

# Outline of Financial Position

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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)

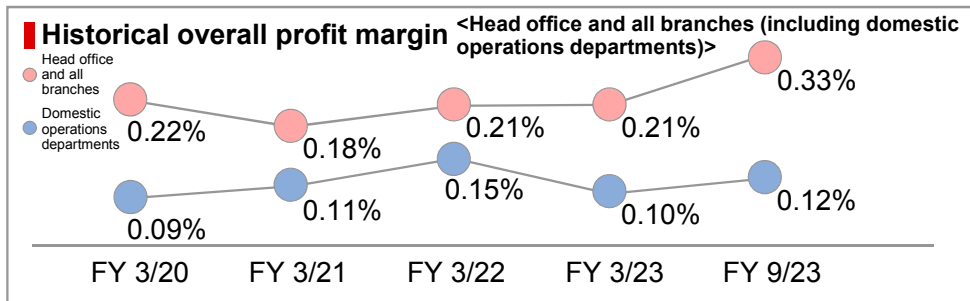
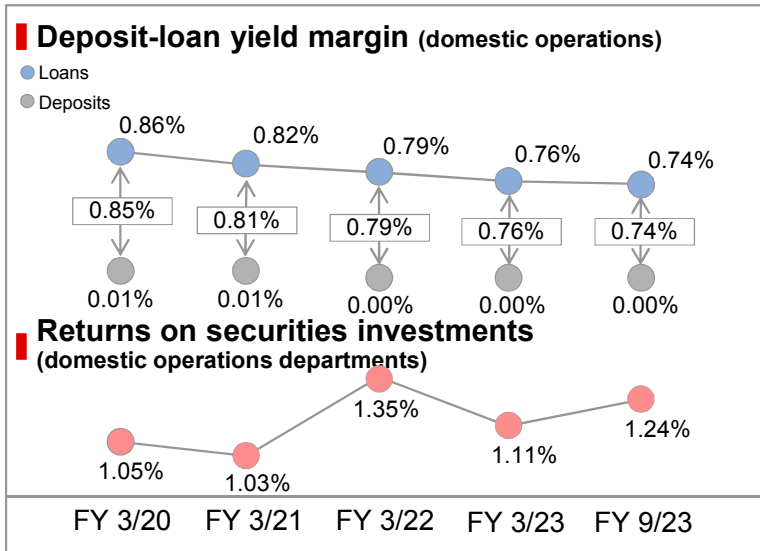
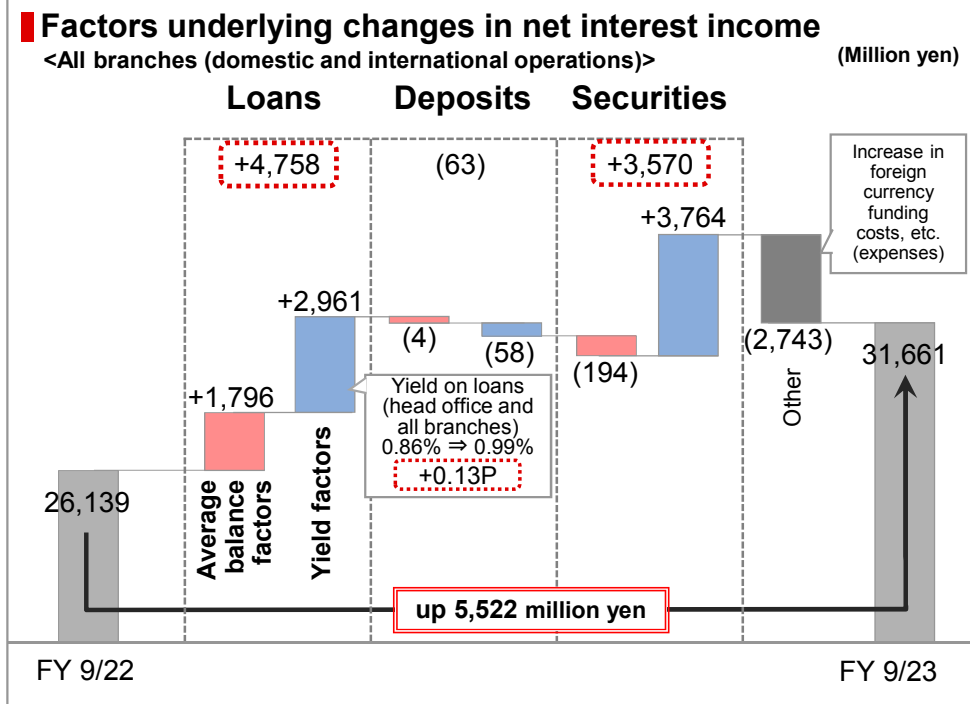
(100 million yen)

	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
<b>Interest income</b>	<b>26,139</b>	<b>31,661</b>	<b>5,522</b>
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

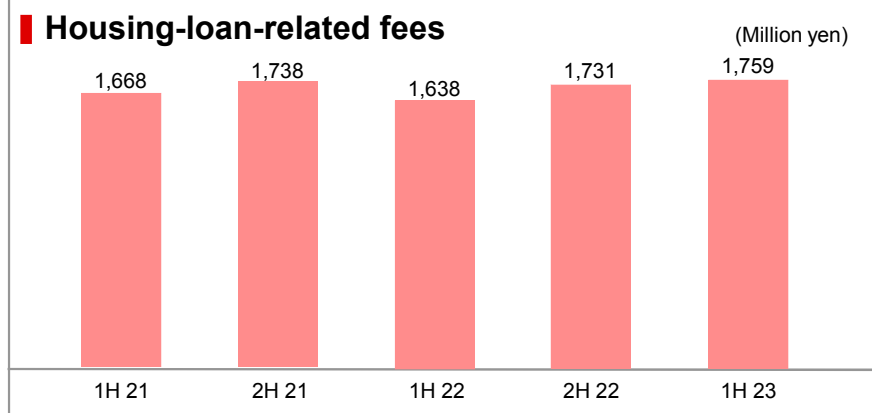
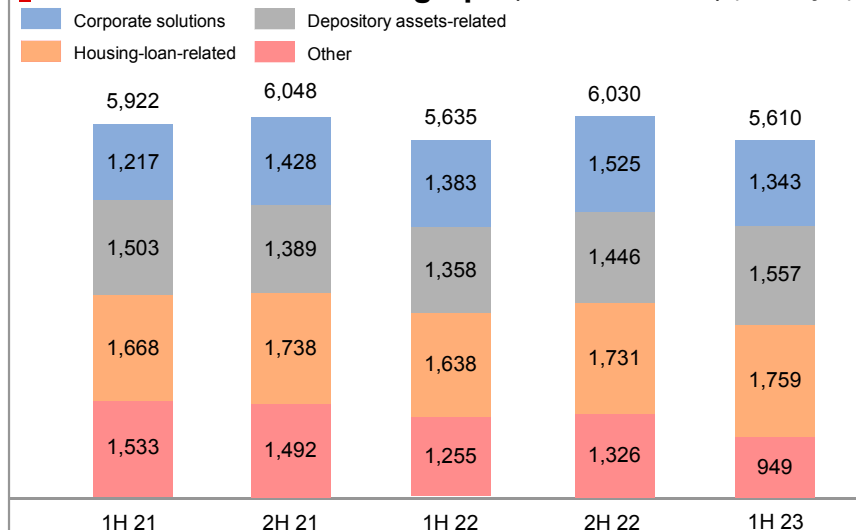


**Fees and commissions fell 0.5% year-on-year, mainly due to an increase in insurance premiums paid resulting from an increase in housing loans**

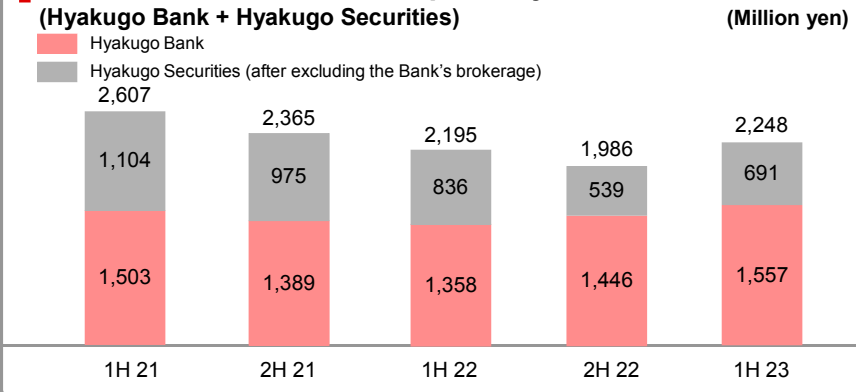
	(Million yen)		
	FY 9/22	FY 9/23	YoY change
<b>Fees and Commissions</b>	<b>5,635</b>	<b>5,610</b>	<b>(25)</b>
Fees and commissions	8,335	8,612	276
Commissions related to depository assets <b>A</b>	1,358	1,557	198
Of which, investment trust commissions	482	685	202
Of which, insurance sales commissions*	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>B</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.

**Fees and commissions graph (non-consolidated) (Million yen)**



**Commissions related to depository assets (Hyakugo Bank + Hyakugo Securities) (Million yen)**

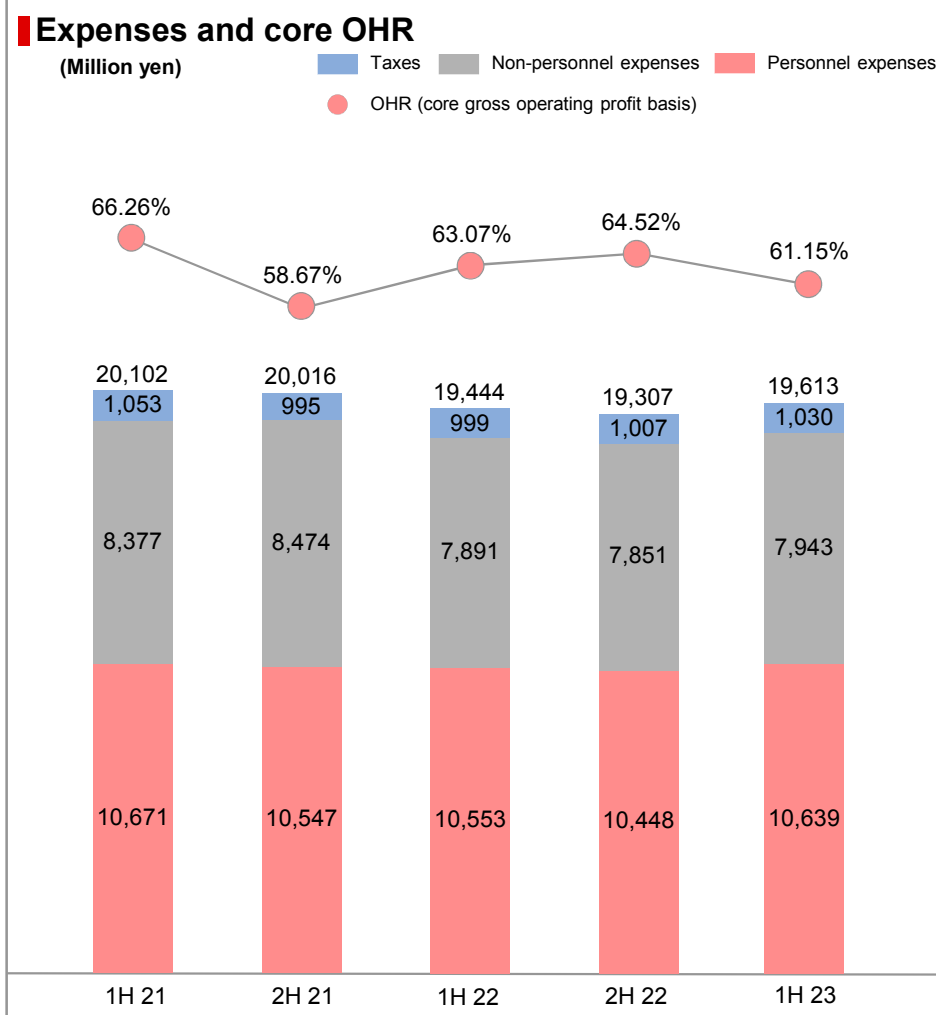


Expenses grew 0.9% year-on-year due to increases in personnel and non-personnel expenses

	FY 9/22	FY 9/23	YoY change
<b>Expenses</b>	<b>19,444</b>	<b>19,613</b>	<b>168</b>
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.



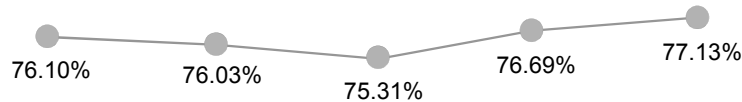
## Decrease in the provision of specific allowance for loan losses caused a year-on-year decrease in credit costs

	(Million yen)		
	FY 9/22	FY 9/23	YoY change
<b>Credit costs</b>	<b>2,617</b>	<b>1,539</b>	<b>(1,078)</b>
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)
<b>Credit cost ratio</b>	<b>0.11%</b>	<b>0.06%</b>	<b>(0.05)P</b>

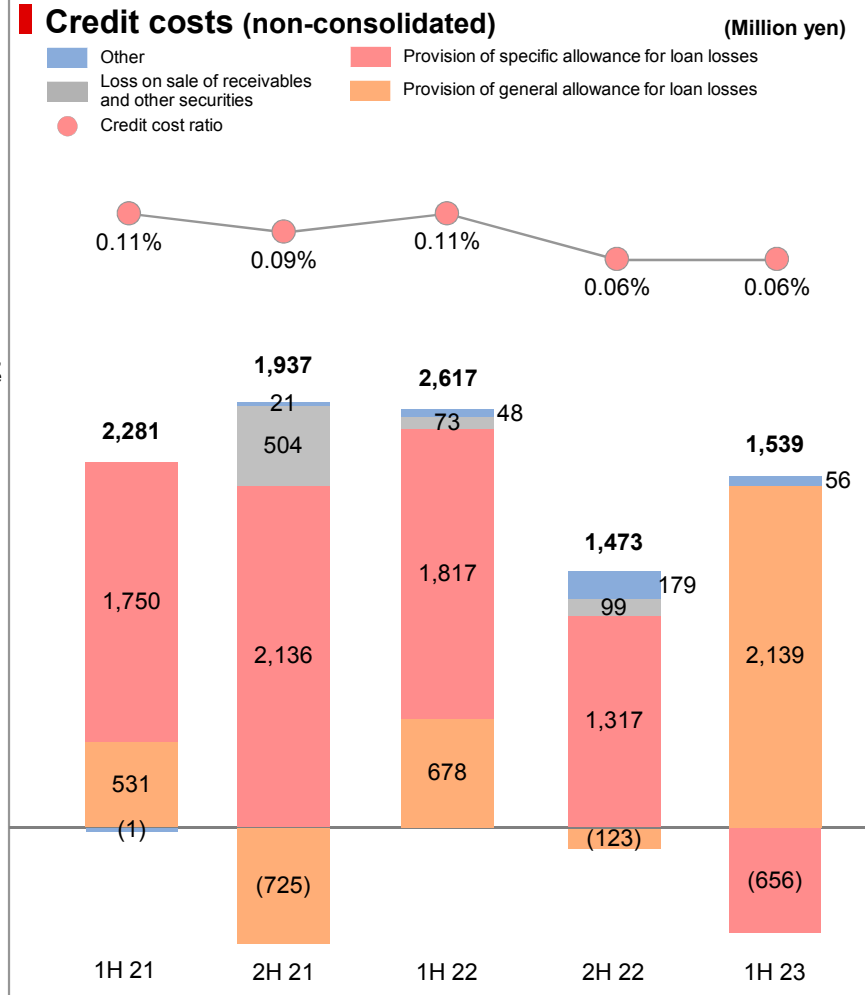
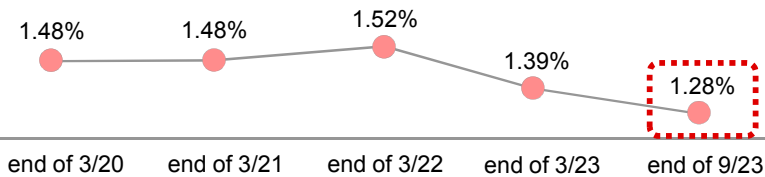
\* Effective from FY 9/23, the Bank partially changed its calculation method for the general allowance for loan losses, resulting in an increase of 1,862 million yen in the provision for general allowance for loan losses compared with the amount calculated using the previous method.

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

### Nonperforming loans coverage ratio



### Nonperforming loans ratio



## Deposits (including negotiable certificates of deposit)

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
<b>Total deposits (average balance)</b>	<b>59,152</b>	<b>60,304</b>	<b>1,151</b>
Mie Prefecture	53,529	54,681	1,152
Aichi Prefecture	5,388	5,451	63
Tokyo, Osaka	235	171	(63)

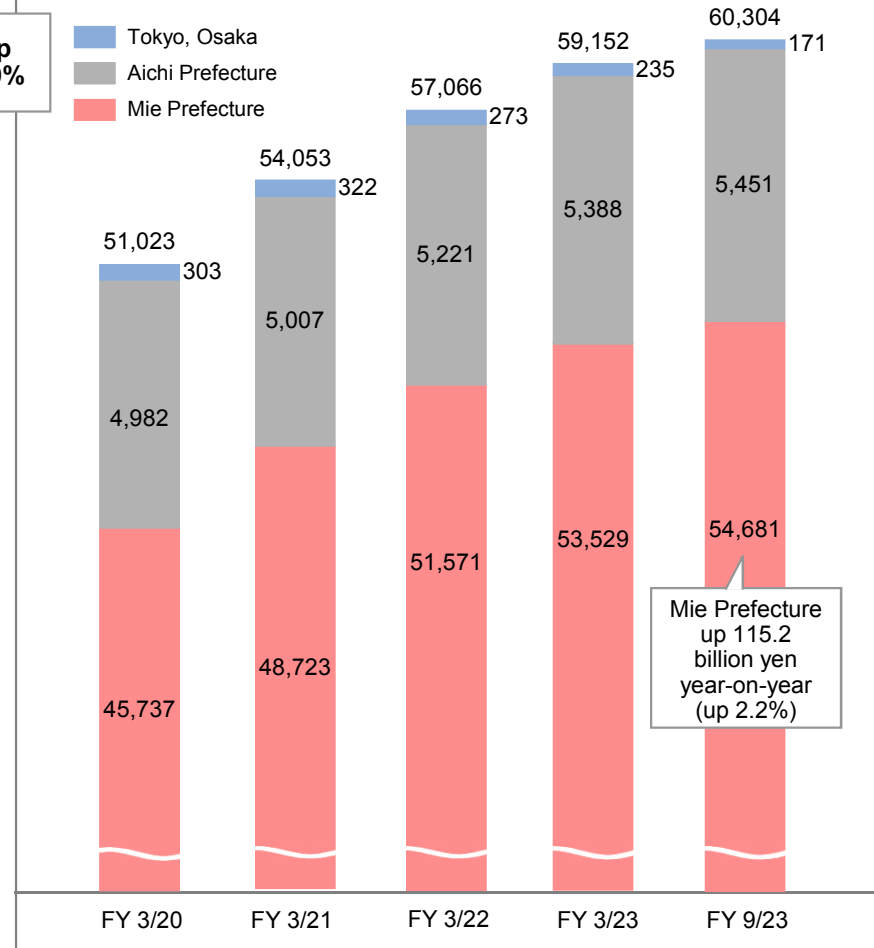
(100 million yen)

	FY 3/23	FY 9/23	YoY change
<b>Individual deposits (average balance)</b>	<b>42,952</b>	<b>43,365</b>	<b>412</b>
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
<b>Corporate deposits (average balance)</b>	<b>12,443</b>	<b>12,658</b>	<b>215</b>
Mie Prefecture	10,285	10,590	304
Aichi Prefecture	1,957	1,935	(22)
Tokyo, Osaka	199	132	(66)

### Total deposits (average balance)



up  
1.9%

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
<b>Total loans (average balance)</b>	<b>43,785</b>	<b>46,500</b>	<b>2,714</b>
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%

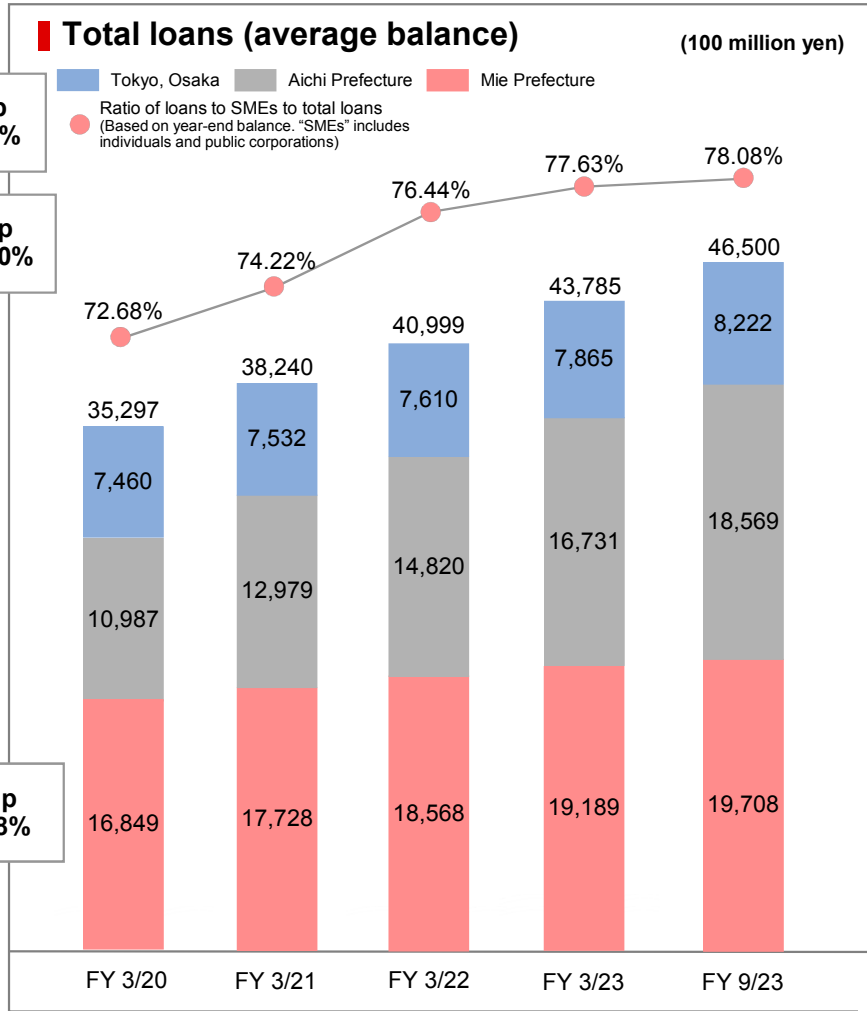
(100 million yen)

	FY 3/23	FY 9/23	YoY change
<b>Loans to SMEs (average balance)</b>	<b>14,564</b>	<b>15,238</b>	<b>673</b>
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
<b>Housing loans (average balance)</b>	<b>18,425</b>	<b>20,225</b>	<b>1,799</b>
Mie Prefecture	7,379	7,704	325
Aichi Prefecture	10,567	11,994	1,427
Osaka	479	526	47

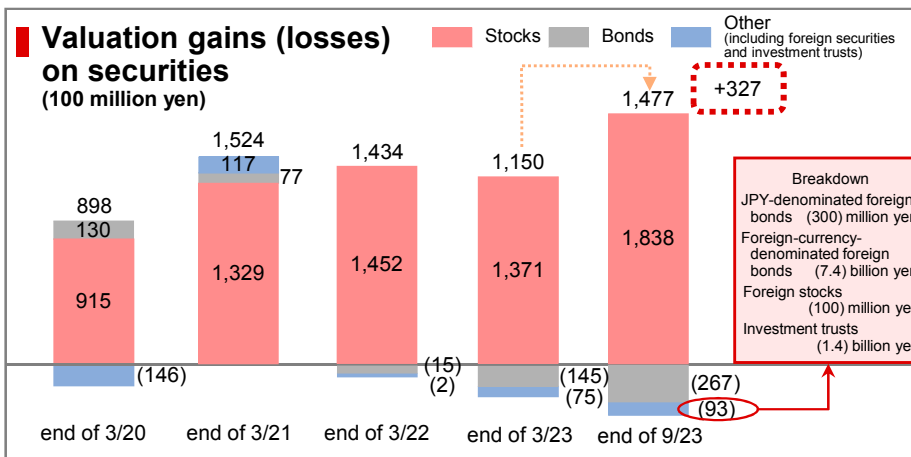
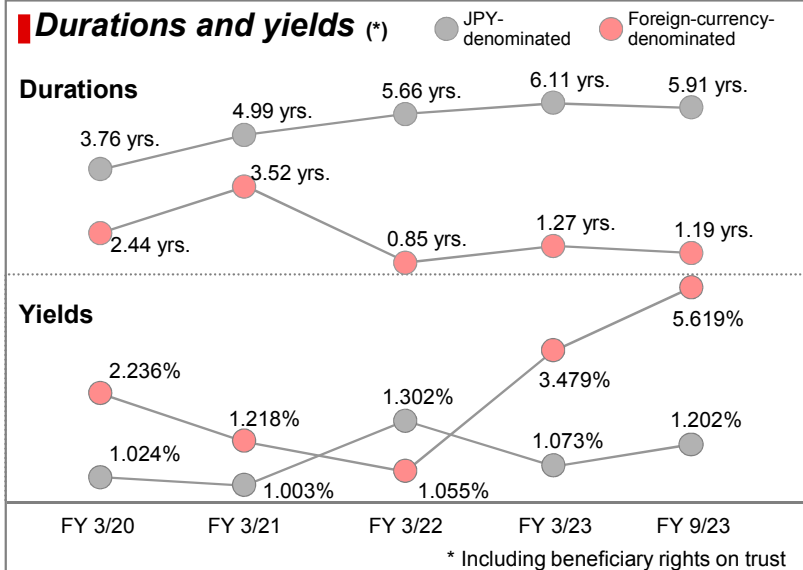
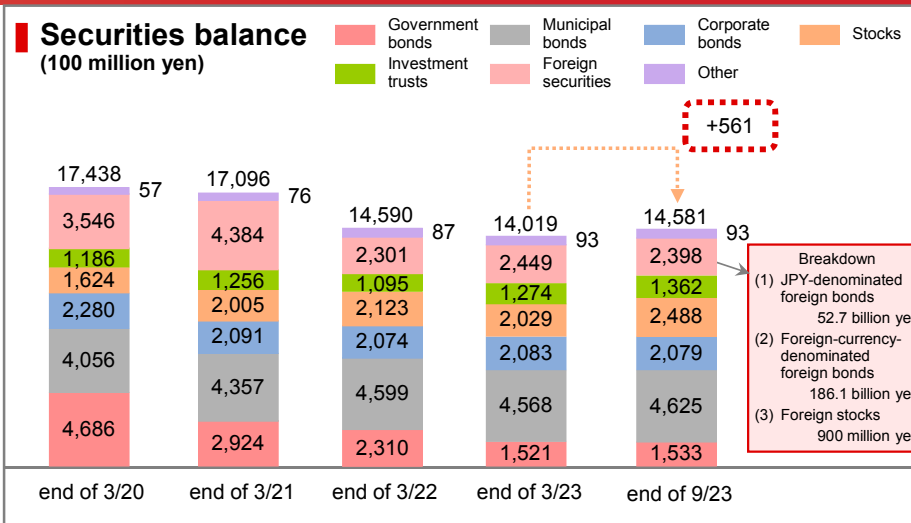
up 9.8%





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

(100 million yen)	end of 3/23	end of 9/23	YoY change
<b>Securities balance</b>	<b>14,019</b>	<b>14,581</b>	<b>561</b>
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)
<b>JPY-denominated average balance*</b>	<b>11,729</b>	<b>11,260</b>	<b>(468)</b>
<b>Foreign-currency-denominated average balance*</b>	<b>1,842</b>	<b>1,981</b>	<b>139</b>



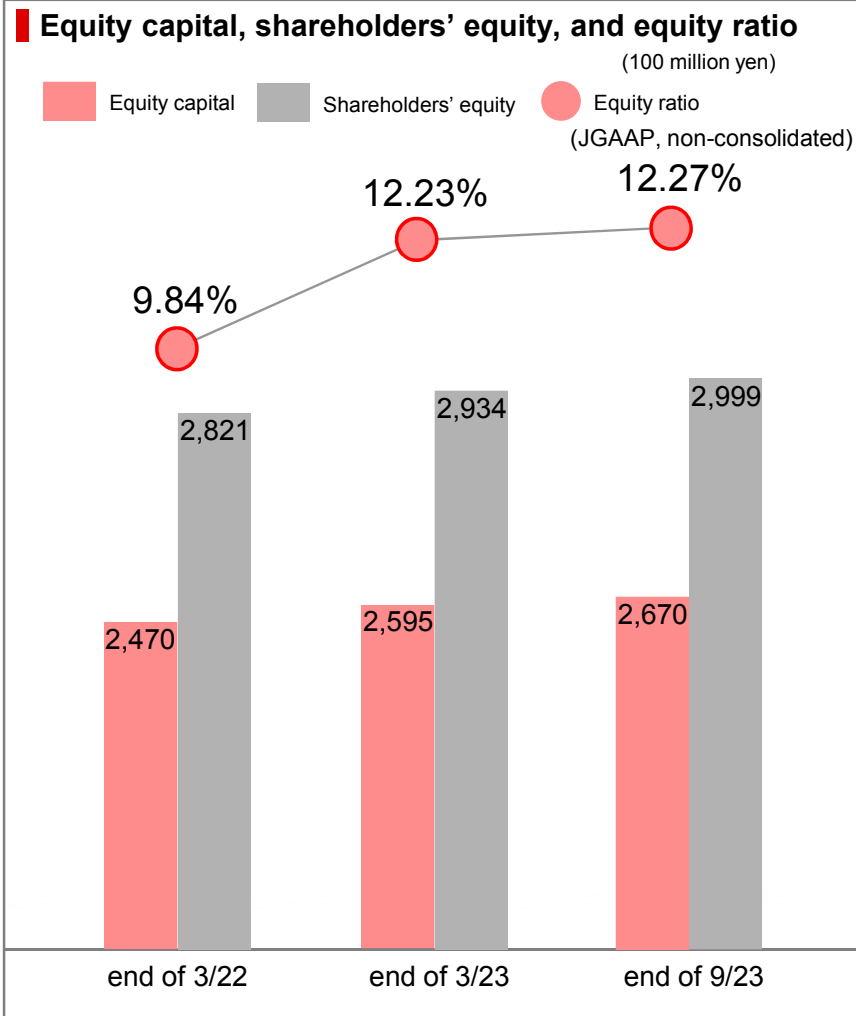
Equity ratio rose 0.04 points from the end of the previous fiscal year due to an increase in equity capital resulting from profit recognition, etc.

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

+0.04P

<b>Shareholders' equity</b>	<b>2,821</b>	<b>2,934</b>	<b>2,999</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  
 The finalization of Basel III was early adopted from the end of March 2023.



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

### Forecast (consolidated)

(Million yen)

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

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	<b>8.00 yen</b> (Ordinary dividend: 7.00 yen) (Commemorative dividend: 1.00 yen)	<b>7.00 yen</b> (Ordinary dividend: 7.00 yen) (Commemorative dividend: - yen)	<b>6.00 yen</b> (Ordinary dividend: 6.00 yen) (Commemorative dividend: - yen)
Total dividends	<b>2,028 million yen</b>	-	<b>1,521 million yen</b>

#### Breakdown of annual dividends

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

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

