9	50.5	Mie Prefecture	40.8	29.8	12.0	17.4
19.4	23.3	16.3	41.0	Kuwana District	32.7	18.6	18.5	30.2
8.1	11.8	40.2	39.9	Yokkaichi District	31.7	37.2	13.3	17.8
8.1	5.9	36.7	49.3	Suzuka District	35.6	40.9	7.8	15.7
18.6	23.1	16.6	41.7	Iga District	35.3	15.5	24.6	24.6
7.3	6.7	17.9	68.1	Tsu District	59.0	26.0	4.4	10.6
5.9	15.3	29.7	49.1	Matsusaka District	38.6	34.9	13.8	12.7
10.0	6.3	19.4	64.3	Ise District	55.4	22.6	5.0	17.0
1.2	1.7	30.9	66.2	Toba Shima District	61.6	31.2	2.1	5.1
5.7	34.6	27.6	32.1	Kishu District	29.8	28.6	30.0	11.6

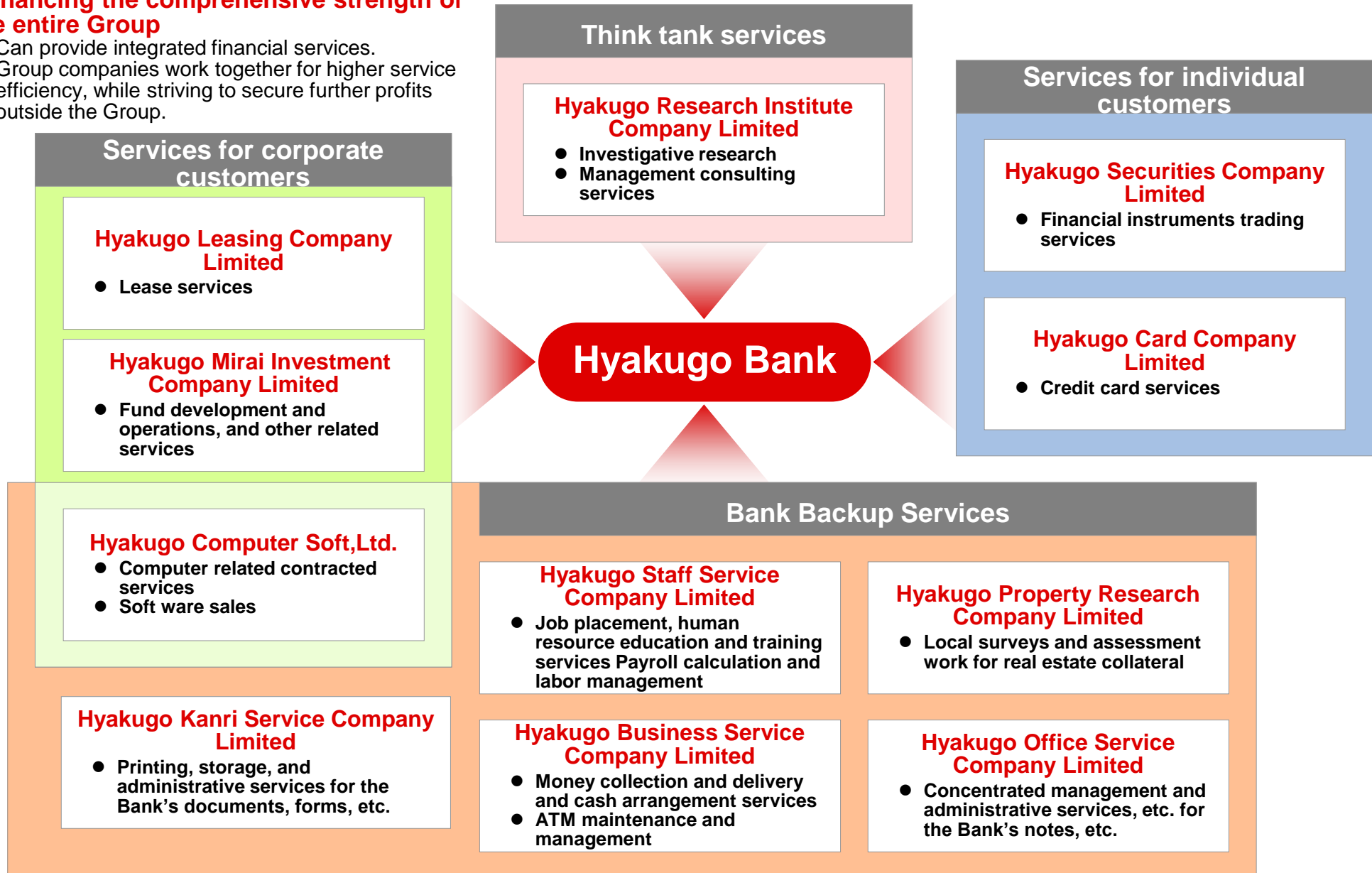
* Excludes megabanks, Agricultural Cooperative, Fisheries Cooperative, JP Bank, and Hyakugo Bank's Shingu Branch

* The Bank's share is calculated, excluding the Osaka and Aichi Net Branches

(% (as of end of March, 2022))

Enhancing the comprehensive strength of the entire Group

Can provide integrated financial services. Group companies work together for higher service efficiency, while striving to secure further profits outside the Group.



Please direct inquiries concerning this document to:
The Hyakugo Bank, Ltd., Corporate Planning Division
Abe and Iwasaki at Public Relations SDGs Promotion Office
ir@hyakugo.co.jp
<https://www.hyakugo.co.jp/>

The information concerning entities other than the Bank contained in this document has been quoted from publicly available information, etc., and the Bank has not verified the accuracy or appropriateness of such information, nor does the Bank guarantee the accuracy or appropriateness of such information.

The Bank is not liable for any damages, etc. that may arise from any incomplete information and/or errors in data used herein, or the use of the information, etc. herein.

All rights to this document are held by the Bank unless otherwise stated.

Reproduction, transmission, or any other similar acts via electromagnetic, mechanical or other means without the permission of the Bank is prohibited for any purpose. This document may contain information about forecasts and statements of the management of the Bank on forecasts. The information herein is not about facts in the past but mere forecasts by the Bank regarding future events, much of which is essentially uncertain.

Actual results may considerably differ from these forecasts presented herein. Please keep in mind, therefore, that you need to consider uncertainties and risk factors for future forecasts.