



The Hyakugo Bank, Ltd.

TSE Prime, NSE Premier (8368)

Information meeting

Presentation for FY2023 Interim Financial Results

November 30, 2023

 百五銀行
FRONTIER BANKING

Regional revitalization through the export of local products

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Regional revitalization through the export of local products

**Practical Export Support That Realizes
Both “Market-in” and “Local-in”**

Examples of the Bank's Accompanying Export Support Services

Support for business negotiations with overseas local buyers / support for participation in domestic and international export business meetings

Since May 2023, the Bank has been offering individual consultations to overseas local buyers and wholesalers to help them establish commercial distribution channels



Support for participation in domestic and international business meetings and assistance in business negotiations

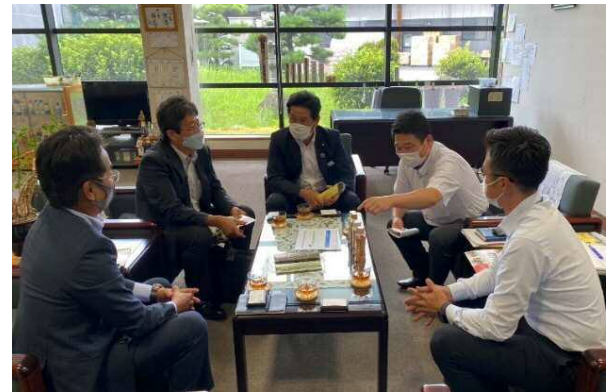


Support for collaboration “only a local bank can provide” by making the most of the Bank’s network

Collaboration between a local factory and a fishery business for export



Support for product development partnership between a seaweed manufacturer and a food manufacturer



A seaweed manufacturer, who had to discard faded seaweed, jointly develops products with a local soy sauce manufacturer to put it to good use

Promotion support through collaboration between the government and private sector



Matching of the two companies aiming to expand exports
A collaborative project through collaboration between sea bream rice base and cooking utensils



The Bank collaborates with the government to provide field services as part of support for new businesses of its client businesses

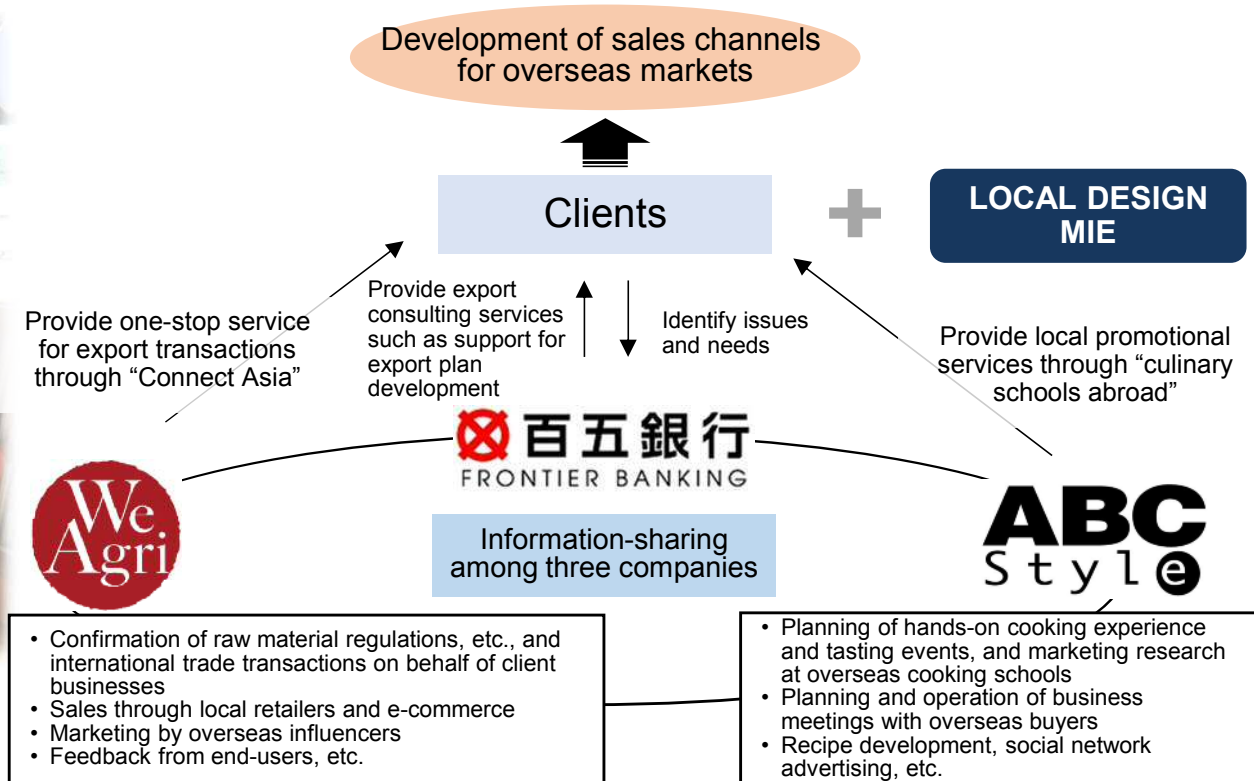
Creating a **System that Makes the Exporting** of Local Products More Accessible

Building a new one-stop export support scheme

Collaboration with WeAgri and ABC Style



The three companies sign an agreement at an offshore oyster shack (Toba City)



[Issues for businesses engaged in export]

Overseas marketing, buyer negotiations, logistics arrangements, regulatory compliance, product promotion, etc.

The partnership of the three parties -- “WeAgri,” which enables export trials, “ABC Style,” which provides food promotions utilizing ABC Cooking Studio overseas, and the Bank -- provides one-stop and accompanying export support services including assistance in developing and implementing export business plans

Outline of Financial Position

Interim net income increased 6.5% year-on-year due to an increase in interest income and a decrease in credit costs

(Million yen)	FY 9/22	FY 9/23	YoY change
Gross operating income (1)	27,832	28,070	237
Interest income	26,139	31,661	5,522
Fees and commissions	5,635	5,610	(25)
Other operating income	(3,943)	(9,201)	(5,258)
Of which, gain and loss from government bonds and other bonds (2)	(2,997)	(4,001)	(1,004)
Provision of general allowance for loan losses (3)	678	2,139	1,460
Expenses (4)	19,444	19,613	168
Net operating income A (1)-(3)-(4)	7,709	6,317	(1,391)
Core net operating income (1)-(2)-(4)	11,385	12,458	1,073
Core net operating income (excluding gain and loss from cancellation of investment trusts) B	11,306	11,878	571
Non-recurring gain and loss	3,014	4,987	1,973
Of which, disposal of bad debts (5)	1,938	(600)	(2,539)
Gain and loss from stocks and other securities	4,179	3,849	(330)
Ordinary income	10,723	11,305	581
Extraordinary gain and loss	(259)	(88)	171
Interim net income before income taxes	10,463	11,216	753
Interim net income	7,745	8,249	503
Credit costs (3) + (5)	2,617	1,539	(1,078)

(100 million yen)

	FY 9/22	FY 9/23	Year-on-year
Interest and dividend on securities	87	123	35
Of which, gain and loss from cancellation of investment trusts	0	5	5
Gain and loss from government bonds and other bonds	(29)	(40)	(10)
Of which, gain on sale and redemption	7	0	(7)
Of which, loss on sale and redemption, and amortization	37	40	2
Gain and loss from stocks and other securities	41	38	(3)
Of which, gain on sale	46	41	(5)
Of which, loss on sale and amortization	4	2	(1)

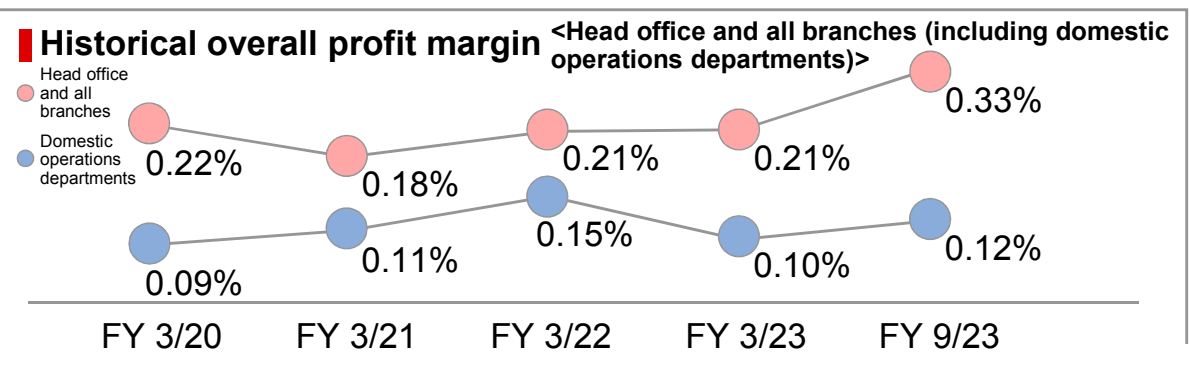
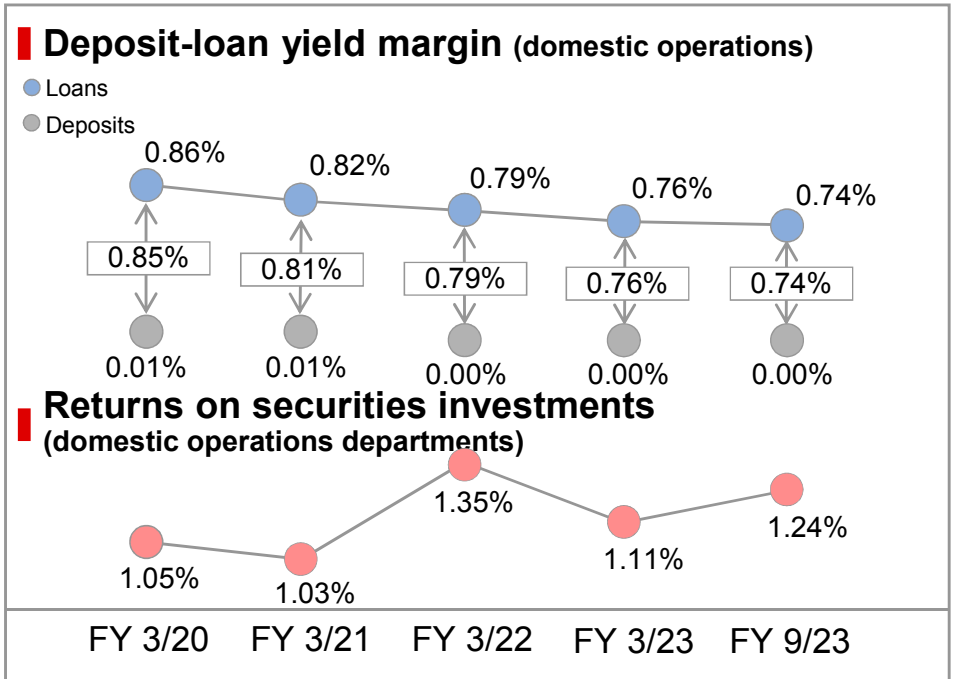
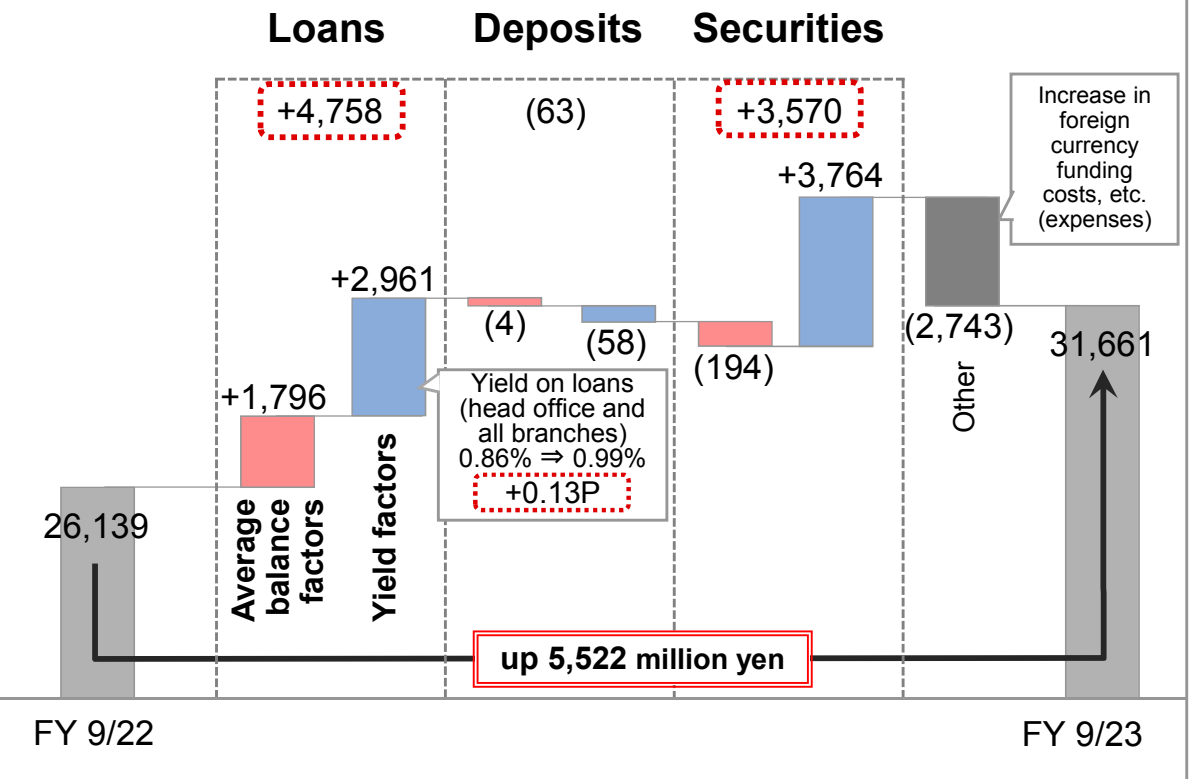
- While other operating income fell due to an increase in foreign currency funding costs, gross operating income grew due to an increase in interest on loans and securities.
- Net operating income fell due to the impact of the change to a more conservative method of calculating the general allowance for loan losses.
- On the other hand, core net operating income (excluding gain and loss from cancellation of investment trusts), excluding the impact of provision of general allowance for loan losses, gain and loss from government bonds and other bonds, and gain and loss on cancellation of investment trusts, increased.
- Non-recurring gain and loss rose due to a decrease in disposal of non-performing loans. Both ordinary income and interim net income increased year-on-year.
- Credit costs fell year-on-year despite an increase in the general allowance for loan losses. The costs were 1.5 billion yen, 0.4 billion yen less than the 1H forecast of 2 billion yen.

An increase in interest on loans and securities contributes to higher interest income of 21.1% year-on-year

(Million yen)	FY 9/22	FY 9/23	YoY change
Interest income	26,139	31,661	5,522
Total interest income	28,237	36,440	8,202
Loan interest	18,520	23,279	4,758
Interest and dividends on securities	8,789	12,359	3,570
Other	928	801	(126)
Interest expenses	2,098	4,778	2,680
Interest on deposits	128	191	63
Other	1,969	4,586	2,617

Factors underlying changes in net interest income

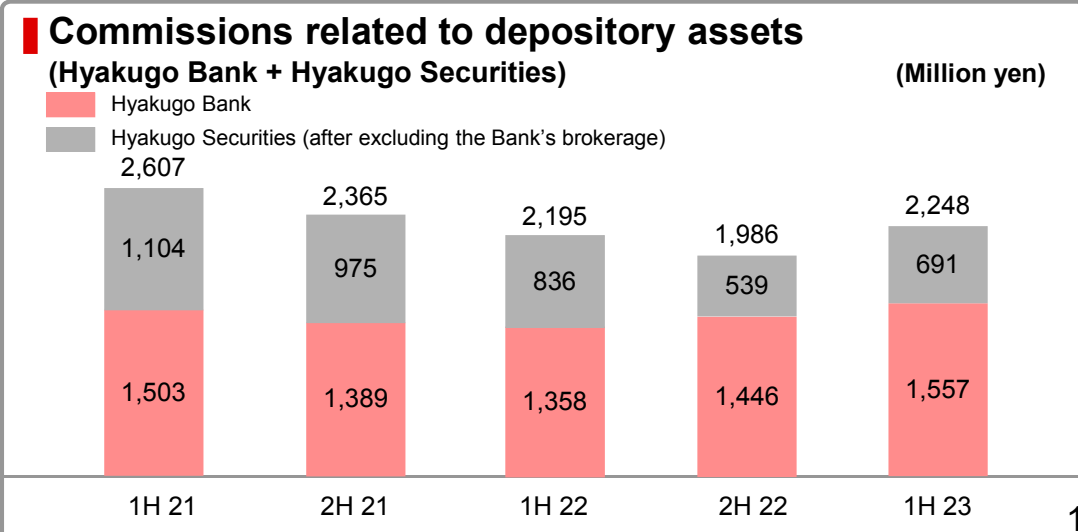
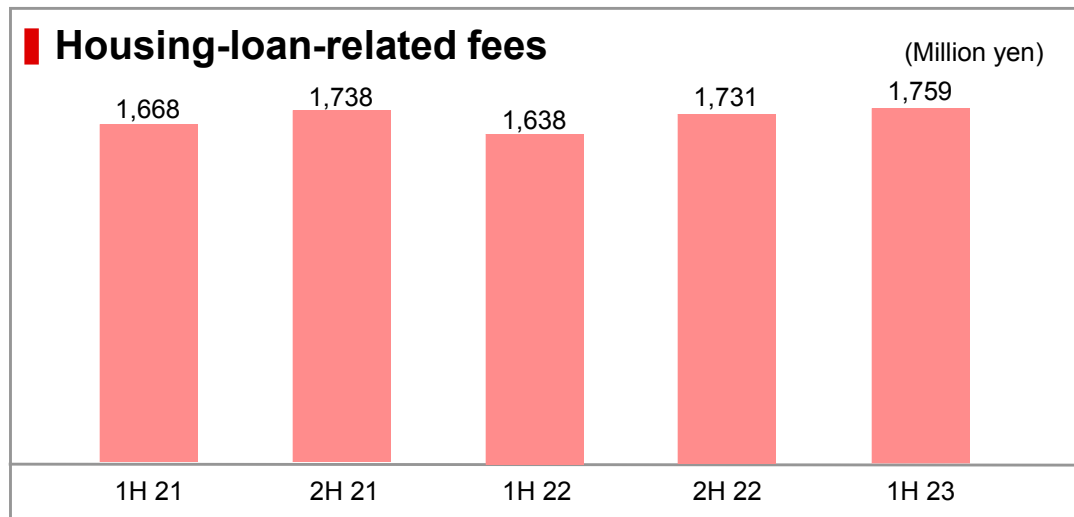
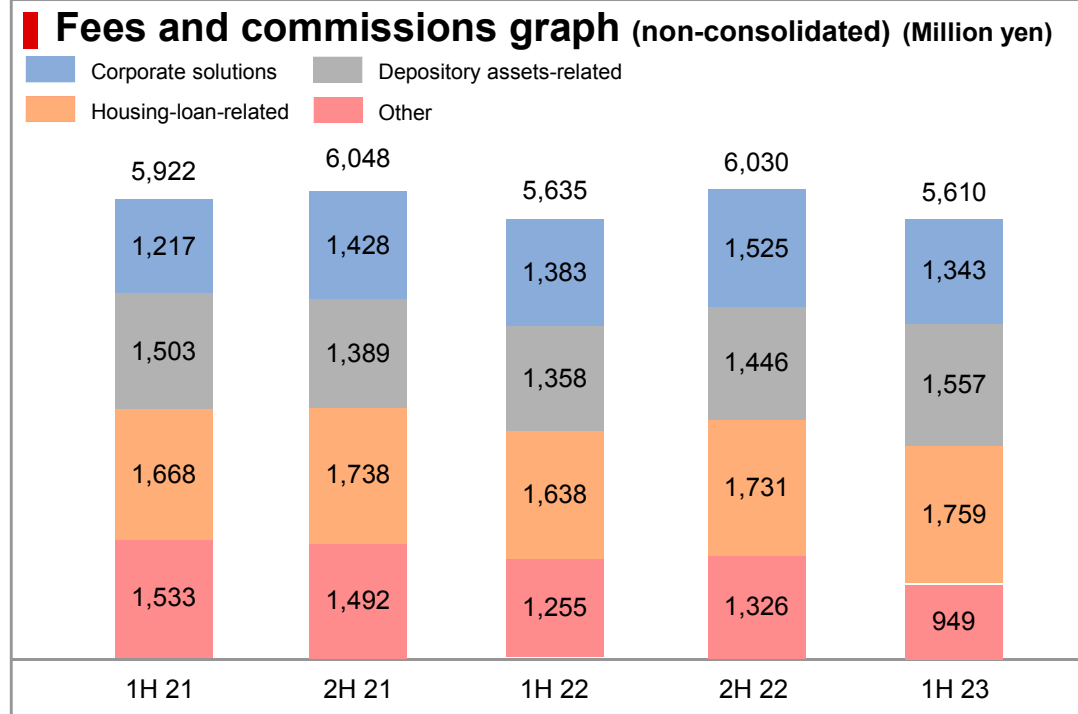
<All branches (domestic and international operations)> (Million yen)



Fees and commissions fell 0.5% year-on-year, mainly due to an increase in insurance premiums paid resulting from an increase in housing loans

	(Million yen)		
	FY 9/22	FY 9/23	YoY change
Fees and Commissions	5,635	5,610	(25)
Fees and commissions	8,335	8,612	276
Commissions related to depository assets A	1,358	1,557	198
Of which, investment trust commissions	482	685	202
Of which, insurance sales commissions*	612	670	57
Of which, financial instruments brokerage commissions	183	118	(65)
Of which, defined contribution pension commissions	71	77	6
Corporate solutions fees*	1,383	1,343	(40)
Housing-loan-related fees B	1,638	1,759	121
Fees and commissions expenses (expenses)	2,699	3,002	302
Of which, insurance premiums paid for housing loans (expenses)	2,145	2,434	288

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



Expenses grew 0.9% year-on-year due to increases in personnel and non-personnel expenses

	FY 9/22	FY 9/23	YoY change
Expenses	19,444	19,613	168
Personnel expenses	10,553	10,639	85
Non-personnel expenses	7,891	7,943	51
Taxes	999	1,030	31

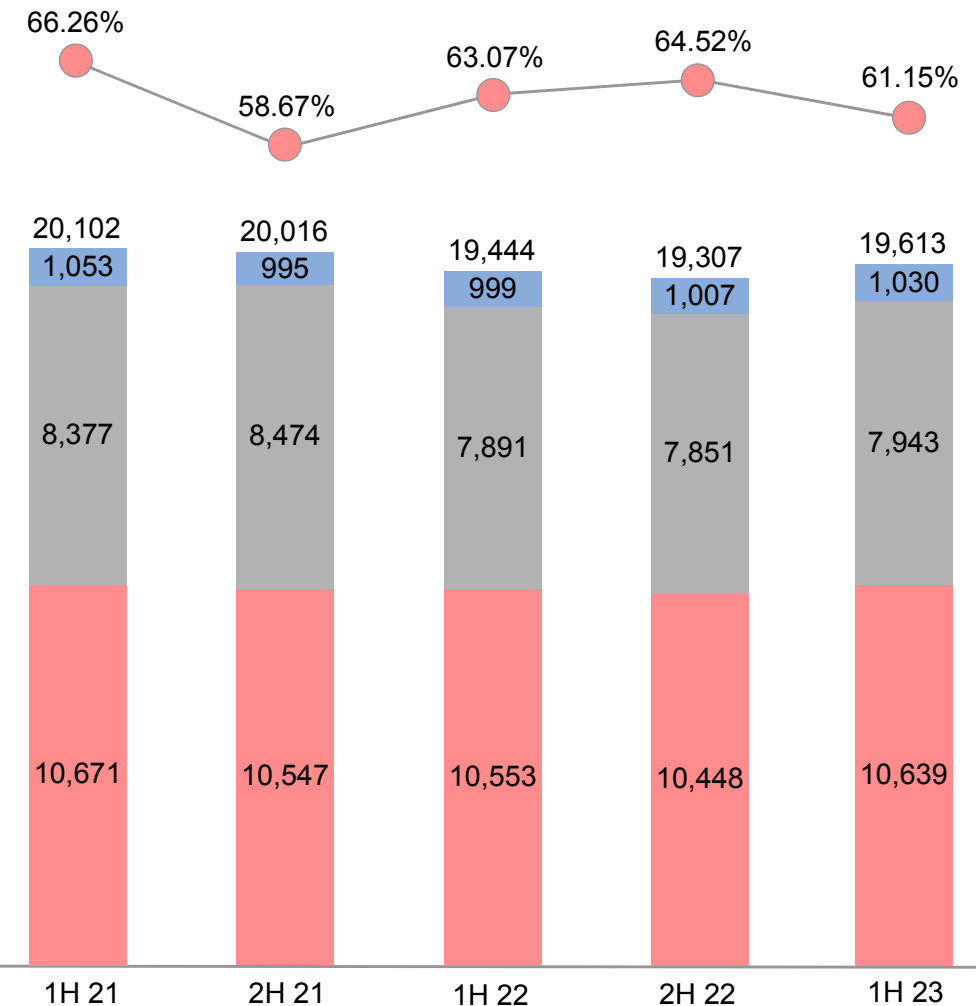
Major factors underlying changes in expenses

- **Personnel expenses**
Up 0.8% due to base increases and an increase in social insurance premiums.
- **Core OHR**
Down 1.92 points compared with 1H 22 due to an increase in core gross operating income.

Expenses and core OHR

(Million yen)

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



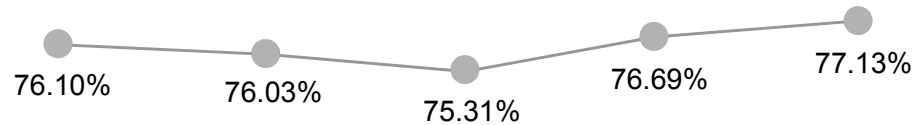
Decrease in the provision of specific allowance for loan losses caused a year-on-year decrease in credit costs

	(Million yen)		
	FY 9/22	FY 9/23	YoY change
Credit costs	2,617	1,539	(1,078)
Of which, provision of general allowance for loan losses	678	2,139	1,460
Of which, provision of specific allowance for loan losses	1,817	(656)	(2,473)
Of which, loss on sale of receivables and other securities	73	-	(73)
Credit cost ratio	0.11%	0.06%	(0.05)P

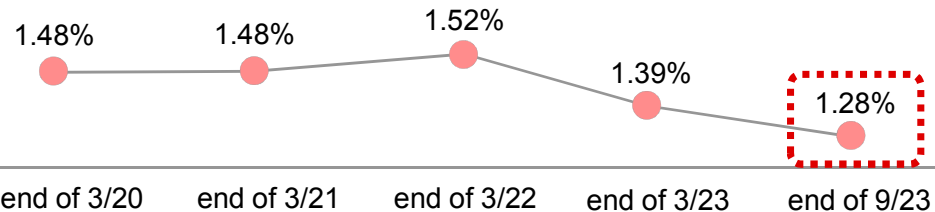
* Effective from FY 9/23, the Bank partially changed its calculation method for the general allowance for loan losses, resulting in an increase of 1,862 million yen in the provision for general allowance for loan losses compared with the amount calculated using the previous method.

	end of 9/22	end of 9/23	YoY change
Nonperforming loans	64,191	61,471	(2,719)

Nonperforming loans coverage ratio

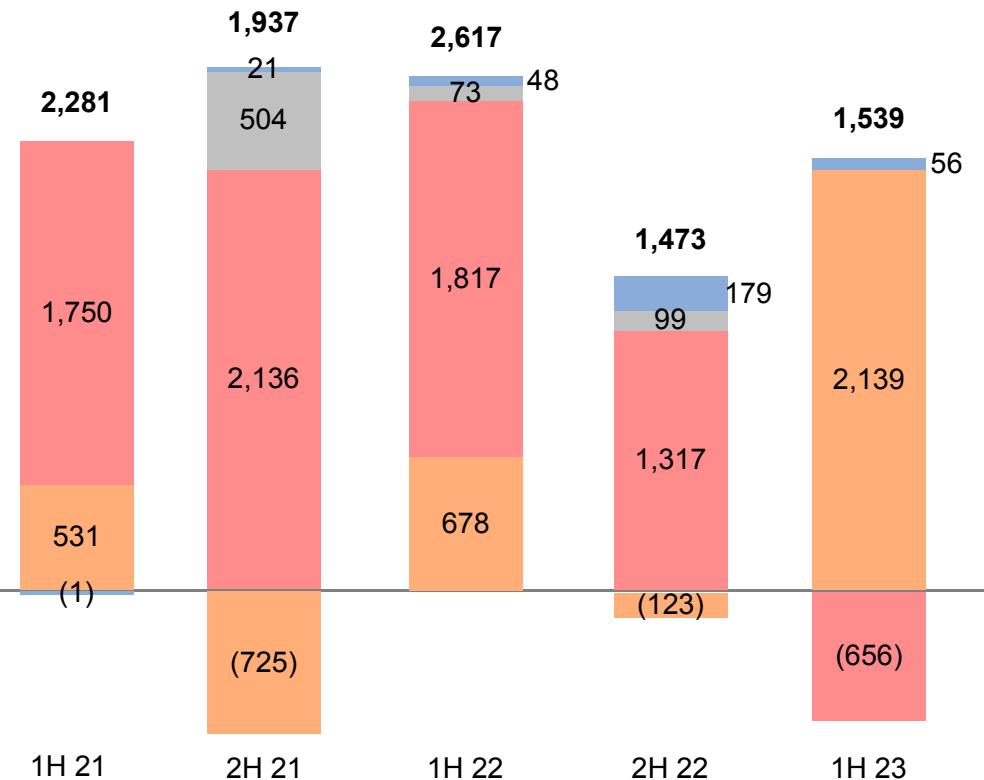
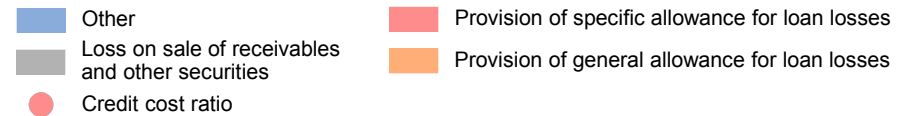


Nonperforming loans ratio



Credit costs (non-consolidated)

(Million yen)



Individual deposits and corporate deposits remained strong, with total deposits up 1.9% year-on-year

(100 million yen)

	FY 3/23	FY 9/23	YoY change
Total deposits (average balance)	59,152	60,304	1,151
Mie Prefecture	53,529	54,681	1,152
Aichi Prefecture	5,388	5,451	63
Tokyo, Osaka	235	171	(63)

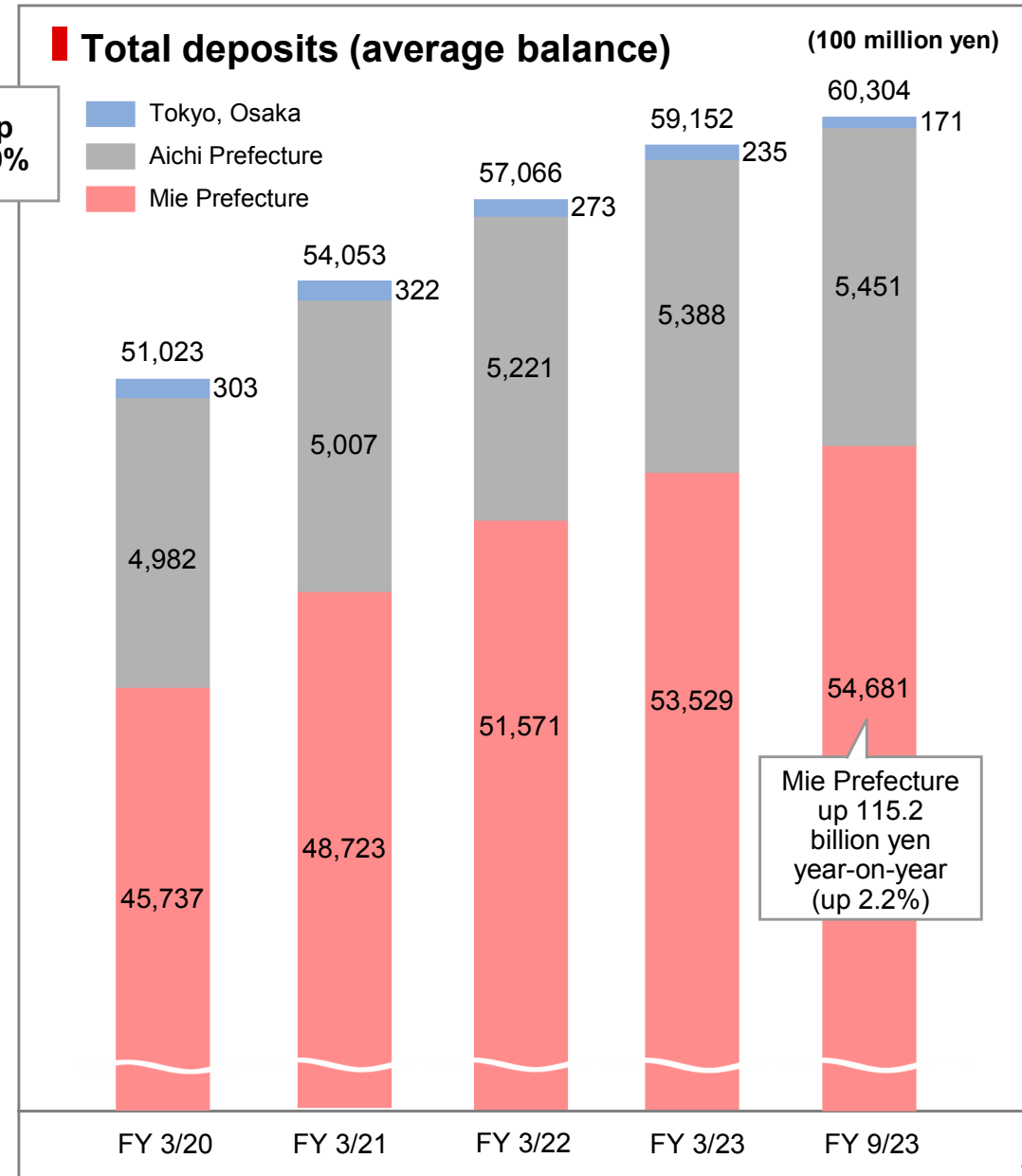
up
1.9%

(100 million yen)

	FY 3/23	FY 9/23	YoY change
Individual deposits (average balance)	42,952	43,365	412
Mie Prefecture	39,520	39,836	316
Aichi Prefecture	3,401	3,497	96
Tokyo, Osaka	31	31	0

(100 million yen)

	FY 3/23	FY 9/23	YoY change
Corporate deposits (average balance)	12,443	12,658	215
Mie Prefecture	10,285	10,590	304
Aichi Prefecture	1,957	1,935	(22)
Tokyo, Osaka	199	132	(66)



Loans increased 6.2% 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 3/23	FY 9/23	YoY change
Total loans (average balance)	43,785	46,500	2,714
Mie Prefecture	19,189	19,708	519
Aichi Prefecture	16,731	18,569	1,837
Tokyo, Osaka	7,865	8,222	356

up 6.2%

up 11.0%

(100 million yen)

	FY 3/23	FY 9/23	YoY change
Loans to SMEs (average balance)	14,564	15,238	673
Mie Prefecture	8,573	8,767	194
Aichi Prefecture	4,026	4,337	310
Tokyo, Osaka	1,964	2,134	169

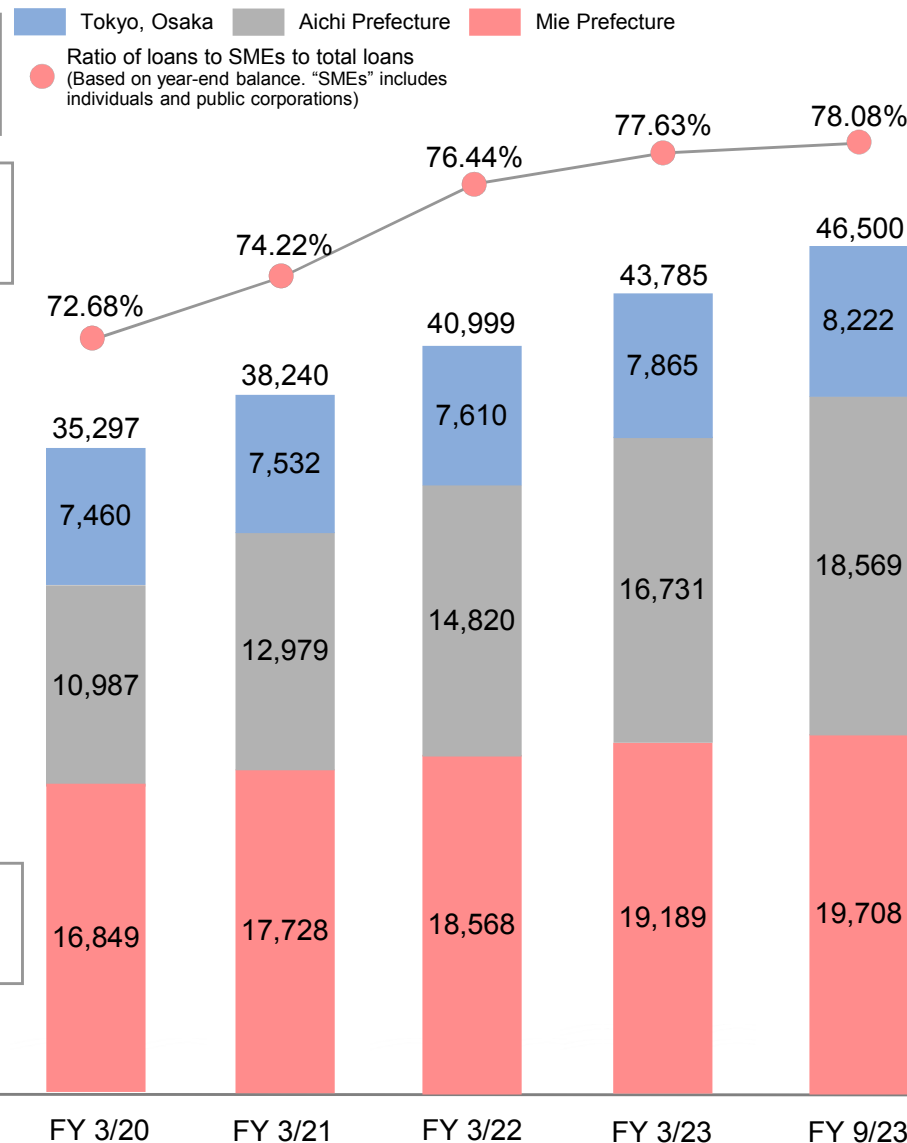
(100 million yen)

	FY 3/23	FY 9/23	YoY change
Housing loans (average balance)	18,425	20,225	1,799
Mie Prefecture	7,379	7,704	325
Aichi Prefecture	10,567	11,994	1,427
Osaka	479	526	47

up 9.8%

Total loans (average balance)

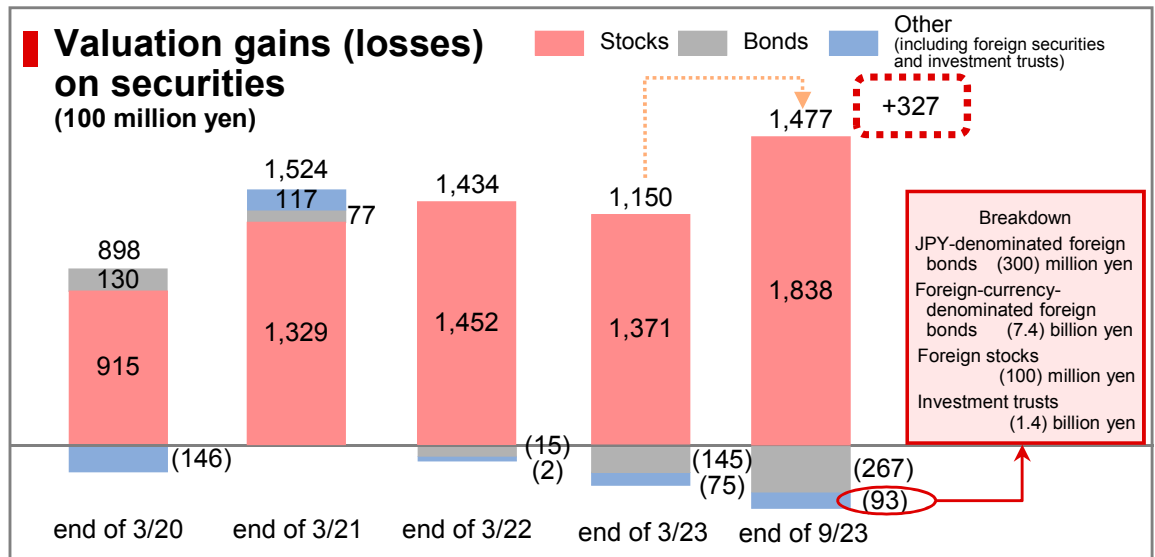
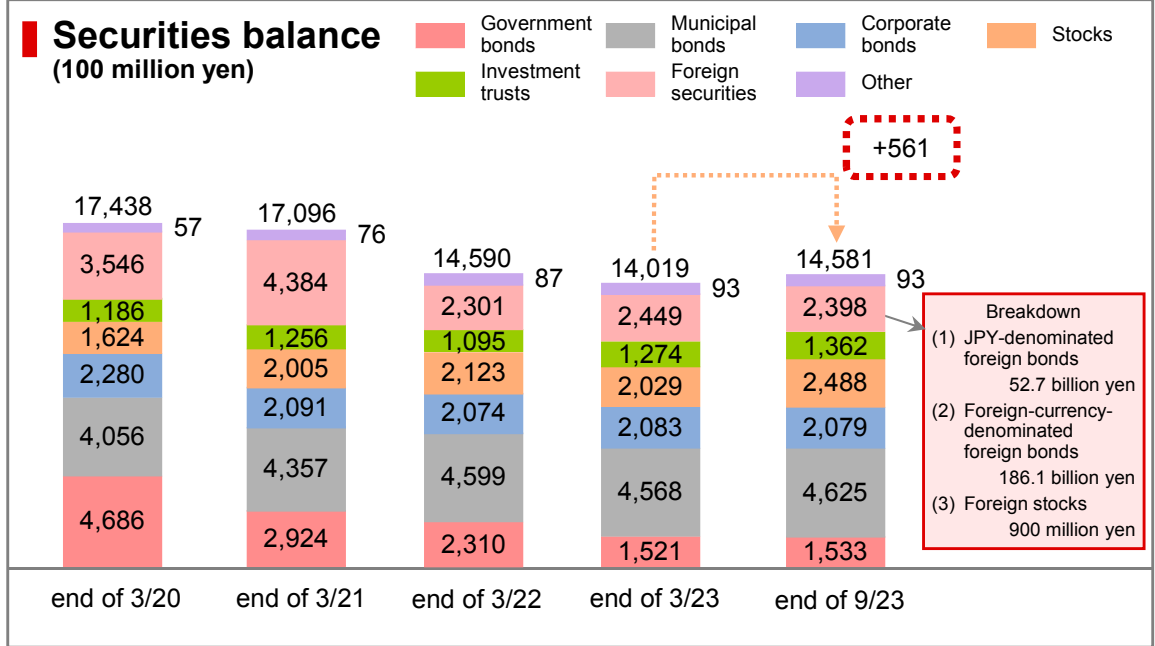
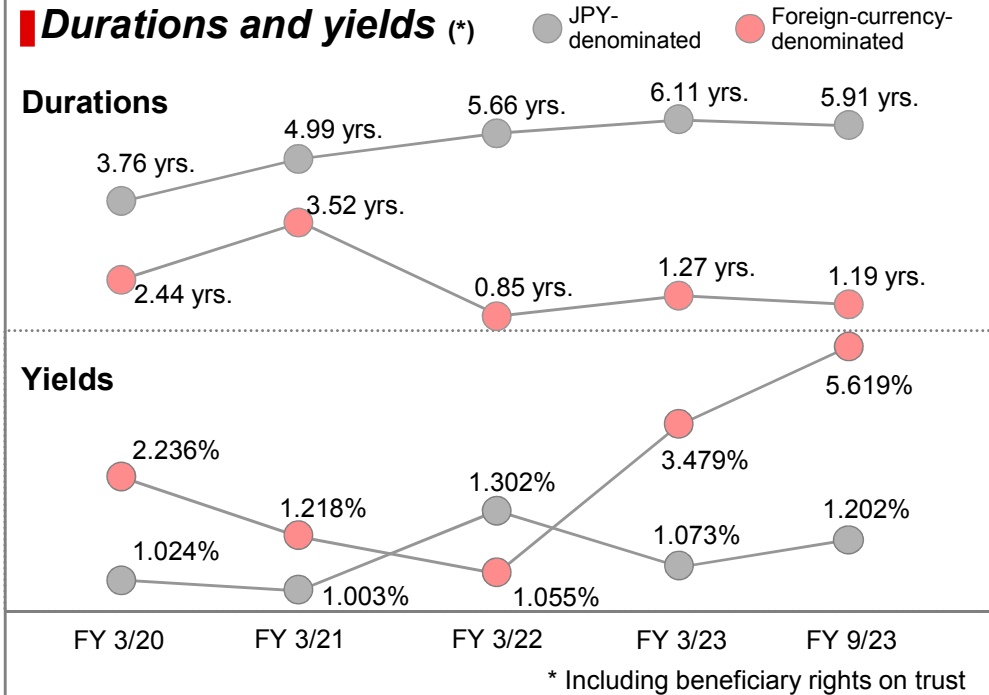
(100 million yen)



Valuation gains (losses) on securities increased, mainly in stocks

(100 million yen)	end of 3/23	end of 9/23	YoY change
Securities balance	14,019	14,581	561
Government bonds	1,521	1,533	11
Municipal bonds	4,568	4,625	57
Corporate bonds	2,083	2,079	(4)
Stocks	2,029	2,488	459
Investment trusts	1,274	1,362	88
Foreign securities	2,449	2,398	(51)
Other	93	93	(0)

JPY-denominated average balance*	11,729	11,260	(468)
Foreign-currency-denominated average balance*	1,842	1,981	139



Equity ratio rose 0.04 points from the end of the previous fiscal year due to an increase in equity capital resulting from profit recognition, etc.

	(100 million yen)		
	end of 3/22	end of 3/23	end of 9/23
Equity capital (For equity ratio calculation purposes)	2,470	2,595	2,670
Risk assets	25,089	21,210	21,754
Equity ratio	9.84%	12.23%	12.27%

+0.04P

Shareholders' equity	2,821	2,934	2,999
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Method of computing value-at-credit-risk asset value: Approach based on fundamental internal ratings

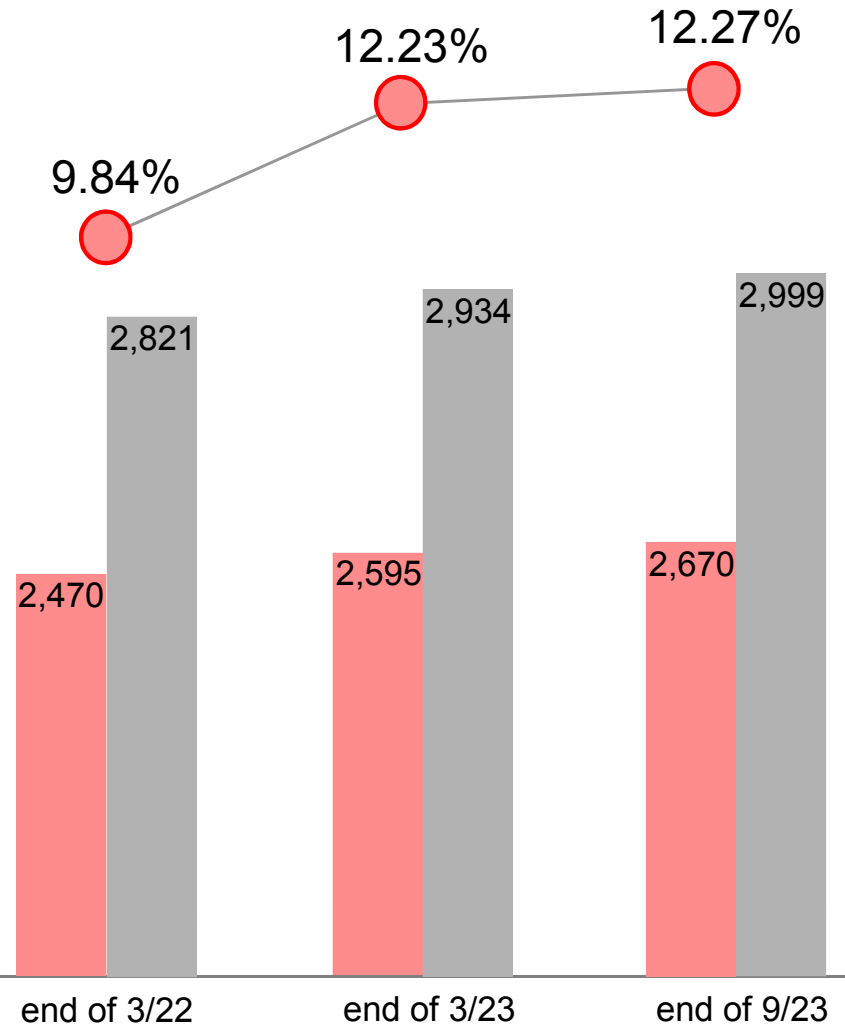
Method of computing value-at-operational risk: Standard approach

The finalization of Basel III was early adopted from the end of March 2023.

Equity capital, shareholders' equity, and equity ratio

(100 million yen)

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



Financial results are expected to exceed FY2022 levels on both a consolidated and non-consolidated basis, with record profits

Forecast (non-consolidated)

(Million yen)

	FY 3/24 (initially announced)	FY 3/24 (after review)
Gross operating income	58,300	57,600
Interest income	51,900	59,100
Fees and Commissions	11,400	11,300
Other operating income	(5,000)	(12,800)
Net operating income	17,600	15,600
Ordinary income	19,800	20,300
Net income	14,000	14,500
Credit costs	3,700	3,200

Forecast (consolidated)

(Million yen)

	FY 3/24 (initially announced)	FY 3/24 (after review)
Ordinary income	20,700	21,200
Consolidated net income attributable to shareholders of the parent	14,500	15,000

Both consolidated and non-consolidated financial results were revised upward from initial forecasts due to an expected increase in interest income and a decrease in credit costs. Financial results are expected to exceed FY2022 levels and reach a record high.

Pay an interim dividend in commemoration of its 145th anniversary

The Bank paid a commemorative dividend for the 145th anniversary of its founding in the interim dividend for FY 3/24. Adding a commemorative dividend of 1 yen to the previous forecast of 7 yen, the interim dividend was 8 yen and the annual dividend forecast was 15 yen.

Breakdown of interim dividends

	Amount determined	Initial dividend forecast	Actual amount for the previous period
Dividend per share	8.00 yen (Ordinary dividend: 7.00 yen) (Commemorative dividend: 1.00 yen)	7.00 yen (Ordinary dividend: 7.00 yen) (Commemorative dividend: - yen)	6.00 yen (Ordinary dividend: 6.00 yen) (Commemorative dividend: - yen)
Total dividends	2,028 million yen	-	1,521 million yen

Breakdown of annual dividends

	Interim	Year-end	Full year
FY 3/24	8.00 yen (Ordinary dividend: 7.00 yen) (Commemorative dividend: 1.00 yen)	7.00 yen (Ordinary dividend: 7.00 yen) (Commemorative dividend: - yen)	15.00 yen (Ordinary dividend: 14.00 yen) (Commemorative dividend: 1.00 yen)
FY 3/23	6.00 yen	7.00 yen	13.00 yen

The Bank will promote initiatives to improve P/B ratio in line with its basic policy of capital allocation to enhance corporate value

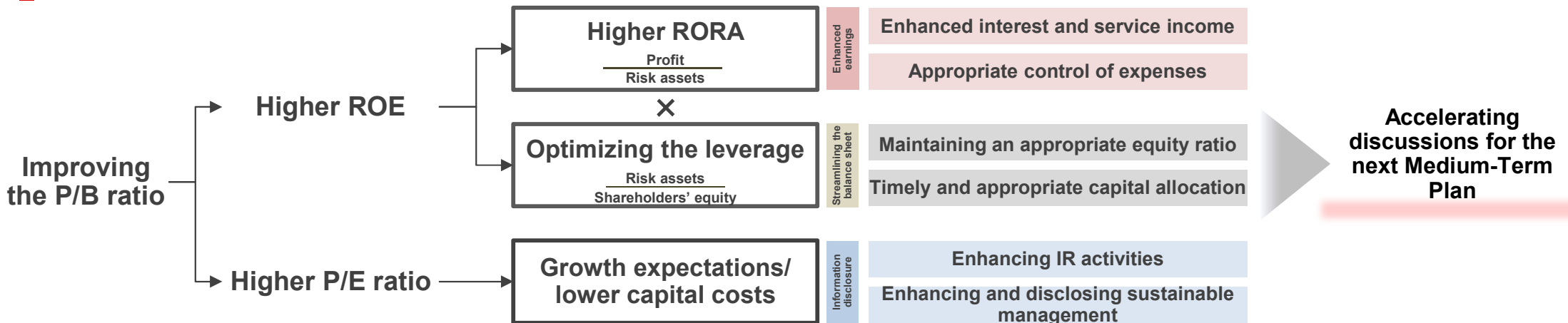
Basic policy on capital allocation to enhance corporate value

Through disciplined management of risk-weighted assets and capital, the Bank aims to enhance its corporate value over the medium to long term by maintaining an appropriate balance between “investment for growth,” “internal reserves,” and “shareholder returns.”

- **Loan-to-deposit ratio to 80%**
(remaining balance at the end of FY2024)
- **Equity ratio of 11% or more**
- **Dividend payout ratio to 30%**



Initiatives to improve P/B ratio



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

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

KGIs are generally on track. KPIs continue to face difficult conditions due to the market environment and other factors, but the Group promotes various measures to achieve the final targets of the Medium-Term Management Plan

		Results in FY 3/23	Results in FY 9/23	Targets in FY 3/25 (Final targets of the Medium-term Management Plan)
KGI	Consolidated net income	14.4 billion yen	8.3 billion yen	15 billion yen or more
	ROE in consolidated net assets	3.65%	4.06%	3.50% or more *1
	Core OHR	63.78%	61.15%	Less than 67%
	Equity ratio	12.23%	12.58%	11% or more
KPI	Housing-loan-related fees	3.36 billion yen	1.75 billion yen	4.4 billion yen
	Commissions related to depository assets	2.80 billion yen	1.55 billion yen	3.4 billion yen
	Corporate solutions fees	2.90 billion yen	1.34 billion yen	3 billion yen*2
	Number of personnel with professional qualifications	371 persons	373 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

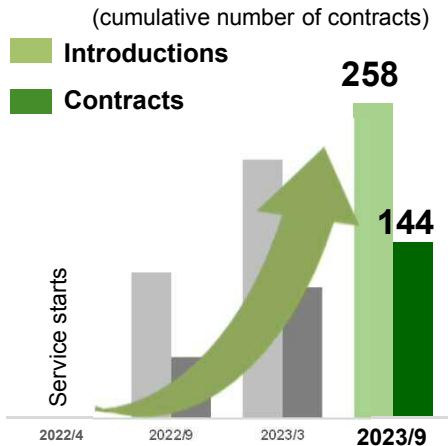
1 trillion yen (Of which, more than 500 billion yen is environment-related loans)

* Cumulative total since FY2022

The Bank implemented initiatives to support local decarbonization

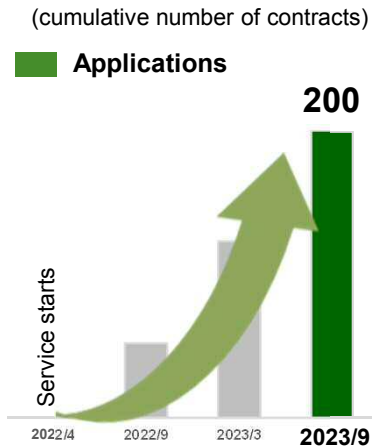
Initiatives to support decarbonized management

Assistance in calculating emissions (Business matching)



Hyakugo Decarbonization Support Services*

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



Providing various solutions to realize decarbonized management

Seminar on decarbonization

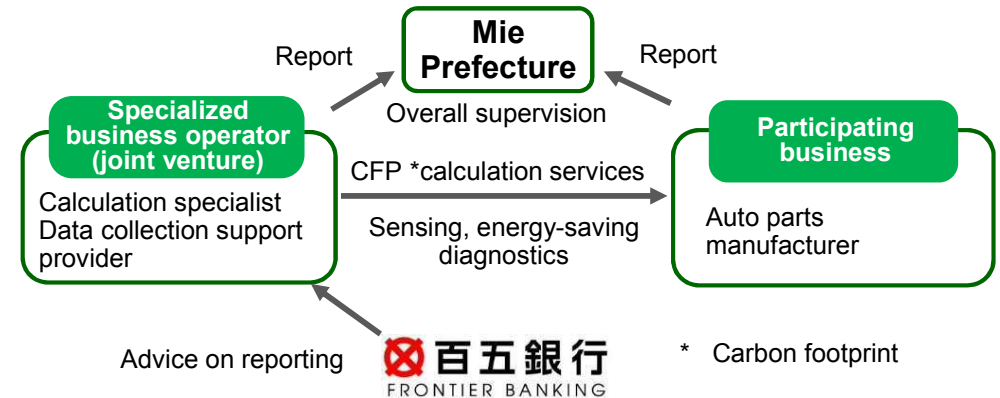
In August 2023, the Bank held a “seminar on what you need to know about decarbonization” to promote and support businesses’ efforts to decarbonize their operations



Initiatives with local governments

Cooperation with Mie Prefecture’s demonstration project

The Bank cooperates with a specialized business operator to implement the “FY2023 Demonstration Project to Support Calculation and Reduction of CO₂ Emissions per Product in the Auto Parts Supply Chain” in Mie Prefecture



Collaboration with Tsu City on regional decarbonization promotion



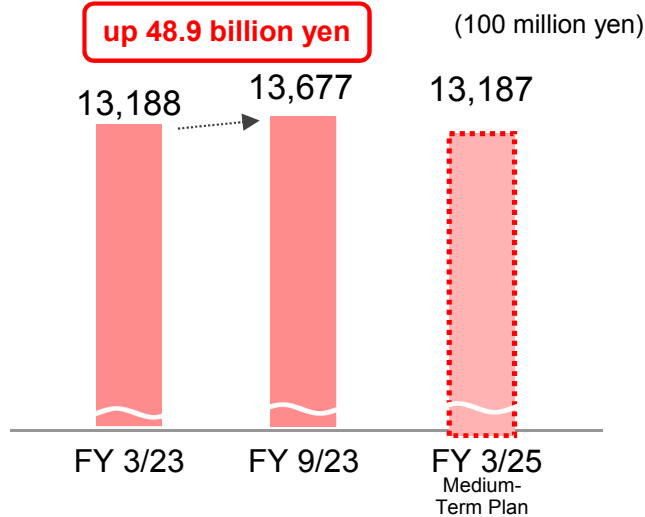
The Bank received a regional decarbonization promotion partner certificate from the Tsu Government at the Tsu City decarbonization promotion platform kick-off event (May 2023)

Participates in the “Regional Decarbonization Promotion Platform” established by Tsu City based on the partnership agreement on the promotion of decarbonized management

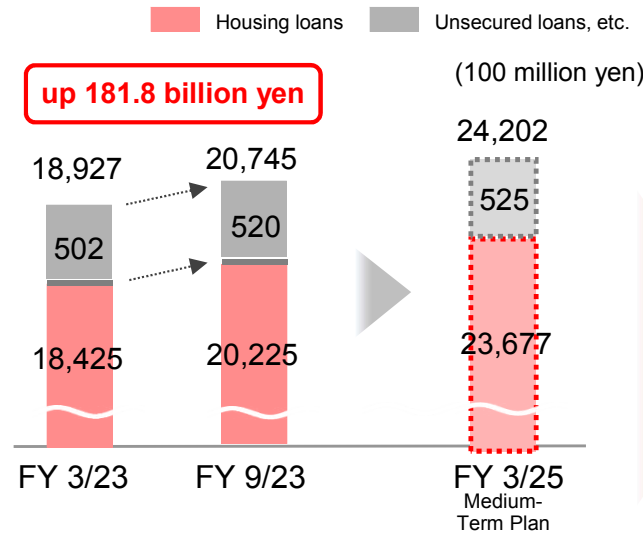
Aims to decarbonize the region by working to promote and support businesses in decarbonizing their operations

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

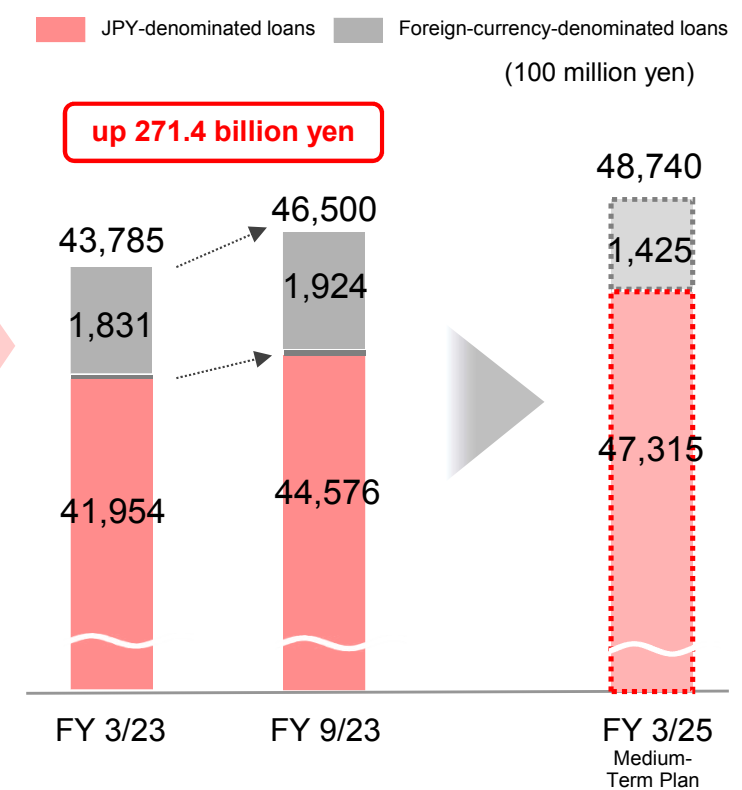
Loans to medium-sized companies and SMEs in the region



Consumer loans



Total loans Average balance plan

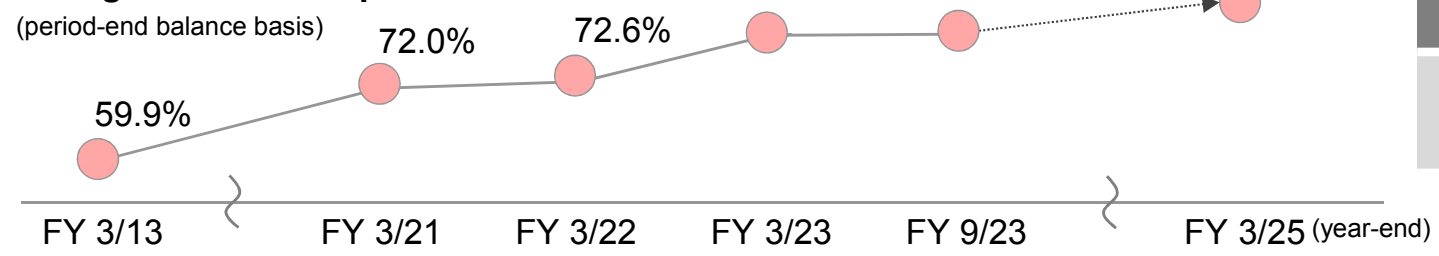


Foreign-currency-denominated loans Average balance plan

- Initiatives for regulated industries that play a role in social infrastructure (electricity, gas, telecommunications, etc.)
- Strengthening approaches in collaboration with overseas representative offices

Increase in loan-to-deposit ratio

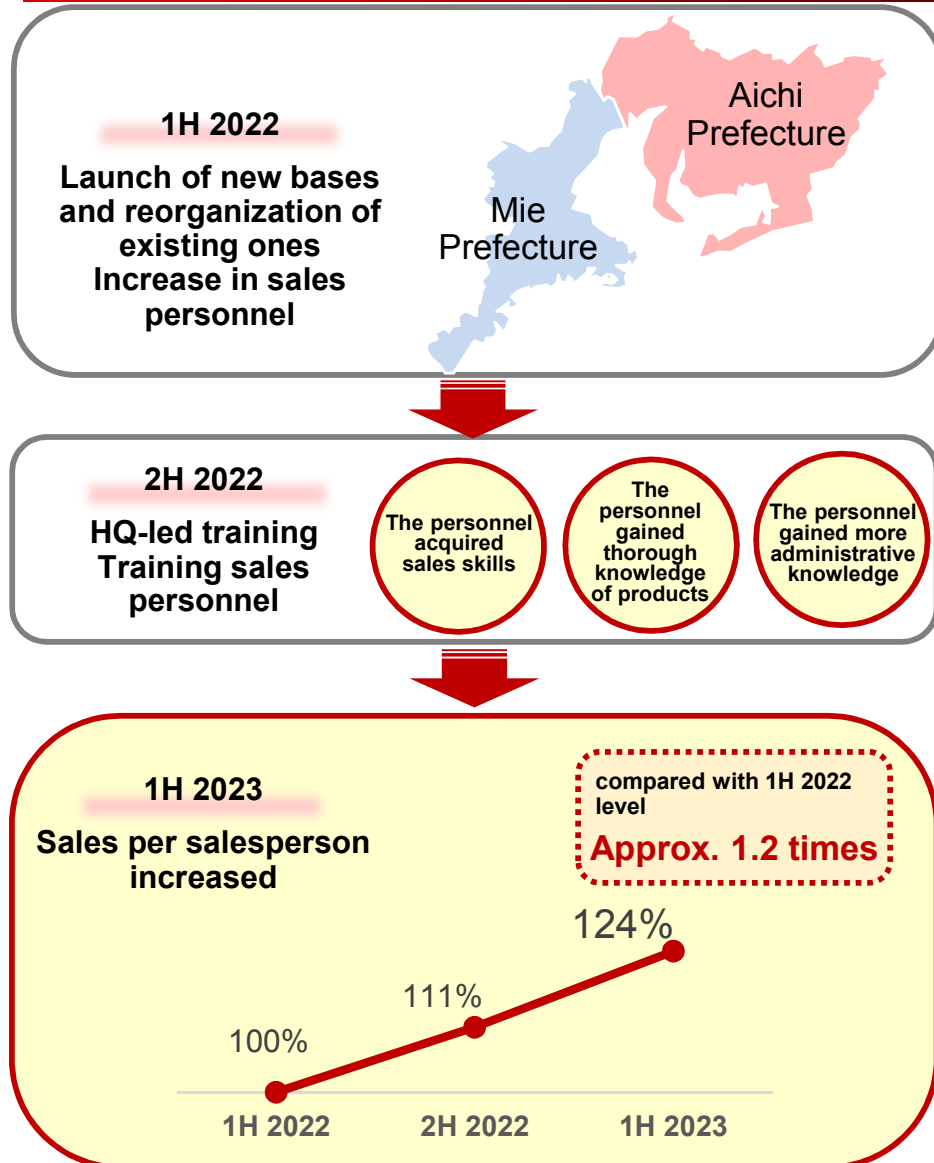
Change in loan-to-deposit ratio



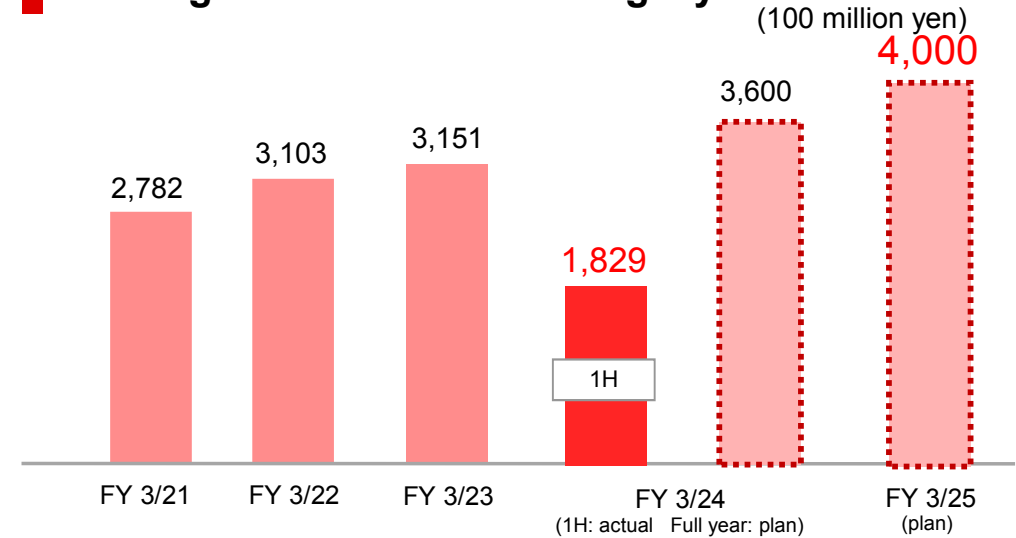
FY 9/23 (actual)	FY 3/25 (Medium-Term Plan)
79.3%	80.0% or more

Toward a structure capable of acquiring 400 billion yen annually by improving the skills of sales personnel

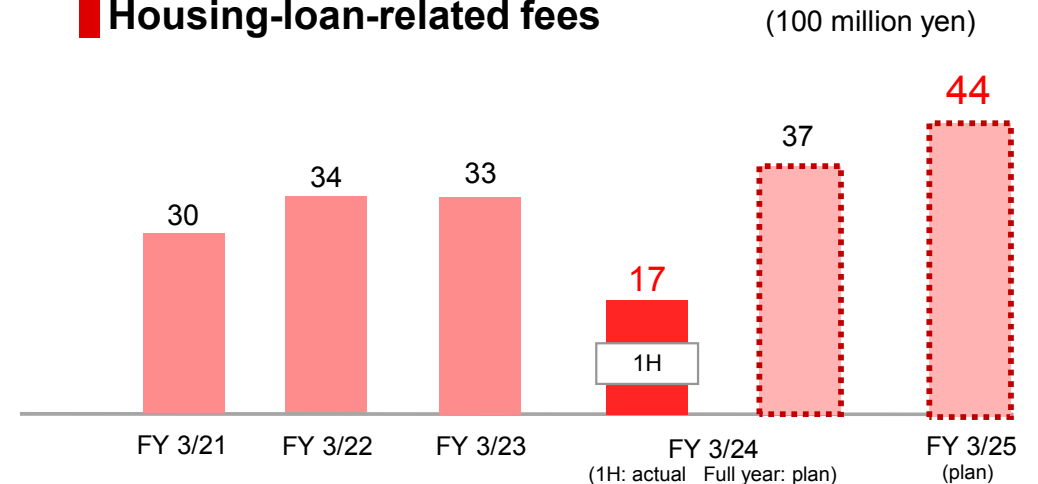
Effects of increasing and training sales personnel



Housing loans offered in a single year in value



Housing-loan-related fees

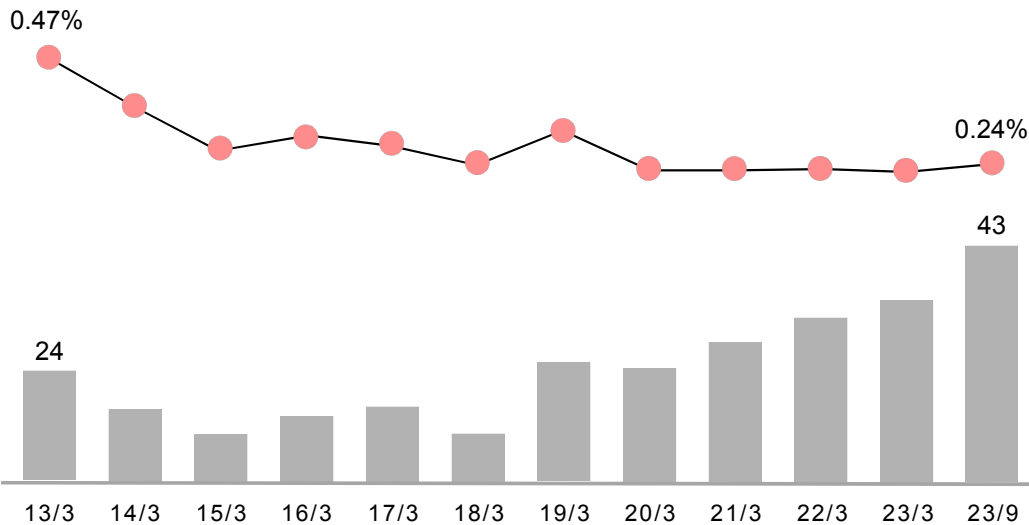


Maintain financial health even as new housing loans and balance increased
Further streamline and computerize housing loan operations

Housing loan delinquency and default status

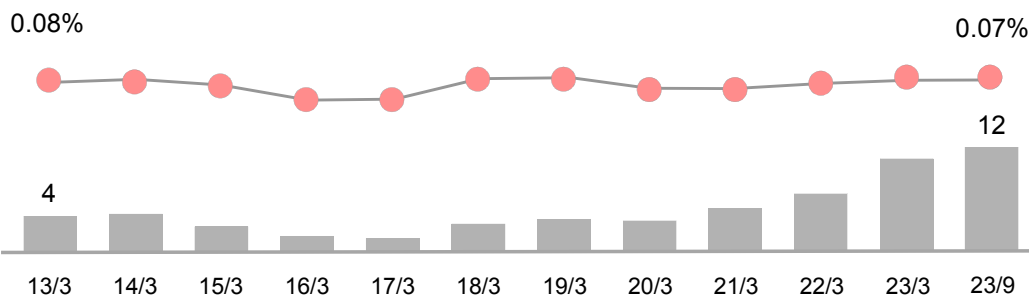
Delinquent loan balance and rate

(Balance: 100 million yen)



Amount and rate of defaults, etc.

* Including guaranteed loans (payment under guarantee)
(Amount: 100 million yen)



Streamline housing loan operations

Introduction of non-face-to-face contracts (online interviews)

- (1) Send contract documents to customers by mail
- (2) Interview with customers online and proceed to the contracting process
- (3) Receive contract from customers by mail

Effect

- Reduction of travel time, etc. for contracts (approx. 16 hours/month per person)
- Generation of business hours

Future steps for housing loan operations

Enhanced training lineup to support human resource development

Establish a system to prepare for the growing need for fixed interest rates due to rising market interest rates

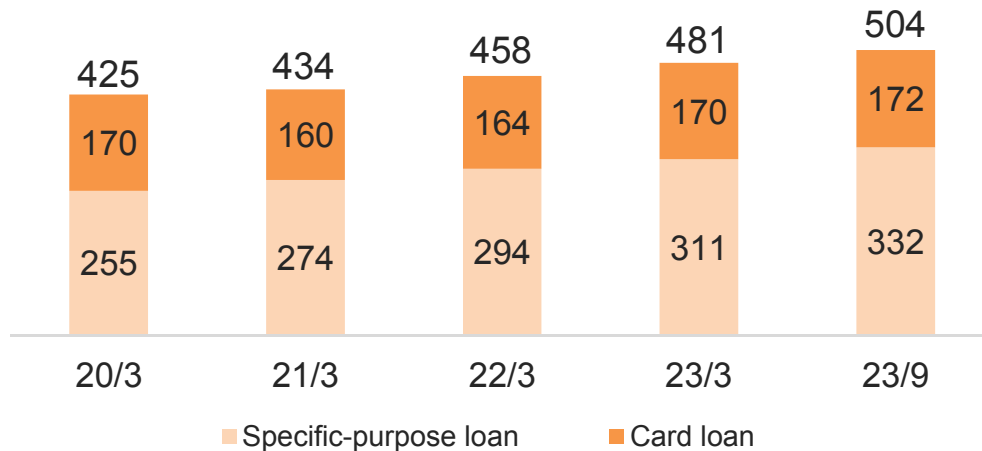
Computerize operations and centralize administrative work through the introduction of electronic contracts, etc.

Expand cross-selling through utilization of housing loan customer data

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

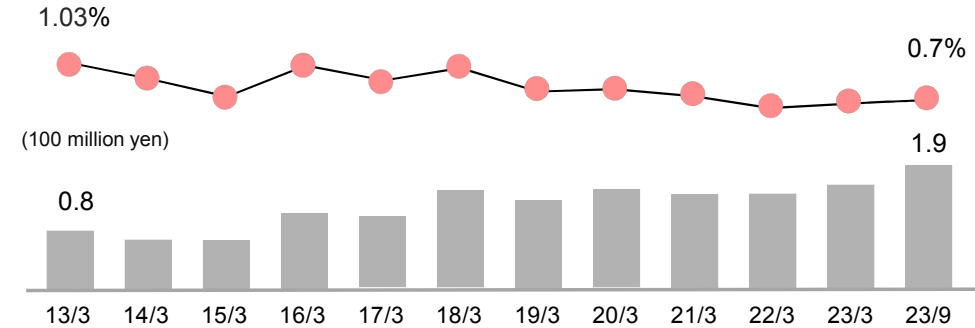
Outstanding balance of unsecured loans

(100 million yen)

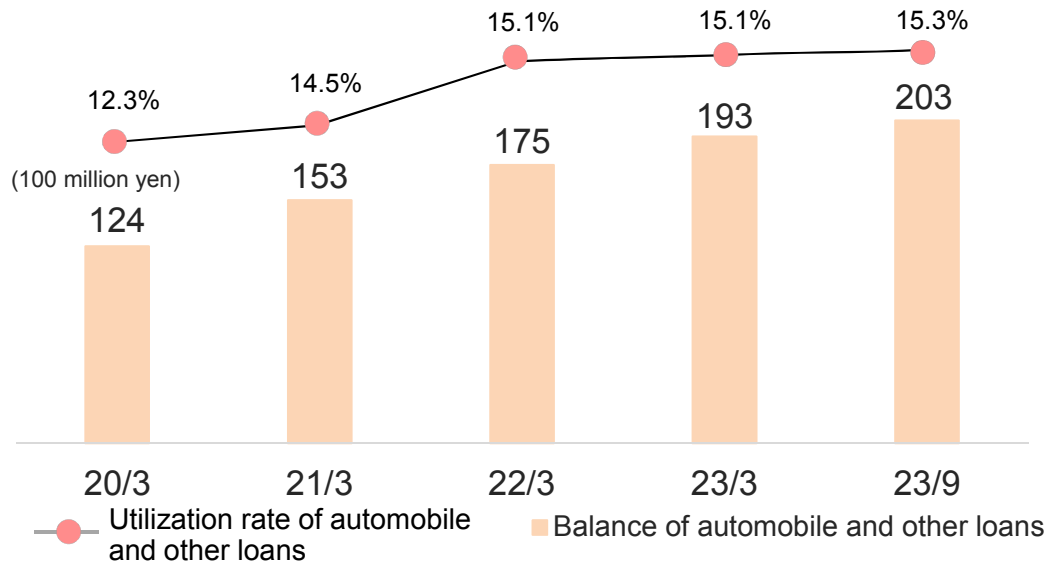


Delinquent unsecured loan balance and rate

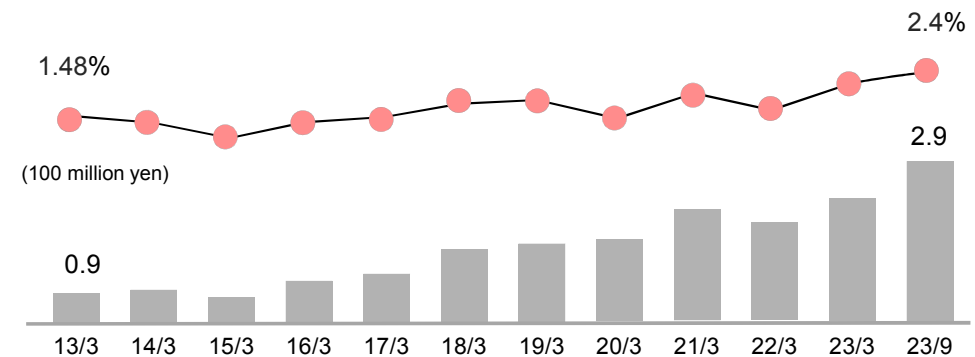
Specific-purpose loan



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



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)

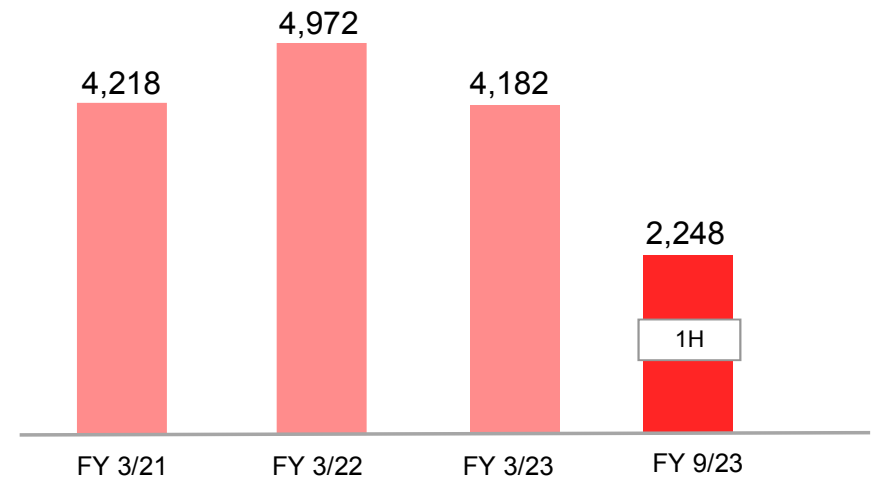
(millions of yen)

* Breakdown of four major items

	FY 3/23 (actual)	FY 9/23 (actual)	FY 3/25 (Medium-Term Plan)
Investment trusts	960	685	1,570
Insurance	1,402	670	1,247
Financial instruments brokerage	296	118	502
Defined contribution pension	136	77	153
Total	2,805	1,557	3,497

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

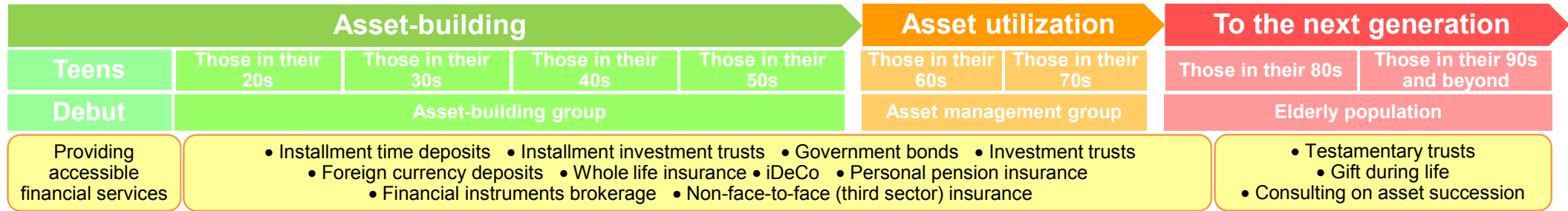
(millions of yen)



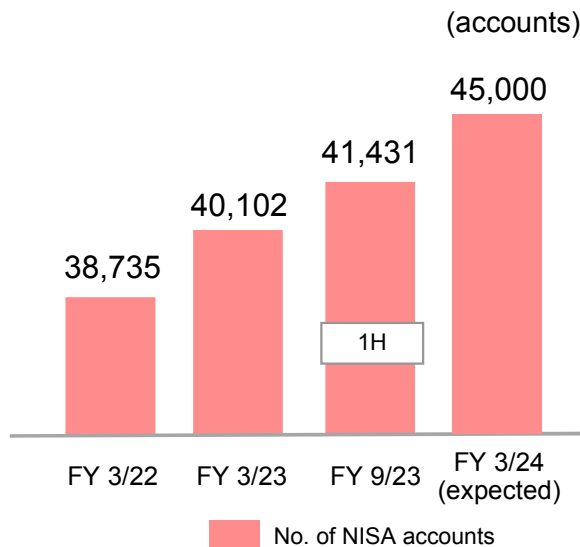
Evolve face-to-face and non-face-to-face sales to establish a stock business

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

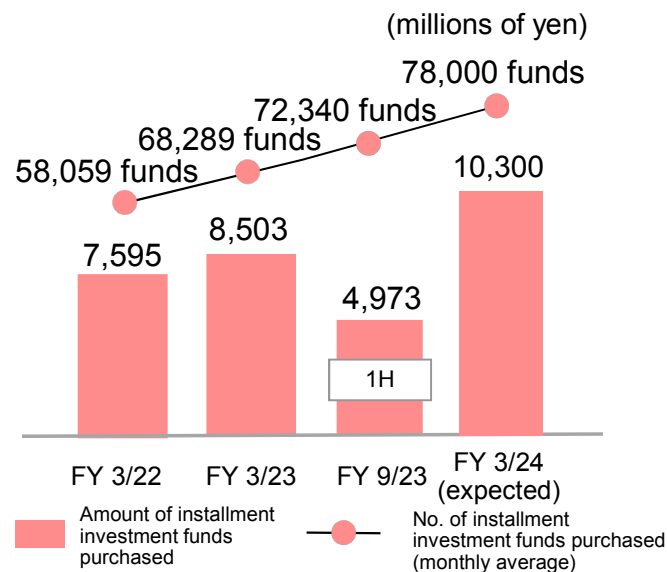
- Expand the base of the asset-building group by strengthening promotion of the new "NISA" system
- Appropriately apply face-to-face and non-face-to-face sales to customers of different age groups, create opportunities for proposals regarding depository assets, and acquire new customers to **smooth depository assets in the long term**
- 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



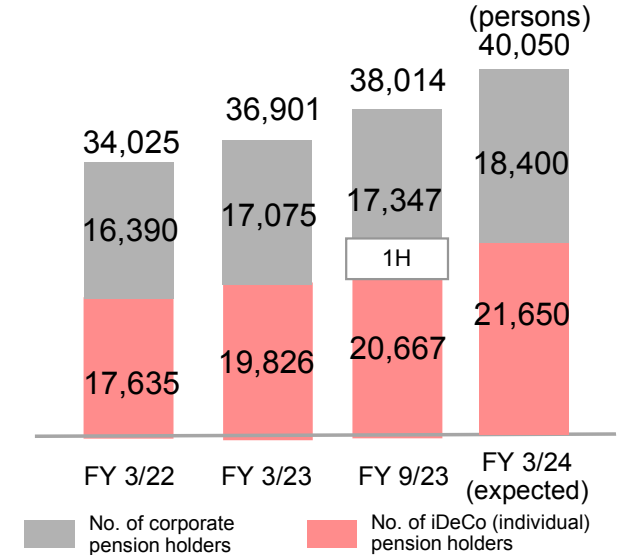
NISA



Installment investment trust



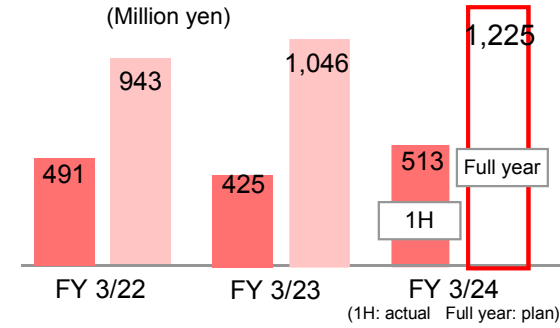
Defined contribution pension



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

Increased corporate solutions fees

Structured finance-related fees

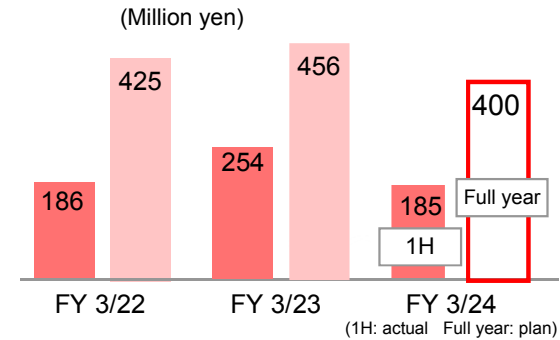


513 million yen

(Results as of September 30, 2023)

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

M&A fees

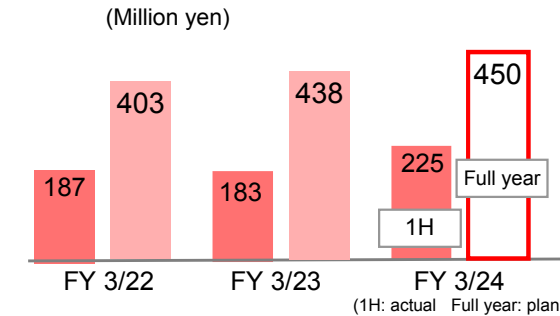


185 million yen

(Results as of September 30, 2023)

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

Business matching fees

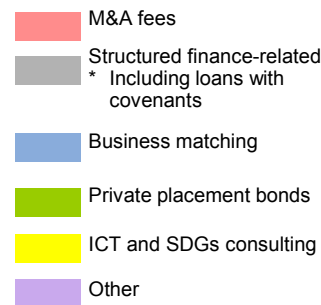


225 million yen

(Results as of September 30, 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



* Excluding income from derivatives

(Million yen)

3,027

2,908

2,858

FY 3/23

FY 3/24

FY 3/25

Full year results (1H: actual Full year: plan)

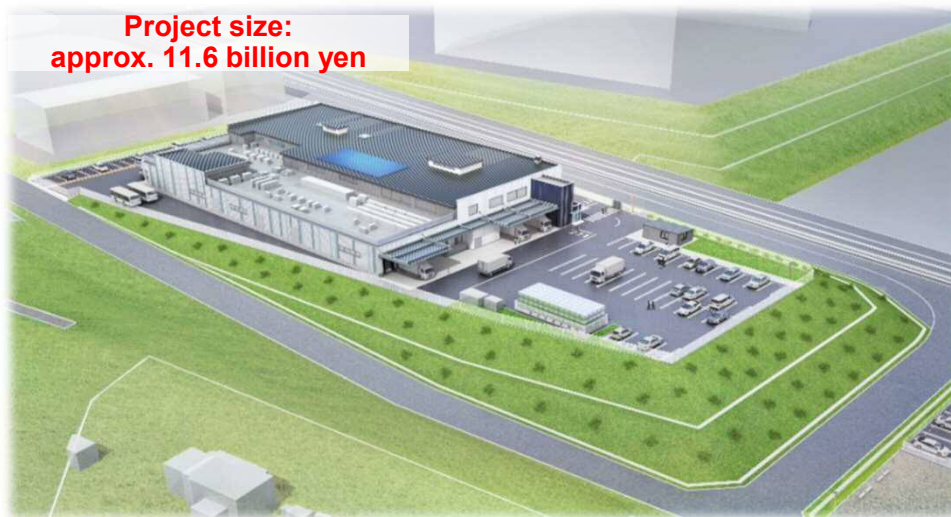
Medium-Term Plan

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

Promotion of project finance for PFI business

- The Bank participated in the first PFI project in 2002, soon after the PFI Law was enacted in 1999
⇒ Long-term relationships with businesses, accumulation of know-how
- Enhanced personnel structure (increased personnel in sales and management teams)
- Diversified support system as Hyakugo Group
- Contribution to regional development and sustainable finance

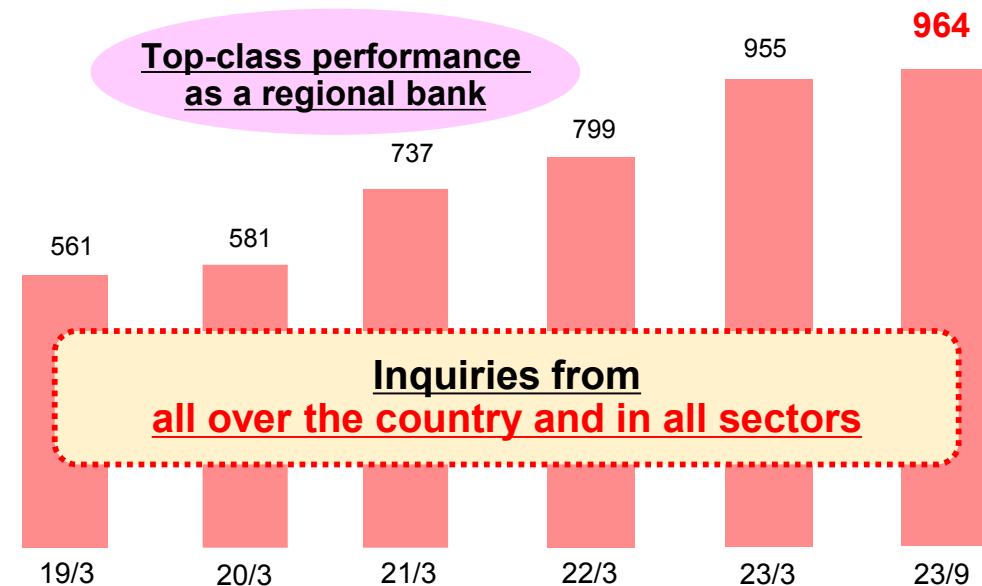
* Recent PFI Initiatives



Project size:
approx. 11.6 billion yen

Project for development of Ibaraki City Junior High School Meal Service Center

Cumulative total of PFI loans underwritten (100 million yen)

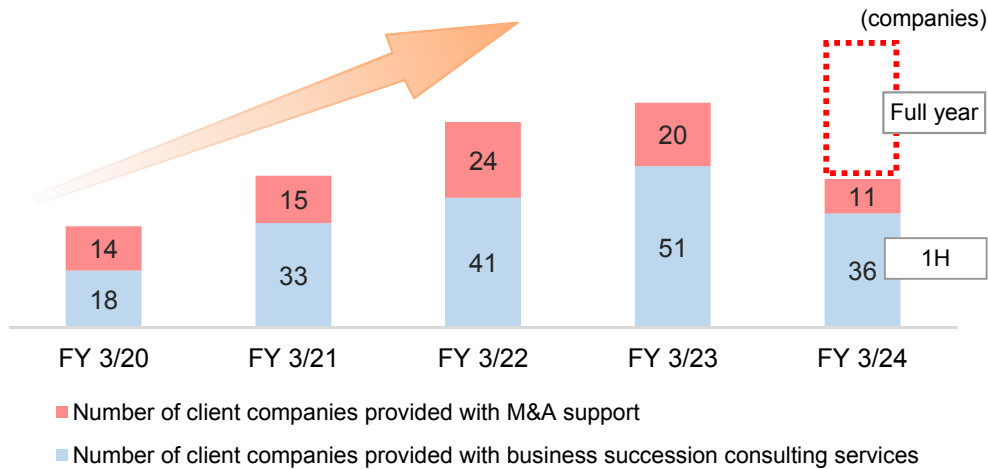


Prefecture	No. of projects	Sector	No. of projects	Cumulative no. of projects participated in
Aichi	22 projects	Accommodations, government buildings, housing	19 projects	65 projects Approx. 96.4 billion yen of which, 36 arranger projects Approx. 52.9 billion yen
Osaka	10 projects	Educational and cultural facilities	14 projects	
Tokyo	8 projects	School meal service centers	11 projects	
Mie	8 projects	Sports and health facilities	7 projects	
Kanagawa	5 projects	Resource utilization and water treatment plants	7 projects	
Shizuoka and elsewhere	12 projects	Other (funeral halls, concession projects, etc.)	7 projects	

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



Business succession and M&A seminar

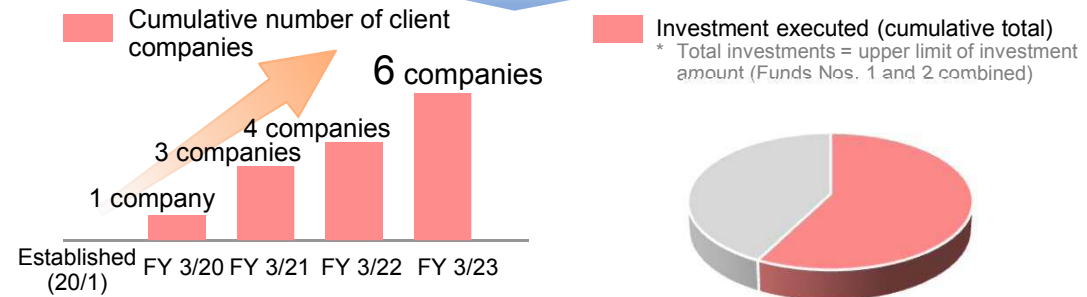


- The Bank held an in-person seminar on June 7, 2023, in response to the waning COVID-19 situation
- According to the participants' questionnaire, the seminar "Successes and Cautions in Individual Cases," which was conducted by a M&A specialist from the Bank, was very informative and well received
- The Bank will continue to work on regional development by resolving business succession issues

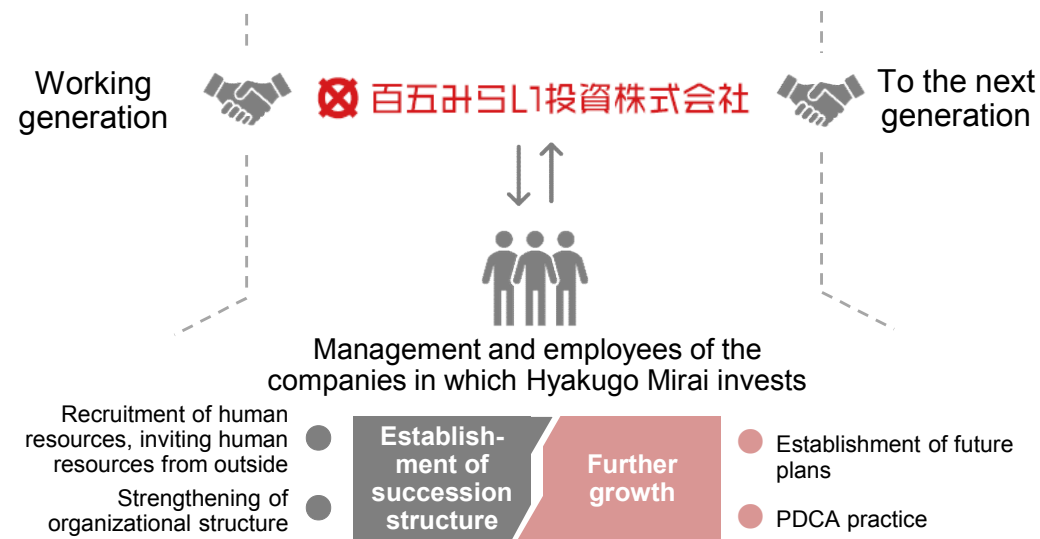
Enhance support through Hyakugo Mirai Investment Company

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.



Hands-on support through joint management

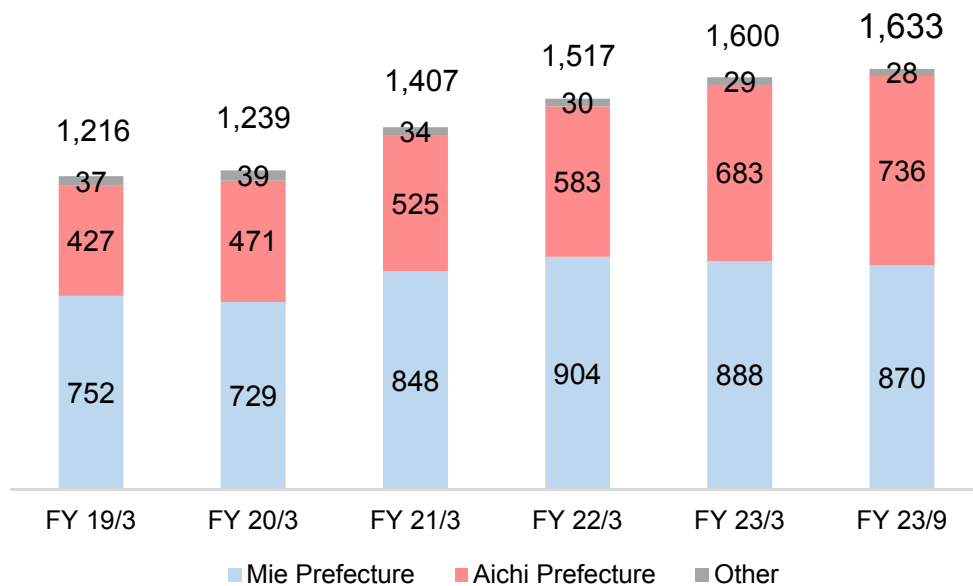


Enhance the sustainability of the region by continuing to strengthen its support for medical and welfare services, which are an important part of the region's infrastructure

Active support for needs including capital investment

Changes in lending to the health and welfare sectors

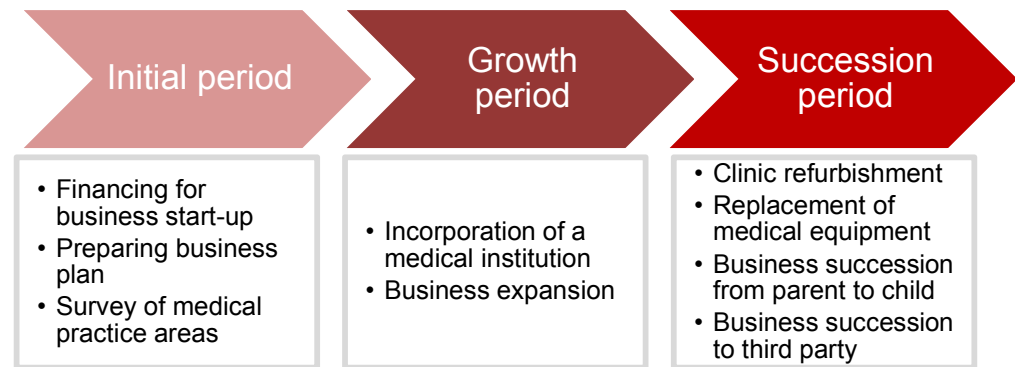
(100 million yen)



- The Bank boasts the largest loan balance among regional financial institutions headquartered in the three Tokai prefectures (Aichi, Gifu, and Mie)
- The Bank has had dedicated health and welfare officers for over 40 years, and will continue to strengthen support for business partners by utilizing accumulated data and business partners

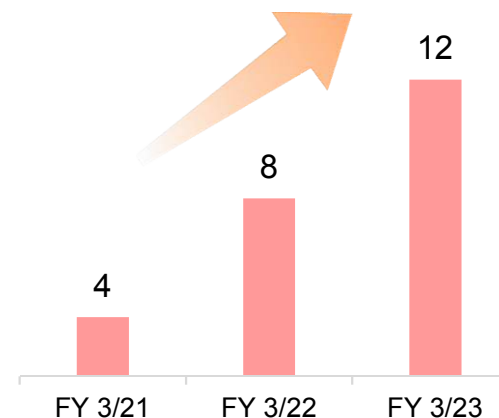
Consulting services to medical institutions

Building a support system to meet customer needs from business start-up to succession



Of the above, the need for third-party succession due to the absence of successors is increasing markedly

Status of support (no. of third-party successions)



Support effectiveness (client feedback)

[Medical practitioners who transfer their clinics]

- I was in trouble because I had no successor, but the third-party succession system allowed me to protect the jobs of my employees and the practice of my existing patients
- I am glad that my clinic, which I have cherished for so many years, will continue and remain in the community

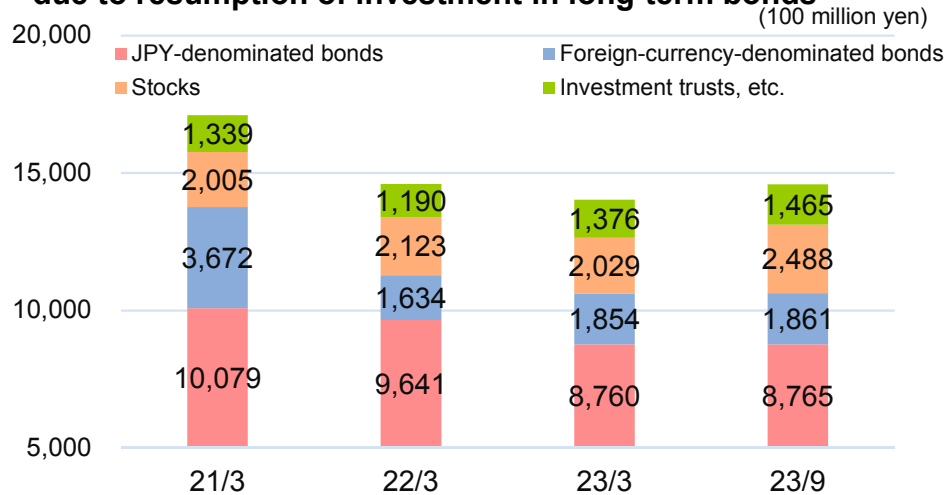
[Medical practitioners who take over clinics]

- I was able to keep my initial investment low
- The clinic has existing patients, making it easier to forecast sales

Resume investment in long-term bonds at a gradual pace following the monetary policy correction. The Bank invests mainly in floating-rate bonds, taking into account interest rate hikes in foreign currency-denominated bonds

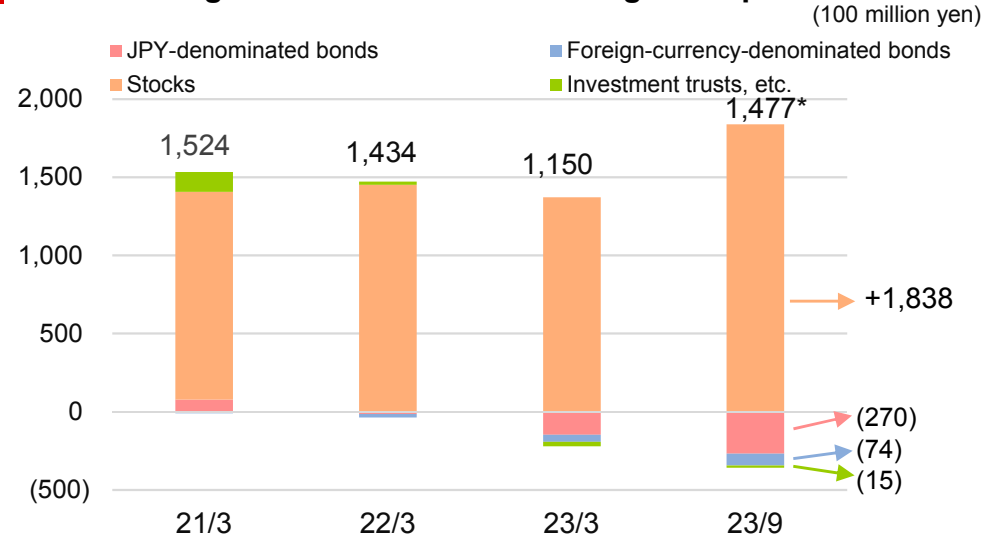
Changes in securities portfolio

Outstanding balance of yen-denominated bonds bottomed out due to resumption of investment in long-term bonds



Valuation gains (losses) on securities

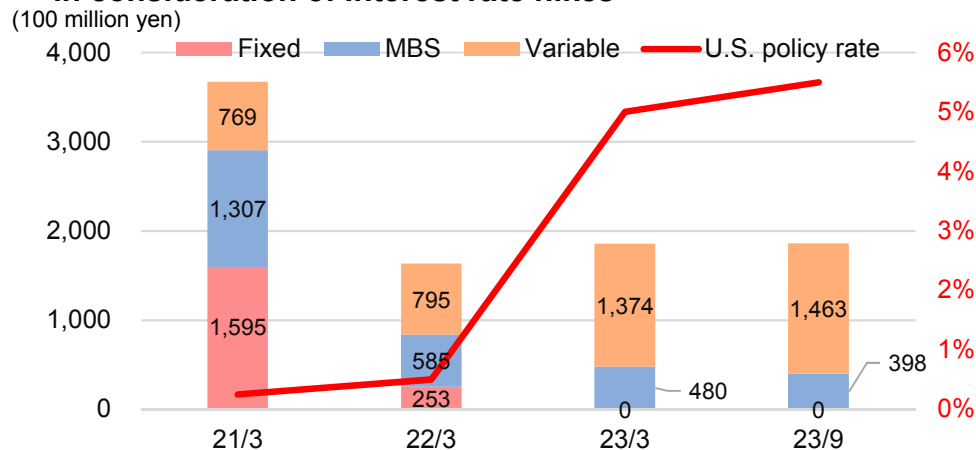
Unrealized gains increased due to rising stock prices



* 153.0 billion yen of valuation gains after taking hedging into account

Changes in foreign-currency-denominated bonds

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



Ranking of Hyakugo Bank among 32 regional banks with over ¥1 trillion in securities outstanding

Securities balance MAX MIN **20th**

Valuation gains (losses) MAX MIN **5th**

* Figures announced by each bank and compiled by the Bank (as of September 30, 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)	(51)	(2)

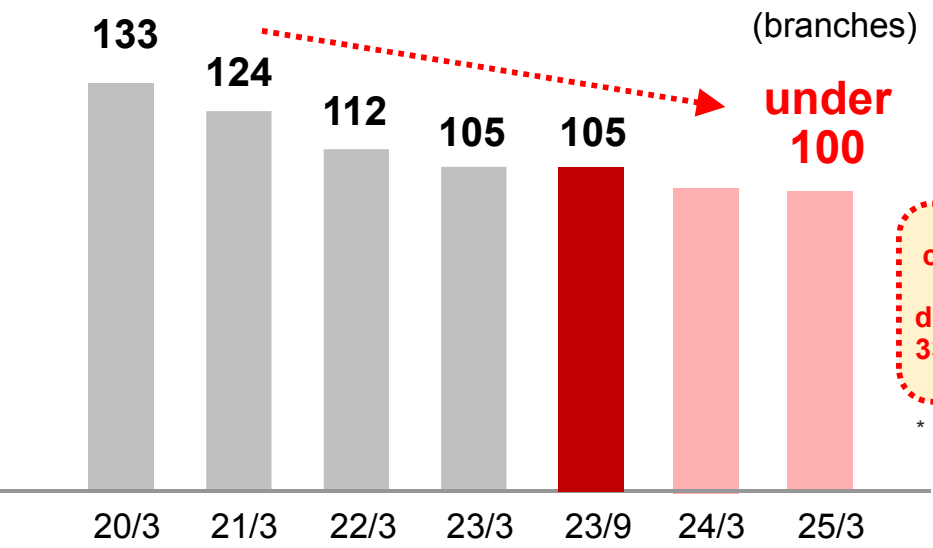
*As of September 30, 2023. Impacts on credit risk and foreign exchange, associated with rising interest rates, are not taken into account

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



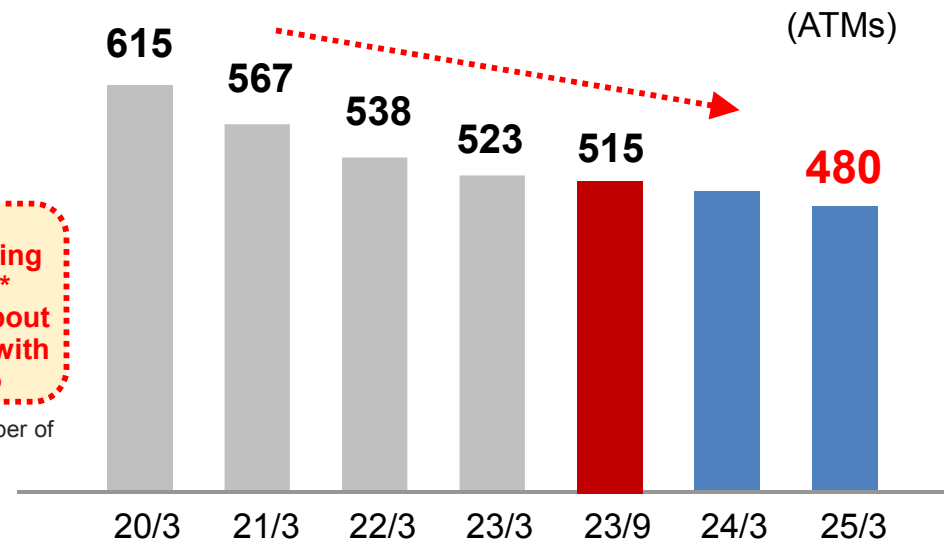
Number of customers visiting the branches* decreased by about 33% compared with 10 years ago

* 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

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 in-store customer service

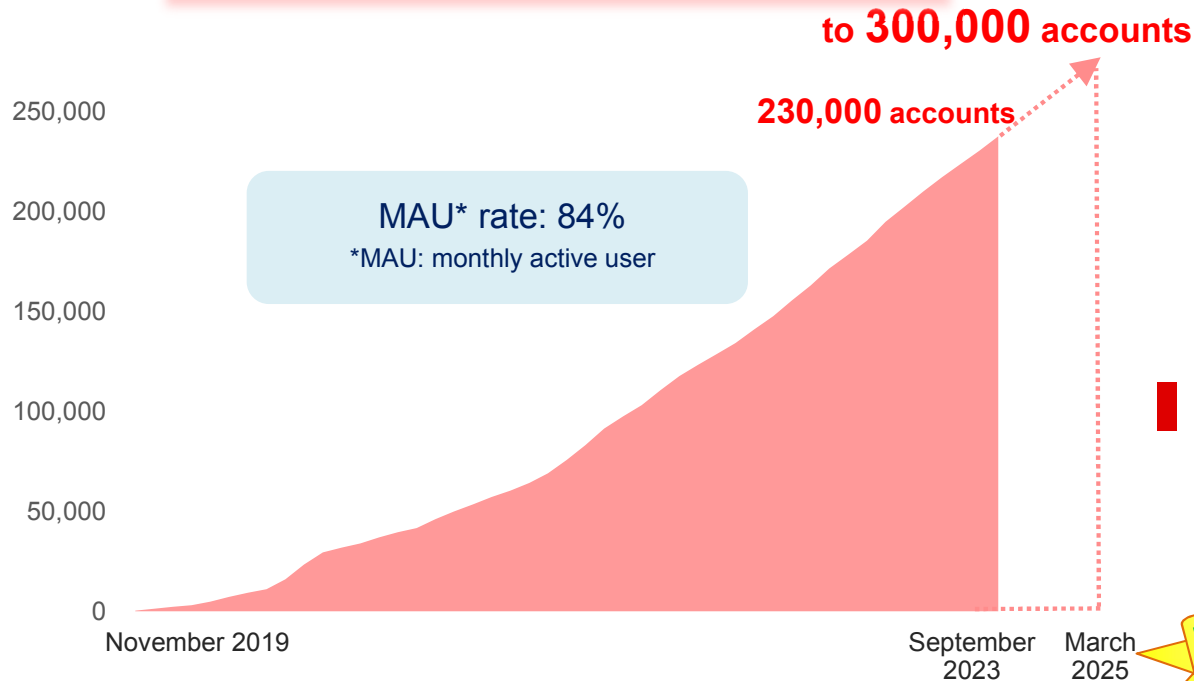
Smartphone banking

Changes in number of passbook-less 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



Use of smartphone banking

In-app questionnaire



The Bank started using it as a new tool to identify and collect customer needs

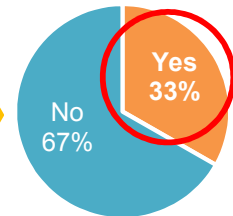
<Reference>

Conducted from August 23 to September 10:

approx. 8,000 users responded

"May Hyakugo Bank provide you with information about NISA?"

30% of respondents answered "Yes"



External sales of app functions

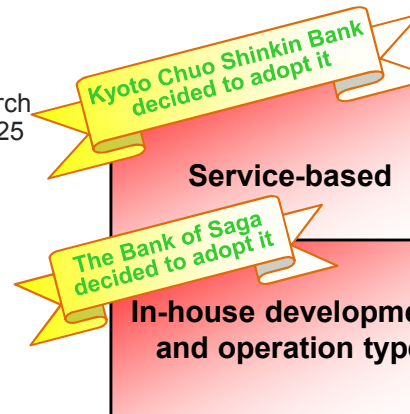
The Bank began selling the application to domestic financial institutions through BIPROGY Inc.



SDGs
Reduction of paper resource use



Digitization
Increased convenience



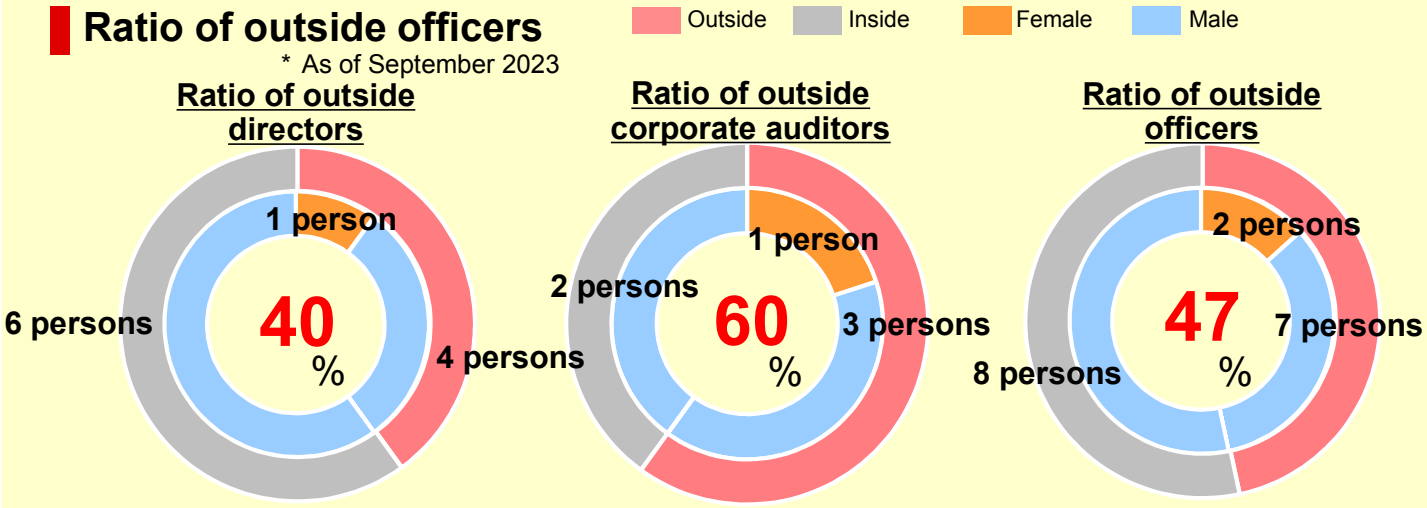
Service-based	BIPROGY builds a new banking application based on "Hyakugo Bank Smartphone Banking" and provides it to financial institutions
In-house development and operation type	The Bank provides the program source code for "Hyakugo Bank Smartphone Banking" to financial institutions, who will develop their own banking applications

Strengthen corporate governance to ensure the Bank's sustainable growth and enhance its corporate value over the medium to long term

Appointment and diversification of outside officers

Ratio of outside officers

* As of September 2023



[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

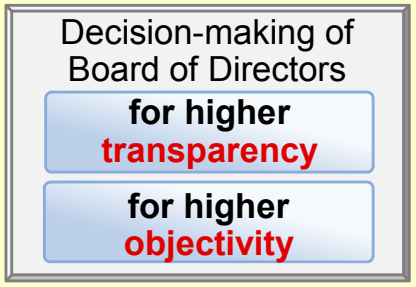
Enhance governance through appropriate involvement and advice from outside officers

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

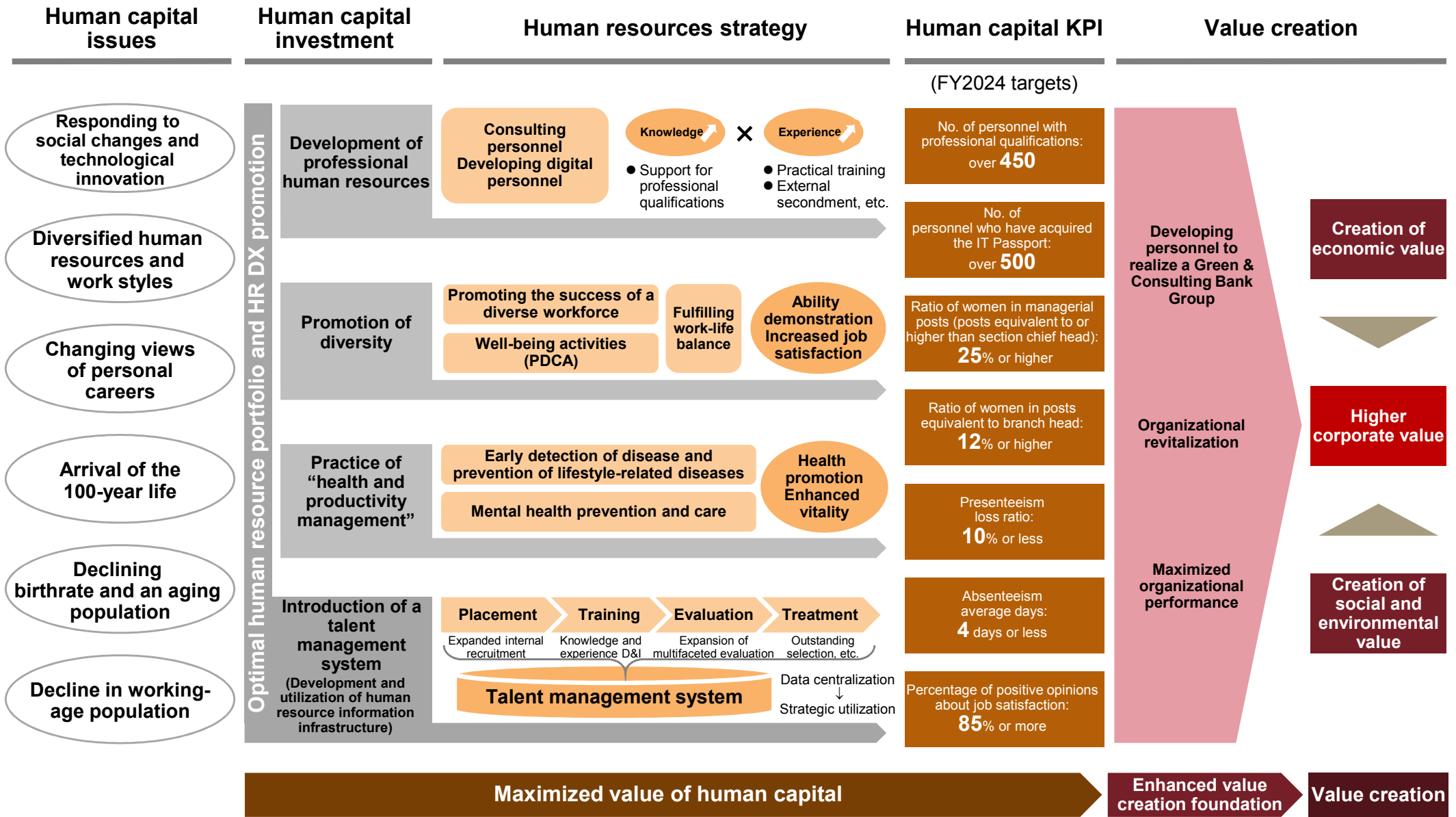


[Functions]
 Providing advice on the following matters to Board of Directors

- 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 2023

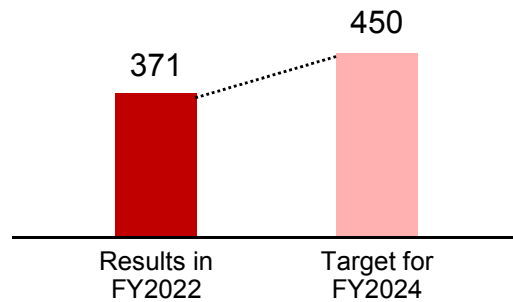
Promote human resource strategy and initiatives to strengthen engagement to enhance human capital



Key measurable indicators and targets related to investment in human capital and human resource strategy

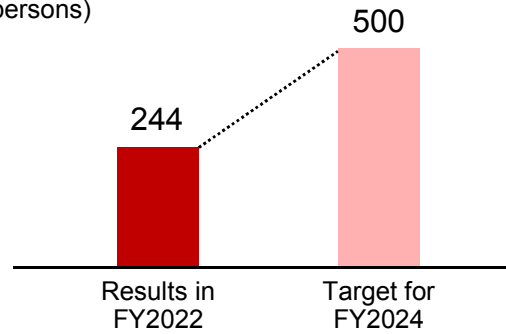
No. of personnel with professional qualifications (7 qualifications including FP1)

(persons)



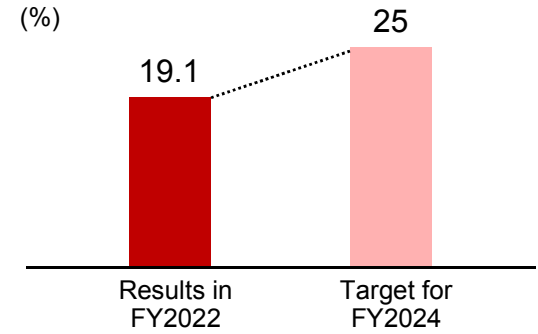
No. of those who have acquired the IT Passport

(persons)



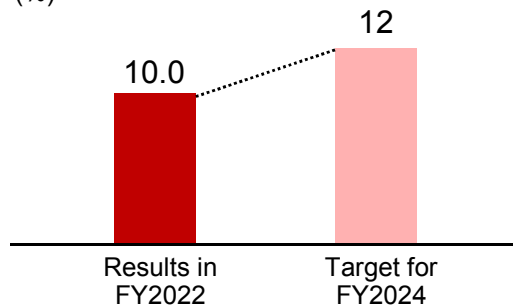
Ratio of women in managerial posts (posts equivalent to or higher than section chief head)

(%)



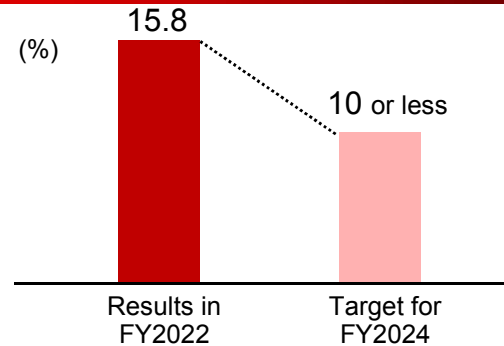
Ratio of women in posts equivalent to branch head

(%)



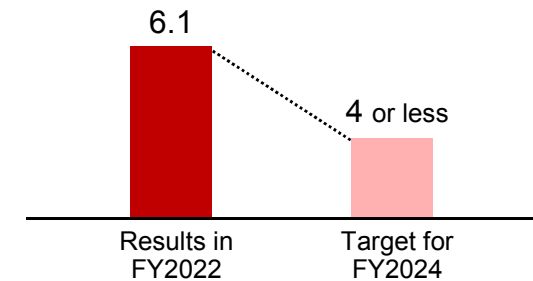
Presenteeism loss ratio *1

(%)



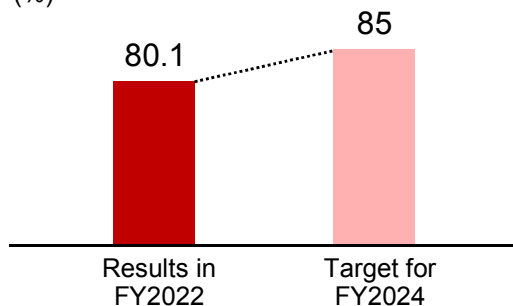
Absenteeism average days *2

(days)



Percentage of positive opinions about job satisfaction

(%)



*1 Presenteeism loss ratio: Percentage of work performance reduced due to illness or injury

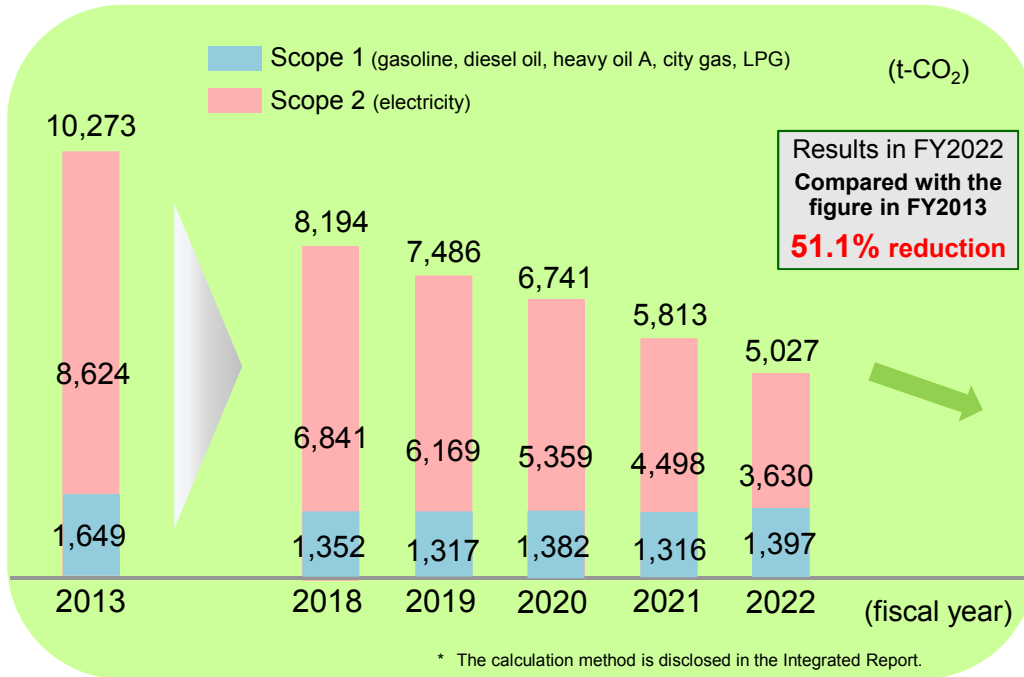
*2 Absenteeism average days: Number of days employees are absent from work due to illness, injury, or other physical condition (including paid leave, and calculated excluding those with no days of absence)



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

Greenhouse gas (GHG) emissions

Changes in greenhouse gas (GHG) emissions



Scope 3 measurement and calculation (disclosed July 2023)

- The Bank started measuring and calculating GHG emissions (Scope 3) in its supply chain
- It will consider increasing measurement items and improving measurement methods

Category 6 (Business Travel)	Category 7 (Employee Commuting)	Category 15 (Investments)
389 t-CO ₂	1,823 t-CO ₂	5,715,383 t-CO ₂

* The calculation method is disclosed in the Integrated Report.

Scenario analysis and carbon-related assets (disclosed July 2023)

Physical risk to 2050

Additional credit cost up to **5.8 billion yen**

Migration risk to 2050

Additional credit cost up to **8.3 billion yen**

Carbon-related assets

4 major sectors

- Energy, utility: 1.94%
- Transport: 4.74%
- Materials and buildings: 17.72%
- Agriculture, food and forest products: 1.98%

* Based on the end of March 2023. * The calculation method is disclosed in the Integrated Report.

Sustainable finance

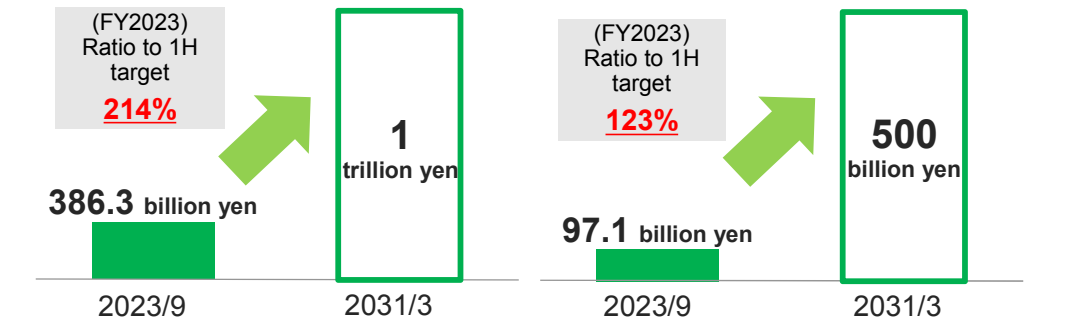
Sustainable finance* Targets and results

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



Contributes to tourism town development through public-private partnerships. The Bank is also engaged in financial and economic education and sports promotion

Initiatives for tourism town development

Utilization of historical buildings in Iga-Ueno Castle Town



Initiatives for financial and economic education

Initiatives for financial and economic education

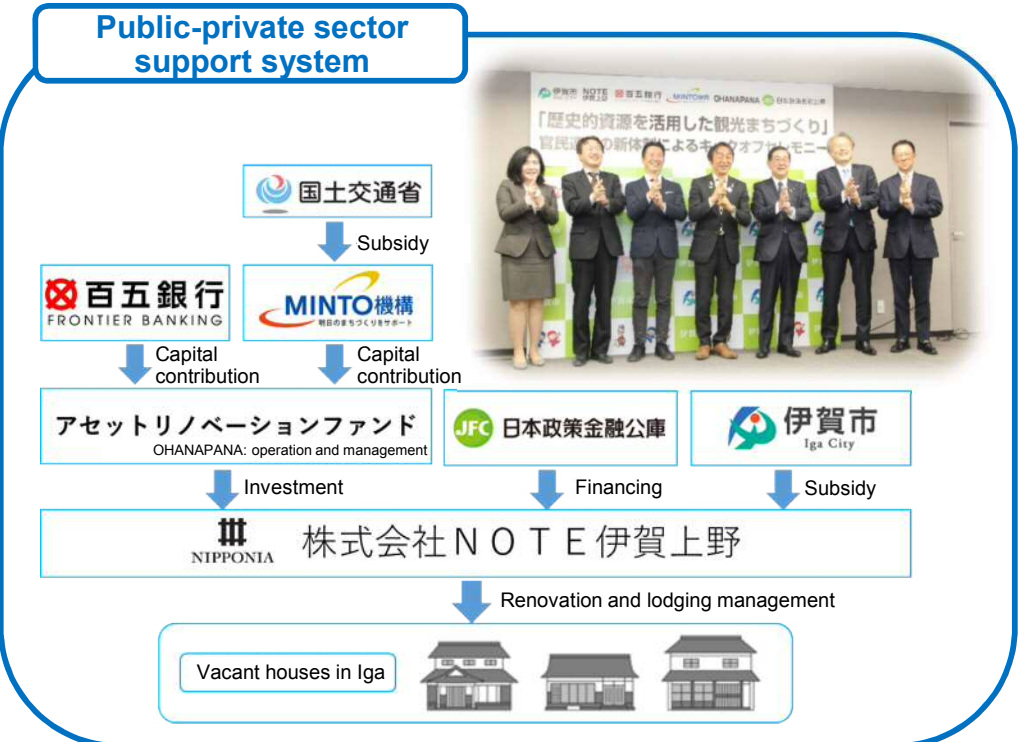
- Mie regional competition of “Economics Koshien,” a national high school financial and economic quiz championship



Initiatives for sports promotion



- The Bank sponsors and supports Shunsuke Togami, a native of Tsu City who has competed in numerous international tournaments, including the All Japan Table Tennis Championships



©The Table Tennis Report/Butterfly

Appendix

Deposits (ending balance)

(Million yen)

	end of 3/20	end of 3/21	end of 3/22	end of 3/23	end of 9/23
Corporate deposits	957,260	1,140,057	1,148,376	1,172,626	1,192,542
JPY liquid	652,847	812,544	827,444	851,893	879,254
JPY time	296,535	321,973	315,830	313,082	308,407
Foreign currency	7,877	5,539	5,102	7,650	4,880
Individual deposits	3,821,661	4,086,211	4,244,558	4,318,085	4,350,488
JPY liquid	2,122,226	2,424,830	2,628,110	2,759,168	2,820,047
JPY time	1,680,890	1,643,569	1,602,595	1,549,352	1,521,394
Foreign currency	18,544	17,811	13,851	9,565	9,046
Public funds deposits	129,009	117,530	190,852	232,316	252,359
JPY liquid	104,235	85,817	156,486	204,216	202,480
JPY time	24,774	31,713	34,365	28,099	49,879
Foreign currency	0	0	0	0	0
Other	42,955	44,176	65,728	56,550	22,013
Total deposits	4,950,887	5,387,976	5,649,515	5,779,579	5,817,403
Deposits in Mie Prefecture*	4,485,158	4,874,667	5,122,798	5,242,287	5,270,175
Deposits outside Mie Prefecture	465,729	513,308	526,717	537,291	547,227
Tokyo, Osaka	18,776	13,513	13,081	13,035	11,161
Aichi	446,952	499,794	513,635	524,256	536,066
Negotiable certificates of deposit	160,490	154,505	171,666	149,858	158,926

Loans (ending balance)

(Million yen)

	end of 3/20	end of 3/21	end of 3/22	end of 3/23	end of 9/23
Corporate sector	2,038,320	2,211,389	2,230,098	2,361,962	2,401,400
Large companies	706,445	764,085	741,121	777,801	797,131
Medium-sized companies	76,523	72,632	70,012	67,575	69,511
Small and medium-sized companies	1,255,350	1,374,671	1,418,965	1,516,584	1,534,757
Individual sector	1,378,725	1,581,166	1,806,575	2,026,234	2,161,628
Total public corporations	214,004	195,812	187,096	182,989	176,283
Consumer loans	3,631,051	3,988,368	4,223,771	4,571,185	4,739,312
Housing loans	1,363,812	1,568,347	1,793,865	2,014,300	2,149,961
Other loans	1,315,068	1,519,349	1,744,239	1,963,438	2,096,969
Loans in Mie Prefecture*	48,744	48,998	49,626	50,862	52,992
Loans outside Mie Prefecture	1,705,231	1,827,164	1,883,944	1,959,791	1,983,905
Tokyo, Osaka	1,925,819	2,161,204	2,339,826	2,611,394	2,755,407
Aichi	738,003	765,891	763,513	805,503	831,319
Aichi	1,187,816	1,395,312	1,576,313	1,805,890	1,924,087

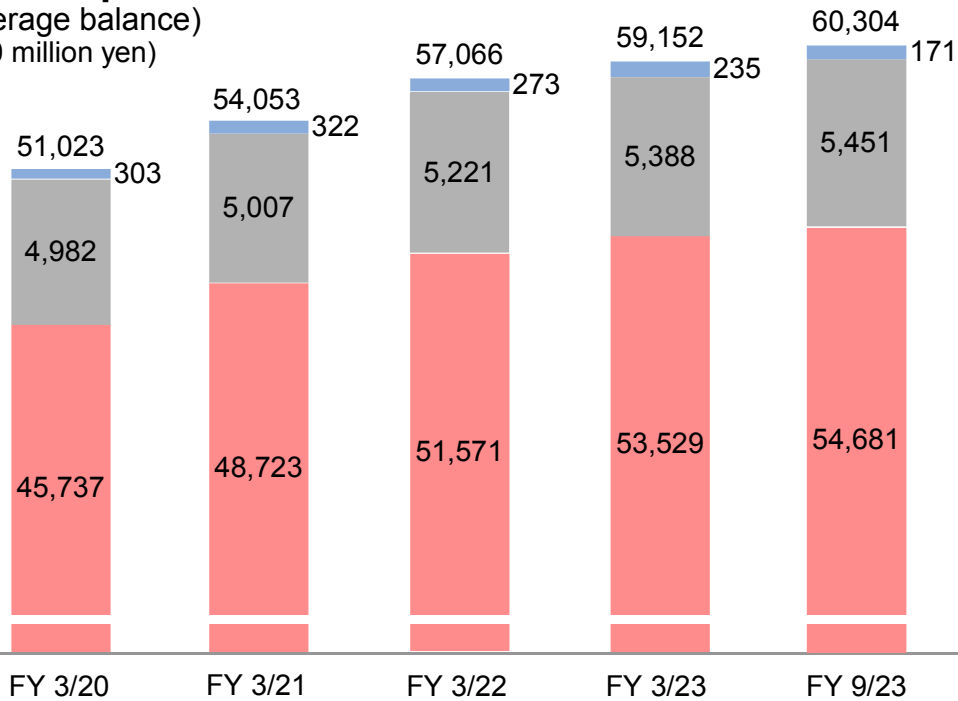
* Deposits and loans in Mie include those in Shingu.

Deposits (including negotiable certificates of deposit), Depository Assets

Total deposits

(average balance)
(100 million yen)

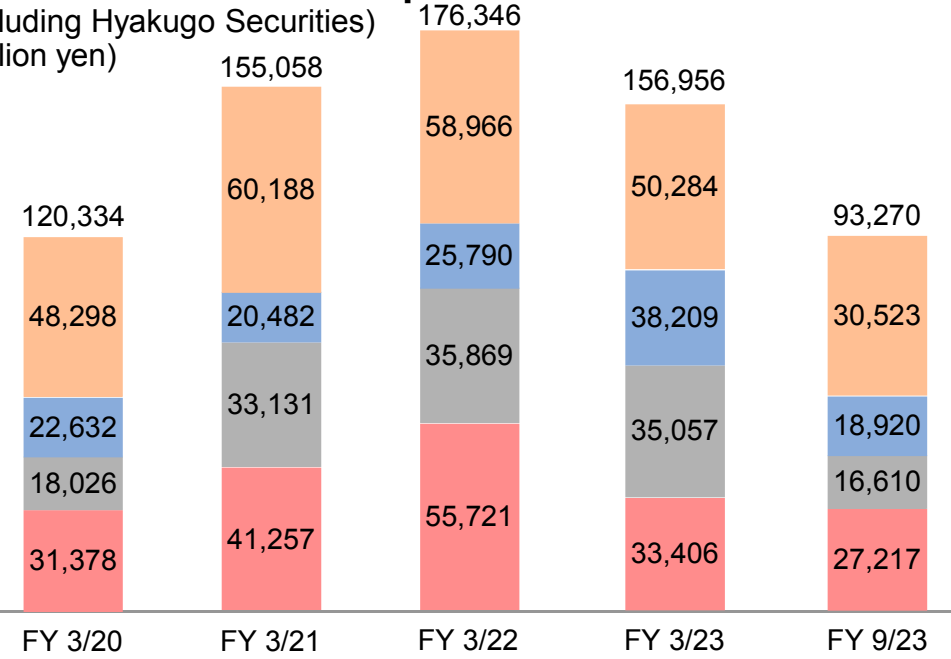
Mie Prefecture Aichi Prefecture Tokyo, Osaka



Depository assets, amount of contracts acquired

(including Hyakugo Securities)
(million yen)

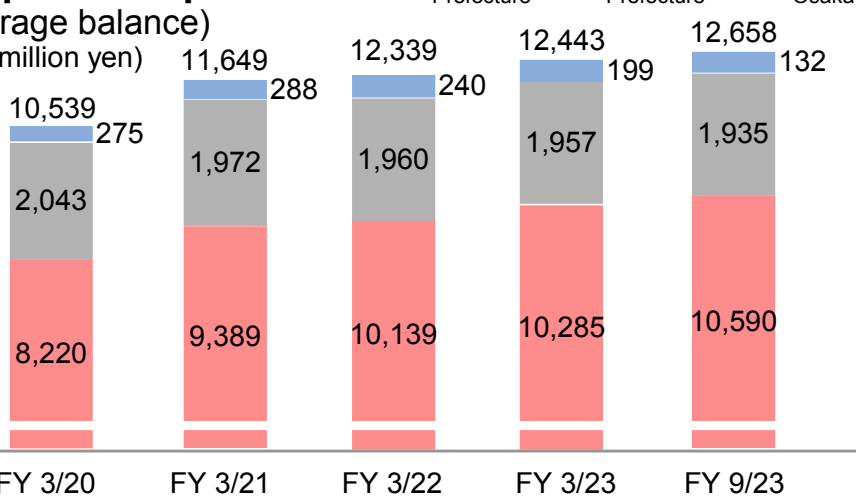
Hyakugo Securities (after excluding the Bank's brokerage)
Insurance Financial instruments brokerage Investment trusts



Corporate deposits

(average balance)
(100 million yen)

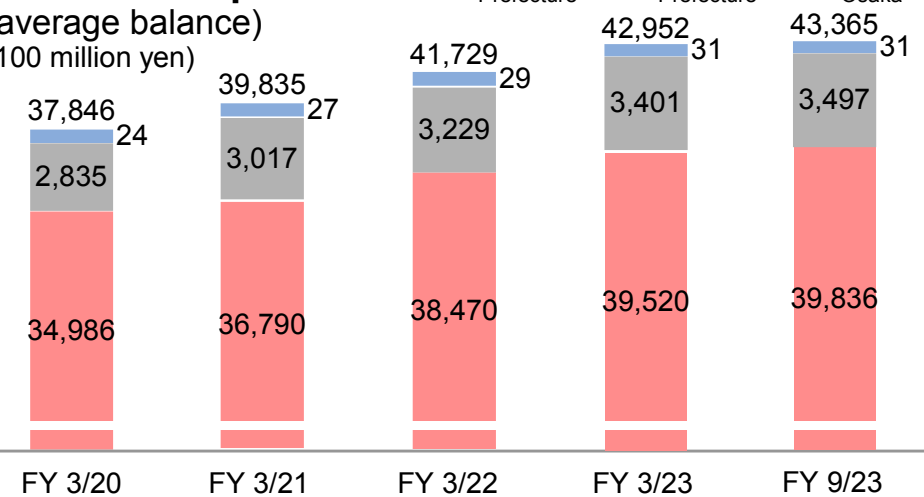
Mie Prefecture Aichi Prefecture Tokyo, Osaka

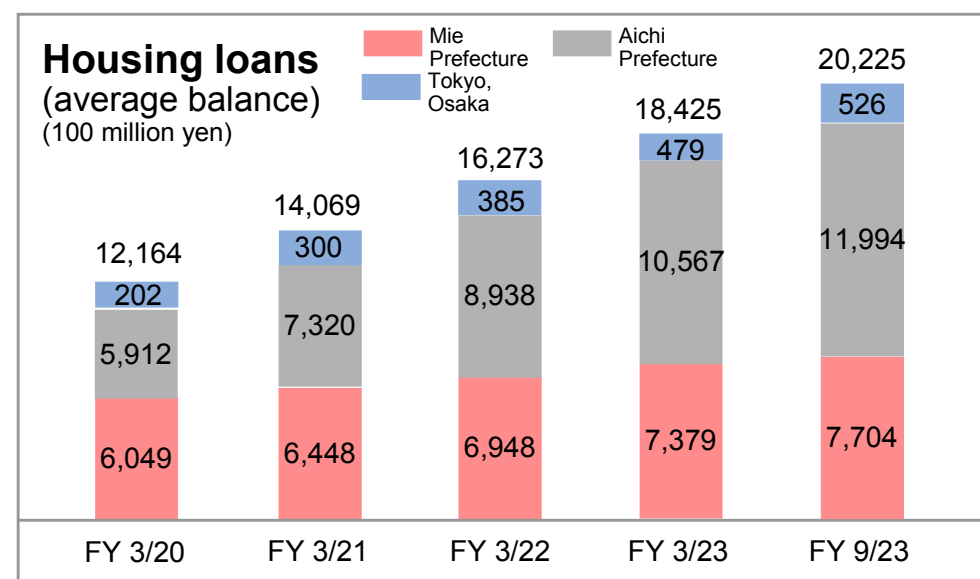
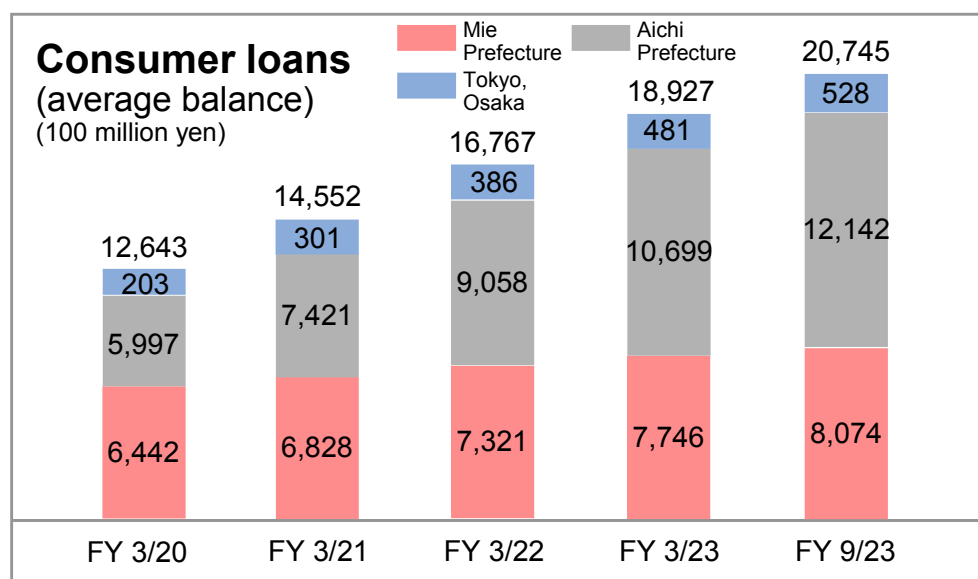
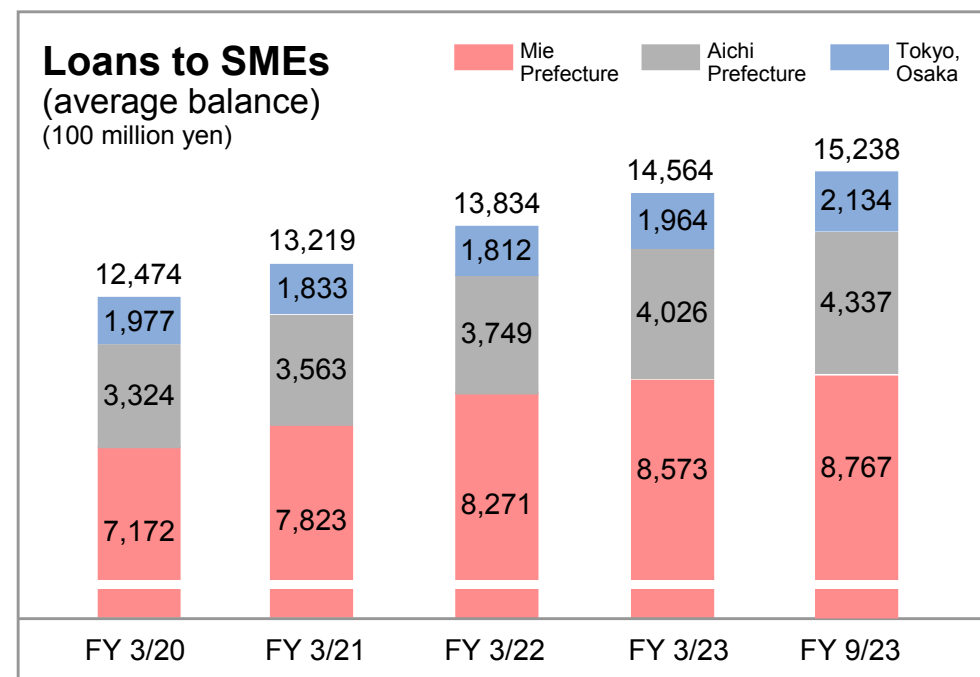
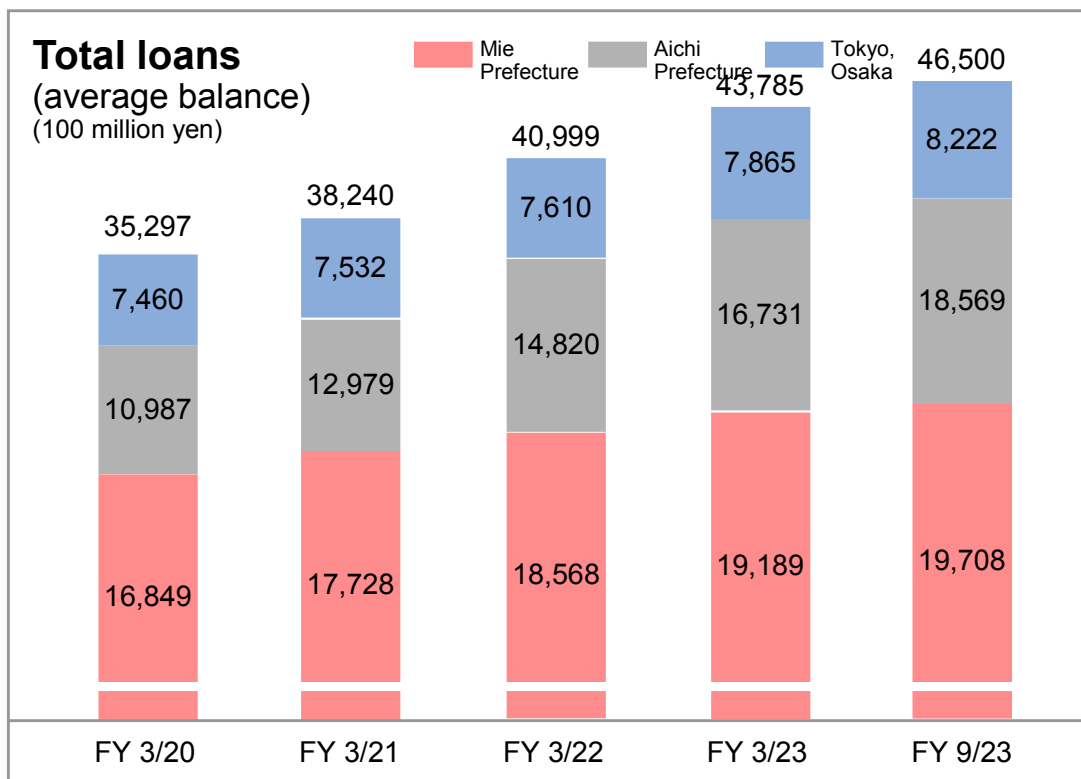


Individual deposits

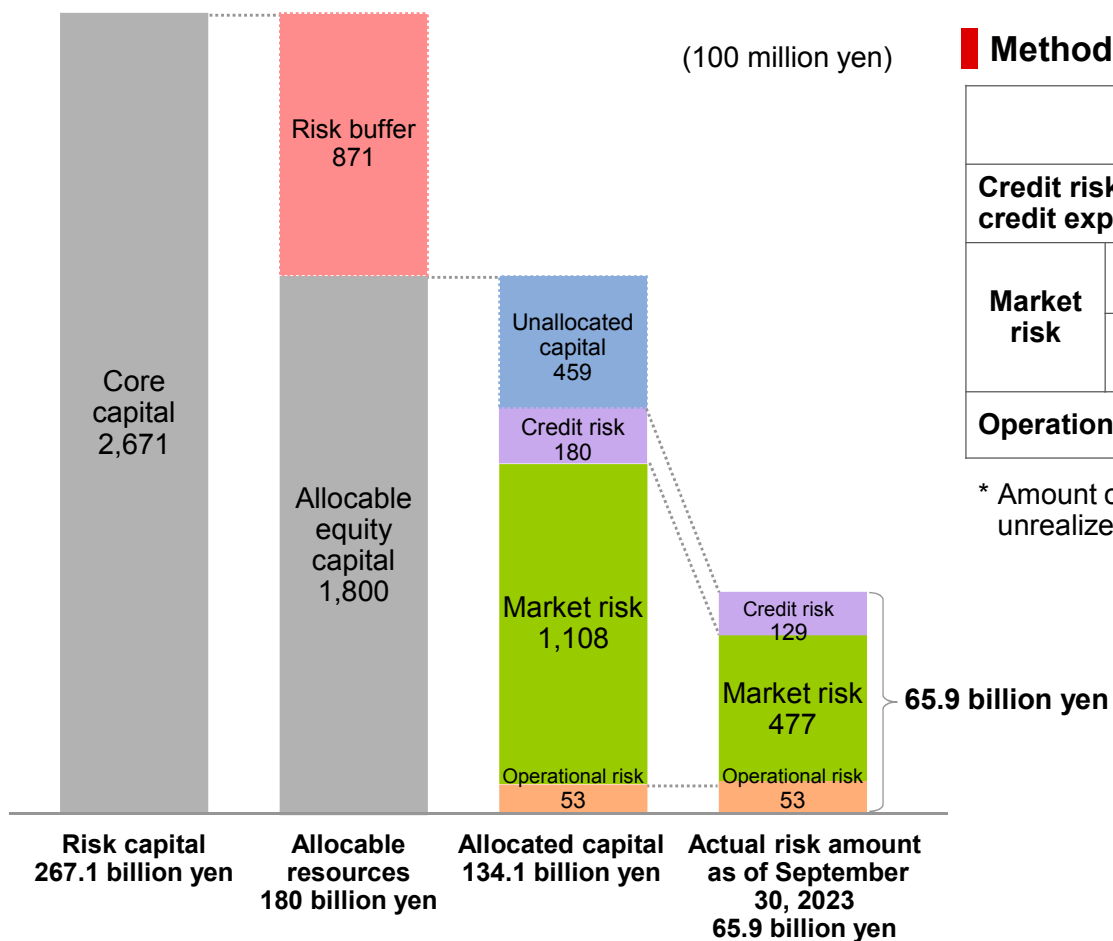
(average balance)
(100 million yen)

Mie Prefecture Aichi Prefecture Tokyo, Osaka





- Risk is kept within an appropriate range according to the Bank's operating capabilities based on integrated risk management.
- Compared with core capital of 267.1 billion yen and allocable capital of 180.0 billion yen, actual amount of risk is 65.9 billion 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 %	6 months
	Investment rates, portfolio investment, investment trusts	VaR	99 %	3 months
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	13 <4>	12	1	- (0)	- (9)	Bankrupt and quasi-bankrupt assets	78 <46>	39	39	100.00%
Substantial failure	64 <41>	51	13	- (5)	- (23)					
Possible failure	454	280	74	99 (103)		Doubtful assets	454	251	103	78.01%
Watch List	Under control	118	32	86		Substandard loans	81	31	8	50.06%
							Debts past due by three months or more 0			
	Others	937	396	541		Restructured loans 81				
	Normal	46,338	46,338			Sub-total	614 <582>	322	151	77.13%
	Total	47,927 <47,894>	47,111	716	99 (110)	- (32)	Normal assets	47,312	Ratio of loans disclosed under the Financial Reconstruction Act (subtotal) over total credit exposure: 1.28%	
							Total	47,927 <47,894>	Reference Ratio of loans disclosed under the Financial Reconstruction Act over total credit exposure if partial direct write-offs were carried out: 1.21%	

(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 3/20	end of 3/21	end of 3/22	end of 3/23	end of 9/23	Year-on-year
Bankrupt and quasi-bankrupt assets	66	87	91	73	78	5
Doubtful assets	387	419	456	493	454	(39)
Substandard loans	92	90	103	79	81	1
Total	547	598	651	646	614	(31)
Nonperforming loans ratio	1.48%	1.48%	1.52%	1.39%	1.28%	(0.11)P

Upper: Number of debtors / Lower: Credit exposure

(Million yen)

		Debtor Classification as of September 30, 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 3/31/2023 Credit exposure by debtor classification	Normal	199,240	181,749	418	20	35	128	7	16,883	1	0.09%	-	608
		4,438,484	4,178,909	14,146	1,414	421	722	400	242,470	9	0.03%	-	17,104
	Other under close observation	2,130	267	1,588	9	54	15	1	196	1	3.29%	267	79
		87,891	5,670	75,356	507	1,218	264	1	4,872	1	1.69%	5,670	1,991
	Under control	178	7	15	145	2	-	-	9	-	1.12%	22	2
		12,067	747	439	9,699	89	-	-	1,092	-	0.74%	1,187	89
	Possible failure	1,094	6	14	2	962	31	2	77	5		22	33
		49,251	44	1,408	19	43,177	1,086	164	3,351	118		1,471	1,251
	Substantial failure	474	4	4	1	1	313	9	142	13		10	9
		6,346	1	72	39	6	4,276	627	1,322	206		119	627
	Failure	34	-	8	-	5	-	12	9	4		13	-
		973	-	267	-	91	-	201	412	233		359	-
	Total	203,150	182,033	2,047	177	1,059	487	31	17,316	24		334	731
		4,595,015	4,185,372	91,691	11,679	45,003	6,349	1,396	253,521	569		8,808	21,064

Number of debtors

	1H 2018	2H 2018	1H 2019	2H 2019	1H 2020	2H 2020	1H 2021	2H 2021	1H 2022	2H 2022	1H 2023
Eligible for Head Office support	48	53	62	58	64	64	60	71	84	85	78
Eligible for branch support	271	259	202	217	212	205	196	205	216	219	216
Number of instances of upgrading	32	25	22	18	15	10	20	11	18	15	16
Number of instances of downgrading	14	15	14	15	7	15	12	23	31	14	12
Change in loans of branches eligible for support	(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	(900) million yen

Compliance with Hyakugo Bank's credit policies (as of September 30, 2023)

(100 million yen)

Classification	Content	Limit	Compliance	
Loans for individuals engaging in housing leasing business	7% or less of total loans	3,317	1,949	4.11%
Loans for other real estate industry	7% or less of total loans	3,317	2,480	5.23%
Loans for non-banks	10% or less of total loans	4,739	1,929	4.07%
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	9,478	4,902	10.34%
Loan balance per borrower	Credit for a borrower should be 10% or less of the Bank's equity capital	267	220	8.24%
Loan balance per corporate group	Credit per corporate group should be 25% or less of the Bank's equity capital	667	420	15.74%

Changes in loans by industry

(100 million yen)

Industry	end of 3/20	end of 3/21	end of 3/22	end of 3/23	end of 9/23	Share by industry
Manufacturing	3,758	4,035	4,056	4,210	4,227	8.92%
of which, transportation equipment manufacturing	865	849	851	877	866	1.82%
Agriculture, Forestry, Fishery, Mining, Quarrying and Gravel Quarrying	239	241	218	235	228	0.48%
Construction	1,099	1,388	1,418	1,605	1,489	3.14%
Utilities	977	1,047	1,176	1,302	1,360	2.87%
Telecommunication	123	149	135	130	121	0.25%
Transport and Post	1,237	1,374	1,354	1,398	1,431	3.02%
Wholesale and Retail	2,718	3,028	2,899	3,149	3,126	6.59%
Finance and Insurance	3,049	3,138	2,979	3,112	3,332	7.03%
Real Estate and Rental	4,780	4,913	5,098	5,364	5,584	11.78%
of which, Real Estate	3,524	3,524	3,705	3,908	4,113	8.67%
Academic Research, Specialist and Technical Services	147	183	203	256	264	0.55%
Accommodation and Food and Beverage	316	397	379	361	354	0.74%
Lifestyle-related Services and Entertainment	263	308	294	302	262	0.55%
Education and Learning Support	76	83	91	96	96	0.20%
Medical and Social Welfare	1,239	1,406	1,517	1,600	1,632	3.44%
Other Services	407	463	508	554	546	1.15%
Local Governments	2,088	1,911	1,839	1,768	1,718	3.62%
Other	13,787	15,811	18,065	20,262	21,616	45.61%
Total by industry	36,310	39,883	42,237	45,711	47,393	100.00%

Deposits

Loans

■ Including megabanks

Megabank Other				Shinkin		Bank A		Hyakugo Bank		Mie Prefecture		Hyakugo Bank		Bank A		Shinkin		Other		Megabank	
9.0	9.0	11.4	24.4	46.2		Mie Prefecture		39.5		28.1	11.3	16.3	4.8								

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

(% (as of end of March 2023))

■ Excluding megabanks

Other		Shinkin		Bank A		Hyakugo Bank		Mie Prefecture		Hyakugo Bank		Bank A		Shinkin		Other	
9.8	12.6	26.8	50.8		Mie Prefecture		41.5		29.5	11.9	17.1						
18.7	24.1	16.0	41.2		Kuwana District		33.7	18.2	18.6	29.5							
8.4	11.5	40.1	40.0		Yokkaichi District		31.9	37.7	12.8	17.6							
8.1	5.7	36.6	49.6		Suzuka District		36.9	40.0	7.8	15.3							
18.9	22.4	16.7	42.0		Iga District		35.9	14.8	24.4	24.9							
7.0	6.5	17.7	68.8		Tsu District		59.8	25.5	4.4	10.3							
6.0	14.9	30.3	48.8		Matsusaka District		39.7	34.0	13.7	12.6							
10.1	6.1	19.3	64.5		Ise District		56.0	22.5	5.0	16.5							
0.9	1.6	30.4	67.1		Toba Shima District		62.9	30.3	2.0	4.8							
5.7	34.2	27.8	32.3		Kishu District		30.0	27.5	30.5	12.0							

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

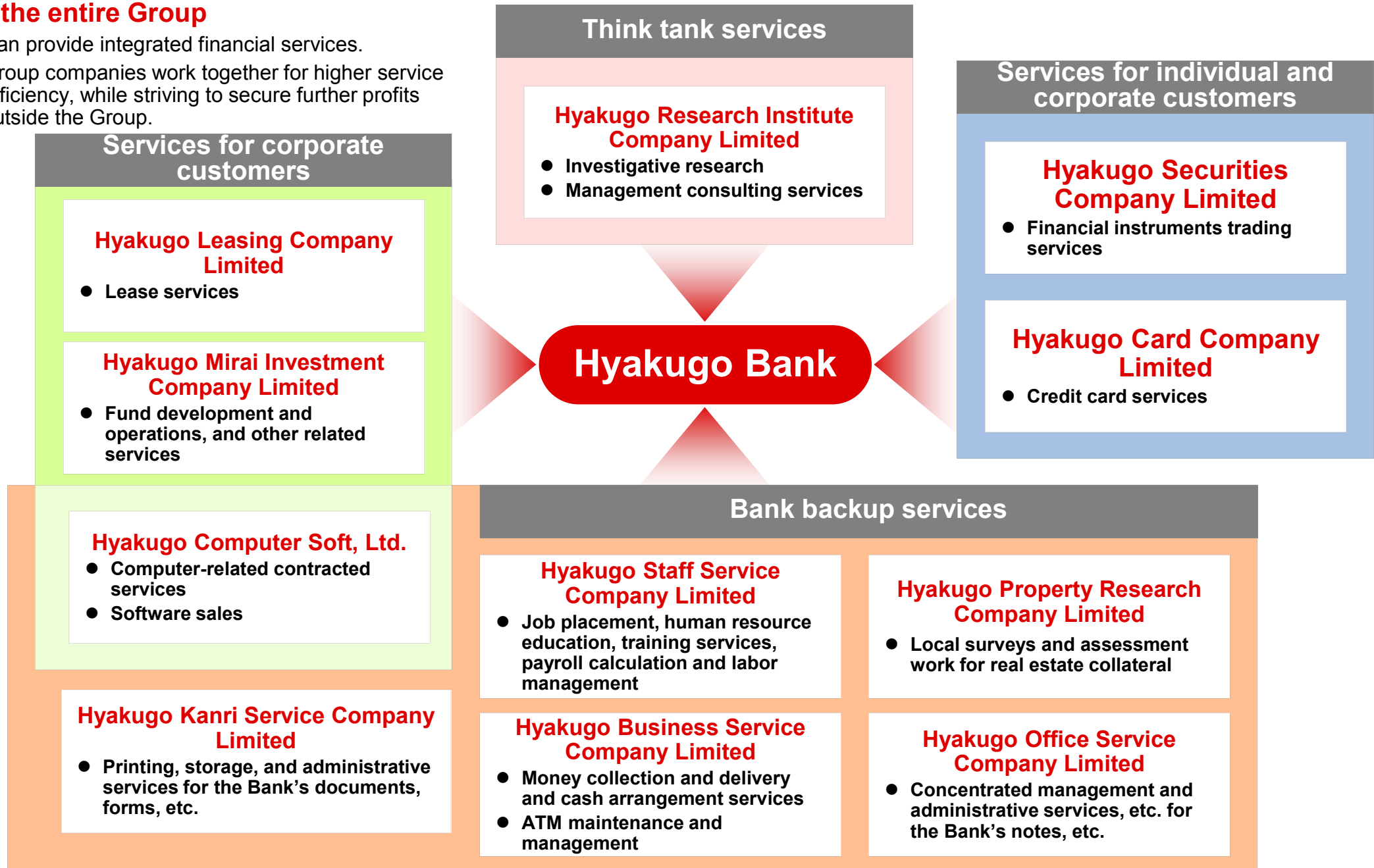
* Hyakugo Bank's share is calculated excluding Osaka Net Branch and Aichi Net Branch

(% (as of end of March 2023))

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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