

# Outline of Financial Position

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Net income decreased 3.2% year-on-year, mainly due to an increase in credit costs

(Million yen)	FY 3/23	FY 3/24	Year-on-year
<b>Gross operating income</b> (1)	<b>55,748</b>	<b>57,706</b>	<b>1,957</b>
Interest income	53,959	64,874	10,915
Fees and commissions	11,666	11,555	(111)
Other operating income	(9,877)	(18,722)	(8,845)
Of which, gain and loss from government bonds and other bonds (2)	(5,003)	(7,343)	(2,340)
Provision of general allowance for loan losses (3)	555	2,940	2,385
Expenses (4)	38,752	39,614	861
<b>Net operating income</b> A (1) – (3) – (4)	<b>16,440</b>	<b>15,151</b>	<b>(1,289)</b>
<b>Core net operating income</b> (1) – (2) – (4)	<b>21,999</b>	<b>25,435</b>	<b>3,436</b>
<b>Core net operating income (excluding gain and loss from cancellation of investment trusts)</b> B	<b>21,755</b>	<b>23,832</b>	<b>2,076</b>
<b>Non-recurring gain and loss</b>	<b>3,522</b>	<b>3,895</b>	<b>372</b>
Of which, disposal of bad debts (5)	3,535	4,206	670
Gain and loss from stocks and other securities	5,544	7,015	1,471
<b>Ordinary income</b>	<b>19,962</b>	<b>19,046</b>	<b>(916)</b>
<b>Extraordinary gain and loss</b>	<b>(326)</b>	<b>(172)</b>	<b>154</b>
<b>Net income before income taxes</b>	<b>19,636</b>	<b>18,874</b>	<b>(761)</b>
<b>Net income</b>	<b>14,242</b>	<b>13,787</b>	<b>(455)</b>
<b>Credit costs</b> (3) + (5)	<b>4,091</b>	<b>7,147</b>	<b>3,056</b>

(100 million yen)

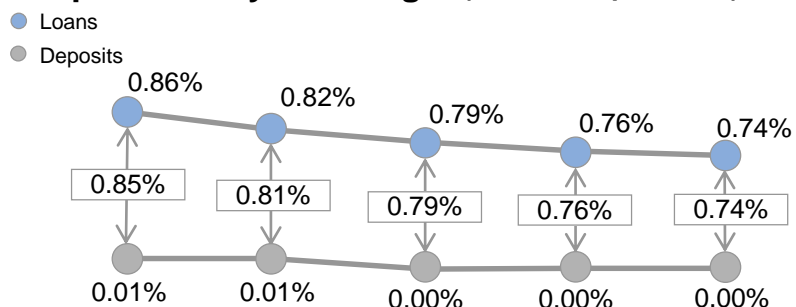
	FY 3/23	FY 3/24	Year-on-year
Interest and dividend on securities	189	249	59
Of which, gain and loss from cancellation of investment trusts	2	16	13
Gain and loss from government bonds and other bonds	(50)	(73)	(23)
Of which, gain on sale and redemption	10	1	(9)
Of which, loss on sale and redemption, and amortization	60	74	14
Gain and loss from stocks and other securities	55	70	14
Of which, gain on sale	62	75	12
Of which, loss on sale and amortization	7	5	(2)

- 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.
- Net income fell year-on-year due to a decrease in net operating income, although non-recurring gain and loss was up due to an increase in gain and loss from stocks and other securities. However, this is the second highest level of net income after the previous year's record profit.
- Credit costs rose year-on-year mainly due to an increase in the general allowance for loan losses.

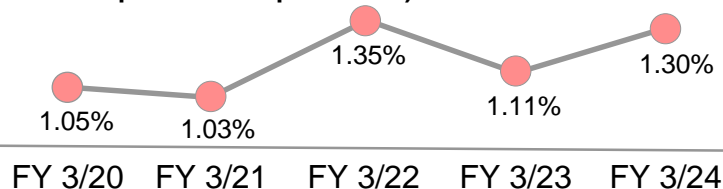
An increase in interest on loans and securities contributes to higher interest income of 20.2% year-on-year

(Million yen)	FY 3/23	FY 3/24	Year-on-year
<b>Interest income</b>	<b>53,959</b>	<b>64,874</b>	<b>10,915</b>
<b>Total interest income</b>	<b>60,322</b>	<b>74,181</b>	<b>13,858</b>
<b>Loan interest</b>	<b>39,650</b>	<b>47,617</b>	<b>7,967</b>
<b>Interest and dividends on securities</b>	<b>18,979</b>	<b>24,974</b>	<b>5,994</b>
Other	1,693	1,589	(103)
<b>Interest expenses</b>	<b>6,363</b>	<b>9,306</b>	<b>2,943</b>
Interest on deposits	278	416	138
Other	6,085	8,890	2,805

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



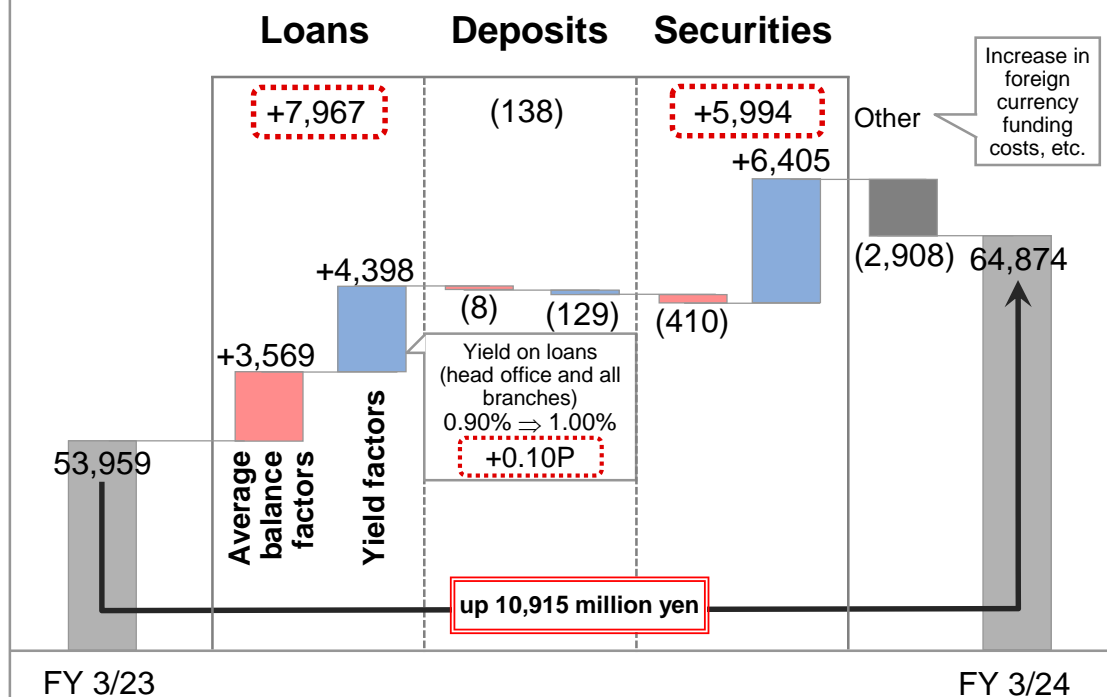
### Returns on securities investments (domestic operations departments)



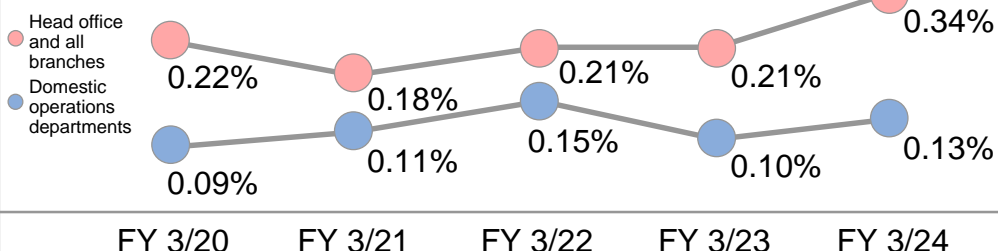
### Factors underlying changes in net interest income

<All branches (domestic and international operations)>

(Million yen)



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

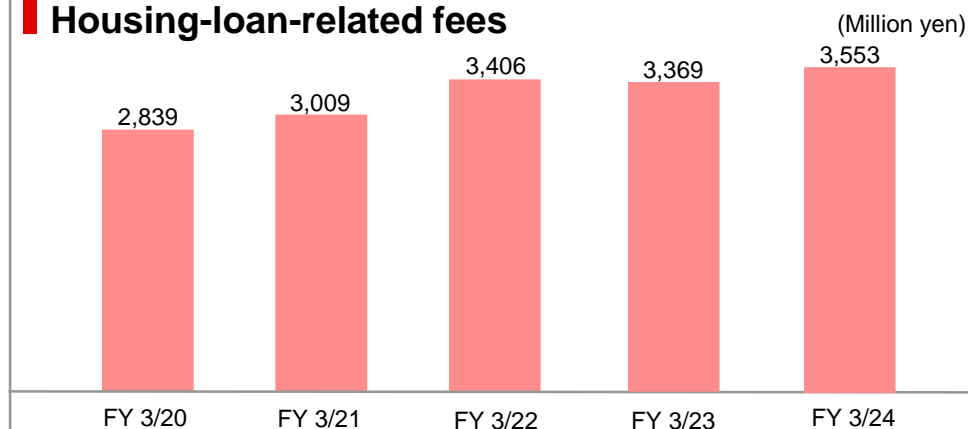


**Fees and commissions decreased 1.0% year-on-year, mainly due to an increase in insurance premiums paid in response to the accumulation of outstanding mortgage loans.**

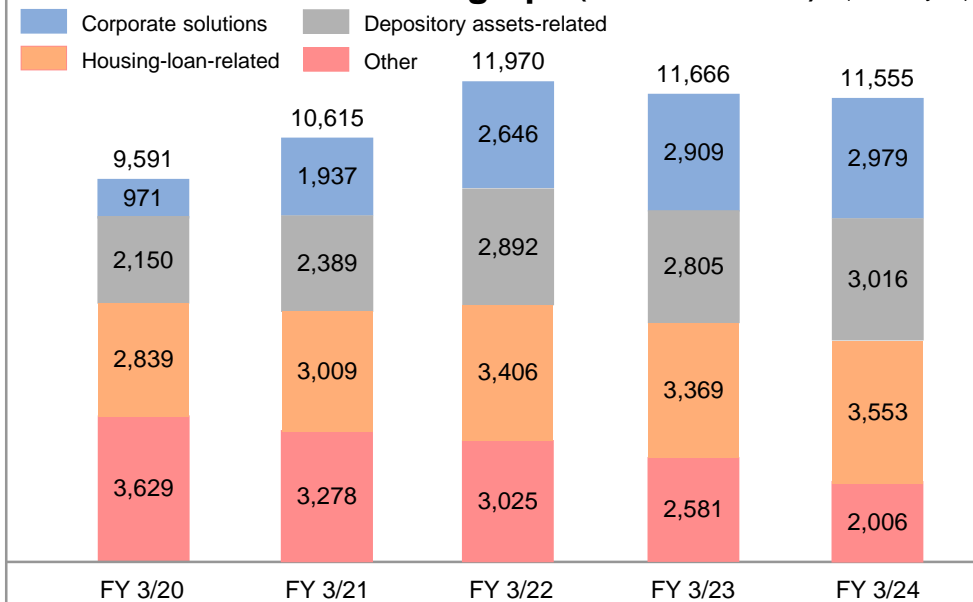
	(Million yen)		
	FY 3/23	FY 3/24	Year-on-year
<b>Fees and Commissions</b>	<b>11,666</b>	<b>11,555</b>	<b>(111)</b>
Fees and commissions	17,033	17,435	402
Commissions related to depository assets <b>A</b>	2,805	3,016	210
Of which, investment trust commissions	960	1,431	470
Of which, insurance sales commissions*	1,402	1,198	(203)
Of which, financial instrument brokerage commissions	296	228	(67)
Of which, defined contribution pension commissions	136	146	10
Corporate solutions fees* <b>B</b>	2,909	2,979	69
Housing-loan-related fees <b>C</b>	3,369	3,553	183
Fees and commissions expenses (expenses)	5,366	5,880	513
Of which, insurance premiums paid for housing loans (expenses)	4,264	4,747	483

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

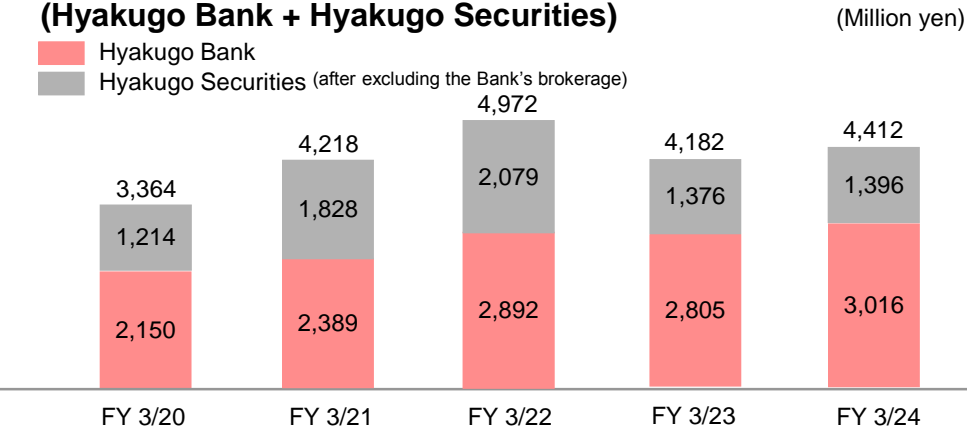
## Housing-loan-related fees



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



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



Expenses grew 2.2% year-on-year due to increases in personnel and non-personnel expenses

(Million yen)

	FY 3/23	FY 3/24	Year-on-year
<b>Expenses</b>	<b>38,752</b>	<b>39,614</b>	<b>861</b>
Personnel expenses	21,002	21,241	238
Non-personnel expenses	15,743	16,223	480
Taxes	2,006	2,149	142

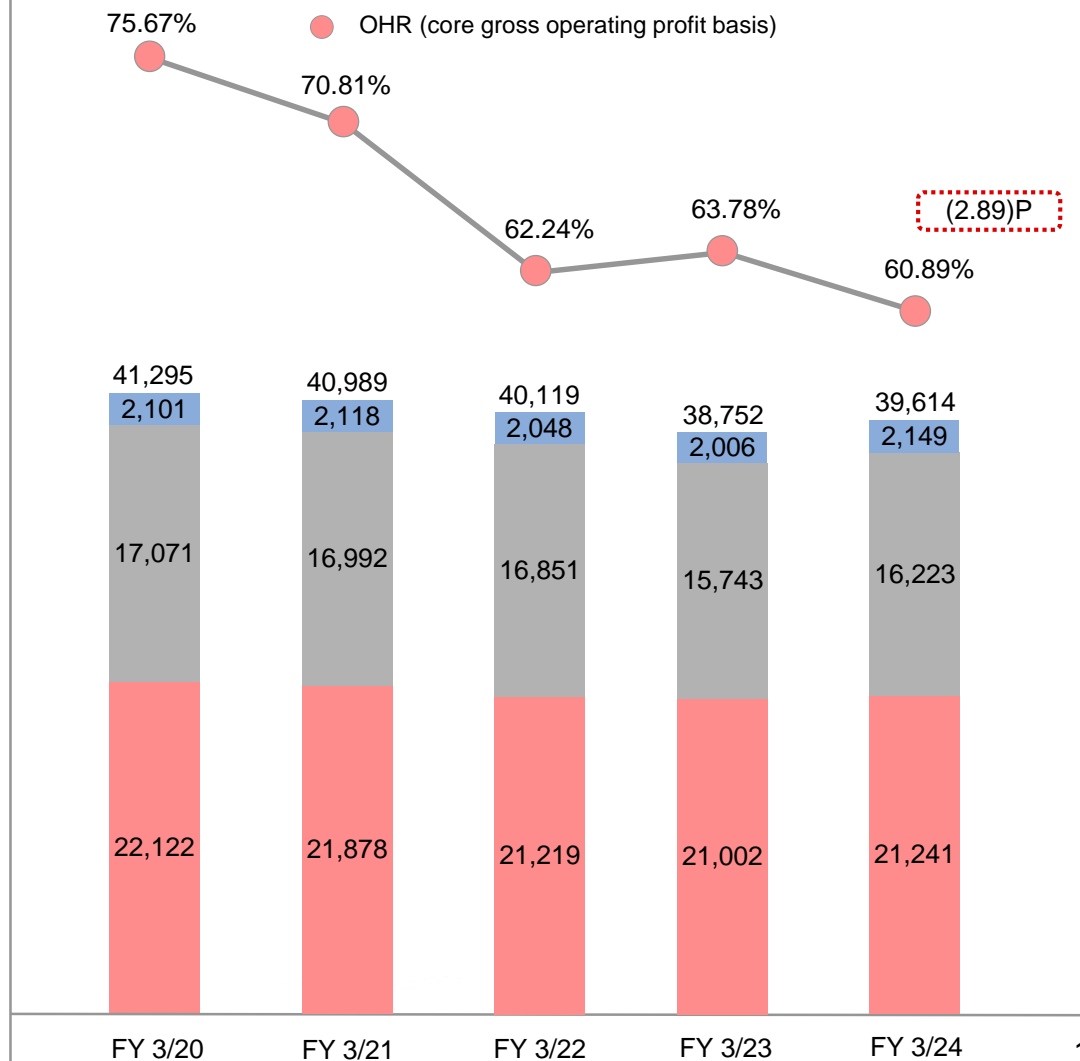
### Major factors underlying changes in expenses

- **Personnel expenses**  
Up 1.1% due to base increases and an increase in social insurance premiums.
- **Non-personnel expenses**  
Increased 3.1% due to IT-related investments.
- **Core OHR**  
Improved 2.89 percentage points 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)

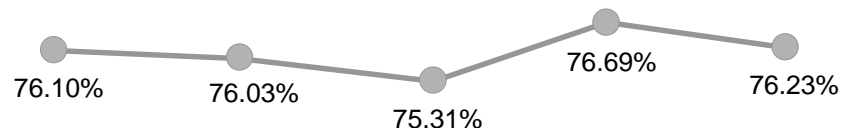


Credit costs rose year-on-year mainly due to changes in the method of calculating the general allowance for loan losses.

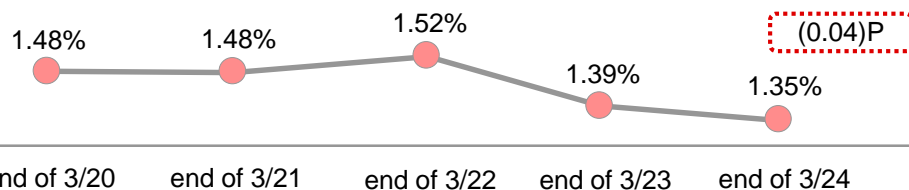
	(Million yen)		
	FY 3/23	FY 3/24	Year-on-year
<b>Credit costs</b>	<b>4,091</b>	<b>7,147</b>	<b>3,056</b>
Of which, provision of general allowance for loan losses	555	2,940	2,385
Of which, provision of specific allowance for loan losses	3,134	3,444	309
Of which, loss on sale of receivables and other securities	173	530	357
Credit cost ratio	0.08%	0.14%	0.06P

	end of 3/23	end of 3/24	Year-on-year
<b>Non-performing loans</b>	<b>64,668</b>	<b>67,359</b>	<b>2,690</b>

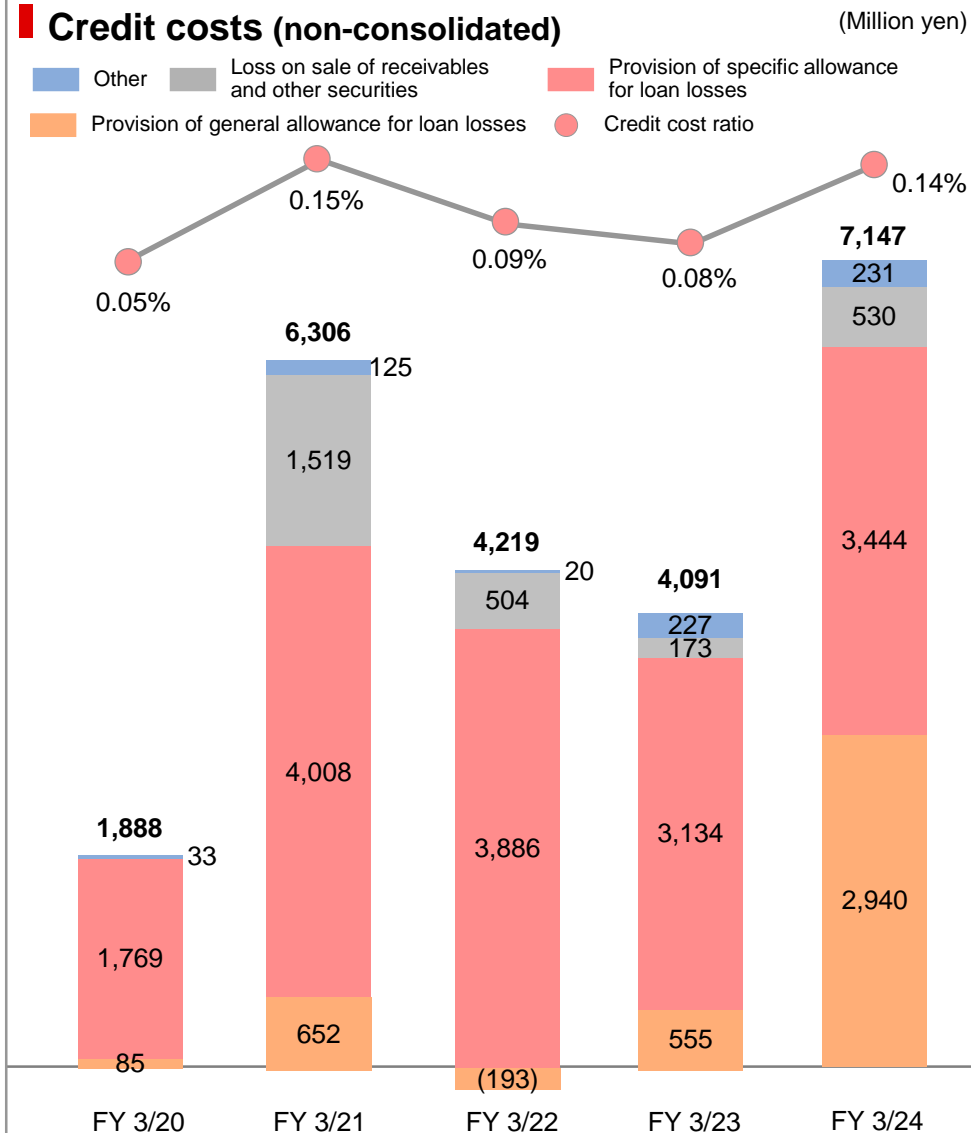
### Non-performing loans coverage ratio



### Non-performing loans ratio



### Credit costs (non-consolidated)



Individual deposits and corporate deposits both remained strong, with total deposits up 1.8% year-on-year

(100 million yen)

	FY 3/23	FY 3/24	YoY change
<b>Total deposits (average balance)</b>	<b>59,152</b>	<b>60,212</b>	<b>1,059</b>
Mie Prefecture	53,529	54,364	835
Aichi Prefecture	5,388	5,540	152
Tokyo, Osaka	235	307	72

up  
1.8%

(100 million yen)

	FY 3/23	FY 3/24	YoY change
<b>Individual deposits (average balance)</b>	<b>42,952</b>	<b>43,512</b>	<b>559</b>
Mie Prefecture	39,520	39,925	405
Aichi Prefecture	3,401	3,554	153
Tokyo, Osaka	31	32	0

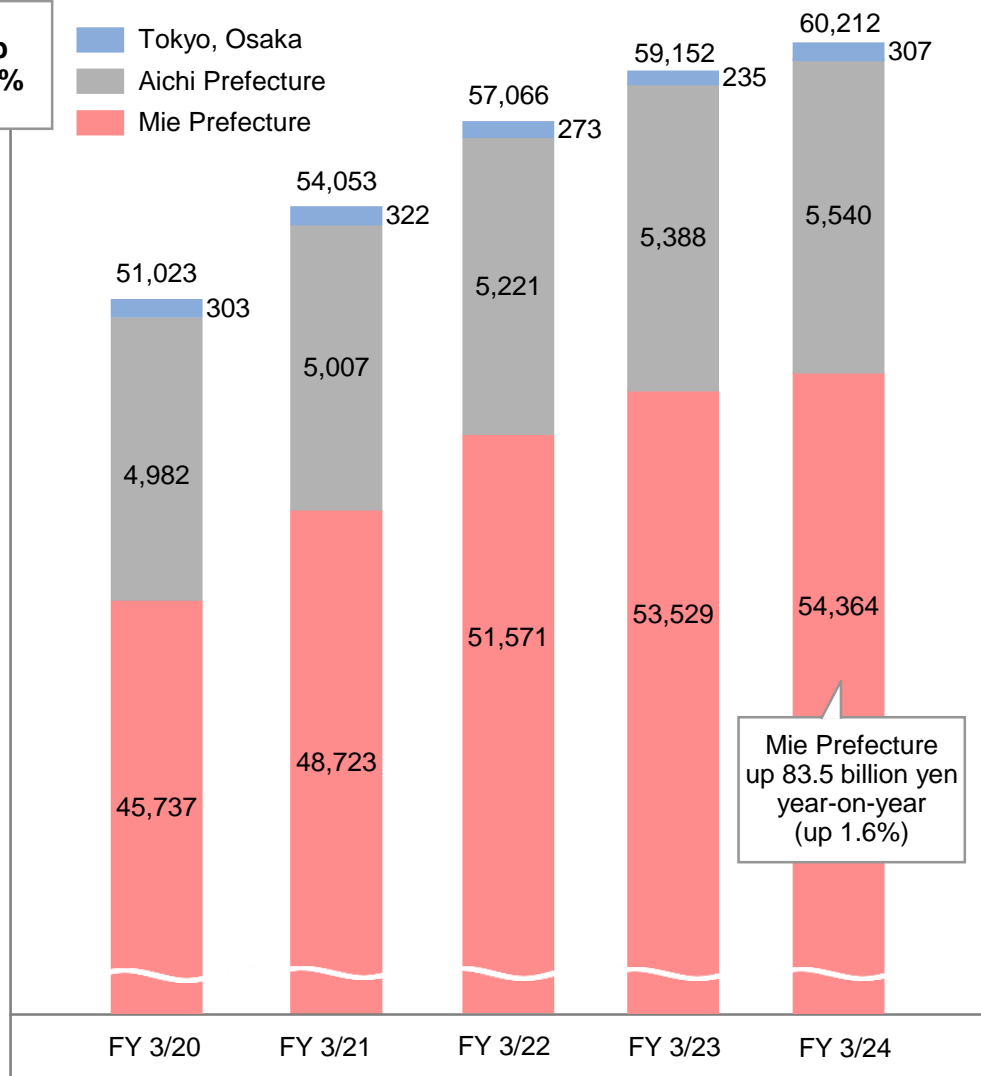
(100 million yen)

	FY 3/23	FY 3/24	YoY change
<b>Corporate deposits (average balance)</b>	<b>12,443</b>	<b>12,661</b>	<b>217</b>
Mie Prefecture	10,285	10,516	231
Aichi Prefecture	1,957	1,964	6
Tokyo, Osaka	199	179	(19)

## Total deposits (average balance)

(100 million yen)

- Tokyo, Osaka
- Aichi Prefecture
- Mie Prefecture



Loans increased 8.1% 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 3/24	YoY change
<b>Total loans (average balance)</b>	<b>43,785</b>	<b>47,333</b>	<b>3,547</b>
Mie Prefecture	19,189	19,822	633
Aichi Prefecture	16,731	19,188	2,457
Tokyo, Osaka	7,865	8,322	456

up  
8.1%up  
14.7%

(100 million yen)

	FY 3/23	FY 3/24	YoY change
<b>Loans to SMEs (average balance)</b>	<b>14,564</b>	<b>15,375</b>	<b>810</b>
Mie Prefecture	8,573	8,778	204
Aichi Prefecture	4,026	4,389	362
Tokyo, Osaka	1,964	2,208	243

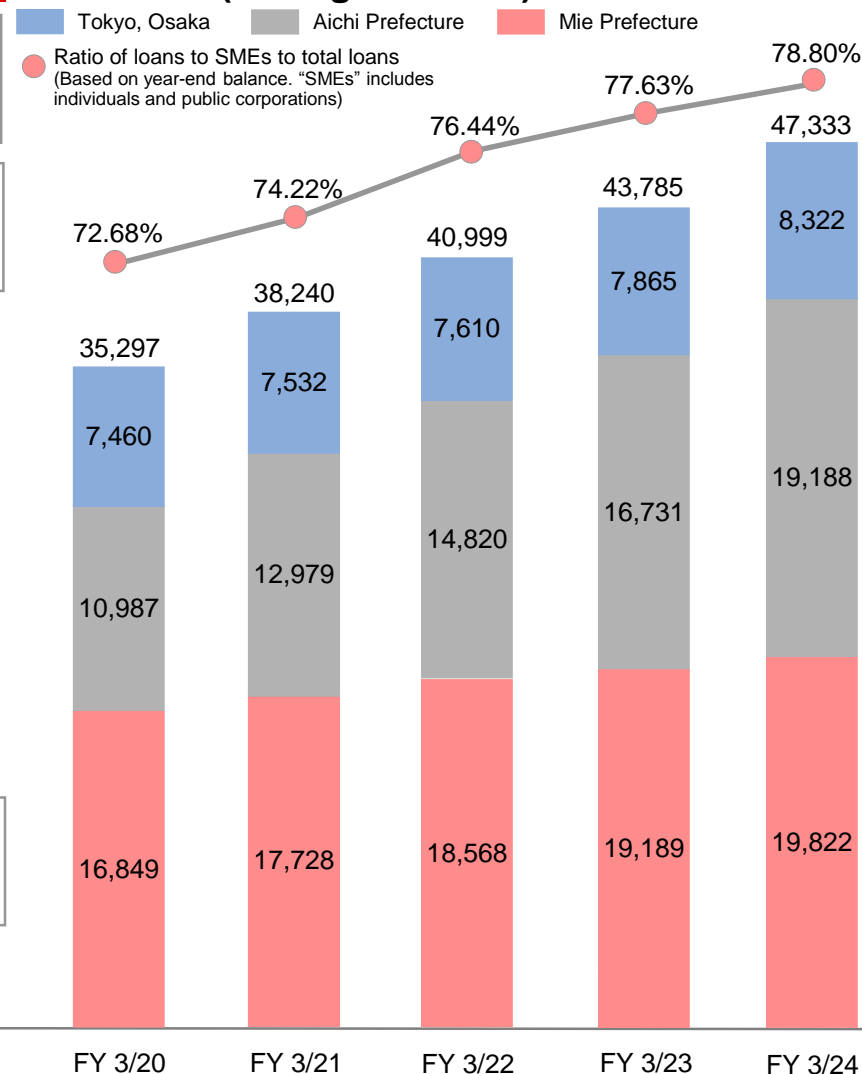
(100 million yen)

	FY 3/23	FY 3/24	YoY change
<b>Housing loans (average balance)</b>	<b>18,425</b>	<b>20,895</b>	<b>2,469</b>
Mie Prefecture	7,379	7,827	448
Aichi Prefecture	10,567	12,526	1,959
Osaka	479	541	62

up  
13.4%

## Total loans (average balance)

(100 million yen)

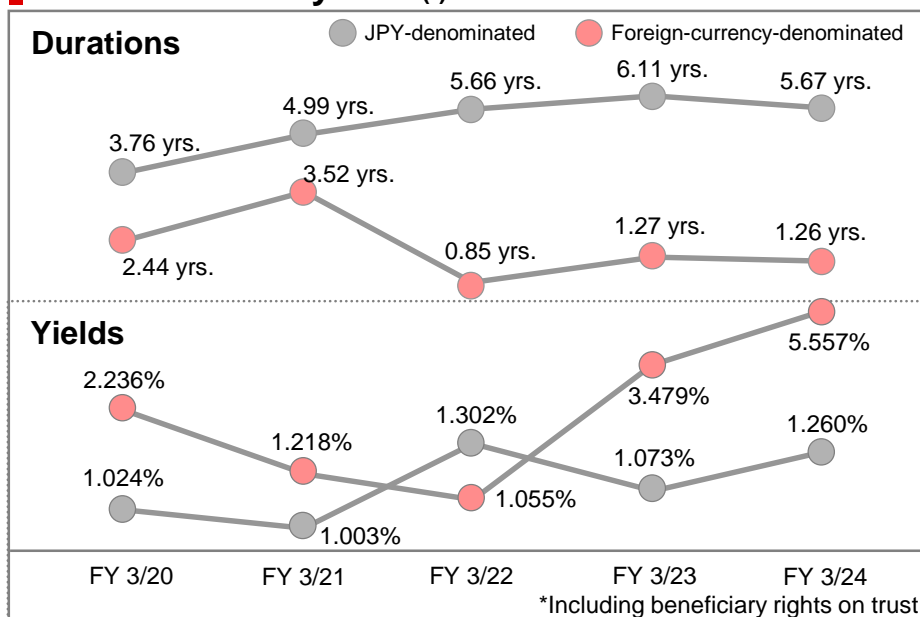




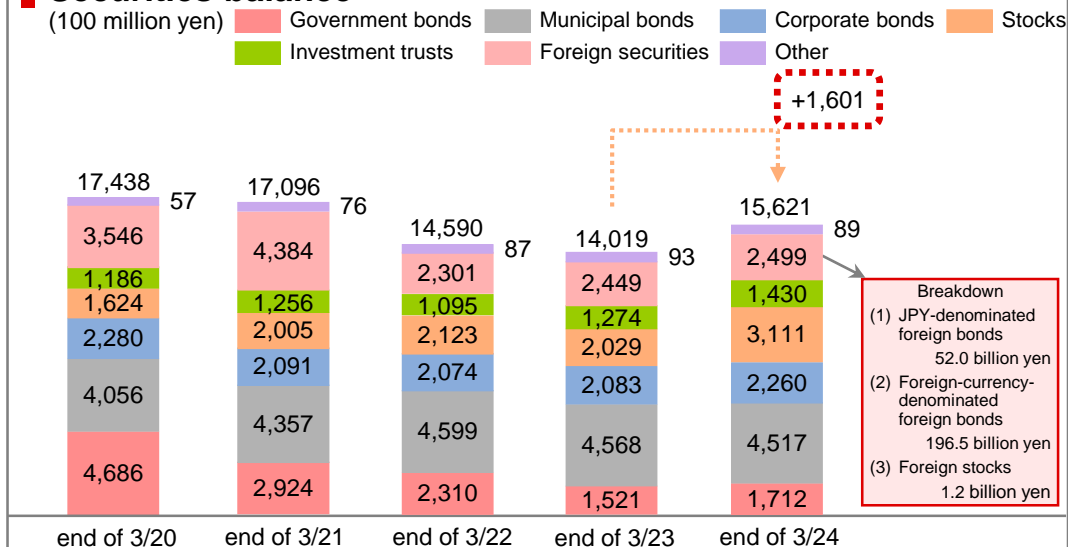
## Valuation gains (losses) on securities increased, mainly in stocks and investment trusts

(100 million yen)	end of 3/23	end of 3/24	Year-on-year
<b>Securities balance</b>	<b>14,019</b>	<b>15,621</b>	<b>1,601</b>
Government bonds	1,521	1,712	191
Municipal bonds	4,568	4,517	(50)
Corporate bonds	2,083	2,260	176
Stocks	2,029	3,111	1,082
Investment trusts	1,274	1,430	156
Foreign securities	2,449	2,499	50
Other	93	89	(4)
JPY-denominated average balance*	11,729	11,320	(408)
Foreign-currency-denominated average balance*	1,842	1,929	87

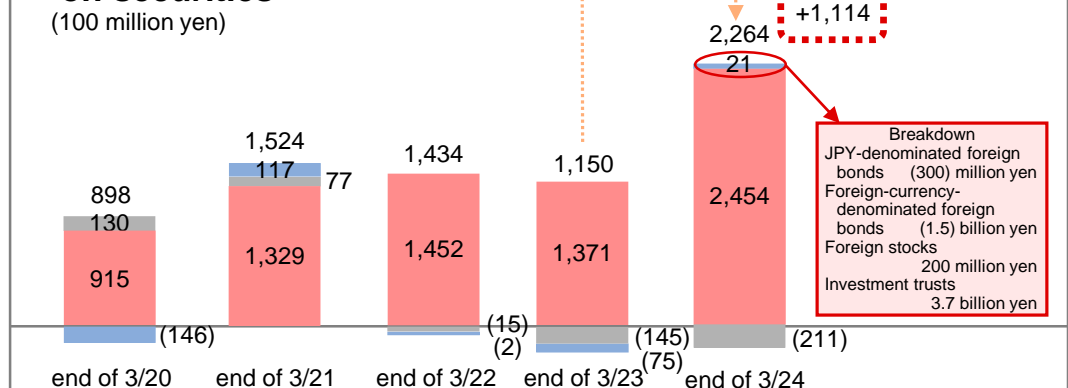
## Durations and yields (\*)



## Securities balance



## Valuation gains (losses) on securities



The equity ratio fell 0.01 percentage points year-on-year, due to an increase in risk assets, resulting from an increase in loans and other factors

(100 million yen)

	end of 3/22	end of 3/23	end of 3/24
<b>Equity capital</b> (For equity ratio calculation purposes)	<b>2,470</b>	<b>2,595</b>	<b>2,682</b>
<b>Risk assets</b>	<b>25,089</b>	<b>21,210</b>	<b>21,952</b>
<b>Equity ratio</b>	<b>9.84%</b>	<b>12.23%</b>	<b>12.22%</b>

(0.01)P

<b>Shareholders' equity</b>	<b>2,821</b>	<b>2,934</b>	<b>3,011</b>
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Method of computing value-at-credit-risk asset value: Approach based on fundamental internal ratings

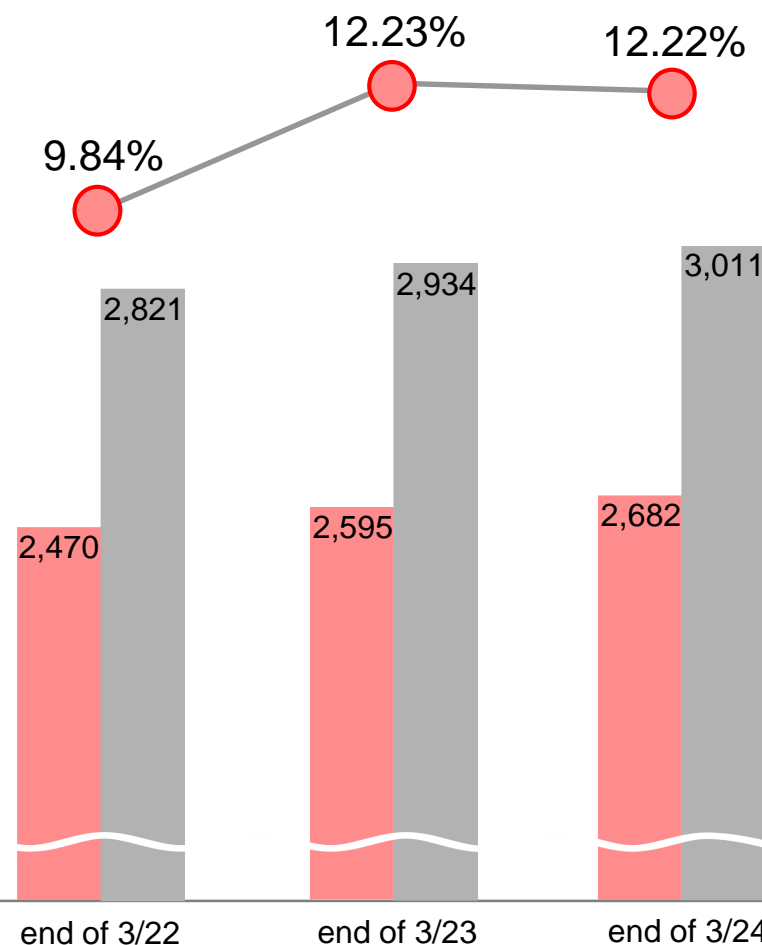
Method of computing value-at-operational risk: Standard approach

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

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

(100 million yen)

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



Expectations of higher income based on an improvement in gain and loss from government bonds and other bonds and a decrease in credit costs

## Forecast (non-consolidated)

(Million yen)

	FY 3/24	FY 3/25 (forecast)
<b>Gross operating income</b>	<b>57,706</b>	<b>60,200</b>
Interest income	64,874	58,200
Fees and Commissions	11,555	10,400
Other operating income	(18,722)	(8,400)
<b>Net operating income</b>	<b>15,151</b>	<b>19,100</b>
<b>Ordinary income</b>	<b>19,046</b>	<b>21,400</b>
<b>Net income</b>	<b>13,787</b>	<b>15,200</b>

<b>Credit costs</b>	<b>7,147</b>	<b>3,500</b>
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## Forecast (consolidated)

(Million yen)

	FY 3/24	FY 3/25 (forecast)
<b>Ordinary income</b>	<b>20,054</b>	<b>22,200</b>
<b>Consolidated net income attributable to shareholders of the parent</b>	<b>14,281</b>	<b>15,600</b>

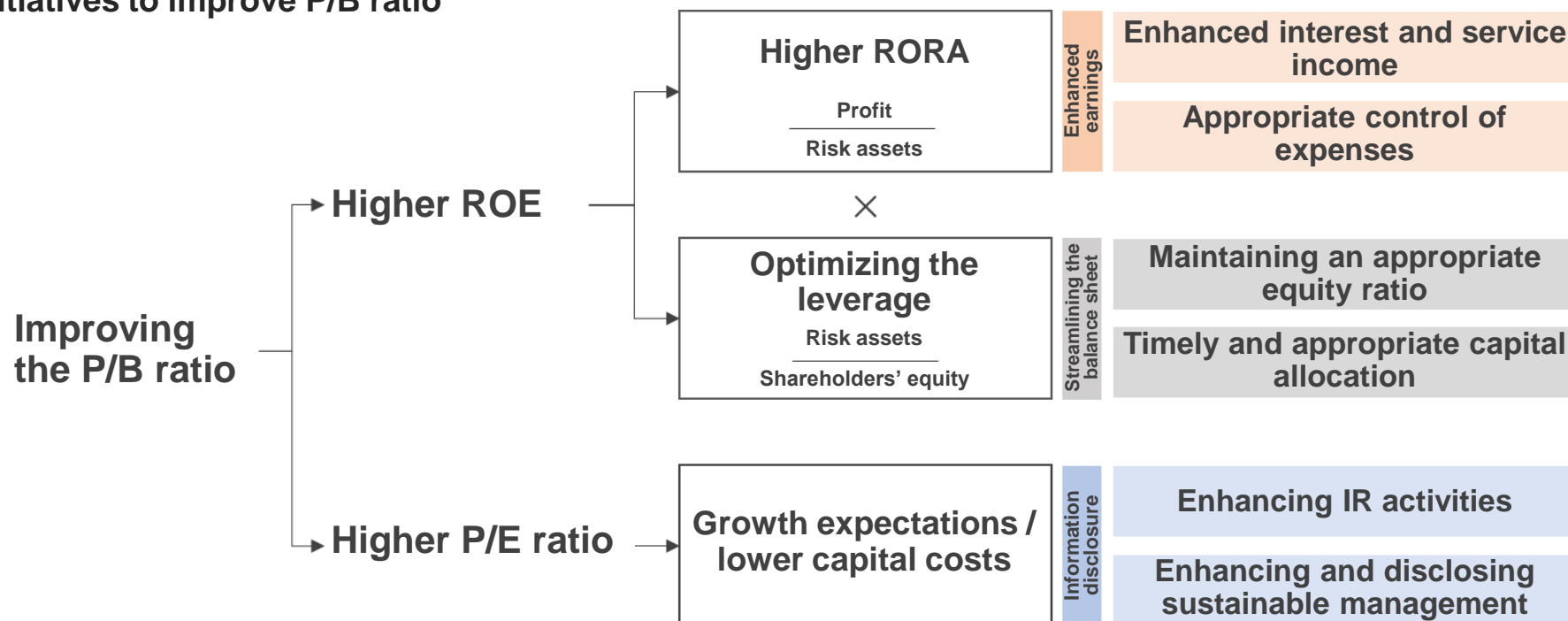
## Dividend forecast

Interim	Year-end	Full year
<b>8.00 yen</b>	<b>8.00 yen</b>	<b>16.00 yen</b>

Income is expected to increase for both consolidated and non-consolidated financial results due to an expected improvement in gain and loss from government bonds and other bonds and a decrease in credit costs, despite a decrease in interest income.

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

## Initiatives to improve P/B ratio



### <Study strategies for the next Medium-Term Plan>

Enhance interest income and service income with RORA in mind

Make strategic investment in human capital and DX while reducing cross-shareholdings

Actively disclose information and enhance dialogue with markets and shareholders

## Past initiatives for shareholder returns and forecast for FY2024

## Approach to shareholder returns

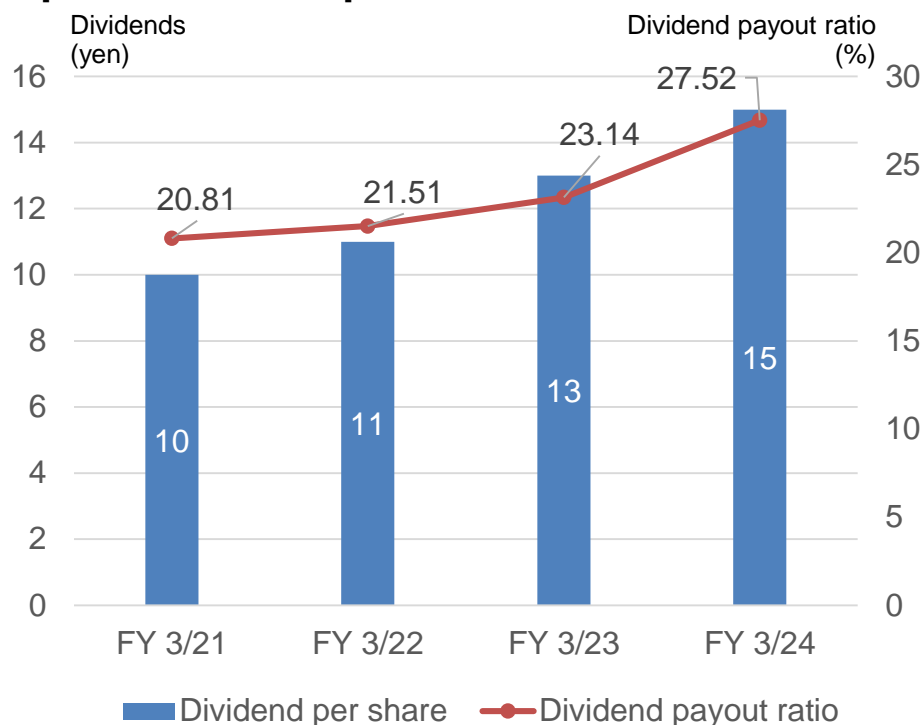
**Long-term, stable dividends**

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.

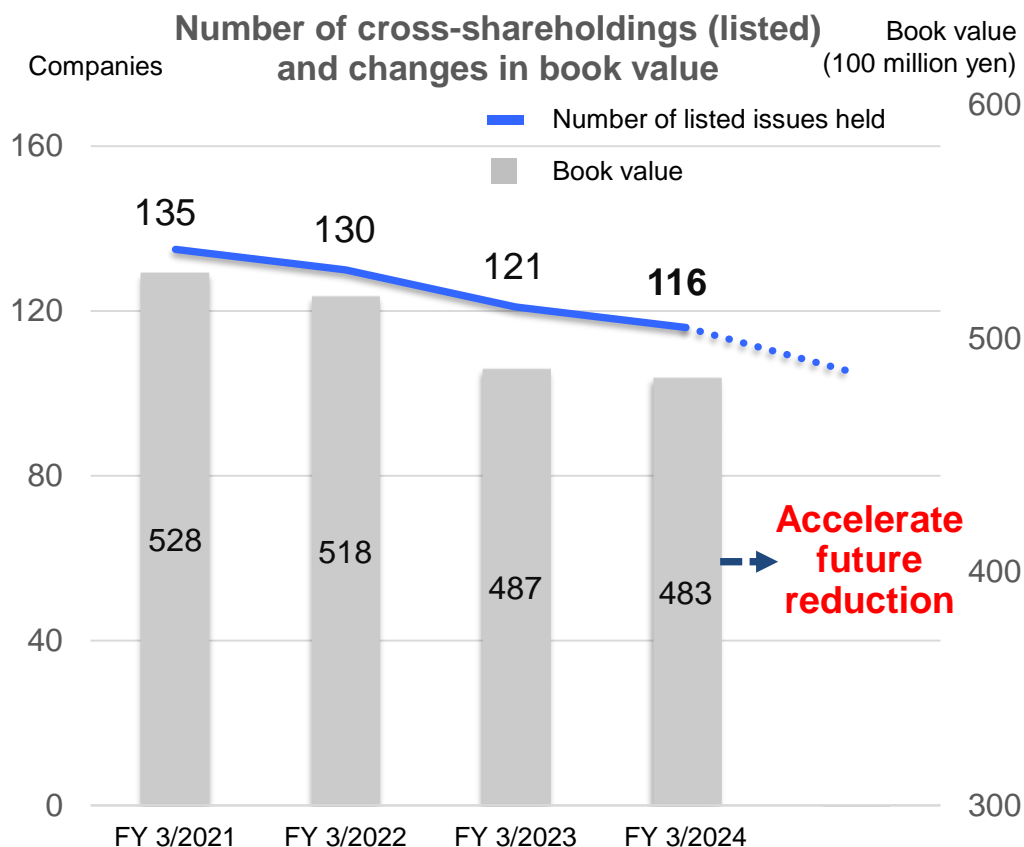
[Shareholder Returns]



- Target a long-term dividend payout ratio of 30%
- Repurchase of treasury stock will be carried out flexibly based on market conditions, etc. including stock prices
- Dividend per share for FY 3/2024: 15 yen, annual dividend: 3.7 billion yen, dividend payout ratio: 27.52%
- Dividends for FY 3/2025 will be 16 yen per year based on stable dividends

## Review cross-shareholdings from the viewpoint of significance of holding and economic rationality

### Policy for reducing cross-shareholdings



\* Excluding group company shares

**Accelerate the use of funds for the sale of cross-shareholdings in strategic investments such as human capital and DX**

### Number of issues held and book value

Listed stock

135 companies (3/2021) ⇒ 116 companies (3/2024)

Book value

52.8 billion yen (3/2021) ⇒ 48.3 billion yen (3/2024)

Listed stocks have declined by 19 companies in the last 3 years

Book value decreased by 4.5 billion yen in the last 3 years

With regard to cross-shareholdings, the basic policy is to determine the significance of holding and whether it will contribute to the improvement of corporate value, and to reduce cross-shareholdings through continuous dialogue with investment partners.

If the investment partners that have agreed to be sold continue to conduct banking transactions, etc., they will continue to be managed as cross-shareholdings.

When selling, the Bank compares the capital cost and other factors and prioritizes them in terms of operational efficiency