



# The Hyakugo Bank, Ltd.

TSE Prime, NSE Premier (8368)

## Information meeting

Presentation for FY2022 Financial Results

June 2, 2023



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# Financial Education Initiatives

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**Contribution to Local SDGs and Financial Literacy**

## Participation in Global Money Week

The Bank held a financial literacy course in March 2023 for 17 students from Saint Joseph Joshigakuen and approximately 550 students from Yokkaichi Technical High School.



Students tour the Historical Museum in the Marunouchi Headquarters Building

Bank employee gives financial literacy lecture



### What is Global Money Week?

an annual global awareness-raising campaign to promote financial education and financial inclusion for children and youths





## Public-private partnership initiatives on SDGs for regional revitalization

The Bank conducted on-site classes for 14 students from all grades of Matsusaka City Kahada Elementary School on the theme of the role of banks and the SDGs for regional development.



With financial education becoming a compulsory subject in high schools in 2022, the Bank is receiving an increasing number of requests for support from boards of education and teaching staff

**The Bank has continued its financial education initiatives since 2002**

**As the leading bank in Mie Prefecture, the Bank will continue to actively promote financial and economic education for the next generation of young people.**

# Outline of Financial Position

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## Net income increased 9.8% year-on-year, mainly due to a decrease in expenses

	(Million yen)	FY 3/22	FY 3/23	Year-on-year
<b>Gross operating income</b>	(1)	56,107	55,748	(358)
Interest income		52,593	53,959	1,365
Fees and commissions		11,970	11,666	(303)
Other operating income		(8,456)	(9,877)	(1,420)
Of which, gain and loss from government bonds and other bonds	(2)	(8,343)	(5,003)	3,340
Provision of general allowance for loan losses	(3)	(193)	555	749
Expenses	(4)	40,119	38,752	(1,366)
<b>Net operating income A</b>	(1)-(3)-(4)	16,181	16,440	259
<b>Core net operating income</b>	(1)-(2)-(4)	24,331	21,999	(2,332)
<b>Core net operating income (excluding gain and loss from cancellation of investment trusts) B</b>		20,117	21,755	1,638
<b>Non-recurring gain and loss</b>		2,238	3,522	1,283
Of which, disposal of bad debts	(5)	4,412	3,535	(877)
Gain and loss from stocks and other securities		5,439	5,544	104
<b>Ordinary income</b>		18,419	19,962	1,542
<b>Extraordinary gain and loss</b>		(511)	(326)	184
<b>Net income before income taxes</b>		17,908	19,636	1,727
<b>Net income</b>		12,975	14,242	1,267
<b>Credit costs</b>	(3)+(5)	4,219	4,091	(127)

(100 million yen)

	FY 3/22	FY 3/23	Year-on-year
Interest and dividend on securities	198	189	(8)
Of which, gain and loss from cancellation of investment trusts	42	2	(39)
Gain and loss from government bonds and other bonds	(83)	(50)	33
Of which, gain on sale and redemption	29	10	(19)
Of which, loss on sale and redemption, and amortization	113	60	(52)
Gain and loss from stocks and other securities	54	55	1
Of which, gain on sale	64	62	(1)
Of which, loss on sale and amortization	9	7	(2)

- While other operating income decreased due to an increase in foreign currency funding costs, net operating income increased due to an increase in loan interest and a decrease in expenses.
- In order to maintain a healthy portfolio, the Bank sold bonds that incurred valuation losses, continuing from the previous period, resulting in a loss of 5.0 billion yen on gains and loss from government bonds and other bonds, but this was offset by gains from stocks and other securities.
- Non-recurring gain and loss increased due to a decrease in disposal of non-performing loans. Net income increased year-on-year and reached a record high.
- Credit costs decreased year-on-year, although the Bank carefully and conservatively made judgments on debtor classification in this fiscal year in anticipation of the impact of the COVID-19 pandemic. The costs were 4.0 billion yen, 0.6 billion yen less than the full-year forecast of 4.7 billion yen.

The Bank posted record profits due to growth in interest income, and fees and commissions, and a decrease in expenses.

	(Million yen)	FY 3/16	FY 3/23	Comparison with FY 3/16
<b>Gross operating income</b>	(1)	<b>56,452</b>	<b>55,748</b>	<b>(703)</b>
Interest income		47,418	53,959	6,541
Fees and commissions		7,521	11,666	4,145
Other operating income		1,512	(9,877)	(11,389)
Of which, gain and loss from government bonds and other bonds	(2)	2,132	(5,003)	(7,136)
Provision of general allowance for loan losses	(3)	219	555	336
Expenses	(4)	42,447	38,752	(3,695)
Net operating income	(1)-(3)-(4)	13,785	16,440	2,655
Core net operating income	(1)-(2)-(4)	11,871	21,999	10,127
Core net operating income (excluding gain and loss from cancellation of investment trusts)		11,586	21,755	10,169
Non-recurring gain and loss		3,172	3,522	350
Of which, disposal of bad debts	(5)	1,107	3,535	2,427
Gain and loss from stocks and other securities		2,214	5,544	3,330
Ordinary income		16,954	19,962	3,008
Extraordinary gain and loss		2,344	(326)	(2,671)
Net income before income taxes		19,299	19,636	336
Net income		13,172	14,242	1,070
Credit costs	(3) + (5)	1,327	4,091	2,764

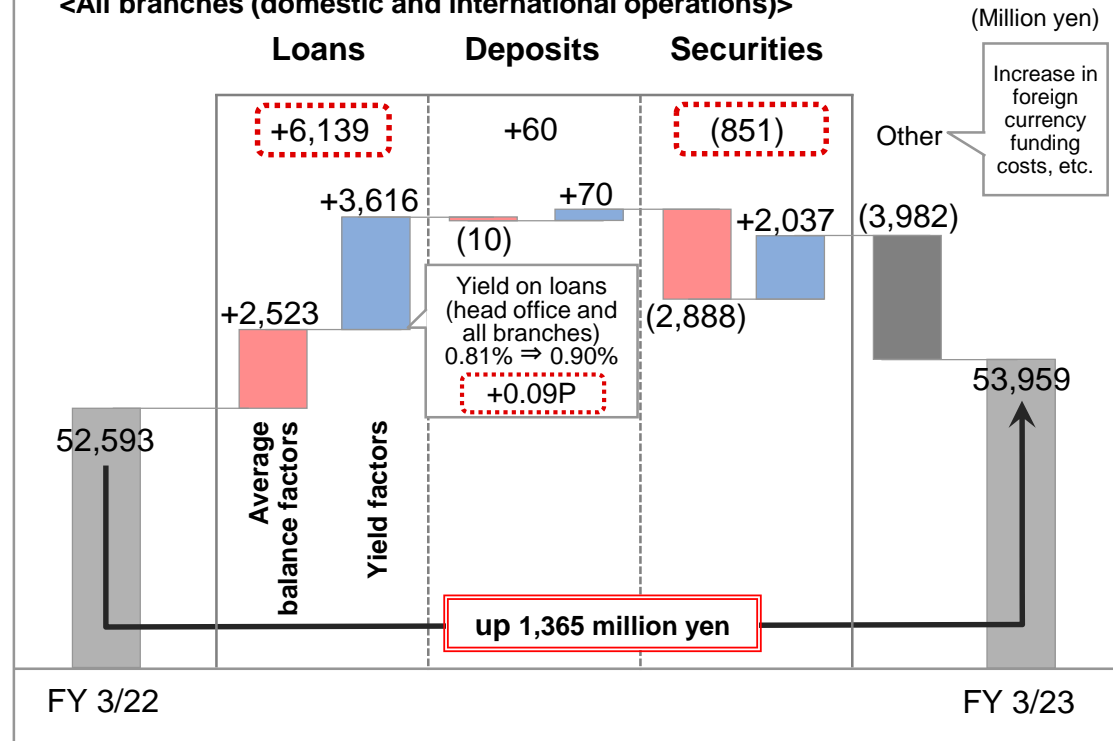
- Compared with FY2015, which was previously the highest profit, the decrease in gain and loss from government bonds and other bonds and the increase in credit costs were negative factors in net income. On the other hand, the increase in interest income and fees and commissions and the decrease in expenses, mainly personnel expenses, were positive factors to exceed the figures at the time.
- The Bank's strategy to enhance loan income and fees and commissions, as well as its efficiency improvement measures, including the consolidation and closing of branches, are bearing fruit, and the Bank is transforming into a solid structure that enables it to post sustainable profits.
- As a result, the Bank earned even more than in FY2015, when it recorded an extraordinary gain of 3.6 billion yen.



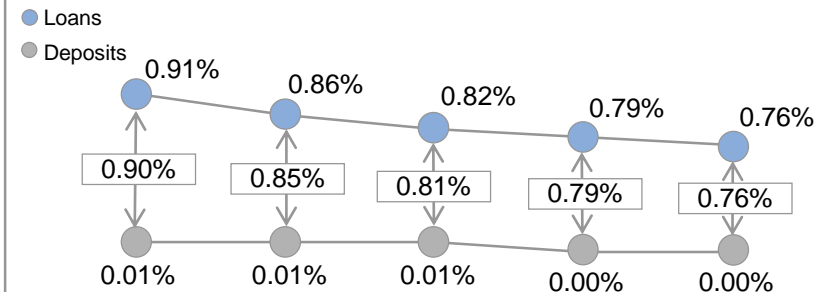
## An increase in loan interest contributes to higher interest income of 2.6% year-on-year

(Million yen)	FY 3/22	FY 3/23	Year-on-year
<b>Interest income</b>	<b>52,593</b>	<b>53,959</b>	<b>1,365</b>
Total interest income	54,956	60,322	5,366
Loan interest	33,510	39,650	6,139
Interest and dividends on securities	19,831	18,979	(851)
Other	1,613	1,693	79
Interest expenses	2,363	6,363	4,000
Interest on deposits	338	278	(60)
Other	2,024	6,085	4,060

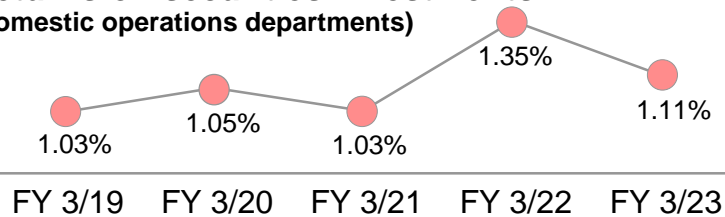
### Factors underlying changes in net interest income <All branches (domestic and international operations)>



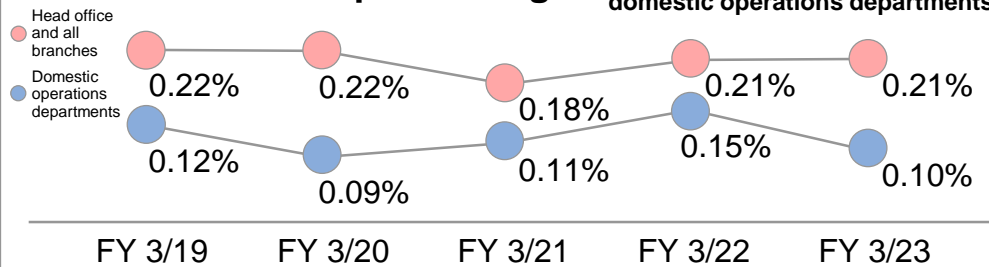
### Deposit-loan yield margin (domestic operations)



### Returns on securities investments (domestic operations departments)



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

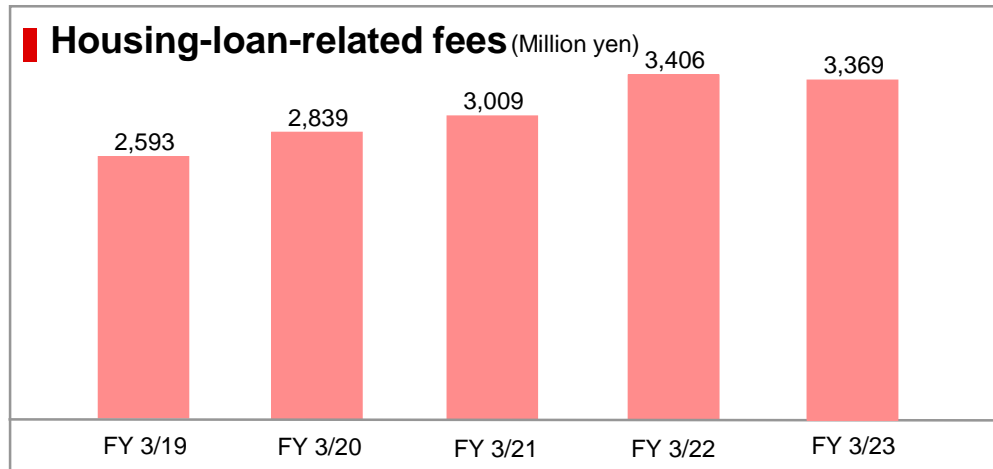
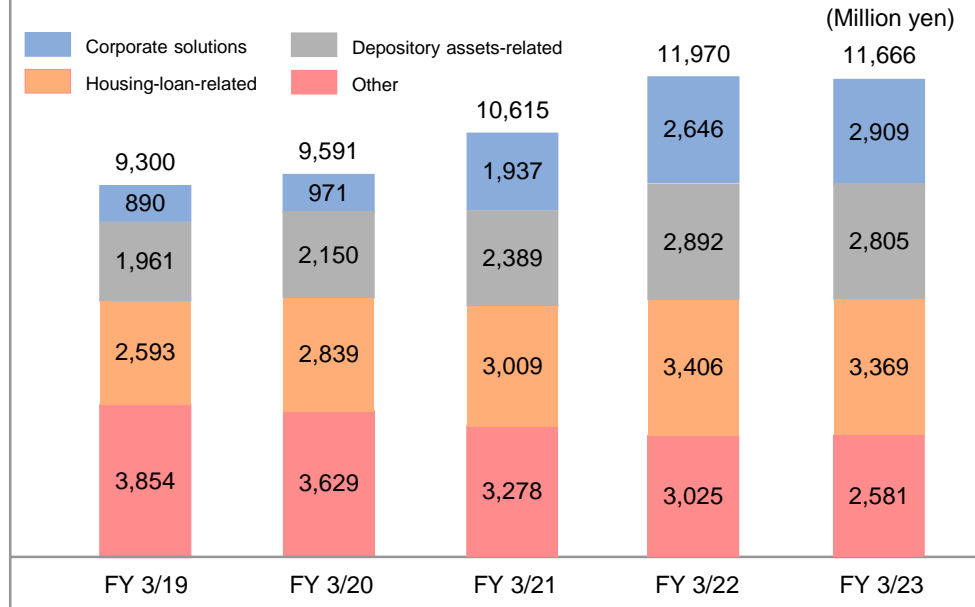


Fees and commissions fell 2.5% year-on-year due to a decrease in commissions related to investment trusts, etc.

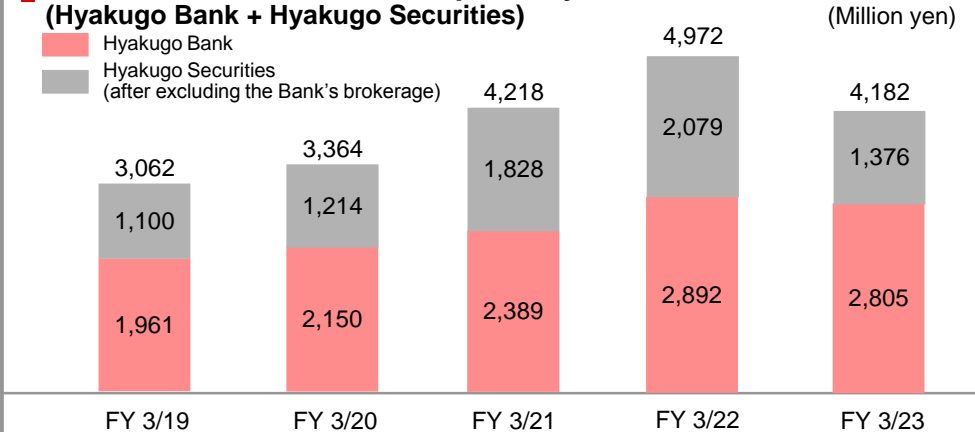
	(Million yen)		
	FY 3/22	FY 3/23	Year-on-year
<b>Fees and commissions</b>	<b>11,970</b>	<b>11,666</b>	<b>(303)</b>
Fees and commissions	17,080	17,033	(47)
Commissions related to depository assets <b>B</b>	2,892	2,805	(86)
Of which, investment trust commissions	1,496	960	(535)
Of which, insurance sales commissions*	866	1,402	535
Of which, financial instruments brokerage commissions	404	296	(108)
Of which, defined contribution pension commissions	124	136	11
Corporate solutions fees* <b>A</b>	2,646	2,909	263
Housing-loan-related fees	3,406	3,369	(36)
Fees and commissions expenses (expenses)	5,109	5,366	256
Of which, housing loan payment guarantee premiums and insurance premiums (expenses)	3,848	4,264	415

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

## Fees and commissions graph (non-consolidated)



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



Expenses decreased 3.4% year-on-year due to decreases in personnel and non-personnel expenses

(Million yen)

	FY 3/22	FY 3/23	Year-on-year
<b>Expenses</b>	<b>40,119</b>	<b>38,752</b>	<b>(1,366)</b>
Personnel expenses	21,219	21,002	(216)
Non-personnel expenses	16,851	15,743	(1,108)
Taxes	2,048	2,006	(41)

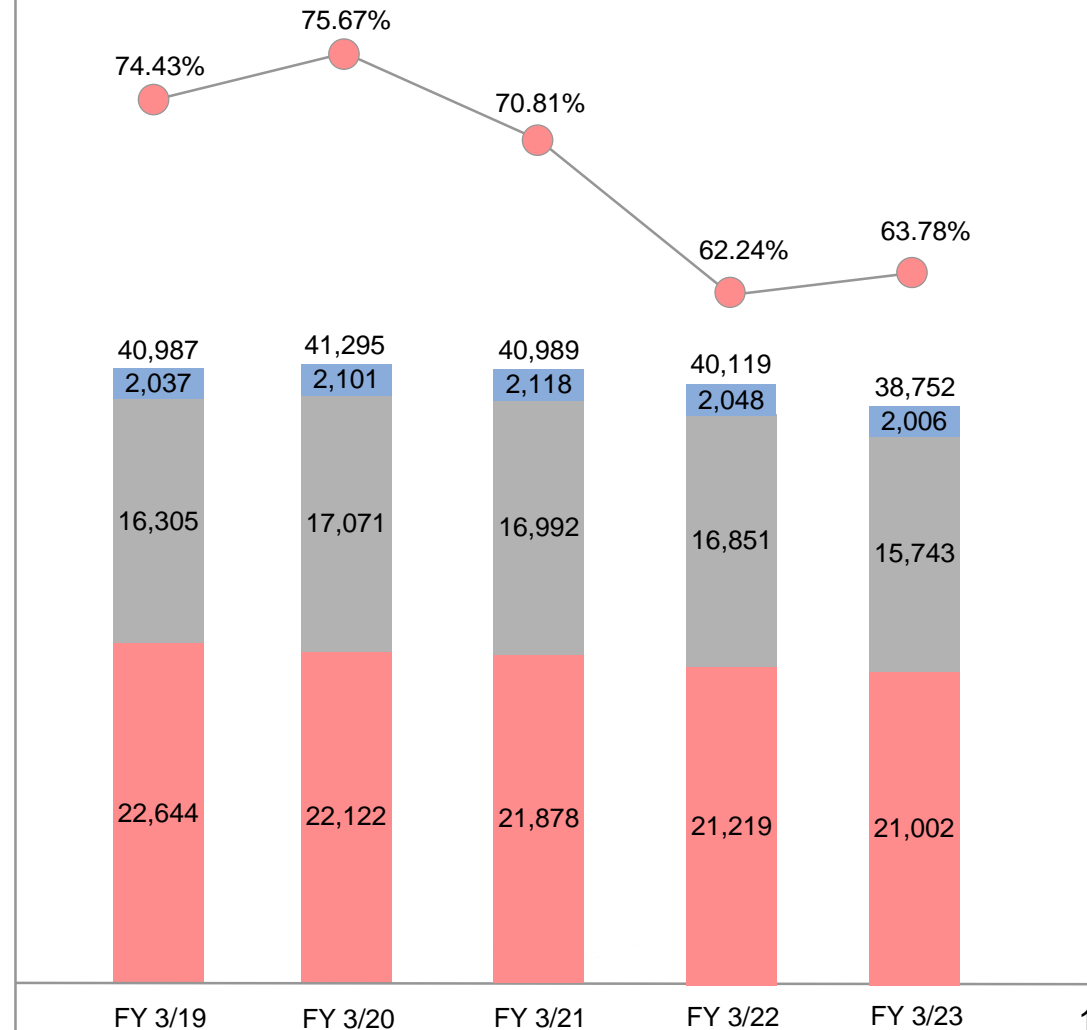
### Major factors underlying changes in expenses

- **Personnel expenses**  
Fell 1.0%, mainly due to a decrease in retirement benefit expenses.
- **Non-personnel expenses**  
Fell 6.6% due to a decrease in deposit insurance premiums and cost reduction efforts.
- **Core OHR**  
Increased 1.54 percentage points due to a decrease in core gross operating income.

### Expenses and core OHR

(Million yen)

■ Taxes    ■ Non-personnel expenses    ■ Personnel expenses  
● OHR (core gross operating profit basis)



The bank continued to fulfill the OHR requirements in FY2022, the final year of the system.

	(Million yen)		
	FY2019 (base)	FY2021 (actual)	FY2022 (actual)
Expenses	39,455	38,262	38,230
Gross operating income	58,103	64,360	64,124
OHR(%)	67.90	59.44	59.61
Changes in OHR from base year	-	(12.45)	(12.20)

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

#### [Expenses]

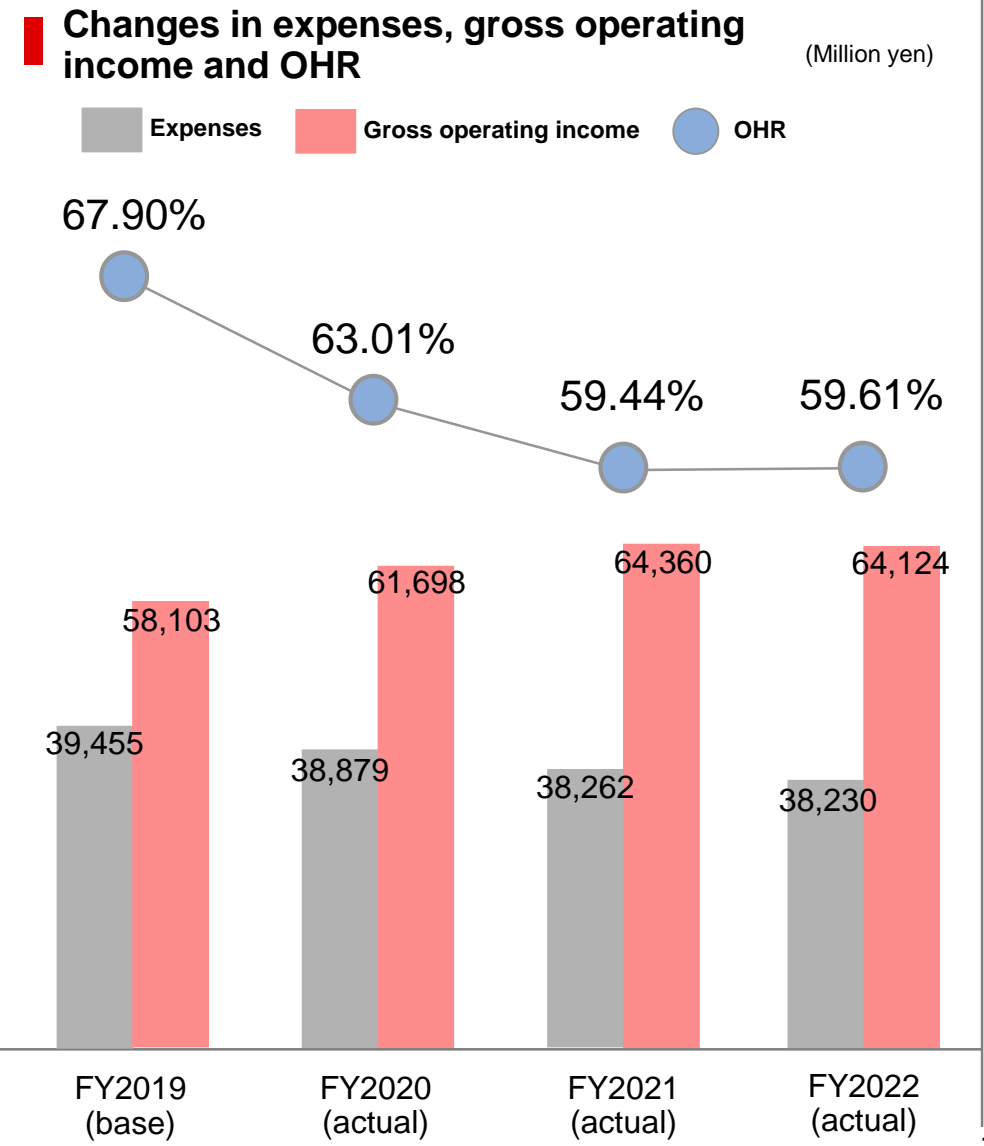
- Personnel expenses decreased due to a decrease in headcount and lower retirement benefit costs.
- Non-personnel expenses decreased due to efficiency improvements such as branch consolidation and various cost reductions.

...And others

#### [Gross operating income]

- Loan interest increased as the Bank focused on housing loans and loans to small and medium-sized companies in the region.
- Fees and commissions, mainly consulting income, increased.

...And others



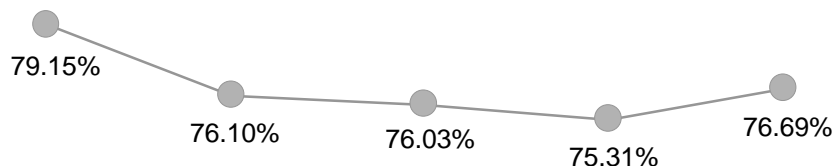
**Decrease in the provision of specific allowance for loan losses and loss on sale of receivables and other securities caused a year-on-year decrease in credit costs**

(Million yen)

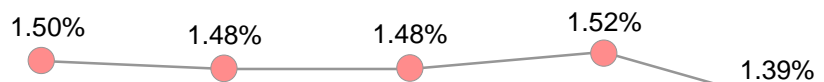
	FY 3/22	FY 3/23	Year-on-year
<b>Credit costs</b>	<b>4,219</b>	<b>4,091</b>	<b>(127)</b>
Of which, provision of general allowance for loan losses	(193)	555	749
Of which, provision of specific allowance for loan losses	3,886	3,134	(752)
Of which, loss on sale of receivables and other securities	504	173	(331)
<b>Credit cost ratio</b>	<b>0.09%</b>	<b>0.08%</b>	<b>(0.01)P</b>

	end of 3/22	end of 3/23	Year-on-year
<b>Nonperforming loans</b>	<b>65,109</b>	<b>64,668</b>	<b>(440)</b>

### Nonperforming loans coverage ratio

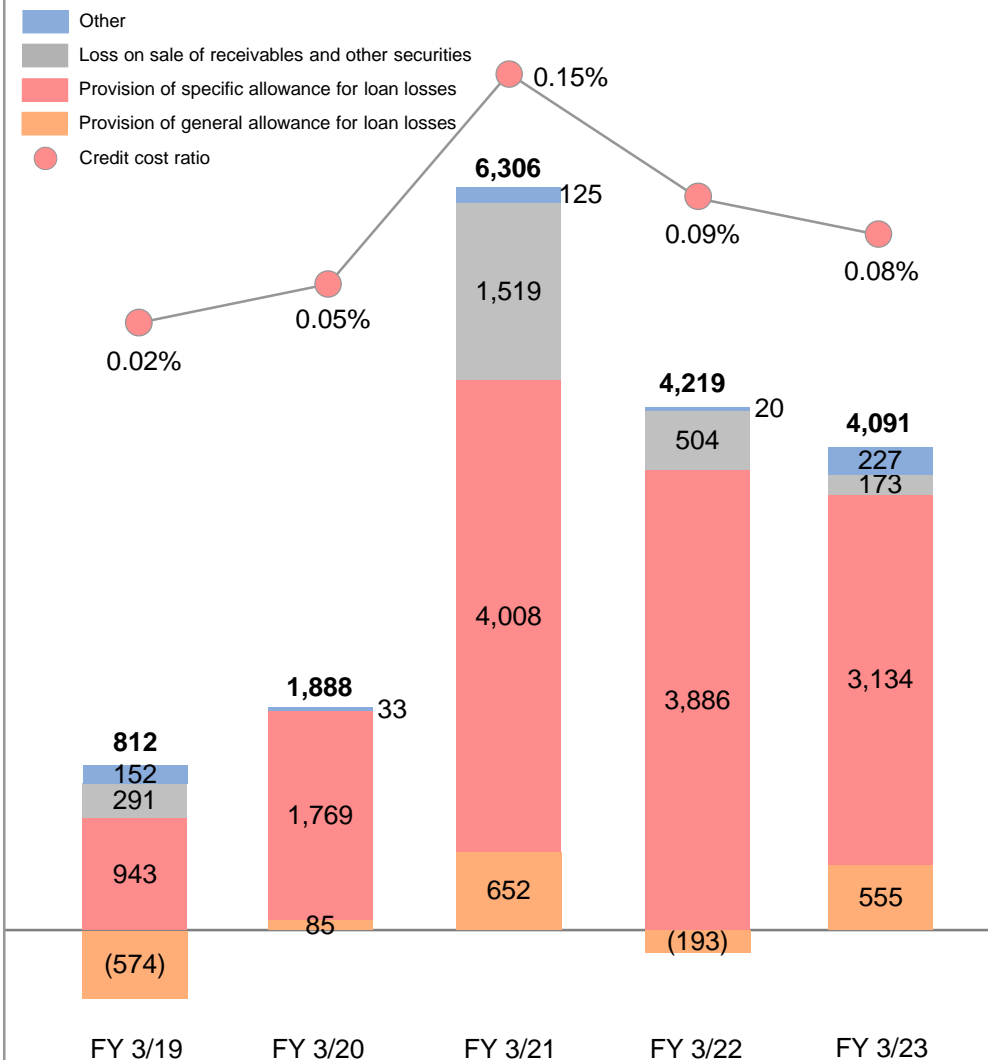


### Nonperforming loans ratio



### Credit costs (non-consolidated)

(Million yen)





Individual deposits and corporate deposits both remained strong, with total deposits up 3.7% year-on-year

(100 million yen)

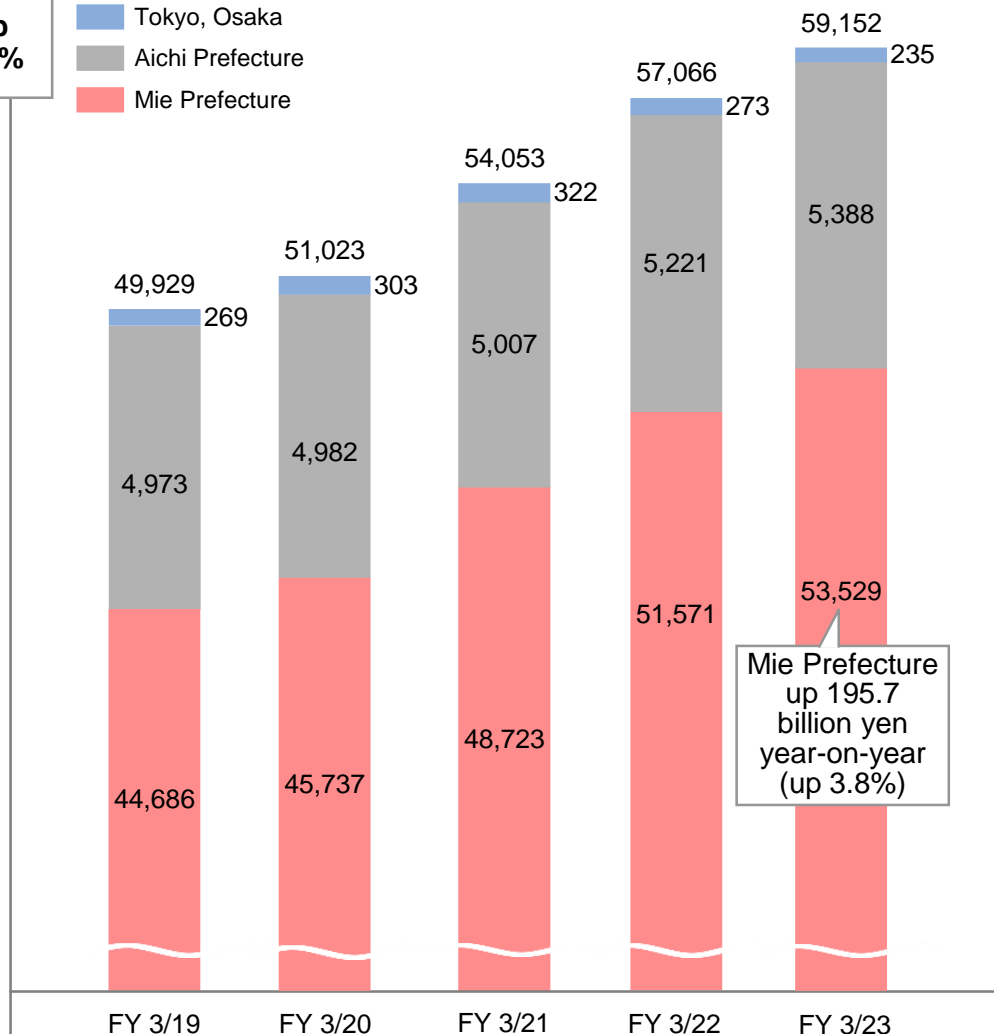
	FY 3/22	FY 3/23	YoY change
<b>Total deposits (average balance)</b>	<b>57,066</b>	<b>59,152</b>	<b>2,086</b>
Mie Prefecture	51,571	53,529	1,957
Aichi Prefecture	5,221	5,388	166
Tokyo, Osaka	273	235	(38)

up  
3.7%

### Total deposits (average balance)

(100 million yen)

- Tokyo, Osaka
- Aichi Prefecture
- Mie Prefecture



(100 million yen)

	FY 3/22	FY 3/23	YoY change
<b>Individual deposits (average balance)</b>	<b>41,729</b>	<b>42,952</b>	<b>1,222</b>
Mie Prefecture	38,470	39,520	1,049
Aichi Prefecture	3,229	3,401	171
Tokyo, Osaka	29	31	1

(100 million yen)

	FY 3/22	FY 3/23	YoY change
<b>Corporate deposits (average balance)</b>	<b>12,339</b>	<b>12,443</b>	<b>103</b>
Mie Prefecture	10,139	10,285	146
Aichi Prefecture	1,960	1,957	(2)
Tokyo, Osaka	240	199	(40)

Mie Prefecture  
up 195.7  
billion yen  
year-on-year  
(up 3.8%)

Loans increased 6.8% year-on-year, mainly due to an increase in loans to individuals, such as housing loans, and loans to small and medium-sized businesses.

(100 million yen)

	FY 3/22	FY 3/23	YoY change
<b>Total loans (average balance)</b>	<b>40,999</b>	<b>43,785</b>	<b>2,786</b>
Mie Prefecture	18,568	19,189	620
Aichi Prefecture	14,820	16,731	1,910
Tokyo, Osaka	7,610	7,865	255

up 6.8%

up 12.9%

(100 million yen)

	FY 3/22	FY 3/23	YoY change
<b>Loans to SMEs (average balance)</b>	<b>13,834</b>	<b>14,564</b>	<b>730</b>
Mie Prefecture	8,271	8,573	301
Aichi Prefecture	3,749	4,026	276
Tokyo, Osaka	1,812	1,964	152

(100 million yen)

	FY 3/22	FY 3/23	YoY change
<b>Housing loans (average balance)</b>	<b>16,273</b>	<b>18,425</b>	<b>2,152</b>
Mie Prefecture	6,948	7,379	430
Aichi Prefecture	8,938	10,567	1,628
Osaka	385	479	93

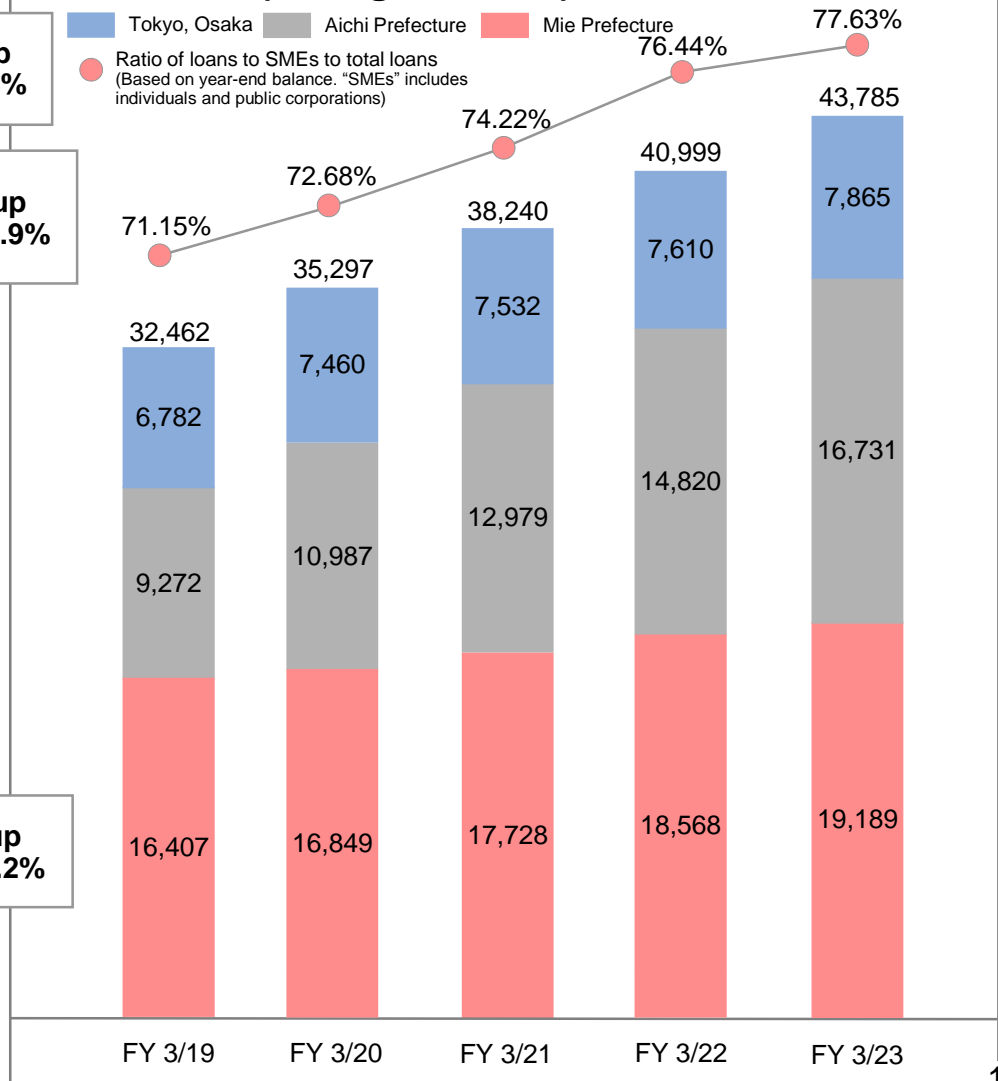
up 13.2%

## Total loans (average balance)

(100 million yen)

■ Tokyo, Osaka 
 ■ Aichi Prefecture 
 ■ Mie Prefecture

● Ratio of loans to SMEs to total loans (Based on year-end balance. "SMEs" includes individuals and public corporations)

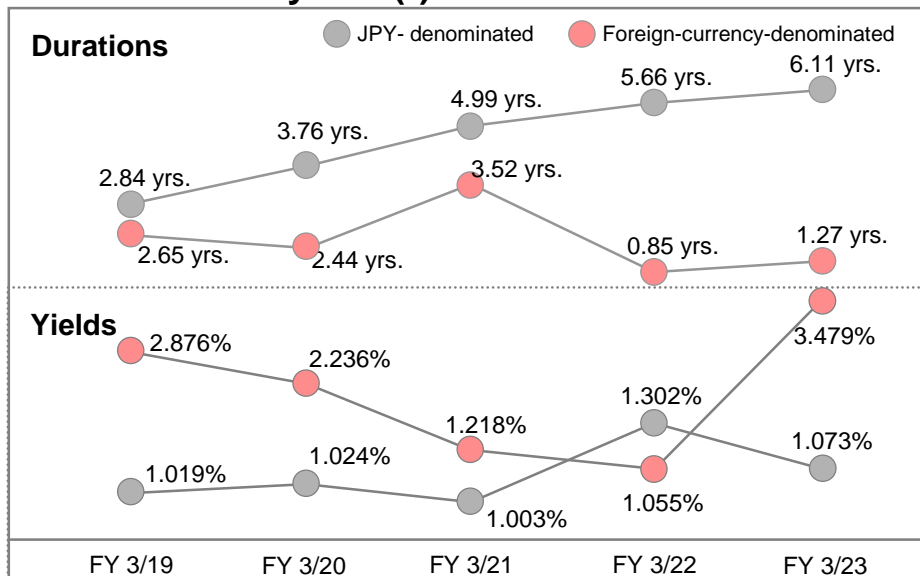


## Valuation gains on securities decreased in almost all items, including bonds and stocks

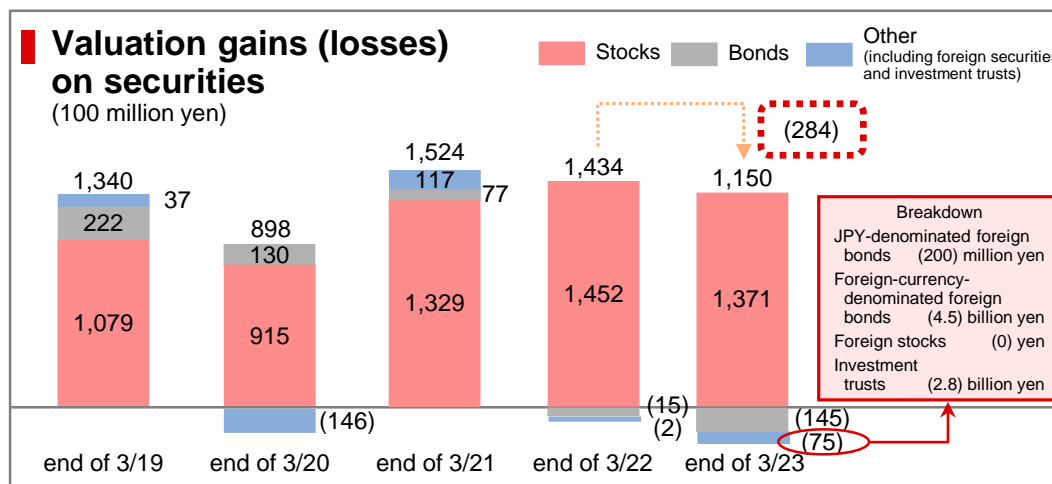
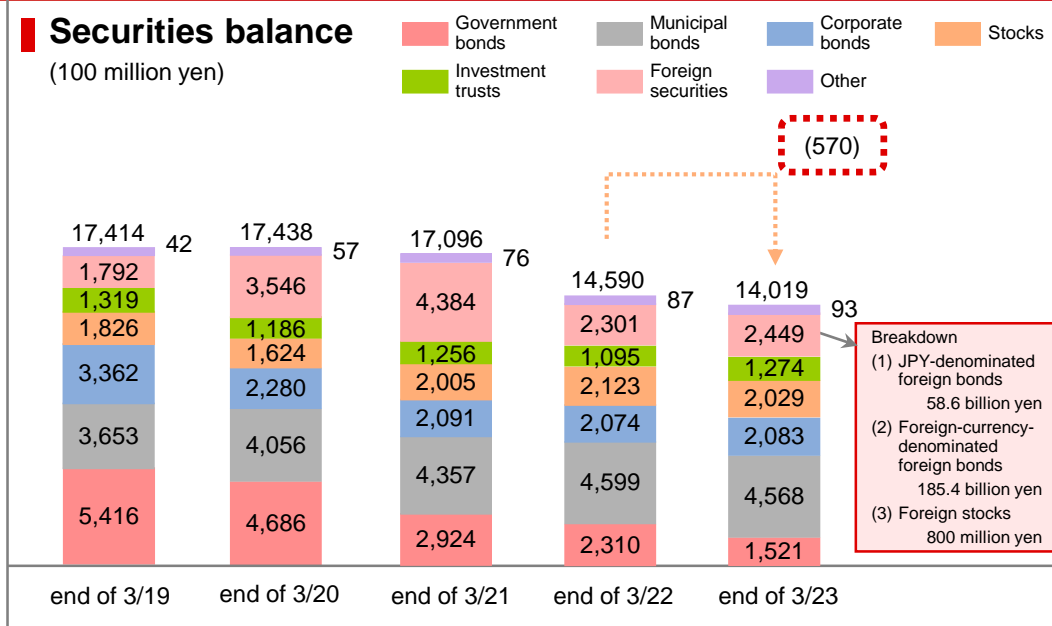
(100 million yen)	end of 3/22	end of 3/23	Year-on-year
<b>Securities balance</b>	<b>14,590</b>	<b>14,019</b>	<b>(570)</b>
Government bonds	2,310	1,521	(788)
Municipal bonds	4,599	4,568	(31)
Corporate bonds	2,074	2,083	9
Stocks	2,123	2,029	(94)
Investment trusts	1,095	1,274	179
Foreign securities	2,301	2,449	148
Other	87	93	6

JPY-denominated average balance*	12,468	11,729	(739)
Foreign-currency-denominated average balance*	3,433	1,842	(1,590)

### Durations and yields(\*)



\*Including beneficiary rights on trust



The equity ratio increased 2.39 percentage points year-on-year, due to a decrease in risk assets, resulting from the early application of Basel III finalization

(100 million yen)

	end of 3/21	end of 3/22	end of 3/23
<b>Equity capital</b> (For equity ratio calculation purposes)	<b>2,412</b>	<b>2,470</b>	<b>2,595</b>
<b>Risk Assets</b>	<b>23,841</b>	<b>25,089</b>	<b>21,210</b>
<b>Equity ratio</b>	<b>10.11%</b>	<b>9.84%</b>	<b>12.23%</b>

**+2.39P**

<b>Shareholders' equity</b>	<b>2,720</b>	<b>2,821</b>	<b>2,934</b>
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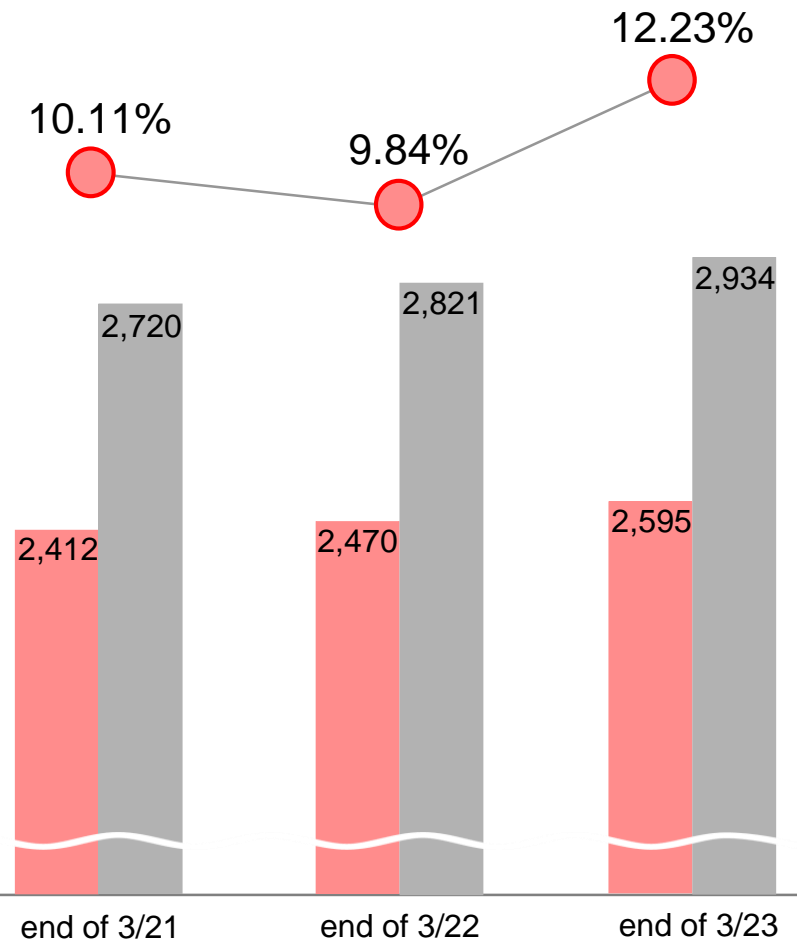
Method of computing value-at-credit-risk asset value: Approach based on fundamental internal ratings

Method of computing value-at-operational risk: Standard approach

### Equity capital, shareholders' equity, and equity ratio

(100 million yen)

■ Equity capital   
 ■ Shareholders' equity   
 ● Equity ratio  
 (JGAAP, non-consolidated)



Financial results, both consolidated and non-consolidated, are expected to be on a par with FY2022

### Forecast (non-consolidated)

(Million yen)

	FY 3/23	FY 3/24 (forecast)
<b>Gross operating income</b>	<b>55,748</b>	<b>58,300</b>
Interest income	53,959	51,900
Fees and commissions	11,666	11,400
Other operating income	(9,877)	(5,000)
<b>Net operating income</b>	<b>16,440</b>	<b>17,600</b>
<b>Ordinary income</b>	<b>19,962</b>	<b>19,800</b>
<b>Net income</b>	<b>14,242</b>	<b>14,000</b>
<b>Credit costs</b>	<b>4,091</b>	<b>3,700</b>

### Forecast (consolidated)

(Million yen)

	FY 3/23	FY 3/24 (forecast)
<b>Ordinary income</b>	<b>20,794</b>	<b>20,700</b>
<b>Consolidated net income attributable to shareholders of the parent</b>	<b>14,493</b>	<b>14,500</b>

### Dividend forecast

Interim	Year-end	Full year
<b>7.00 yen</b>	<b>7.00 yen</b>	<b>14.00 yen</b>

Interest income is expected to decrease and expenses are expected to increase, gain and loss from government bonds and other bonds is expected to improve. So, the Bank expects both consolidated and non-consolidated financial results to be almost unchanged from the previous year.



## Past initiatives for shareholder returns and forecast for FY2023

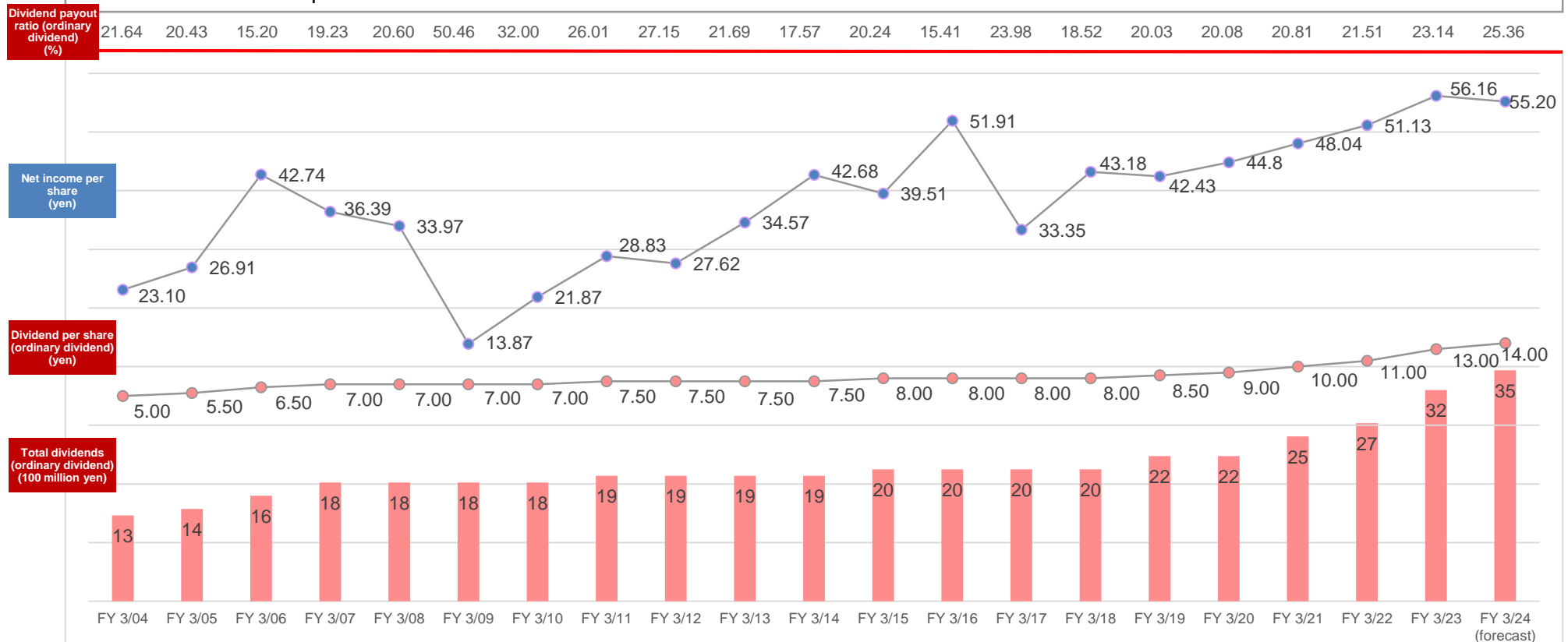
### Approach to shareholder returns

#### Long-term, stable dividends

The Bank returns profits to shareholders based on the principle of long-term, stable dividends, while taking care to increase internal reserves to ensure a solid management foundation.

#### Medium- to long-term enhancement of corporate value

The Bank aims to enhance its corporate value over the medium to long term by striking an appropriate balance between “investment for growth,” “internal reserves,” and “shareholder returns,” while giving due consideration to the Bank’s performance in the fiscal year under review and future business development.



# Medium-term Management Plan

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

Aiming to Transform into a Green & Consulting Bank Group

### State of Progress

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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

The plan is generally on track, and the Group will promote various measures to achieve the final goals of the medium-term management plan.

		Results in FY 3/22	Results in FY 3/23	Targets in FY 3/25 (Final targets of the Medium-term Management Plan)
KGI	Consolidated net income	13.4 billion yen	14.4 billion yen	15 billion yen or more
	ROE in consolidated net assets	3.36%	3.65%	3.50% or more *1
	Core OHR	62.24%	63.78%	Less than 67%
	Equity ratio	9.84%	12.23%	11% or more
KPI	Housing-loan-related fees	3.4 billion yen	3.36 billion yen	4.4 billion yen
	Commissions related to depository assets	2.89 billion yen	2.8 billion yen	3.4 billion yen
	Corporate solutions fees	2.64 billion yen	2.9 billion yen	3 billion yen *2
	Number of personnel with professional qualifications	336 persons	371 persons	450 persons

\*1. Aiming for 5% in the long term \*2. Excluding income from derivatives

## Target for the end of FY2030

Greenhouse gas emissions

Achieve **net zero** (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

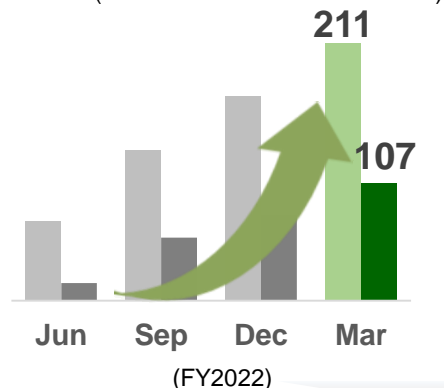
### Initiatives to support decarbonized management

#### Assistance in calculating emissions (Business matching)

Introductions

Contracts

(cumulative number of contracts)

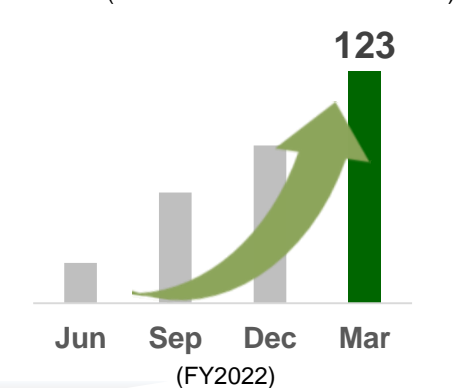


#### Hyakugo Decarbonization Support Services\*

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

Applications

(cumulative number of contracts)



### Providing various solutions to realize decarbonized management

#### The Bank starts handling the Mie Prefecture Credit Guarantee Association's "Decarbonized Management Support Guarantee."



Supporting businesses that engage in decarbonized management to achieve a sustainable society from a financial perspective

### Initiatives in cooperation with local governments

#### The Bank signs agreement with local governments to promote decarbonized management

### Partnership agreements on the promotion of carbon neutrality

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

Concluded in September 2022

Concluded in December 2022



#### Seminar on decarbonized management

Based on the partnership agreement, the Bank and Tsu City jointly held a seminar for businesses in February 2023 to promote and raise awareness of decarbonized management.

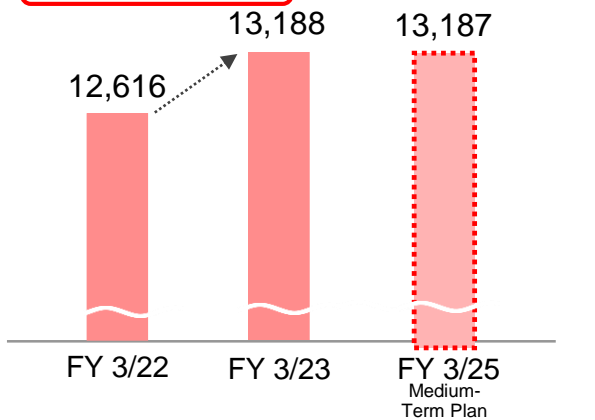




Steadily increase loans to small and medium-sized businesses and consumer loans in the region, leading to an increase in loan and service revenues.

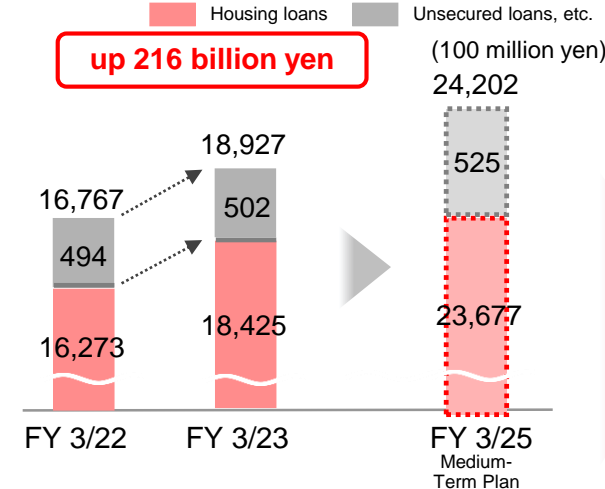
### Loans to medium-sized companies and SMEs in the region

up 57.2 billion yen



### Consumer loans

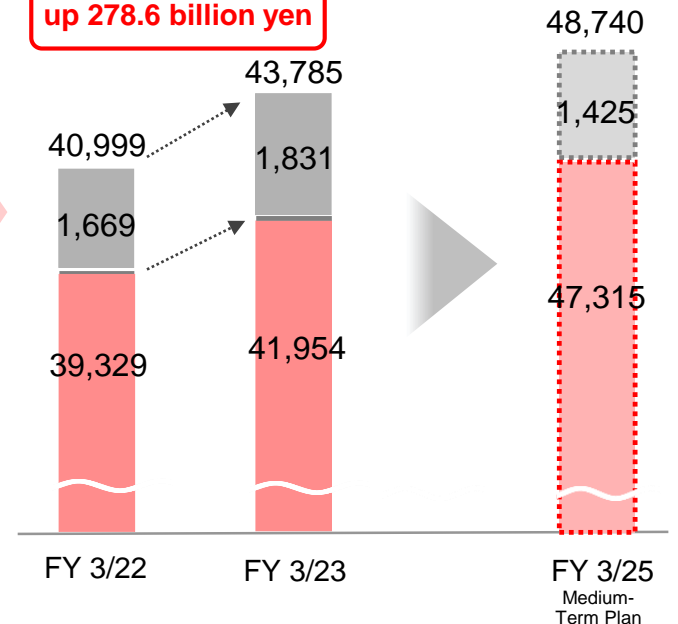
up 216 billion yen



### Total loans Average balance plan

JPY-denominated loans Foreign-currency-denominated loans (100 million yen)

up 278.6 billion yen



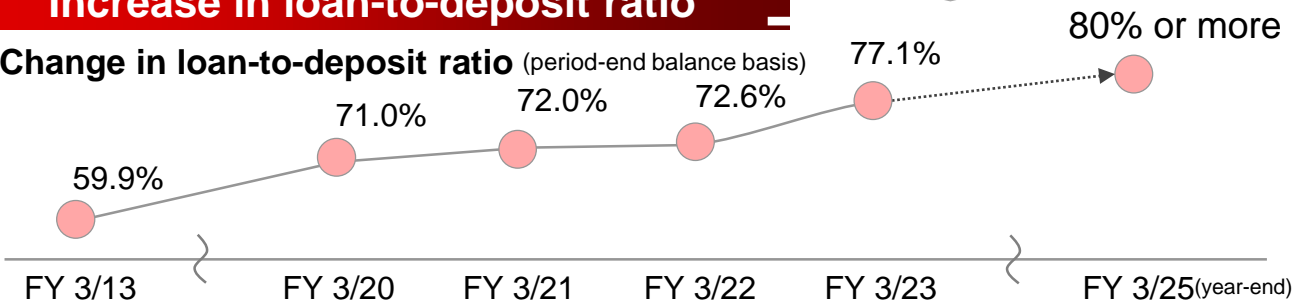
### Foreign-currency-denominated loans

Average balance plan

- Focus on investment-grade companies and projects with good quality guarantees
- Activities with portfolio balance in mind

### Increase in loan-to-deposit ratio

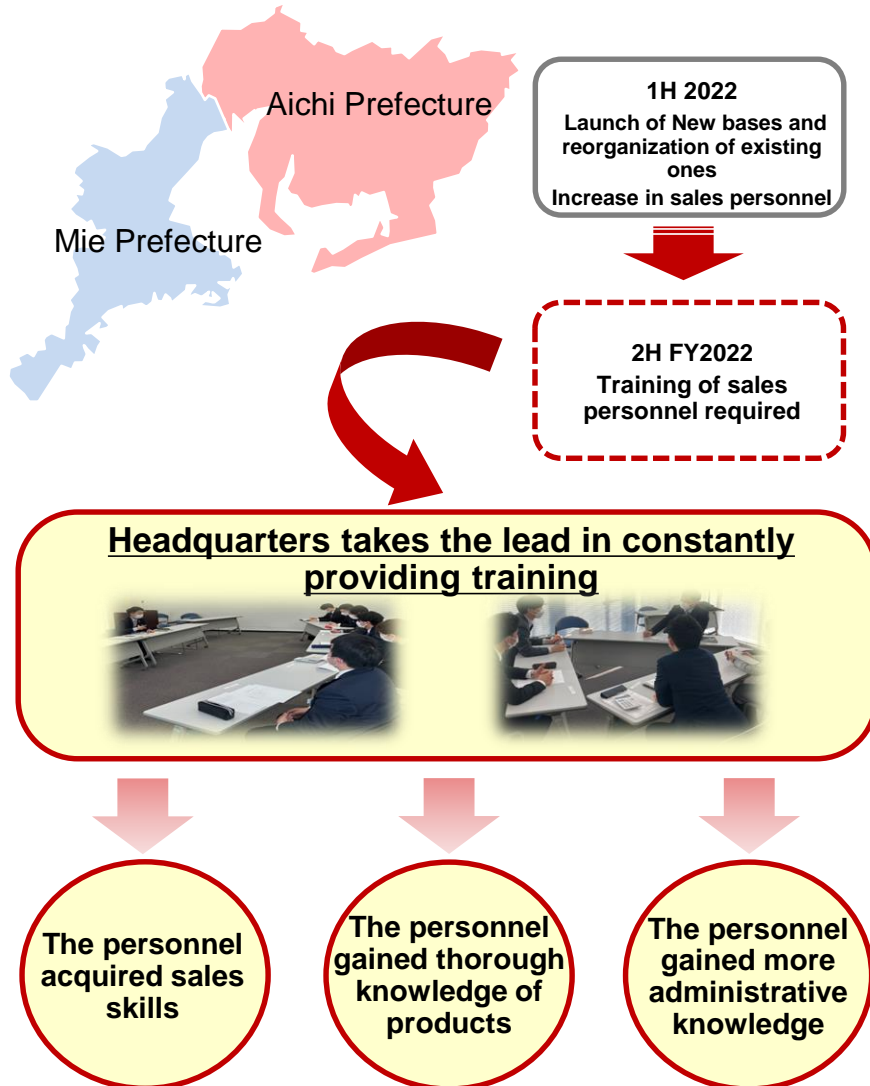
#### Change in loan-to-deposit ratio (period-end balance basis)



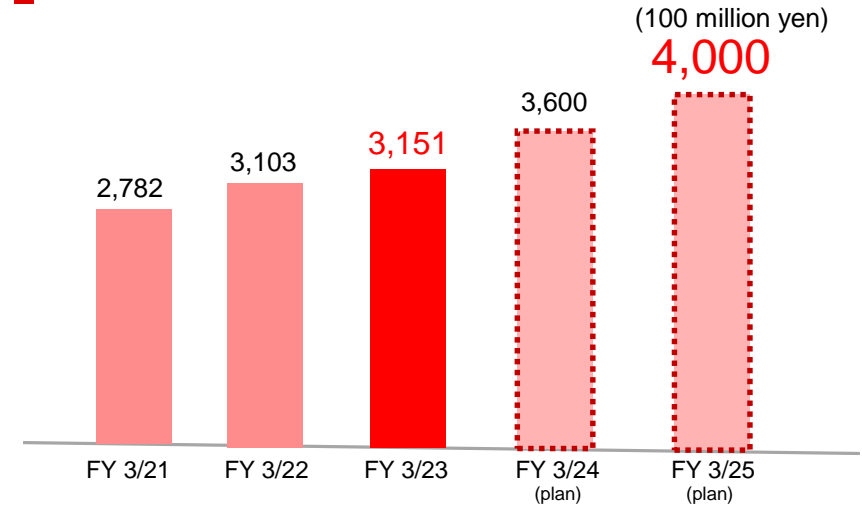
FY 3/23 (actual)	FY 3/25 (Medium-Term Plan)
77.1%	80.0% or more

Housing loans offered in a single year reached a record high

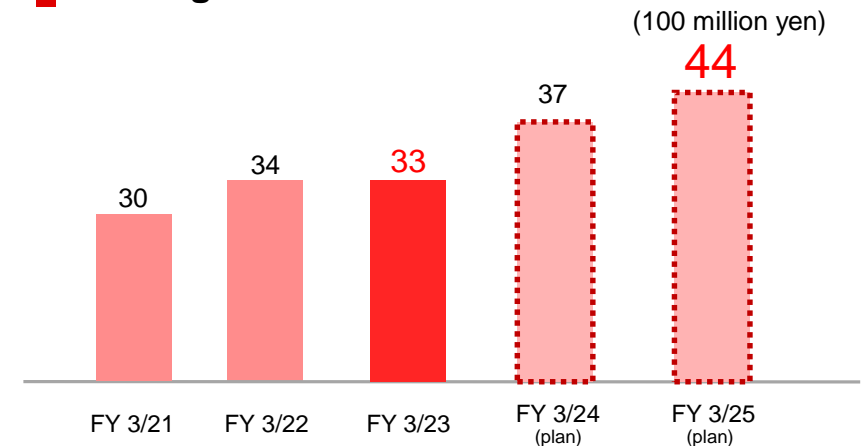
## Increasing and developing sales personnel



## Housing loans offered in a single year in value



## Housing-loan-related fees

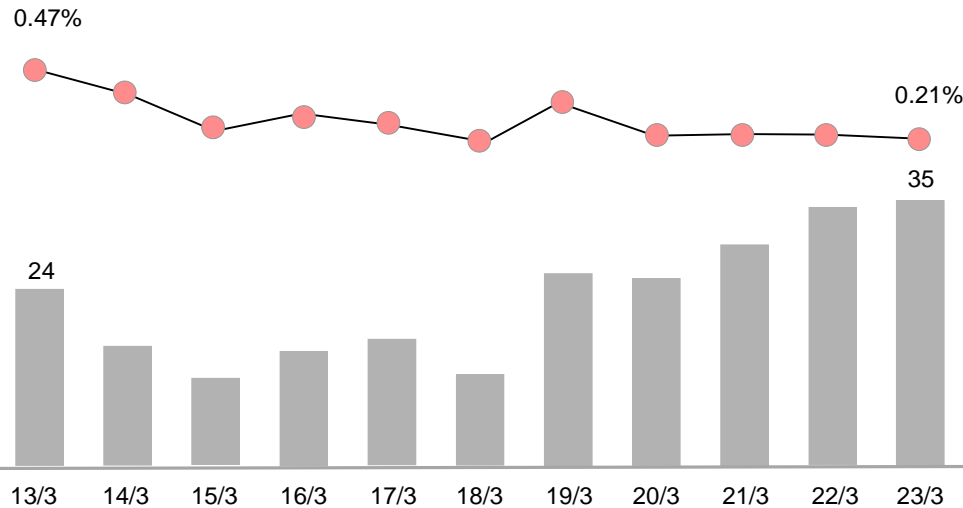


Maintain financial health even as new housing loans and balance increased. Further streamline and computerize housing loan operations

## Housing loan delinquency and default status

### Delinquent loan balance and rate

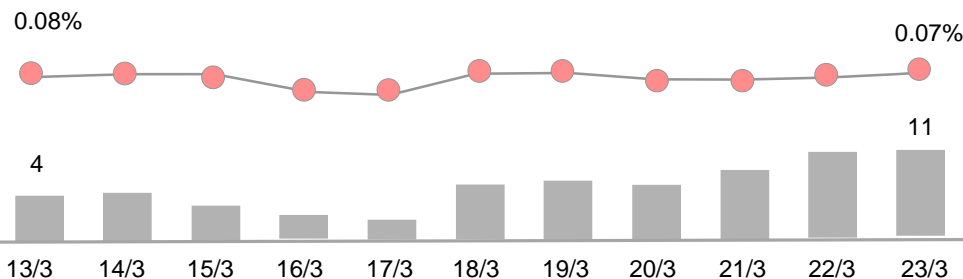
(Balance: 100 million yen)



### Amount and rate of defaults, etc.

\*Including guaranteed loans (payment under guarantee)

(Amount: 100 million yen)



## Streamline housing loan operations

### Loan pre-screening navigation system introduced (November 2022)



## Future steps for housing loan operations

Enhanced training lineup to support human resource development

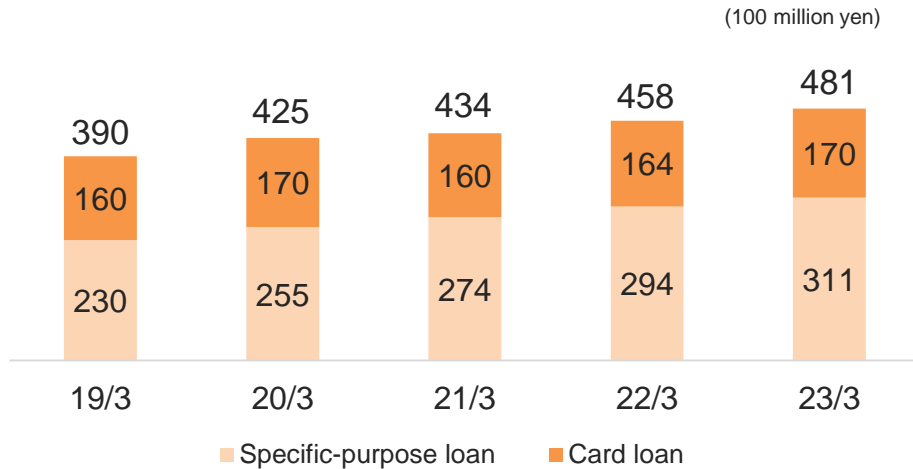
Design products to suit market conditions and customer needs

Introduce electronic contracts and switch to using IT for operations

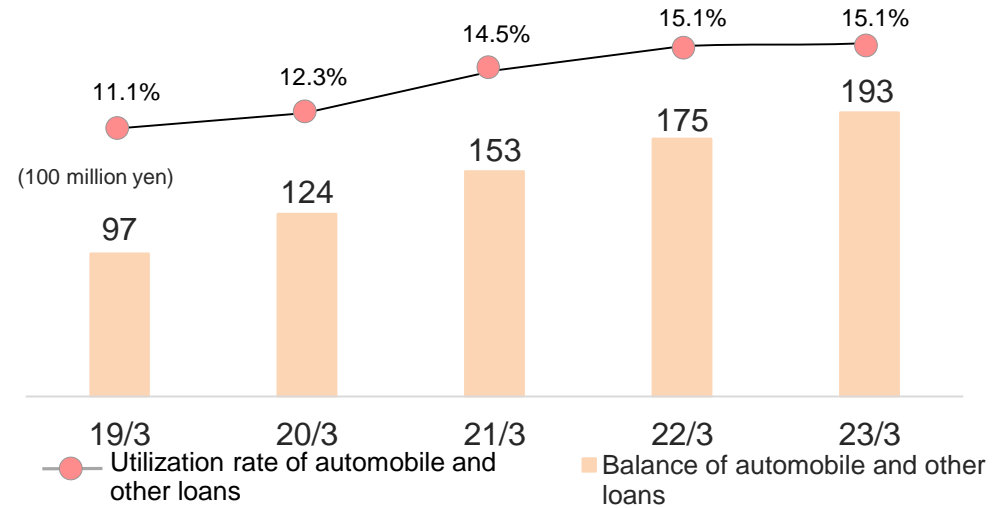
Establish a system that can respond to changes in market interest rates and home-buying sentiment

Promote unsecured loans by capturing the funding needs of housing loan customers

## Outstanding balance of unsecured loans



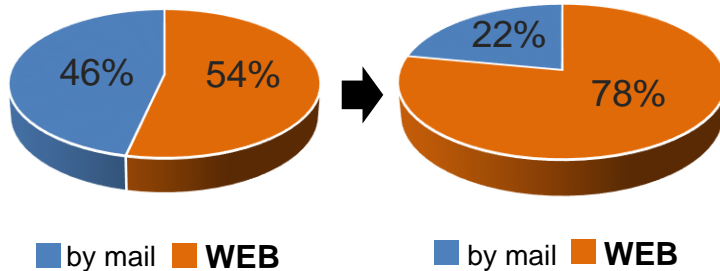
## Rate of housing loan users' use of automobile loans and balance of loans



## Breakdown of card loan borrowing channels

FY2018

FY2022

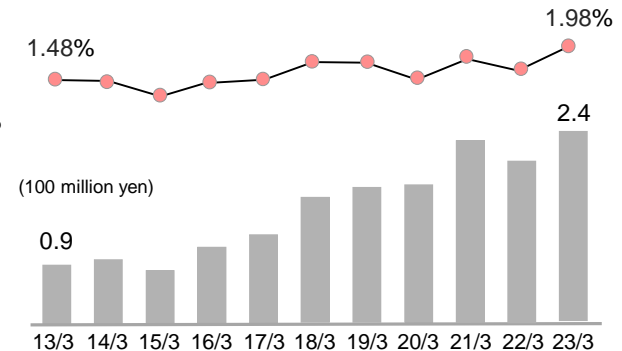
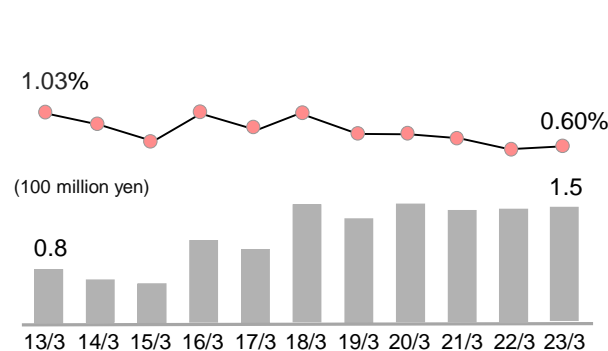


\*Aggregate of "My Card DREAM" card loans

## Delinquent unsecured loan balance and rate

Specific-purpose loan

Card loan



Conduct customer-oriented business operations and increase overall income from depository assets by leveraging synergies between face-to-face and non-face-to-face sales

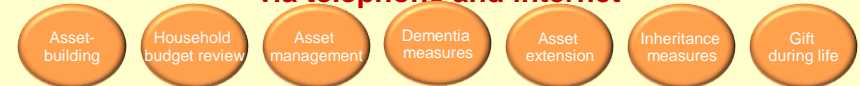
## Consulting plaza for “face-to-face sales”

### Concentrate personnel in charge of depository assets

Increase effective points of contact with customers through a network of nine locations (of which seven are co-located with the Hyakugo Securities functions)

## Depository asset center for “non-face-to-face sales”

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



## 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

## Commissions related to depository assets (Hyakugo Bank)

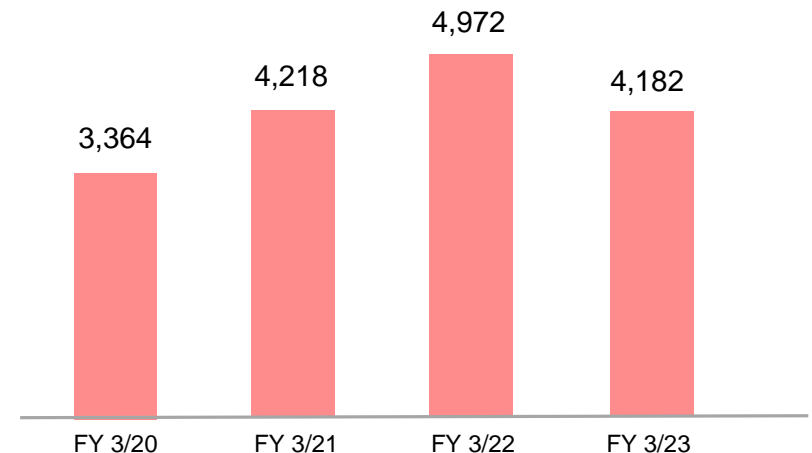
\*Breakdown of four major items

(millions of yen)

	FY 3/22 (actual)	FY 3/23 (actual)	FY 3/25 (Medium-Term Plan)
Investment trusts	1,496	960	1,570
Insurance	866	1,402	1,247
Financial instruments brokerage	404	296	502
Defined contribution pension	124	136	153
<b>Total</b>	<b>2,892</b>	<b>2,805</b>	<b>3,497</b>

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

(millions of yen)

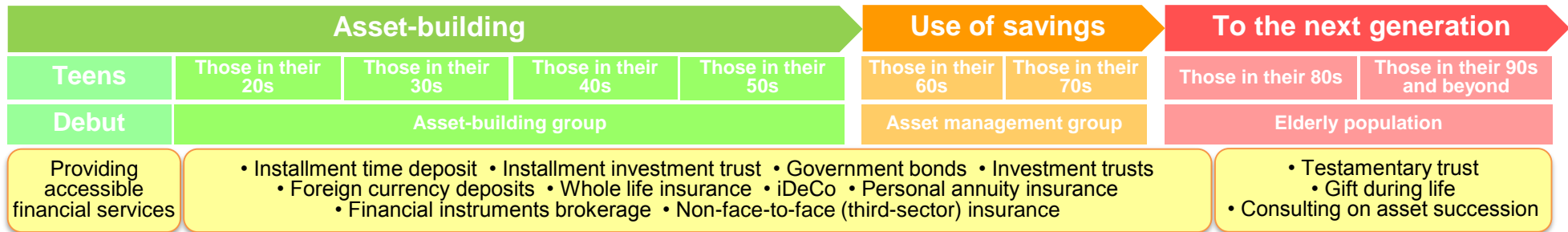




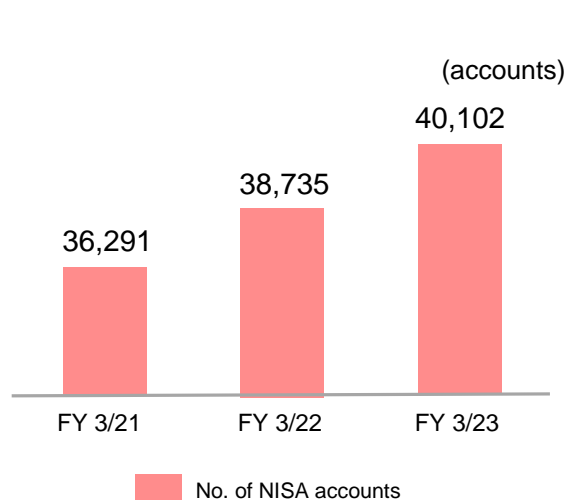
## Evolve face-to-face and non-face-to-face sales to establish a stock business

### Provide optimal services according to each customer's "life stage"

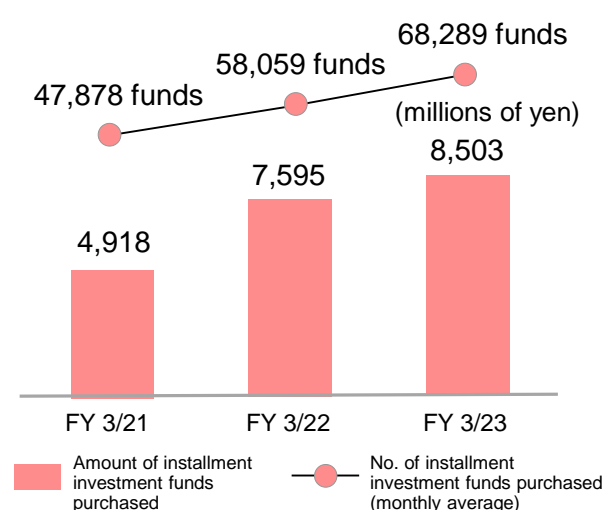
- Appropriately apply face-to-face and non-face-to-face sales to customers of different age groups, create opportunities for proposals regarding depository assets, and acquire new customers to **smooth depository assets in the long term**
- Further promote "iDeCo" and "NISA" in anticipation of the launch of a new system to expand the customer base, especially among asset builders
- Make the Bank's "consulting sales" services more known to customers and strengthen the flow of services at the stages where customers want to increase and maintain their assets
- The Wealth Management Department to capture needs for "inheritance and gift during life" and approach wealthy individuals



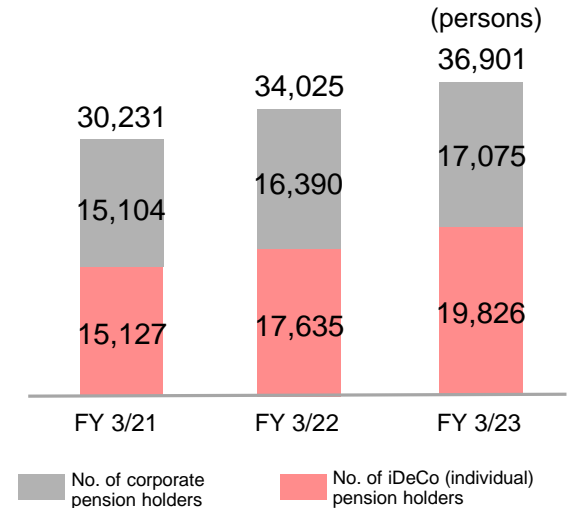
### NISA



### Installment investment trust



### Defined contribution pension

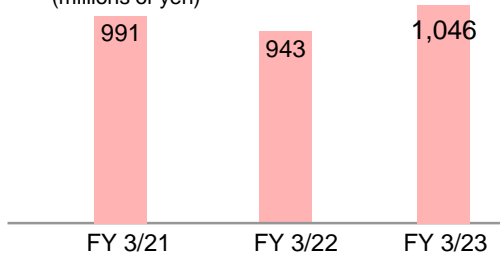


Provide optimal solutions to customers' diverse management issues and needs and increase non-interest income

## Increased corporate solutions fees

### Structured finance-related fees

(millions of yen)



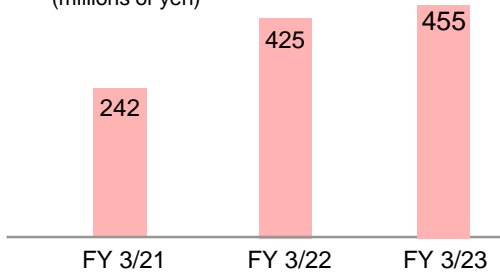
**1,046 million yen**

(Results as of March 31, 2023)

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

### M&A fees

(millions of yen)



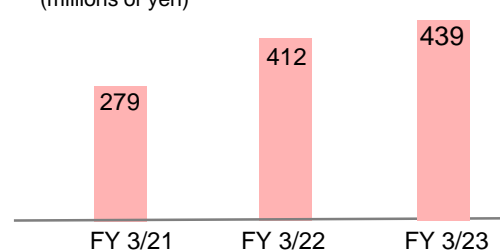
**455 million yen**

(Results as of March 31, 2023)

- Support companies in resolving business succession issues and further growth strategies with M&A operations

### Business matching fees

(millions of yen)



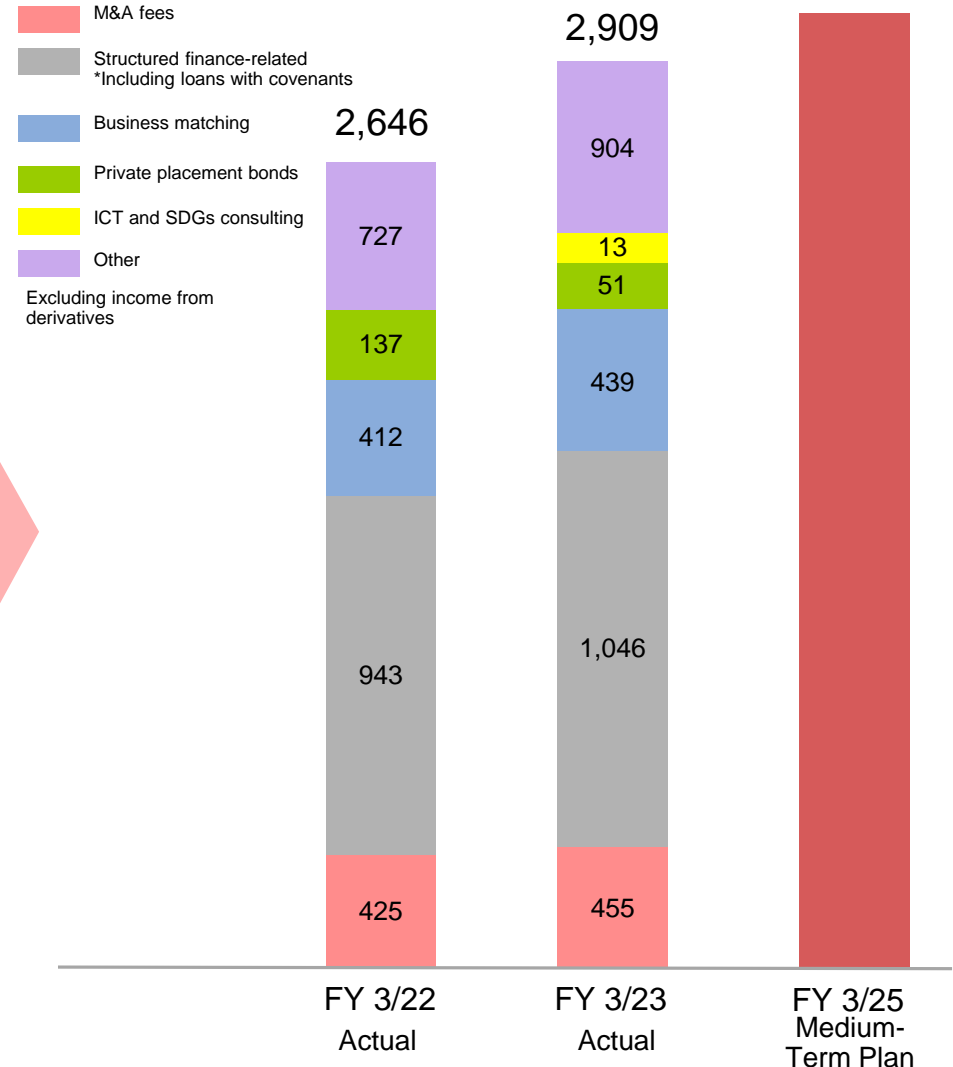
**439 million yen**

(Results as of March 31, 2023)

- 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

(millions of yen)  
3,027



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

### Promotion of project finance for PPP/PFI

Recent PPP/PFI Initiatives

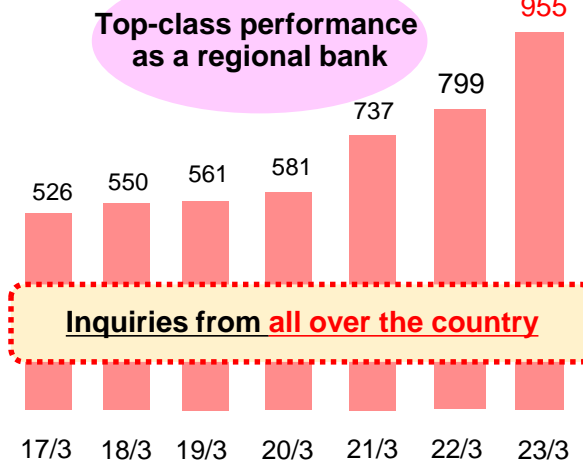


©2021(株)瑞穂LOOP-PFI  
Project for development of Nagoya City Mizuho Park Athletic Field, etc.  
(\*Image is for reference only)



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

Cumulative total of PFI loans underwritten (100 million yen)



Projects participated in in FY2022: 6  
Of which, projects where the Bank served as the arranger: 6 projects

Prefecture	No. of projects	Cumulative no. of projects participated in
Aichi	22	64 projects 95.5 billion yen
Tokyo	8	
Osaka	9	
Mie	8	of which,
Kanagawa	5	35 arranger projects
Shizuoka and elsewhere	12	Approx. 51.9 billion yen

### Promotion of PPP projects in Mie Prefecture

Support for business creation

Established the **Mie Public-Private Partnership Co-Creation Platform** in November 2017, together with the Cabinet Office and local governments in the prefecture

Purpose of establishment	To vitalize the regional economy through the promotion of PPP/PFI projects in Mie Prefecture
Administrative office	Hyakugo Bank, Mie Prefecture
Constituent bodies	All municipalities in Mie Prefecture, Mie University
General participating organizations	Private companies (general contractors, design firms, etc.)
Activities	Seminars (at least once a year) Commercialization support for municipalities

Commercialization support

Support in the form of financing

#### Social loan initiatives for Japan's first Park-PFI project

Provided a social loan in June 2022 to the "Chusei Green Park Public-Private Partnership Project," for which the Bank provided commercialization support through the platform



Scale of public portion of the project: approx. 150 million yen

Support for a series of local economic revitalization activities

The Bank's initiatives were recognized as an "example of distinctive initiatives" by financial institutions contributing to regional development, and the Bank received the Minister of State for Special Missions Award from the Cabinet Office.



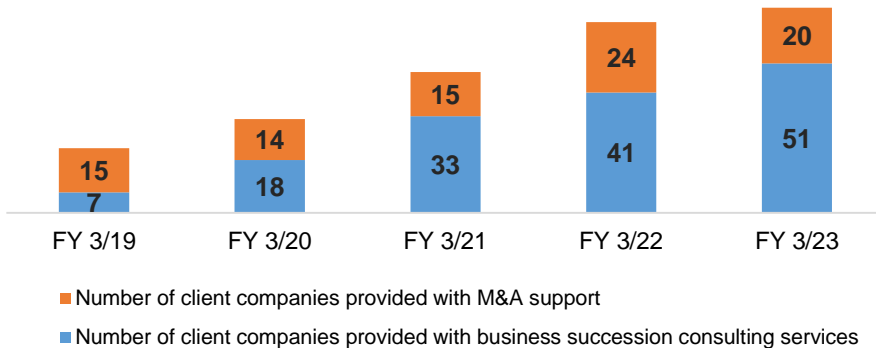
Enhance the scheme to support business succession as part of the Bank's commitment to sustainable community development, and increase earnings also

## Support for business succession

### Number of consultations on business succession and M&A support

\*Including partner companies

(companies)



### Held The 4th Successor Training School

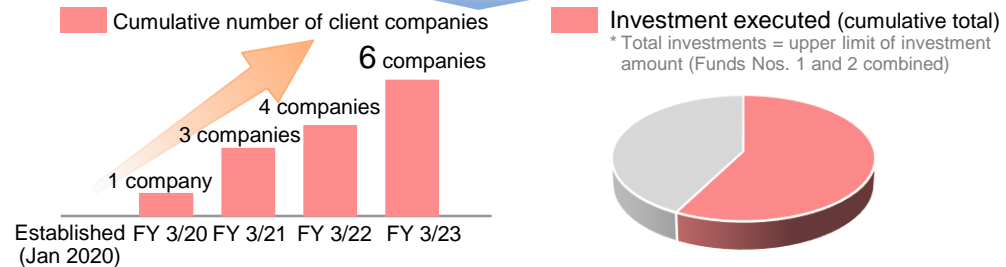


- Attended by 24 young managers and management executives in their 20s to 50s
- Providing knowledge about the need for business succession, how to deal with it, and the management required of business owners
- **Offering networking opportunities across industries and ages**

## Enhance support through Hyakugo Mirai Investment Company

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

The Bank achieved investment target of 2 companies per year, and is in the process of finding more companies to invest in.



### M&A TOKAI EXPO exhibit to enhance the Bank's presence



- The Bank participated in a joint seminar in the Tokai region to find investment targets for Fund No. 2, and **to increase its presence in the region and the number of prospective projects**
- It 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
- It will continue investment aimed at providing **interactive management support**



Providing support for SDGs to help client companies to engage in sustainable business activities, and support to help customers and local communities adopt digitized operations

## SDGs consulting



[Steps 2 through 5] PDCA cycle

Support for sustainable management through issue identification and goal setting

Launched in April 2022  
The Bank has offered support to 41 companies.  
SDG card game is also popular

I felt that my company should be involved in the SDGs.  
I want the whole company to think about the SDGs

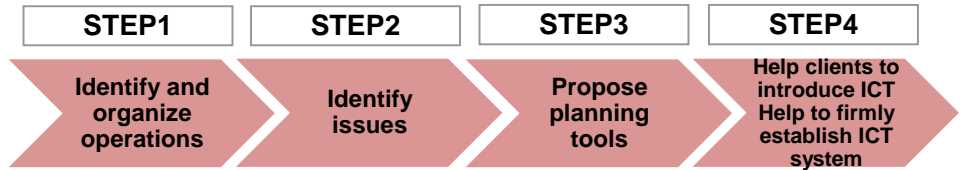
\*Prepare declarations with client companies



\* Participants playing SDG card game

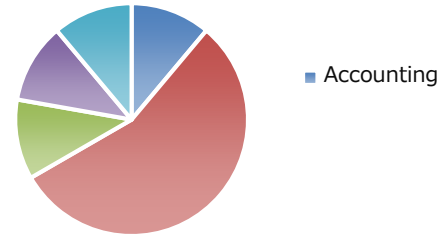
## ICT consulting

In April 2022, the Bank started providing accompanying support for proposal, introduction, and establishment of ICT tools to improve operational efficiency and strengthen sales capabilities of customers



### Status of support

Area of support services



Seminars



### Examples of support

Business issues faced by client companies

- We have a lot of paper-based work.
- We manage information scattered across multiple tools.
- We cannot gain real time information.

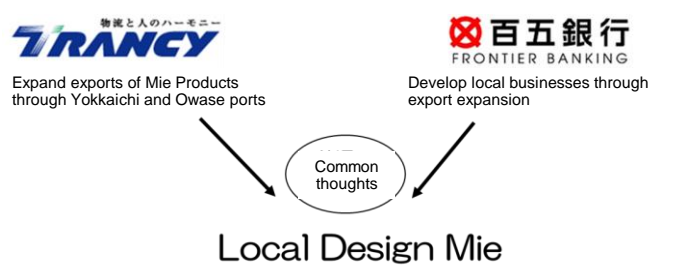
Support effectiveness (client feedback)

- Streamlined reporting operations now enable us to offer attentive customer service
- The Bank's accompanying support helped us smoothly introduce and firmly establish ICT
- We were able to raise employees' awareness of the digitalization process

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

### Collaboration with logistics company in the prefecture

Accompanying support for client companies



- [Business description]**
- Sales channel development support, export consulting, logistics support
  - Providing accompanying support to local businesses in their export operations
  - Activities aimed at regional revitalization through the export of local products

### Collaboration with overseas government agency

Example of collaboration with overseas government agencies



- Photos: Seminar outline and the visit of officials from the Malaysian Investment Development Authority
- The Bank and the Malaysian Investment Development Authority (MIDA) jointly hosted the "Malaysia Automotive Seminar."
  - The Bank continues to support client companies considering expanding into Malaysia through the seminar.

### Collaboration with overseas partner bank

On site seminar for Japanese companies in Vietnam



- Photos: Seminar at HD Bank, Vietnam
- HD Bank Japan Desk held its first seminar in three years for Japanese companies, jointly with partner financial institutions
  - Networking exchange after the seminar to reinforce cooperation with HD Bank in order to move away from the COVID-19 pandemic

## Support for export of local products

Accompanying support for client companies



- Photo: Meeting with clients at Nagashima Branch
- Collaboration of Mie sea bream and Banko-yaki (pottery) for overseas market
  - Accompanying support for business partners through accompanying visits
  - Support for preparation for export trials to Singapore

Special menus at the Bank's cafeteria incorporating local products and publicizing this initiative



- Photos: Cafeteria special menu and Ise sea bream sales event
- Create opportunities for employees to learn about local products and publicize export support initiatives by utilizing the cafeteria
  - All the Bank's branches worked together to carefully select local products with high export potential, compiled information on approximately 300 local products, and encouraged local businesses to export them

Export promotion seminar for businesses in Higashi-Kishu

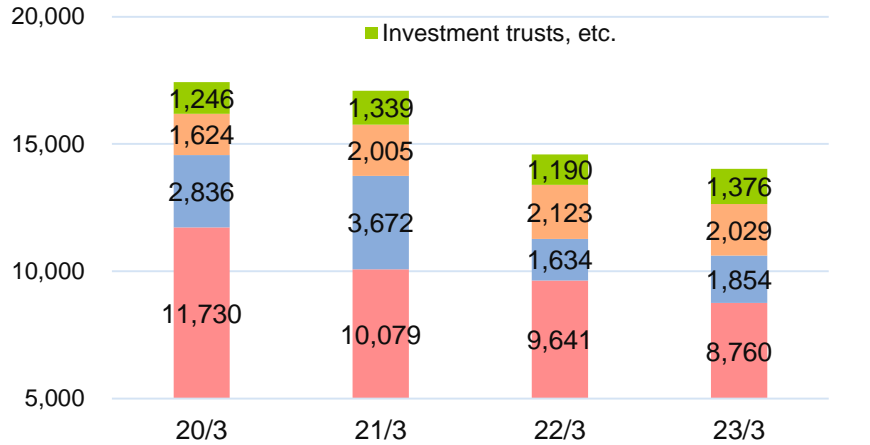


- Photo: Seminar to promote export of products of Higashi-Kishu
- Seminar co-sponsored by Owase Port Promotion Association
  - Fifty-eight people, including related parties, participated to promote Local Design Mie's activities
  - Support local companies' export efforts through individual consultations during the seminar

## Restrained reinvestment in JPY-denominated bonds in preparation for changes in monetary policy. Reconfigured the foreign currency bond portfolio to focus on floating rate bonds

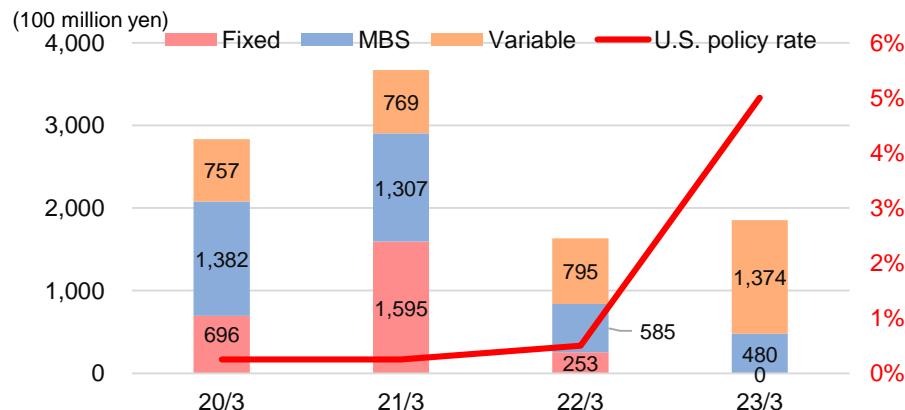
### Changes in securities portfolio

Restrained reinvestment in JPY-denominated bonds in preparation for changes in monetary policy. (100 million yen)



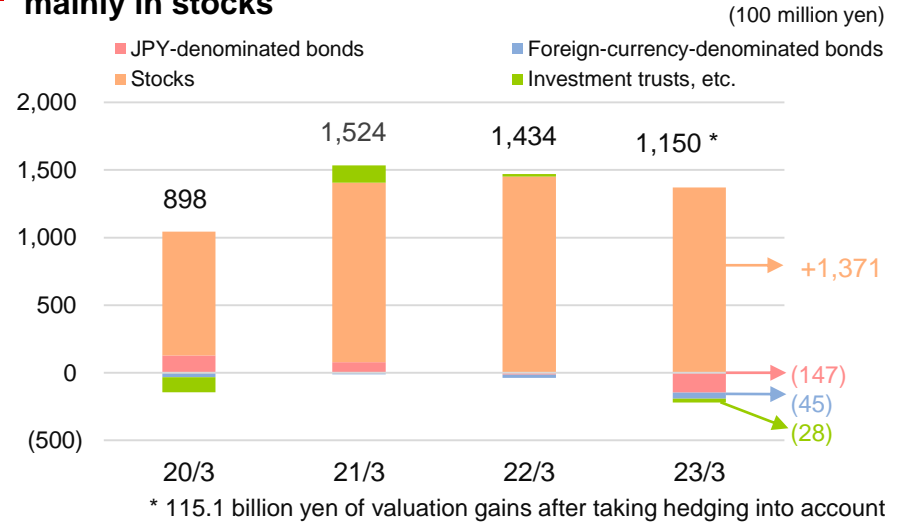
### Changes in foreign-currency-denominated bonds

Reorganized the portfolio with a focus on floating rate bonds in consideration of interest rate hikes.

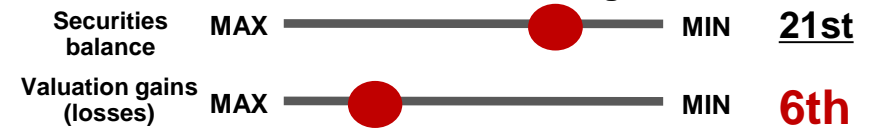


### Valuation gains (losses) on securities

Maintained unrealized gains of over 100 billion yen, mainly in stocks



### Ranking of Hyakugo Bank among 31 regional banks with over ¥1 trillion in securities outstanding



\* Figures announced by each bank and compiled by the Bank (as of March 31, 2023). Valuation gains (losses) are before taking hedging into account

### Interest rate risk is contained

	Yen bonds	Foreign bonds
Impact on valuation gains (losses) if interest rates rise 10 basis points in parallel (after taking hedging into account)	(53)	(2)

\* As of March 31, 2023. Impacts on credit risk and foreign exchange, associated with rising interest rates, are not taken into account



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

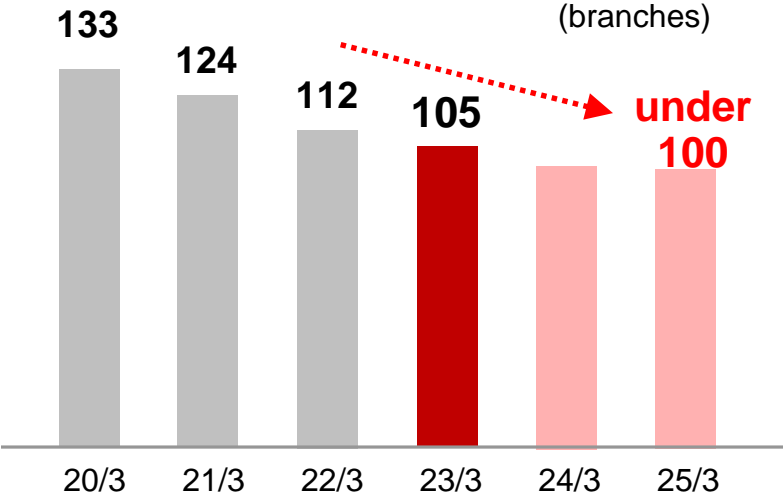
## Optimize the branch and ATM network

### Consolidation of branches through branch-in-branch method

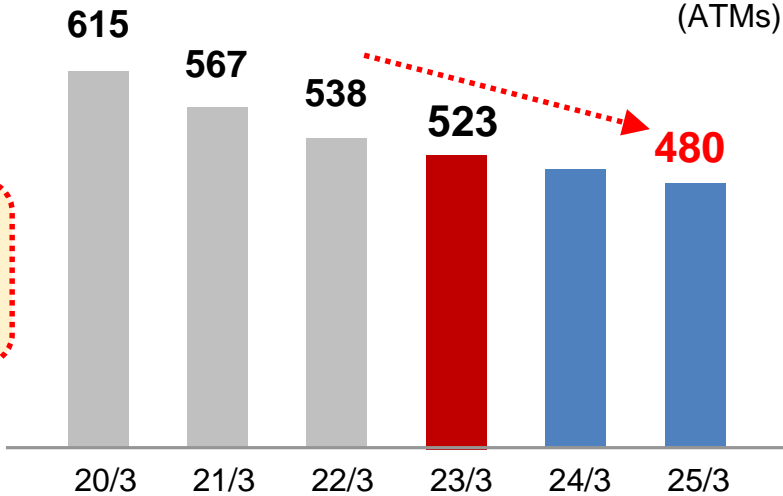
**Plan** Aim to reduce number of branches to less than **100** over the three years of the Medium-term Management Plan

### Review of ATMs

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



Number of customers visiting the branches\* decreased by about 33% compared with 10 years ago  
\*Average daily number of customer traffic



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

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

Smartphone banking usage is increasing across all age groups, and the Bank aims to deliver an application that will be used as a customer contact channel to replace branch visits

## Smartphone

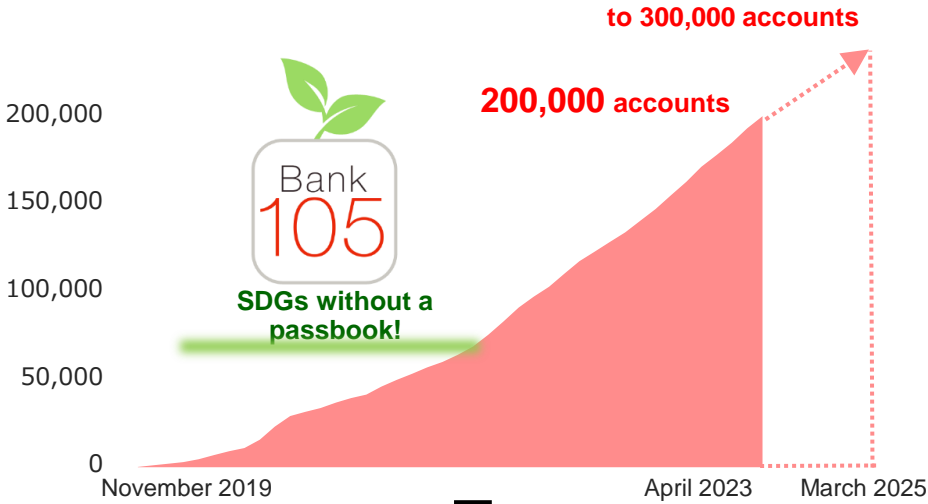
**Increased usage among a wide range of age groups as a convenient application**

**“Anytime”**  
**“Anywhere”**  
**“Easily”**  
**Complete banking transactions with your smartphone**

◆ Banking functions

◆ Notification functions

**Steady growth in smartphone banking accounts**



**Target of Medium-term Management Plan**  
**300,000 accounts covering about half of household accounts**

\* Household accounts are accounts with payroll transfers and pension payments

March 31, 2021		March 31, 2022		March 31, 2023	
Age group	Usage rate	Usage rate	Usage rate	Usage rate	Usage rate
10	3.14%	7.66%	12.30%	12.30%	12.30%
20	7.38%	17.21%	28.07%	28.07%	28.07%
30	4.73%	11.36%	19.52%	19.52%	19.52%
40	2.67%	6.73%	12.19%	12.19%	12.19%
50	1.95%	4.82%	8.84%	8.84%	8.84%
60	0.70%	2.12%	4.30%	4.30%	4.30%

Smartphone banking as a point of contact for optimal marketing

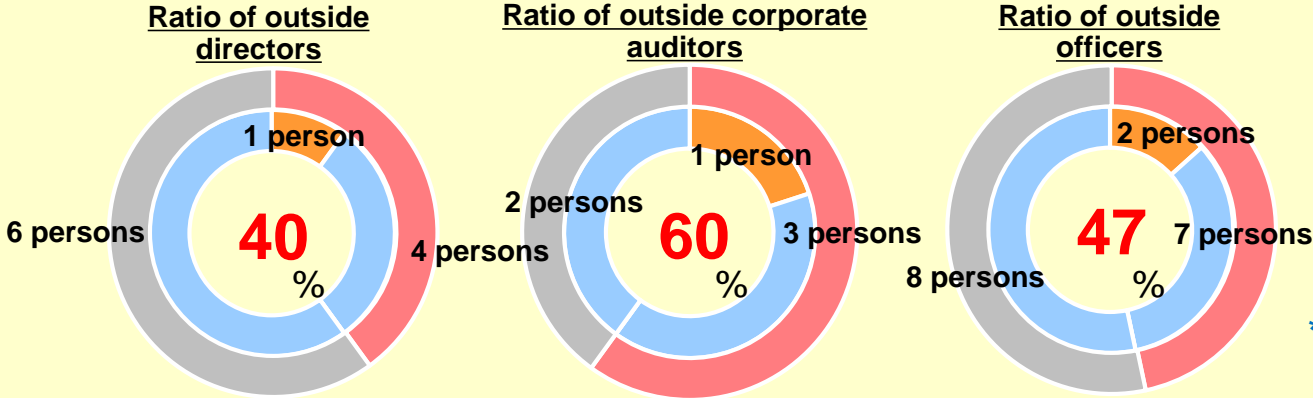
Strengthen the management system by responding to changing regulations and addressing new risks as needed

## Appointment and diversification of outside officers

### Ratio of outside officers

\* As of March 2023

Outside Inside Female Male



**[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
<b>Outside directors</b>	<b>4</b>
<b>Inside directors</b> (representative director)	<b>2</b>
<b>Total</b>	<b>6</b>

\* No. of officers as of March 2023

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)

View human resources as valuable assets, and foster a workplace culture in which each employee can maximize their abilities and work comfortably

## Hyakugo professional personnel

- Number of personnel with professional qualifications

Target is **450** personnel by March 31, 2025

**1 in 4 to 5** bank employees

(371 persons as of March 31, 2023)

- Those who have passed the IT Passport

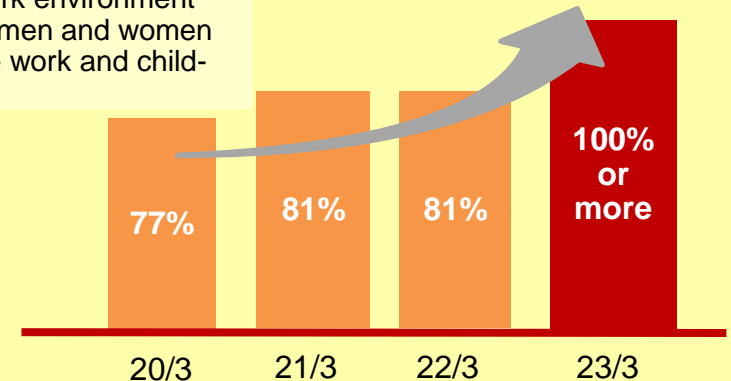
Target is **500** personnel by March 31, 2025

**1 in 4 to 5** bank employees

(244 persons as of March 31, 2023)

## Percentage of male employees taking childcare leave

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



## Health and Productivity management — White 500 enterprise

Certified as **White 500 enterprise for 6 consecutive years**

The only company in Mie Prefecture to be certified in the large enterprise category



Human resource development

Male employees to participate in childcare

Workplace environment improvement

Promote women's participation

## Platinum Kurumin Plus Certification

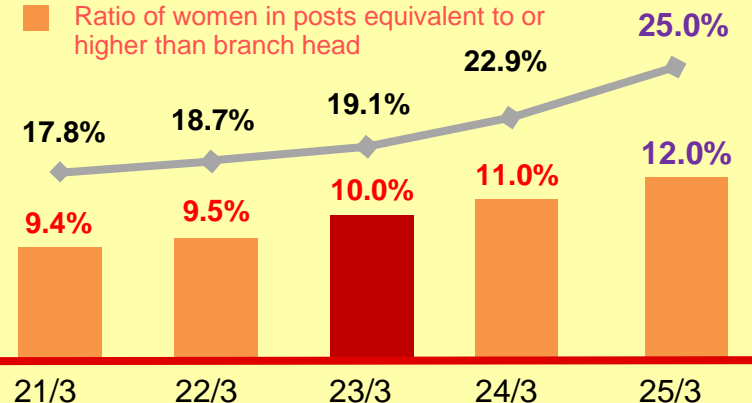
The Bank is **the first company in the three Tokai prefectures** to be certified as a company committed to creating a workplace environment that facilitates both work and fertility treatment.



## 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

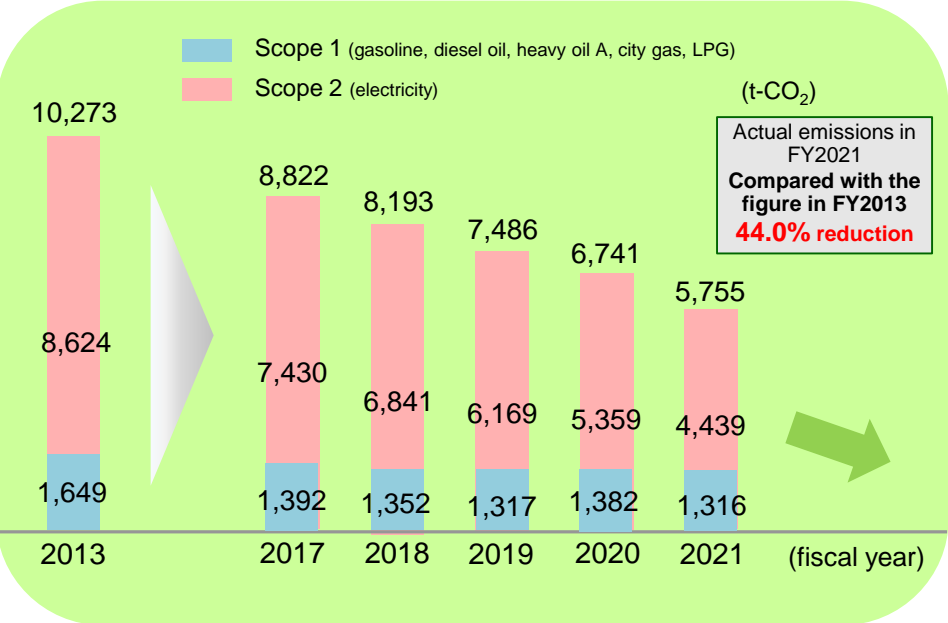


Greenhouse gas (GHG) emissions have been steadily declining. The Bank has also disclosed information in line with the TCFD recommendations.

## Changes in greenhouse gas (GHG) emissions

## Information disclosure (in July 2022)

### Changes in the Group's GHG emissions

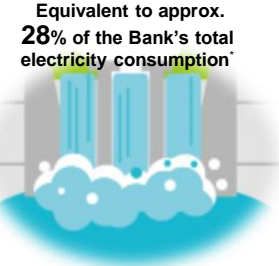


**Target** by the end of FY2030  
**Achieve net zero**  
 (Scope 1,2)

### Introduction of CO<sub>2</sub>-free electricity

CO<sub>2</sub>-free electricity generated in Mie Prefecture  
**Headquarters and main office buildings**

CO<sub>2</sub>-free electricity generated in Aichi Prefecture  
**9 locations in Aichi**



<Calculation of GHG emissions>  
 \* Scope 1 and Scope 2 GHG emissions of the Hyakugo Bank and its group companies.  
 \* For gasoline, diesel oil, heavy oil A, city gas, and LPG, coefficients based on the Law Concerning the Promotion of the Measures to Cope with Global Warming are used.

### Physical risk to 2050

**Additional credit cost up to 5 billion yen**

[Risk events to be analyzed]

- Damage to collateral property due to a massive flood
- Deterioration in business performance of commercial borrowers due to direct damage to their buildings and damage due to the suspension of operations resulting from flooding

[Target portfolio]

- Domestic business loans and housing loans borrowers (the Bank's own clients and those guaranteed by the Bank's own guarantee company)

### Transition risk to 2050

**Additional credit cost up to 3.5 billion yen**

[Risk events to be analyzed]

- Deterioration in the performance of credit clients due to sales fluctuations and increased costs and capital expenditures associated with the transition to a decarbonized society

[Target portfolio]

- Utilities (electricity and gas), energy (gas)

**Carbon-related assets\* as a percentage of the Bank's loans and other assets 1.92%**

\* Total loans, acceptances, foreign exchange, etc. as of March 31, 2022, for the energy and utility sectors based on the definition recommended by the TCFD recommendations. Water supply projects, renewable energy power generation projects, etc. are excluded.

Promote sustainable finance to create prosperous local economies. The Bank also conducts activities to promote the SDGs in local communities

## Sustainable finance

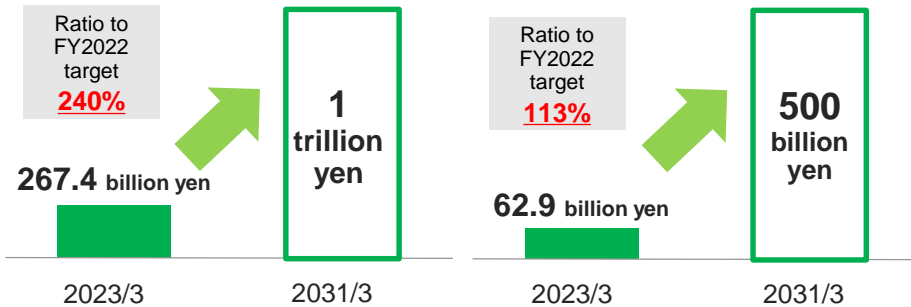
### Sustainable finance\* Targets and results

Target for cumulative amount of sustainable finance execution

1 trillion yen

of which, target for cumulative amount of execution in the environmental area

500 billion yen



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

## Providing financial support for customers' sustainable initiatives

### Financing product lineup

Offering products to meet a variety of needs

- Sustainability-linked loans (SLLs)
- Positive impact finance
- Green loans
- Hyakugo sustainable loans (green loans and SLLs)
- Loan to support SDG initiatives

## Initiatives for promoting and raising awareness of the SDGs in the region

### Partnerships with Mie Prefecture and Tokio Marine & Nichido Fire Insurance Co.

Utilizing the “Mie Prefecture SDGs Promotion Partner Registration System” implemented by the prefecture, the three parties work together to promote and educate businesses in Mie Prefecture about the SDGs in order to solve regional issues and develop the prefecture’s economy.



More than 1,000 applications received in just over a year since the registration system was launched.

### Mie Prefecture SDGs Promotion Seminar

In January 2023, the Bank held the “Mie Prefecture SDGs Promotion Seminar” to further expand and improve the quality of SDG promotion initiatives.

- Keynote speeches by lecturers and introduction of good practices by companies and organizations in the prefecture
- Ceremony to commemorate 1,000th application



As a financial institution with deep roots in the community, the Bank continues to make efforts to promote the SDGs

# Appendix

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## Deposits (ending balance)

(Million yen)

	end of 3/19	end of 3/20	end of 3/21	end of 3/22	end of 3/23
<b>Corporate deposits</b>	940,577	957,260	1,140,057	1,148,376	1,172,626
JPY liquid	637,719	652,847	812,544	827,444	851,893
JPY time	296,595	296,535	321,973	315,830	313,082
Foreign currency	6,261	7,877	5,539	5,102	7,650
<b>Individual deposits</b>	3,741,707	3,821,661	4,086,211	4,244,558	4,318,085
JPY liquid	2,000,289	2,122,226	2,424,830	2,628,110	2,759,168
JPY time	1,720,154	1,680,890	1,643,569	1,602,595	1,549,352
Foreign currency	21,263	18,544	17,811	13,851	9,565
<b>Public funds deposits</b>	165,245	129,009	117,530	190,852	232,316
JPY liquid	126,707	104,235	85,817	156,486	204,216
JPY time	38,537	24,774	31,713	34,365	28,099
Foreign currency	0	0	0	0	0
<b>Other</b>	35,456	42,955	44,176	65,728	56,550
<b>Total deposits</b>	4,882,986	4,950,887	5,387,976	5,649,515	5,779,579
<b>Deposits in Mie Prefecture*</b>	4,427,536	4,485,158	4,874,667	5,122,798	5,242,287
<b>Deposits outside Mie Prefecture</b>	455,449	465,729	513,308	526,717	537,291
Tokyo, Osaka	11,379	18,776	13,513	13,081	13,035
Aichi	444,069	446,952	499,794	513,635	524,256
<b>Negotiable certificates of deposit</b>	182,115	160,490	154,505	171,666	149,858

## Loans (ending balance)

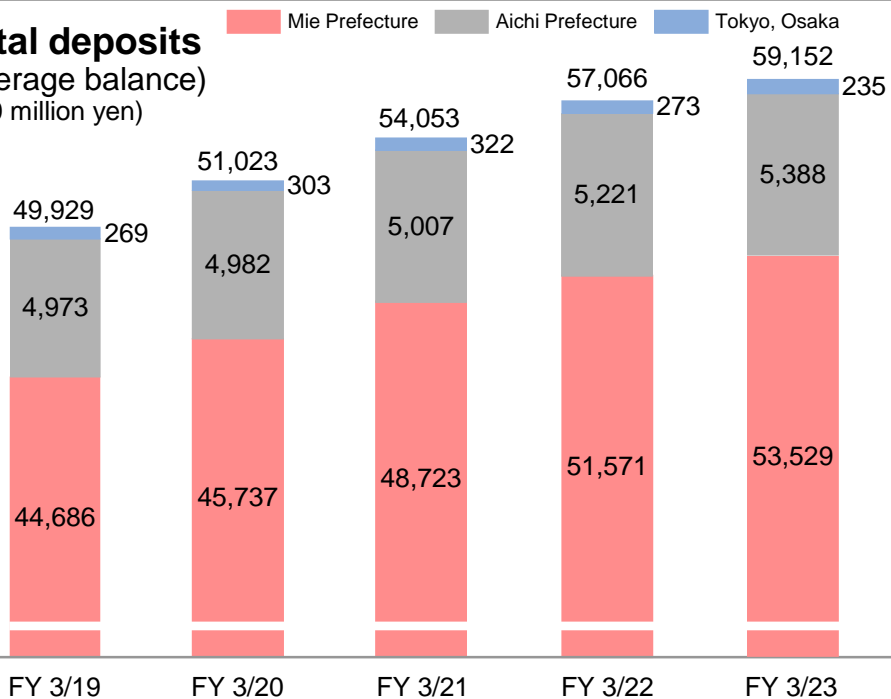
(Million yen)

	end of 3/19	end of 3/20	end of 3/21	end of 3/22	end of 3/23
<b>Corporate sector</b>	2,023,492	2,038,320	2,211,389	2,230,098	2,361,962
Large companies	701,520	706,445	764,085	741,121	777,801
Medium-sized companies	68,607	76,523	72,632	70,012	67,575
Small and medium-sized companies	1,253,364	1,255,350	1,374,671	1,418,965	1,516,584
<b>Individual sector</b>	1,188,146	1,378,725	1,581,166	1,806,575	2,026,234
<b>Public corporations</b>	230,114	214,004	195,812	187,096	182,989
<b>Total loans</b>	3,441,753	3,631,051	3,988,368	4,223,771	4,571,185
<b>Consumer loans</b>	1,172,255	1,363,812	1,568,347	1,793,865	2,014,300
Housing loans	1,125,634	1,315,068	1,519,349	1,744,239	1,963,438
Other loans	46,621	48,744	48,998	49,626	50,862
<b>Loans in Mie Prefecture*</b>	1,672,737	1,705,231	1,827,164	1,883,944	1,959,791
<b>Loans outside Mie Prefecture</b>	1,769,016	1,925,819	2,161,204	2,339,826	2,611,394
Tokyo, Osaka	749,869	738,003	765,891	763,513	805,503
Aichi	1,019,146	1,187,816	1,395,312	1,576,313	1,805,890

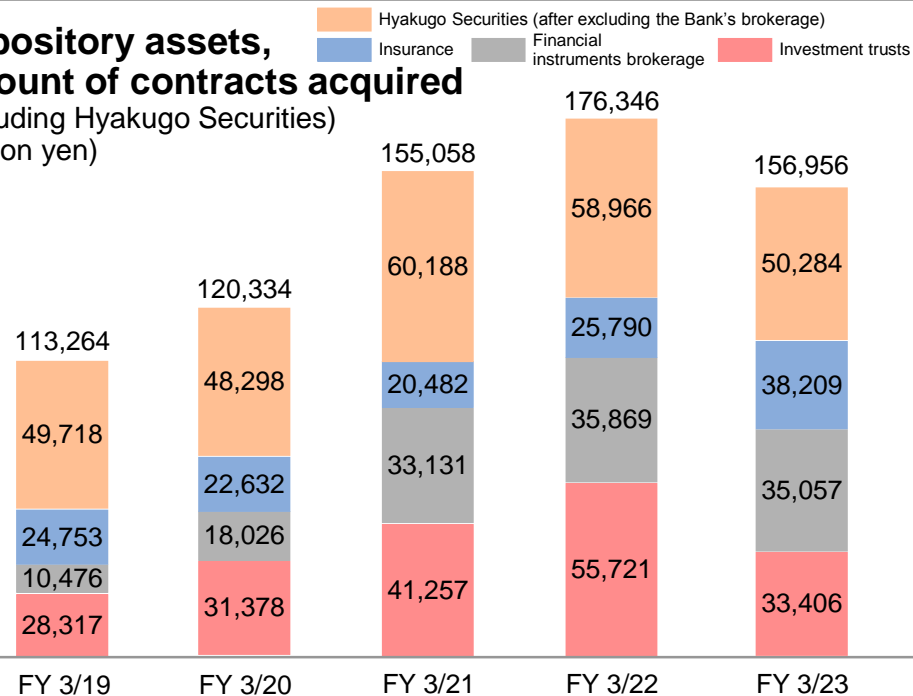
\* Deposits and loans in Mie include those in Shingu.

# Deposits (including negotiable certificates of deposit), Depository Assets

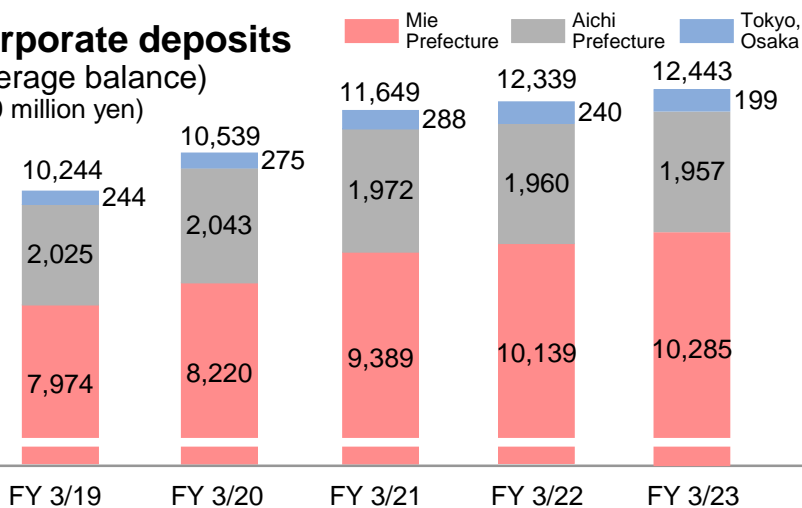
## Total deposits (average balance) (100 million yen)



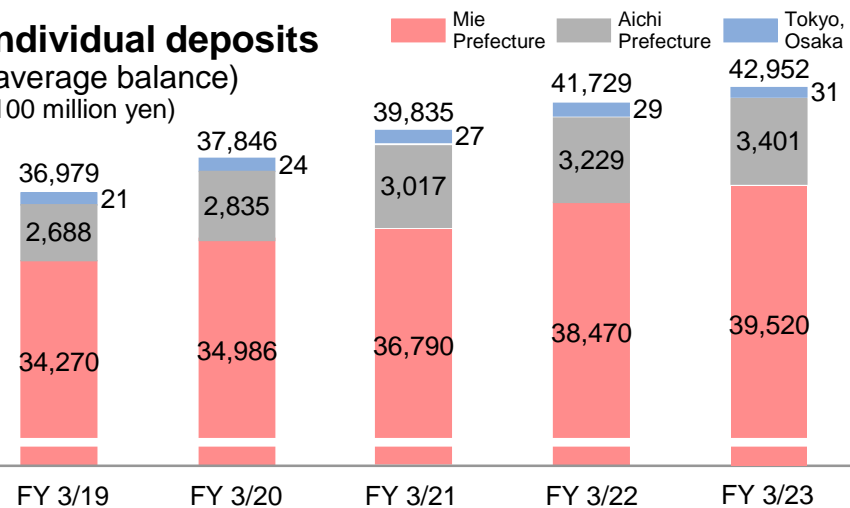
## Depository assets, amount of contracts acquired (including Hyakugo Securities) (million yen)



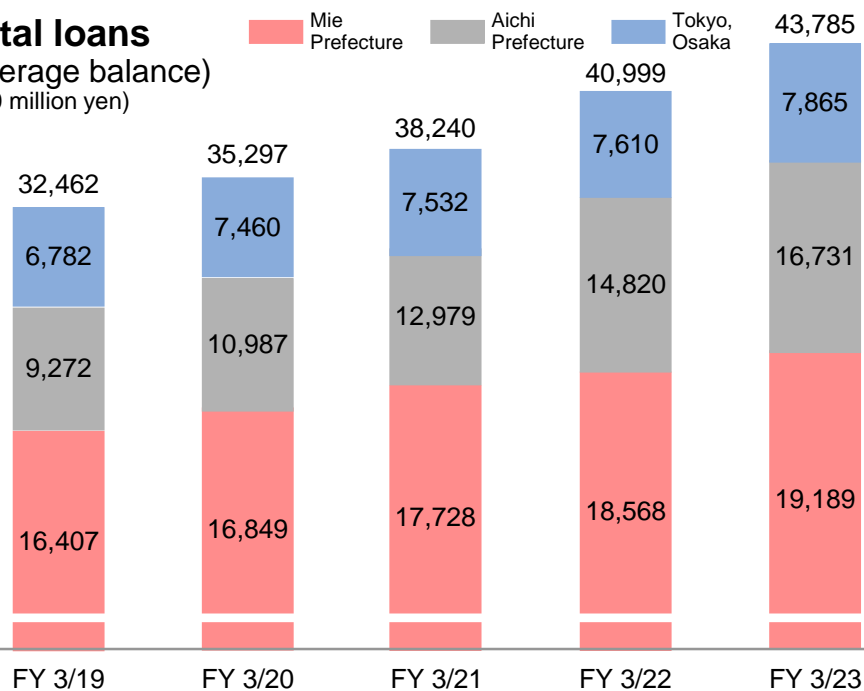
## Corporate deposits (average balance) (100 million yen)



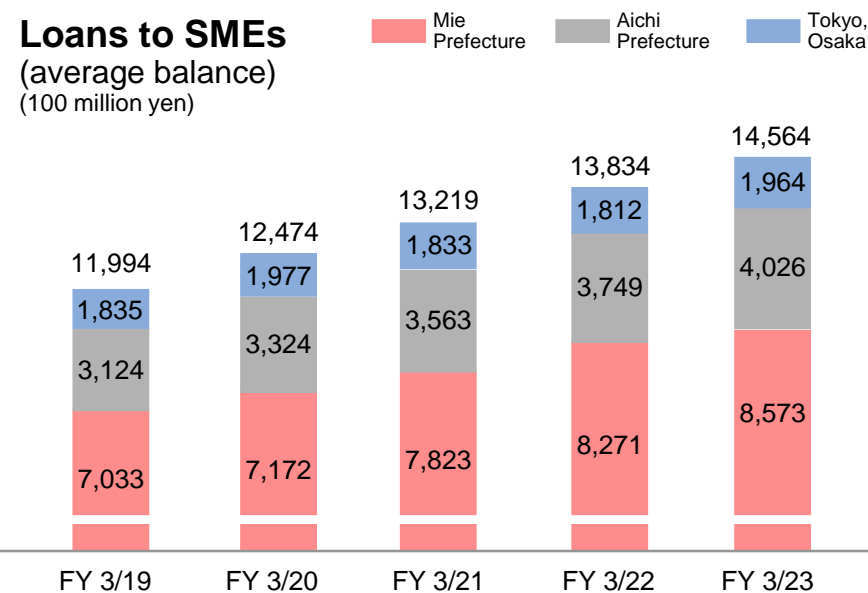
## Individual deposits (average balance) (100 million yen)



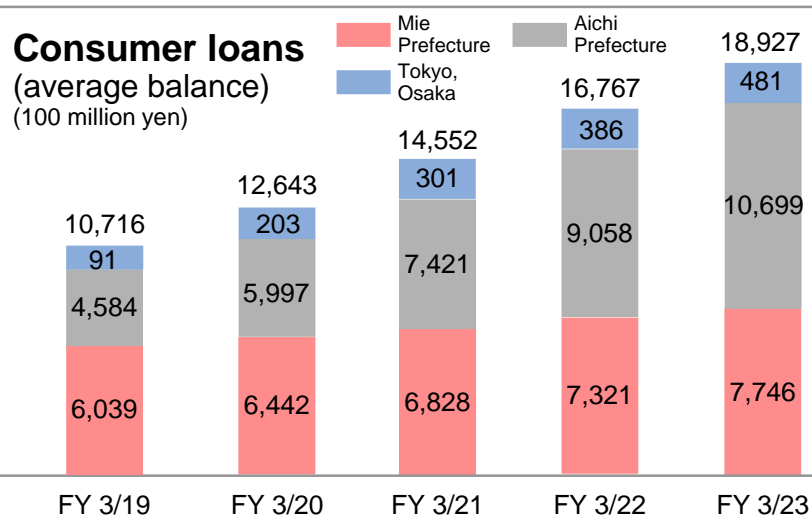
### Total loans (average balance) (100 million yen)



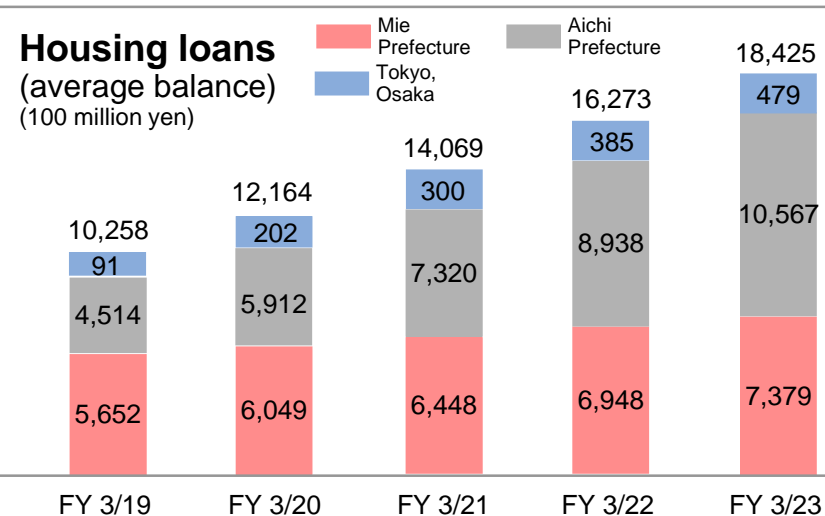
### Loans to SMEs (average balance) (100 million yen)



### Consumer loans (average balance) (100 million yen)

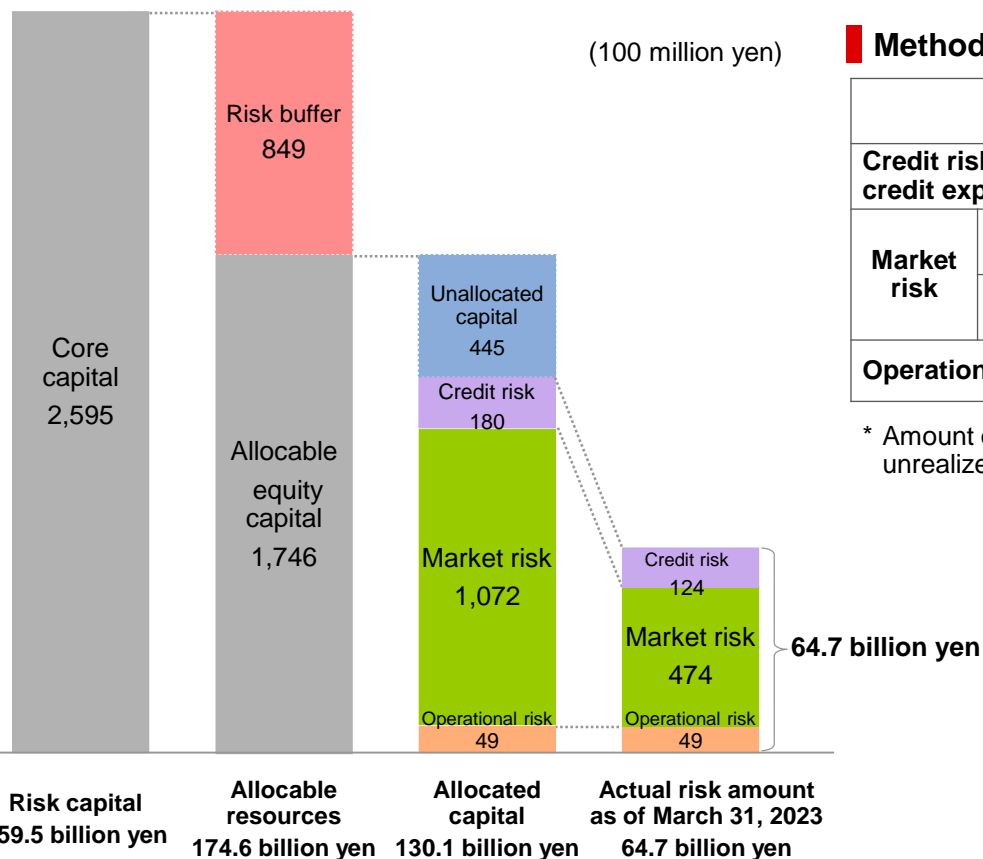


### Housing loans (average balance) (100 million yen)



- Risk is kept within an appropriate range according to the Bank's operating capabilities based on integrated risk management.
- Compared with core capital of 259.5 billion yen and allocable capital of 174.6 billion yen, actual amount of risk is 64.7 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 *	99%
	Investment rates, portfolio investment, investment trusts	VaR	99%
Operational risk	Standard measurement approach		

\* 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	9 <5>	7	2	- (1)	- (4)	Bankrupt and quasi-bankrupt assets	73 <48>	41	31	100.00%	
Substantial failure	63 <43>	48	14	- (6)	- (19)						
Possible failure	493	301	74	117 (121)		Doubtful assets	493	254	121	76.12%	
Watch list	Under control	120	31	88		Substandard loans	79	Debts past due by three months or more 1 Restructured loans 78	40	6	58.77%
Others	880	411	468			Normal assets	45,606	Ratio of loans disclosed under the Financial Reconstruction Act (subtotal) over total credit exposure: 1.39%			
Normal	44,684	44,684						Reference Ratio of loans disclosed under the Financial Reconstruction Act over total credit exposure if partial direct write-offs were carried out: 1.34%			
<b>Total</b>	46,253 <46,228>	45,485	649	117 (128)	- (24)	<b>Total</b>	46,253 <46,228>				

(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)

	end of 3/19	end of 3/20	end of 3/21	end of 3/22	end of 3/23	Year-on-year
Bankrupt and quasi-bankrupt assets	73	66	87	91	73	(17)
Doubtful assets	379	387	419	456	493	37
Substandard loans	68	92	90	103	79	(23)
<b>Total</b>	522	547	598	651	646	(4)
<b>Nonperforming loans ratio</b>	1.50%	1.48%	1.48%	1.52%	1.39%	(0.13)P

Upper: Number of debtors / Lower: Credit exposure

(Million yen)

			Debtor Classification as of March 31, 2023								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	191,809	171,079	598	36	53	126	7	19,910	3	0.10%	-	820
		4,090,015	3,727,319	17,084	2,770	1,444	1,023	228	340,145	26	0.07%	-	22,551
	Other under close observation	2,014	294	1,344	13	77	14	3	269	3	4.67%	294	107
		86,444	7,327	63,321	824	6,134	519	46	8,269	319	7.75%	7,327	7,525
	Under control	194	11	19	123	19	2	1	19	2	11.34%	30	22
		14,714	633	992	7,744	3,173	166	78	1,925	179	23.23%	1,625	3,418
	Possible failure	1,131	18	38	3	920	30	5	117	19		59	35
		45,594	83	2,518	252	36,684	962	342	4,750	598		2,854	1,304
	Substantial failure	490	14	40	-	1	274	8	153	21		55	8
		8,604	9	955	-	0	3,597	182	3,858	2,891		965	182
	Failure	26	-	7	-	2	3	10	4	4		12	-
		496	-	151	-	32	41	94	175	77		226	-
	Total	195,664	171,416	2,046	175	1,072	449	34	20,472	52		450	992
		4,245,869	3,735,371	85,024	11,592	47,469	6,310	973	359,126	4,093		12,998	34,982

Number of debtors

	1H 2017	2H 2017	1H 2018	2H 2018	1H 2019	2H 2019	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022
Eligible for Head Office support	40	46	48	53	62	58	64	64	60	71	84	85
Eligible for branch support	308	293	271	259	202	217	212	205	196	205	216	219
Number of instances of upgrading	28	25	32	25	22	18	15	10	20	11	18	15
Number of instances of downgrading	11	12	14	15	14	15	7	15	12	23	31	14
Change in loans of branches eligible for support	(2.4) billion yen	80 million yen	(800) million yen	100 million yen	300 million yen	2.1 billion yen	60 million yen	900 million yen	1.3 billion yen	3.3 billion yen	1.0 billion yen	1.1 billion yen

**Compliance with Hyakugo Bank's credit policies (as of March 31, 2023)**

(100 million yen)

Classification	Content	Limit	Compliance	
Loans for individuals engaging in housing leasing business	7% or less of total loans	3,199	1,930	4.22%
Loans for other real estate industry	7% or less of total loans	3,199	2,329	5.10%
Loans for non-banks	10% or less of total loans	4,571	1,888	4.13%
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	9,142	4,732	10.35%
Loan balance per borrower	Credit for a borrower should be 10% or less of the Bank's equity capital	259	220	8.48%
Loan balance per corporate group	Credit per corporate group should be 25% or less of the Bank's equity capital	648	408	15.74%

**Changes in loans by industry**

(100 million yen)

Industry	end of 3/19	end of 3/20	end of 3/21	end of 3/22	end of 3/23	Share by industry
Manufacturing	3,627	3,758	4,035	4,056	4,210	9.21%
of which, transportation equipment manufacturing	795	865	849	851	877	1.92%
Agriculture, Forestry, Fishery, Mining, Quarrying and Gravel Quarrying	241	239	241	218	235	0.51%
Construction	1,057	1,099	1,388	1,418	1,605	3.51%
Utilities	900	977	1,047	1,176	1,302	2.84%
Telecommunication	123	123	149	135	130	0.28%
Transport and Post	1,231	1,237	1,374	1,354	1,398	3.06%
Wholesale and Retail	2,678	2,718	3,028	2,899	3,149	6.89%
Finance and Insurance	3,440	3,049	3,138	2,979	3,112	6.80%
Real Estate and Rental	4,619	4,780	4,913	5,098	5,364	11.73%
of which, Real Estate	3,399	3,524	3,524	3,705	3,908	8.54%
Academic Research, Specialist and Technical Services	136	147	183	203	256	0.56%
Accommodation and Food and Beverage	315	316	397	379	361	0.79%
Lifestyle-related Services and Entertainment	245	263	308	294	302	0.66%
Education and Learning Support	76	76	83	91	96	0.21%
Medical and Social Welfare	1,216	1,239	1,406	1,517	1,600	3.50%
Other Services	399	407	463	508	554	1.21%
Local governments	2,227	2,088	1,911	1,839	1,768	3.86%
Other	11,881	13,787	15,811	18,065	20,262	44.32%
Total by industry	34,417	36,310	39,883	42,237	45,711	100.00%



				Deposits		Loans					
Including megabanks				Hyakugo Bank		Hyakugo Bank					
Megabank	Other	Shinkin	Bank A			Bank A	Shinkin	Other	Megabank		
8.9	9.0	11.6	24.6	45.9		Mie Prefecture	39.1	28.5	11.4	16.2	4.8

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

(% (as of end of September 2022))

Excluding megabanks				Hyakugo Bank		Hyakugo Bank				
Other	Shinkin	Bank A			Mie Prefecture	Bank A	Shinkin	Other		
9.8	12.8	27.0	50.4		Mie Prefecture	41.0	29.9	11.9	17.2	
19.0	23.8	16.2	41.0	Kuwana District	33.1	18.2	18.7	30.0		
8.5	11.9	39.9	39.7	Yokkaichi District	31.8	37.7	13.0	17.5		
8.3	5.8	37.0	48.9	Suzuka District	36.4	40.1	7.7	15.8		
19.0	23.1	16.6	41.3	Iga District	35.8	15.8	24.4	24.0		
6.8	6.6	18.1	68.5	Tsu District	59.0	26.2	4.3	10.5		
6.0	15.1	30.5	48.4	Matsusaka District	38.4	35.3	13.7	12.6		
10.0	6.2	19.7	64.1	Ise District	55.5	22.7	4.9	16.9		
1.1	1.6	31.0	66.3	Toba Shima District	61.5	31.5	2.1	4.9		
5.6	34.3	27.6	32.5	Kishu District	30.1	28.3	29.8	11.8		

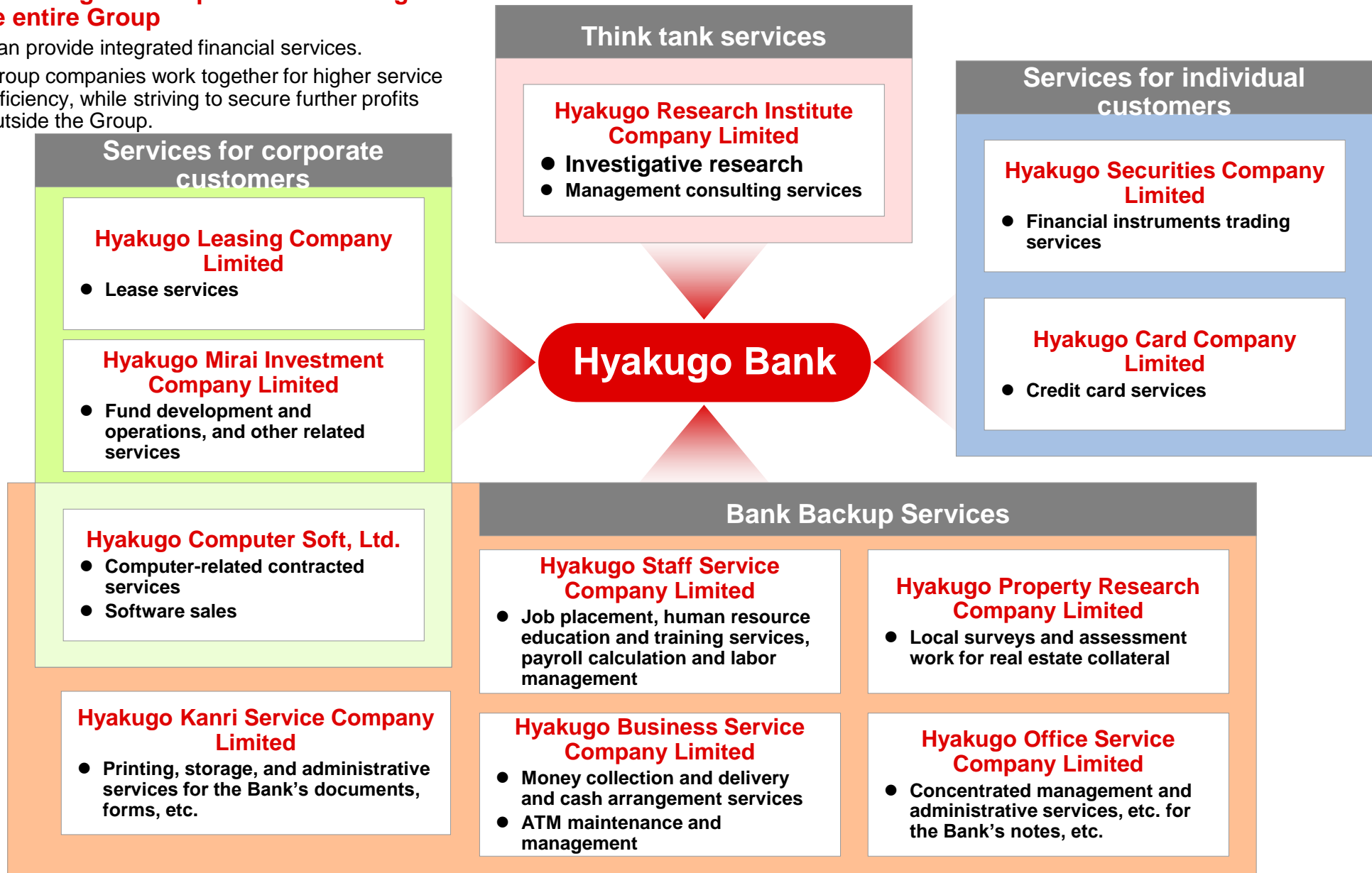
\* Excludes megabanks, Agricultural Cooperative, Fisheries Cooperative, JP Bank, and Hyakugo Bank's Shingu Branch

(% (as of end of September 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.



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