

# *Summary of Financial Results for the Fiscal Year Ended March 31, 2024*

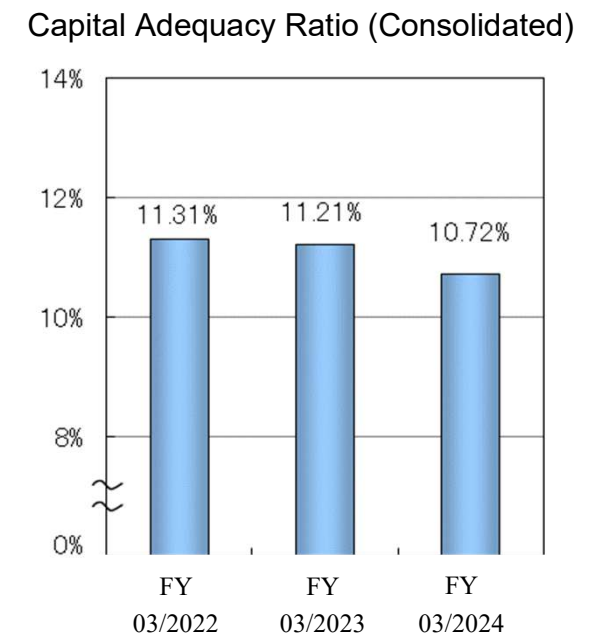
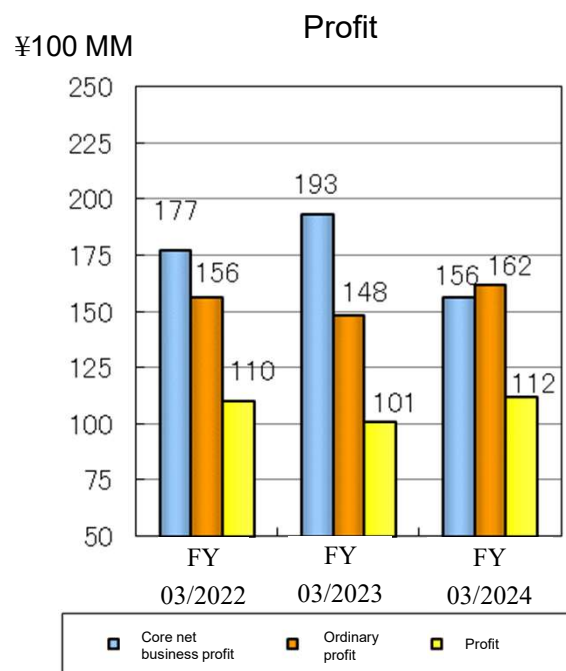
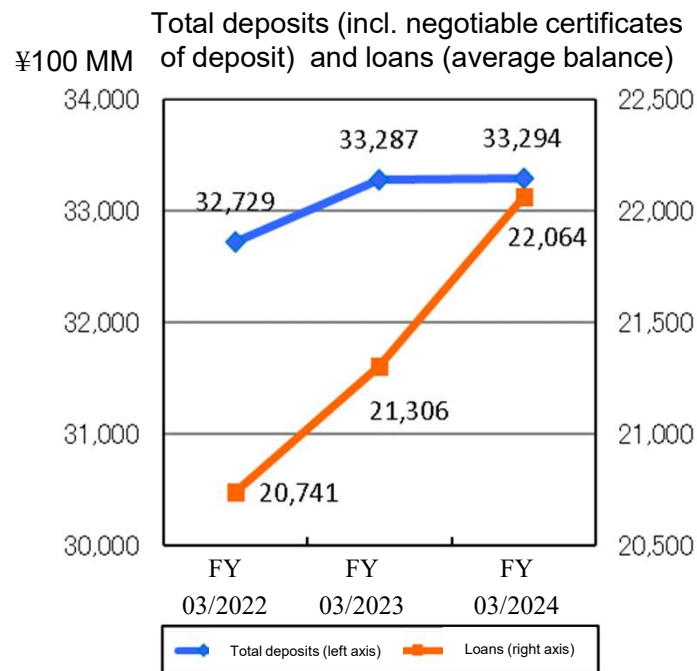
May 2024

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# Financial Highlights

<Overview> Despite the impact of a slowdown in the pace of recovery in overseas economies, the economy of Japan underwent a moderate recovery in the fiscal year ended March 31, 2024, with slight growth in capital investment and personal consumption remaining steady against the backdrop of improved employment and income conditions. In this environment, deposits remained almost flat, while loans continued to increase steadily. In terms of financial results, core business net profit decreased due to the following factors, while both ordinary profit and profit increased from the previous year.

- Although individual and public money deposits performed well, total deposits (average balance), including negotiable certificates of deposit, increased only 0.6 billion yen (0.02% year-on-year) due to a decrease in corporate deposits. On the other hand, the loan balance (average balance) increased by 75.7 billion yen (3.5% YoY) due to steady growth in Tokushima Prefecture and in the Kanto, Chushikoku, and Kansai regions.
- As a result of the absence of factors that increased profits in the previous fiscal year (such as the partial cancellation of asset swap transactions [see Slide 8] due to rising interest rates) and the decrease in other business profits (excluding gains/losses on bonds), core business net profit decreased to 15.6 billion yen (down 3.6 billion yen YoY).
- Although credit costs increased, ordinary profit and profit increased to 16.2 billion yen (up 1.3 billion yen YoY) and 11.2 billion yen (up 1.0 billion yen YoY), respectively, as a result of increased gains on securities and the absence of factors that reduced profits in the previous fiscal year (active disposal of unrealized losses on foreign securities).
- The consolidated capital adequacy ratio (Japanese standard) remained high at 10.72%, reflecting the company's substantial internal reserves and sound asset holdings.



# Profits and Losses

Bank Profits and Losses (Non-consolidated) (Unit: Million yen)

			03/2022	03/2023	03/2024	vs. 03/2023
Ordinary income	1		52,576	72,229	59,223	(13,005)
Gross business profit	2		44,613	28,483	44,587	16,103
[Core business gross profit]	3		[ 45,904 ]	[ 47,081 ]	[ 44,232 ]	[ (2,849) ]
Net interest income	4		37,989	37,409	37,026	(383)
Net fees and commissions	5		6,952	6,702	7,159	456
Other business profit	6		(328)	(15,628)	402	16,030
Gains/losses on bonds	7		(1,290)	(18,597)	355	18,952
Expenses (excl. temporary processing)	(-)	8	28,139	27,755	28,575	820
Personnel expenses	(-)	9	12,998	13,501	13,847	346
Non-personnel expenses	(-)	10	13,272	12,502	12,947	445
Taxes	(-)	11	1,868	1,752	1,780	28
Net business profit (before general provision of allowance for loan losses)		12	16,474	728	16,011	15,283
Core business net profit		13	17,765	19,325	15,656	(3,669)
Core business net profit (excluding gain/loss from cancellation of investment trusts)		14	17,575	18,852	14,800	(4,052)
General provision of allowance for loan losses	(-)	15	577	(441)	(302)	139
Net business profit		16	15,896	1,169	16,313	15,144
Temporary profit/loss		17	(233)	13,724	(69)	(13,794)
Processing of non-performing loans	(-)	18	2,861	1,519	2,934	1,414
Provision of allowance for individual loan losses	(-)	19	2,613	1,331	2,699	1,368
Recoveries of written-off receivables		20	614	307	938	631
Stock-related profits/losses		21	1,991	15,103	1,939	(13,163)
Ordinary profit		22	15,663	14,894	16,244	1,350
Extraordinary income/losses		23	(229)	(778)	(651)	126
Profit		24	11,030	10,144	11,213	1,068
Credit costs (15+18)	(-)	25	3,439	1,078	2,632	1,553
Actual credit costs (15+18-20)	(-)	26	2,824	771	1,693	922
Core business net profit ROA			0.45%	0.49%	0.40%	(0.09)%
Profit ROA			0.28%	0.26%	0.29%	0.03%
Profit ROE			3.91%	3.69%	3.78%	0.09%

\*Core business gross profit 3=2-7 Core business net profit 13=3-8

\*Net business profit 16=2-8-15 (equivalent to operating income in general corporate financial accounting).

▣ Gross business profit (see No. 2 in table) up 16.1 billion yen YoY  
Core business gross profit (see No. 3) down 2.8 billion yen YoY

- Net interest income: Down 0.3 billion yen YoY due to lower interest on foreign currency call loans and higher foreign currency funding costs, despite higher income from interest on loans and discounts and interest and dividends on securities
- Net fees and commissions: Up 0.4 billion yen YoY due to an increase in securities-related business fees and corporate fees despite lower sales of individual annuities, etc.
- Other business profit: Up 16.0 billion yen YoY due to the absence of last year's extraordinary factors (e.g., gain on cancellation of swaps and loss on disposal of foreign securities due to partial cancellation of asset swap transactions caused by rising interest rates).

▣ Core business net profit (see No. 13) down 3.6 billion yen YoY

- Expenses increased 0.8 billion yen YoY, mainly due to higher depreciation and personnel expenses associated with system investment. Together with the above factors, core business net profit decreased by 3.6 billion yen YoY.

▣ Actual credit costs (No. 26) increased by 0.9 billion yen YoY

- Despite a lower expected loss ratio, general provision of allowance for loan losses increased by 0.1 billion yen YoY due to additional strengthening of provisions for specific industries that were likely to be affected by the 2024 Problem.
- Although the impact of the COVID-19 pandemic was insignificant, provision of allowance for individual loan losses increased by 1.3 billion yen due to rigorous asset assessments.
- Recoveries of written-off receivables was up 0.6 billion yen YoY.

▣ Ordinary profit (see No. 22) increased 1.3 billion yen YoY, while profit (see No. 24) was up 1.0 billion yen.

- Ordinary profit was up 1.3 billion yen YoY due to the above factors in addition to a 5.7-billion-yen increase in gains related to securities.
- Profit was up 1.0 billion yen YoY.

# [Ref.] Forecast and Actual Results Compared

- Core business gross profit exceeded financial forecasts (released with the Q2 financial statements) by 0.6 billion yen, mainly because net interest income exceeded the plan, especially interest on loans and discounts. The detailed breakdown is as follows.
  - Net interest income exceeded the forecast by 0.3 billion yen due to an increase in interest on loans and discounts (mainly in foreign currencies) and interest and dividends on securities, despite increased foreign currency funding costs.
  - Net fees and commissions exceeded the forecast 0.1 billion yen YoY due to steady growth in securities-related operations and corporate fees compared to the forecast.
- Core business net profit exceeded the forecast by 0.8 billion yen due not only to the above factors, but also due to lower expenses compared to the forecast.
- Actual credit costs exceeded the forecast by 0.4 billion yen due to an increase in general provision of allowance for loan losses compared to the forecast.
- Due to the factors above, ordinary profit and profit were up 0.8 billion yen and 0.6 billion yen YoY, respectively.

## [Ref.] Forecast and Actual Results Compared

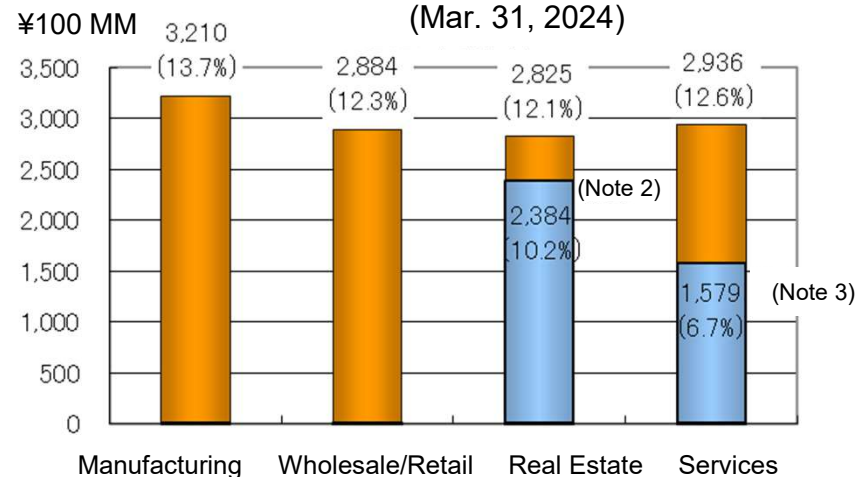
Non-consolidated

(Unit: 100 million yen)

		03/2024 forecast	03/2024 actual	Compared	Change (%)
Ordinary income		581	592	11	1.8%
Gross business profit		436	445	9	2.0%
[Core business gross profit]		[ 436 ]	[ 442 ]	[ 6 ]	[ 1.3% ]
Net interest income		367	370	3	0.8%
Net fees and commissions		70	71	1	1.4%
Other business profits		(1)	4	5	-
Gains/losses on bonds		(0)	3	3	-
Expenses (excl. temporary processing)	(-)	288	285	(3)	(1.0)%
Core business net profit		148	156	8	5.4%
Business net profit		152	163	11	7.2%
Ordinary profit		154	162	8	5.1%
Extraordinary income/losses		(6)	(6)	0	-
Net income		106	112	6	5.6%
Total actual credit cost		12	16	4	33.3%

- The loan balance (average balance) increased by 75.7 billion yen (3.5%) YoY to 2,206.4 billion yen.
- As a result of efforts to strengthen loans to mainstay SMEs based on business potential assessments, general loans increased by 72.2 billion yen YoY, with the balance increasing in a wide range of industries.
- Loans to local governments were down 5.5 billion yen YoY.
- As a result of efforts to strengthen the sales force for housing loans, personal loans showed steady growth, increasing 9.0 billion yen YoY.

Loan Balance for Primary Industries  
(Mar. 31, 2024)



\*1 Percentages show the proportion compared to overall loans

\*2 The 238.4 billion yen (10.2%) portion of the Real Estate sector refers to real estate rentals and management.

\*3 The 157.9 billion yen (6.7%) portion of the Services sector refers to health and welfare services.

Loan Balance Over Time

(Unit: 100 Million yen)

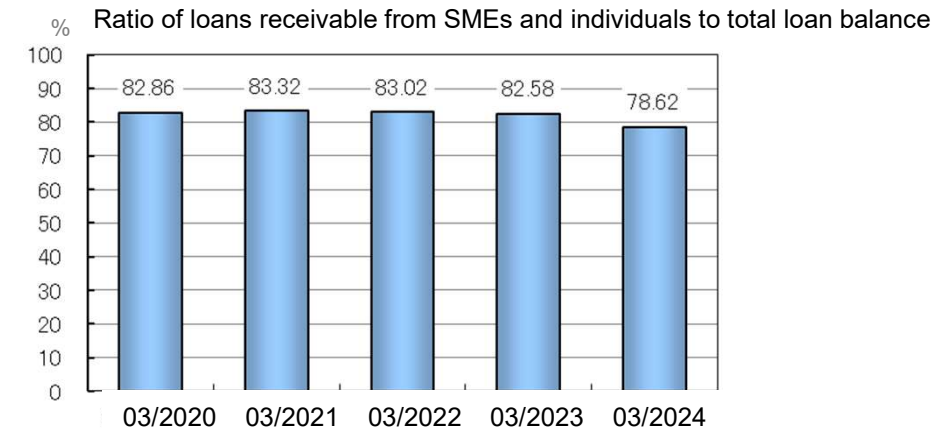
Average balance	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Loans	20,695	21,179	21,734	20,741	21,306	22,064	329 ( 1.51%)	757 ( 3.55%)
General loans	15,662	16,019	16,503	15,715	16,132	16,855	352	722
Local governments, etc.	1,866	1,865	1,819	1,837	1,843	1,787	(32)	(55)
Personal loans	3,166	3,293	3,411	3,188	3,330	3,421	9	90
Housing loans	2,923	3,053	3,167	2,947	3,089	3,174	7	85
Ratio personal loans	15.3%	15.5%	15.6%	15.3%	15.6%	15.5%	(0.1)%	(0.1)%

Balance at end of period	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Loans	20,599	21,289	21,997	21,143	21,696	23,398	1,401	1,701
General loans	15,606	16,128	16,798	16,019	16,447	18,167	1,369	1,720
Local governments, etc.	1,807	1,823	1,769	1,865	1,849	1,788	19	(60)
Personal loans	3,185	3,337	3,429	3,258	3,400	3,442	12	41



# Loans II

- As a result of efforts to strengthen the Bank's business model of lending to SMEs, the average balance of loans in Tokushima Prefecture increased by 24.9 billion yen year on year, while in the Kanto, Chushikoku, and Kansai regions it increased by 30.8 billion yen, 14.1 billion yen, and 5.8 billion yen, respectively.
- The ratio of loans receivable from SMEs and individuals to the total loan balance remained high at 78.62%.



Loan Balance by Region

(Unit: 100 Million yen)

Average balance	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Loans	20,695	21,179	21,734	20,741	21,306	22,064	329	757
Tokushima Prefecture	11,731	12,219	12,424	11,798	12,290	12,539	115	249
Kansai Region	4,448	4,445	4,510	4,440	4,452	4,511	1	58
Chushikoku Region	1,830	1,814	1,930	1,829	1,837	1,979	49	141
Kanto Region	2,685	2,699	2,870	2,672	2,724	3,033	162	308

Balance at end of period	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Loans	20,599	21,289	21,997	21,143	21,696	23,398	1,401	1,701
Tokushima Prefecture	11,660	12,330	12,497	12,125	12,464	13,026	528	562
Kansai Region	4,453	4,449	4,529	4,491	4,493	4,592	63	99
Chushikoku Region	1,835	1,783	1,943	1,843	1,934	2,113	170	178
Kanto Region	2,650	2,724	3,027	2,682	2,804	3,665	638	861

[Reference]

Balance at end of period	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Loan balance to SMEs, etc.	17,186	17,569	17,808	17,554	17,918	18,396	588	478
Loan balance to credit guarantee associations	2,653	2,662	2,610	2,674	2,735	2,554	(55)	(181)

# Deposits and Assets Under Custody

- Although retail and public money deposits performed well, total deposits (average balance), including negotiable certificates of deposit, increased only 0.6 billion yen (0.02% YoY) to 3,329.4 billion yen due to a decrease in corporate deposits.
- Through our partnership with Nomura Securities Co., Ltd., we act as a one-stop shop for high value-added comprehensive financial services, such as deposits, insurance, and Nomura Securities products. The target of achieving a 1 trillion yen balance in Nomura Securities financial intermediary services set at the beginning of the partnership (to achieve in five years) was achieved two years ahead of schedule.
- Assets under custody from customers—comprising the sum of the end-of-period balance of individual annuities, as well as the end-of-period balance of assets under custody (market value) of stocks, investment trusts, etc. in the financial product intermediary business—increased by 268.8 billion yen YoY to 1,302.5 billion yen.
- The sum of total deposits, individual annuities, and financial product intermediary accounts was 4,643.4 billion yen.

Deposit Balances Over Time

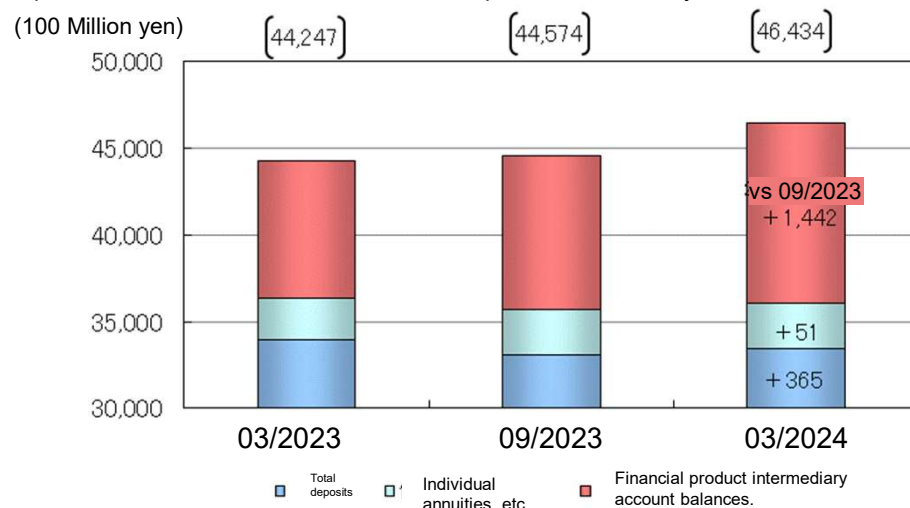
(Unit: 100 Million yen)

Average balance	09/2022	09/2023	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Deposits (A)	31,692	32,008	31,669	31,709	(299)	40
Negotiable certificates of deposit(B)	1,640	1,586	1,618	1,585	(1)	(33)
Total deposits (A+B)	33,333	33,595	33,287	33,294	(300)	6
Retail deposits	20,761	20,868	20,776	20,872	3	95
Corporate deposits	9,368	9,421	9,382	9,222	(199)	(160)
Public money deposits	2,737	2,822	2,667	2,720	(101)	53

Balance at end of period	09/2022	09/2023	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Deposits (A)	31,504	31,461	32,571	32,025	563	(545)
Negotiable certificates of deposit(B)	1,595	1,582	1,340	1,384	(197)	44
Total deposits (A+B)	33,100	33,044	33,911	33,409	365	(501)
Retail deposits	20,780	20,875	20,734	20,917	41	182
Corporate deposits	9,353	9,095	9,664	9,222	126	(442)
Public money deposits	2,372	2,586	2,807	2,707	121	(100)

(Total deposits + individual annuities, etc. + financial product intermediary account balances over time (Note 1))



(Note 1) The sum of total deposits, individual annuities, etc., and financial product intermediary account balances.

(Note 2) "Individual annuities, etc." includes the year-end balances of lump-sum variable insurance, fixed return insurance and whole-life insurance.

Balance of assets under custody over time

(Unit: 100 Million yen)

	09/2022	09/2023	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Individual annuities, etc. (C) (Note 2)	2,480	2,620	2,439	2,671	51	232
Total financial product intermediary account balances (D)	8,537	8,910	7,897	10,353	1,442	2,455
Financial instruments intermediary accounts with Nomura Securities (Note 3)	8,430	8,792	7,775	10,219	1,427	2,444
Financial instruments intermediary accounts apart from Nomura Securities (Note 4)	107	118	121	133	15	11
Balance of accounts under custody (C+D)	11,017	11,530	10,336	13,025	1,494	2,688
[Ref.] Financial instruments intermediary accounts	87,145	91,667	89,562	95,191	3,524	5,629

(Note 3) In accordance with the Bank's comprehensive business partnership with Nomura Securities, the Bank's securities accounts (public bonds and investment trusts) were transferred to a financial instruments intermediary account with Nomura Securities on June 21, 2021.

(Note 4) This is a financial instruments intermediary account with Shikoku Alliance Securities Co., Ltd., Daiwa Securities Co. Ltd. and SBI SECURITIES Co., Ltd. as consignors.

- The balance of securities at the end of the period increased to 1,060.2 billion yen (up 114.8 billion yen YoY), mainly due to an increase in shares resulting from rising stock prices following diversification and expansion of investment activities with an eye on the market environment both at home and overseas, such as monetary policy trends in Japan, the United States and Europe.
- Valuation gain on securities increased 62.4 billion yen YoY to 122.9 billion yen, mainly due to an increase in shares. (shares +49.6 billion yen, bonds -10.0 billion yen, other securities [foreign securities, investment trusts, etc.] +22.8 billion yen)

Securities Balance over Time

(Unit: 100 Million yen)

Balance at end of period	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
<b>Total securities</b>	<b>10,477</b>	<b>9,802</b>	<b>10,184</b>	<b>10,419</b>	<b>9,454</b>	<b>10,602</b>	<b>417</b>	<b>1,148</b>
Government bonds	1,792	1,351	1,391	1,737	1,475	1,570	178	94
Regional bonds	1,781	1,619	1,650	1,677	1,706	1,585	(64)	(121)
Corporate bonds	1,603	1,988	2,875	1,731	2,638	2,712	(162)	74
Shares	1,526	1,414	1,526	1,439	1,247	1,794	267	546
Other	3,773	3,427	2,741	3,833	2,385	2,939	198	553
Foreign securities	2,212	1,866	840	2,301	691	941	101	250
Investment trusts	1,560	1,561	1,901	1,531	1,694	1,998	97	303

[Ref.] Average balance

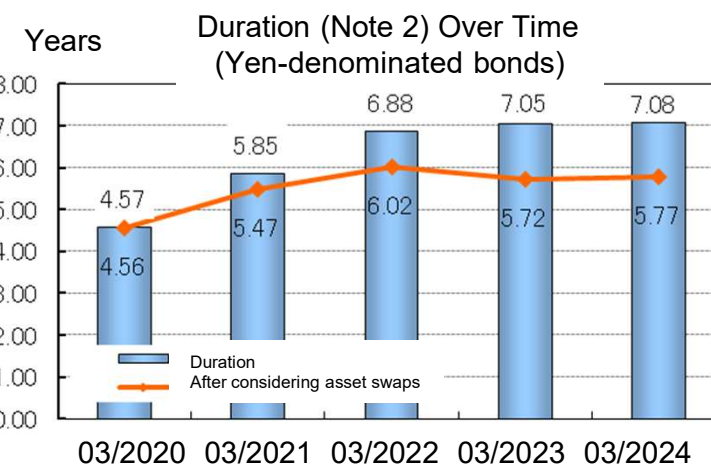
	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
<b>Total securities</b>	<b>9,213</b>	<b>9,419</b>	<b>9,234</b>	<b>9,366</b>	<b>9,023</b>	<b>9,338</b>	<b>103</b>	<b>314</b>

Valuation gains (losses) on securities (Note 1)

(Unit: 100 Million yen)

End of period	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
<b>Total securities</b>	<b>1,124</b>	<b>607</b>	<b>817</b>	<b>834</b>	<b>605</b>	<b>1,229</b>	<b>411</b>	<b>624</b>
Shares	820	703	843	729	599	1,096	252	496
Bonds	71	(14)	(137)	18	(26)	(127)	10	(100)
Other	232	(81)	111	86	31	260	148	228
Domestic securities	65	(140)	(34)	(47)	(13)	(5)	28	8
Investment trusts	167	59	145	133	45	265	120	220

(Note 1) Valuation gains (losses) include those on securities and trust beneficiary rights.



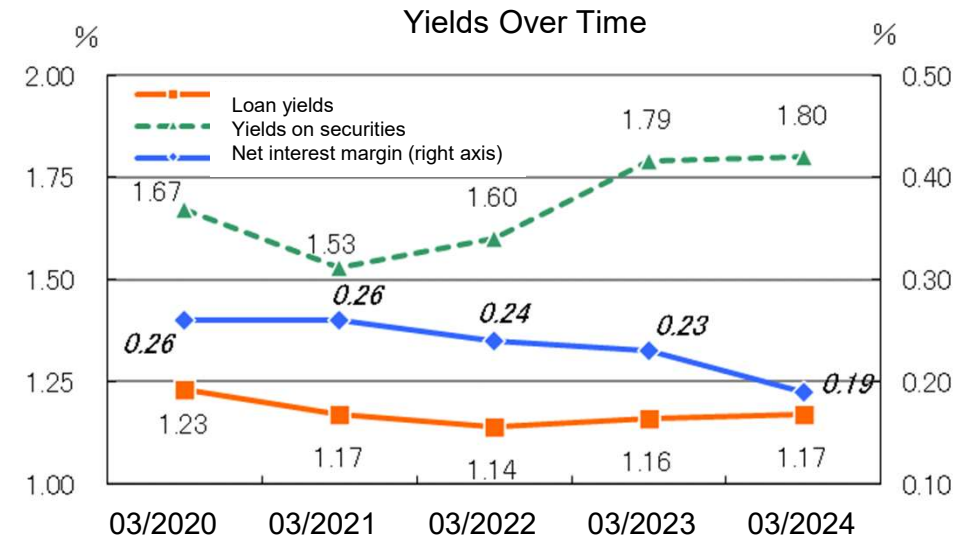
(Note 2)

Duration is a bond's average payback period. Asset swaps are transactions in which coupon income from government bonds and other bonds held by a company are converted to floating interest rates through interest rate swaps. The duration of foreign currency bonds is 4.24 years.



# Yield Trends

- Loan yields increased to 1.17% (up 0.01 percentage points YoY), partly due to higher interest rates in foreign currencies, despite the impact of increased competition.
- Yields on securities increased 1.80% (up 0.01 percentage points YoY), mainly due to higher dividends from mutual funds.
- Yields on financing increased to 1.24% (up 0.01 percentage points YoY), mainly due to the above factors.
- Cost of financing rose to 1.05% (up 0.05 percentage points YoY) due to higher foreign currency funding costs and expenses. As a result, the net interest margin decreased to 0.19% (down 0.04 percentage points YoY).



## Yields

(Unit: %)

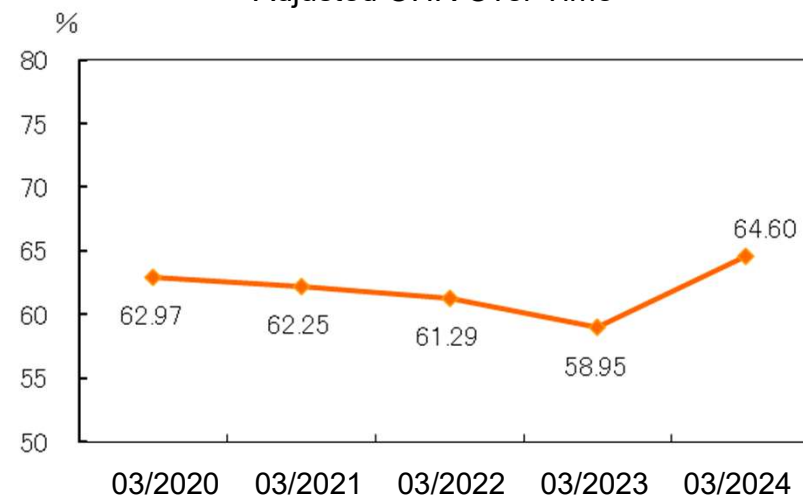
	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Yields on financing (A)	1.02	1.13	1.25	1.07	1.23	1.24	(0.01)	0.01
Yields on loans (a)	1.14	1.14	1.17	1.14	1.16	1.17	0.00	0.01
Yields on securities	1.42	1.66	1.68	1.60	1.79	1.80	0.12	0.01
Cost of financing (B)	0.84	0.93	1.11	0.83	1.00	1.05	(0.06)	0.05
Yields on deposits (b)	0.01	0.02	0.02	0.01	0.02	0.02	0.00	0.00
Deposit and loan rate difference (a)–(b)	1.13	1.12	1.15	1.13	1.14	1.15	0.00	0.01
Net interest margin (A)–(B)	0.18	0.20	0.14	0.24	0.23	0.19	0.05	(0.04)

# Expenses

- Expenses increased to 28.5 billion yen (up 0.8 billion yen YoY), mainly due to non-personnel expenses.
  - Personnel expenses increased 0.3 billion yen YoY, mainly due to higher bonuses.
  - Non-personnel expenses increased 0.4 billion yen YoY due to higher depreciation expenses accompanying system investments and higher one-off expenses associated with the construction of electrical equipment, etc.
  - Taxes are at almost the same level as the previous year.
- The expense ratio (adjusted OHR [see note]) rose to 64.60% (up 5.65 percentage points YoY) due to a significant decrease in core business gross profit.

(Note) Adjusted OHR = Expenses ÷ Core business gross profit (gross business profit - gains/losses on bonds)

Adjusted OHR Over Time



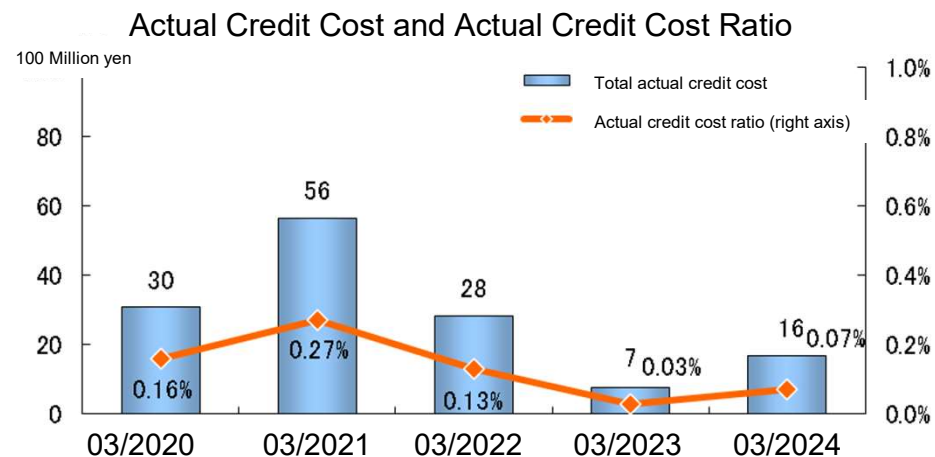
Expenses and Adjusted OHR

(Unit: 100 Million yen)

	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 03/2023
Expenses	142	140	146	281	277	285	8
Personnel expenses	65	68	70	129	135	138	3
Non-personnel expenses	66	62	65	132	125	129	4
Taxes	10	9	10	18	17	17	0

Adjusted OHR	64.71%	57.34%	68.38%	61.29%	58.95%	64.60%	5.65%
Adjusted personnel expenses OHR	29.77%	27.83%	32.75%	28.31%	28.67%	31.30%	2.63%
Adjusted non-personnel expenses OHR	30.10%	25.49%	30.69%	28.91%	26.55%	29.27%	2.72%

- Although the impact of the COVID-19 pandemic was insignificant, provision of allowance for individual loan losses increased to 2.6 billion yen (up 1.3 billion yen YoY) due to rigorous asset assessments. In addition, despite a lower expected loss ratio, general provision of allowance for loan losses increased by 0.1 billion yen YoY due to additional strengthening of provisions for the transportation of road cargo out of concerns over the impact of the 2024 Problem. As a result, credit costs increased by 1.5 billion yen YoY to 2.6 billion yen.
- After deducting 0.9 billion yen in recoveries of written-off receivables, actual credit costs increased 0.9 billion yen to 1.6 billion yen, and the actual credit cost ratio was 0.07%.



## Disposal of non-performing loans

(Unit: Million yen)

	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs.03/2023
Provision of allowance for individual loan losses	2,173	843	1,215	2,613	1,331	2,699	1,368
Repayment of loans	14	6	3	18	9	7	(2)
Provision for contingent loss	82	82	1	102	108	84	(24)
Loss on transfer of receivables	86	46	41	126	70	143	72
Total disposal of non-performing loans (1)	2,357	979	1,262	2,861	1,519	2,934	1,414
General provision of allowance for loan losses (2)	(152)	(463)	(163)	577	(441)	(302)	139
Recoveries of written-off receivables (3)	300	155	738	614	307	938	631
Total credit cost (4) [(1) + (2)]	2,204	516	1,098	3,439	1,078	2,632	1,553
Credit cost ratio	0.21%	0.04%	0.10%	0.16%	0.05%	0.11%	0.06%
Actual total credit cost (5) [(1)+(2)-(3)]	1,903	360	360	2,824	771	1,693	922
Actual credit cost ratio	0.18%	0.03%	0.03%	0.13%	0.03%	0.07%	0.04%

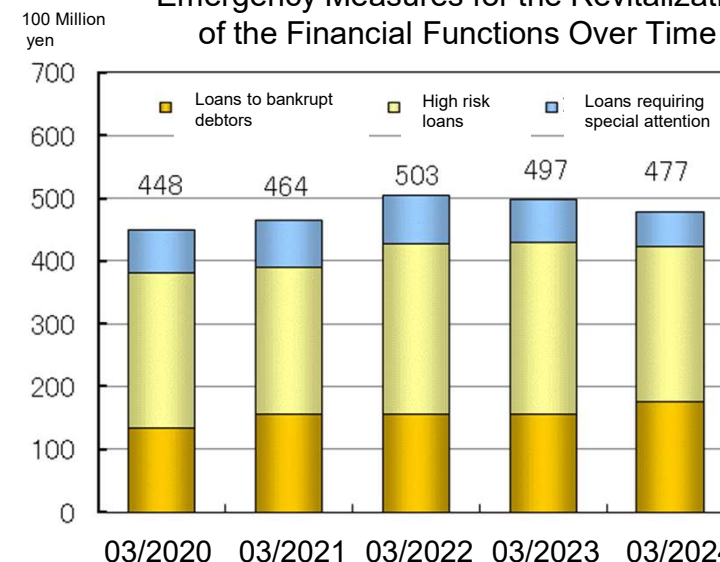
Note 1) Credit cost ratio = (4) ÷ average balance of loans during the period (annualized for each September period)

(Note 2) Actual credit cost ratio = (5) ÷ average balance of loans during the period (same as above)

# Non-performing Loans

- Loans disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions fell to 47.7 billion yen (down 1.9 billion yen YoY) as a result of ongoing efforts to facilitate SME financing, including support for business improvement.
- As a result, the ratio of disclosed loans under the Act on Emergency Measures for the Revitalization of the Financial Functions increased to 2.02% (up 0.24 percentage points YoY).

Loans Disclosed under the Act on Emergency Measures for the Revitalization of the Financial Functions Over Time



Loans Disclosed Under the Act on Emergency Measures for the Revitalization of the Financial Functions Over Time (Unit: Million yen)

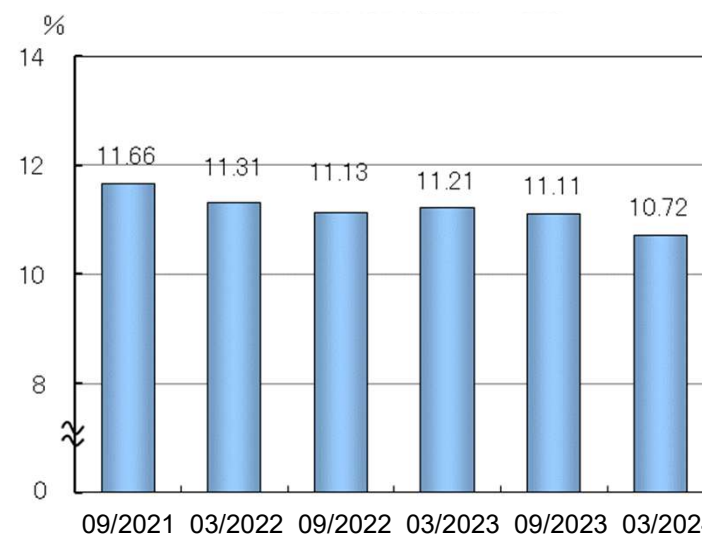
	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 09/2023	vs. 03/2023
Loans to bankrupt debtors	16,361	16,253	15,336	15,646	15,584	17,500	2,164	1,916
High risk loans	26,795	26,662	27,922	27,159	27,384	24,756	(3,166)	(2,628)
Loans requiring special attention	7,609	7,211	5,845	7,582	6,794	5,527	(317)	(1,267)
Total disclosed loans (a)	50,767	50,127	49,103	50,388	49,763	47,784	(1,319)	(1,979)
Normal loans (b)	2,037,623	2,108,648	2,178,030	2,092,479	2,148,551	2,320,105	142,074	171,553
Ratio of total disclosed loans to total credit balance (a)/((a)+(b))	2.43%	2.32%	2.20%	2.35%	2.26%	2.02%	(0.18)%	(0.24)%

Collateral, guarantees, etc. (d)	11,426	11,275	11,664	11,444	11,549	11,588	(75)	38
Total provision of allowance for loan losses (c)	30,661	30,896	29,782	30,307	30,637	29,137	(644)	(1,499)
Preservation rate ((c)+(d))/(a)	82.90%	84.13%	84.40%	82.85%	84.77%	85.22%	0.82%	0.45%

# Capital Adequacy Ratio

- Although the capital adequacy ratio (Japanese standard) declined on both a consolidated basis (10.72%, down 0.49 percentage points YoY) and non-consolidated basis (10.43%, down 0.46 points YoY), mainly due to an increase in risk-weighted assets resulting from enhanced fund management, it remained high overall due to enhanced internal reserves and sound assets held.

Capital Adequacy Ratio (Consolidated) Over Time



(Note) After application of transitional measures for figures up to period ending 09/2023

(Consolidated) Basel III Standards

(Unit: 100 Million yen)

	09/2021	09/2022	09/2023	03/2022	03/2023	03/2024	vs. 2023/9	vs. 03/2023
Amount of (core) equity	2,228	2,310	2,376	2,276	2,336	2,399	22	63
Amount of basic items	2,260	2,340	2,406	2,308	2,367	2,427	21	59
Shareholders' equity related to common shares	2,195	2,276	2,345	2,239	2,307	2,372	27	65
Amount of adjusted items	32	29	29	31	31	27	(1)	(3)
Risk-weighted assets	19,094	20,745	21,378	20,120	20,826	22,378	1,000	1,551
Capital adequacy ratio	11.66%	11.13%	11.11%	11.31%	11.21%	10.72%	(0.39)%	(0.49)%

(Non-consolidated)

Capital adequacy ratio	11.30%	10.78%	10.79%	10.97%	10.89%	10.43%	(0.36)%	(0.46)%
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# Financial Results Forecast

- Although the economy is expected to continue recovering in the fiscal year ending March 31, 2025, the outlook remains extremely uncertain due to the central bank monetary trends in various countries, geopolitical risks, and the slowdown of the Chinese economy, which had been growing at a high rate. Core business gross profit, ordinary profit, and profit are forecast to grow by 0.2 billion yen to 15.8 billion yen, by 0.1 billion yen to 16.3 billion yen and by 0.1 billion yen to 11.3 billion yen, respectively.
- Core business gross profit is forecast to grow to 45.2 billion yen (up 1.0 billion yen YoY). The detailed breakdown is as follows.
  - Net interest income is projected to increase by 1.9 billion yen YoY due to an increase in the loan balance, centered on funding support for SME customers, strengthened investment in securities, and other efforts.
  - Net fees and commissions are forecast to increase by 0.2 billion yen YoY due to corporate-related commissions and the strengthening of the system ahead of the transformation into a stock business through the partnership with Nomura Securities.
  - Foreign currency funding costs are expected to depress other business profits (excluding gains/losses on bonds) by 1.0 billion yen YoY.
- Increases in personnel expenses and other costs are expected to raise expenses to 29.4 billion yen (up 0.9 billion yen YoY)
- Gains related to securities are forecast to grow to 2.5 billion yen (up 0.3 billion yen YoY) due to the recording of gain on sale of equity securities, etc.
- Actual credit costs are forecast to grow to 2.0 billion yen (up 0.4 billion yen YoY).

## Financial Results Forecast for the Fiscal Year Ending March 31, 2025


Non-Consolidated

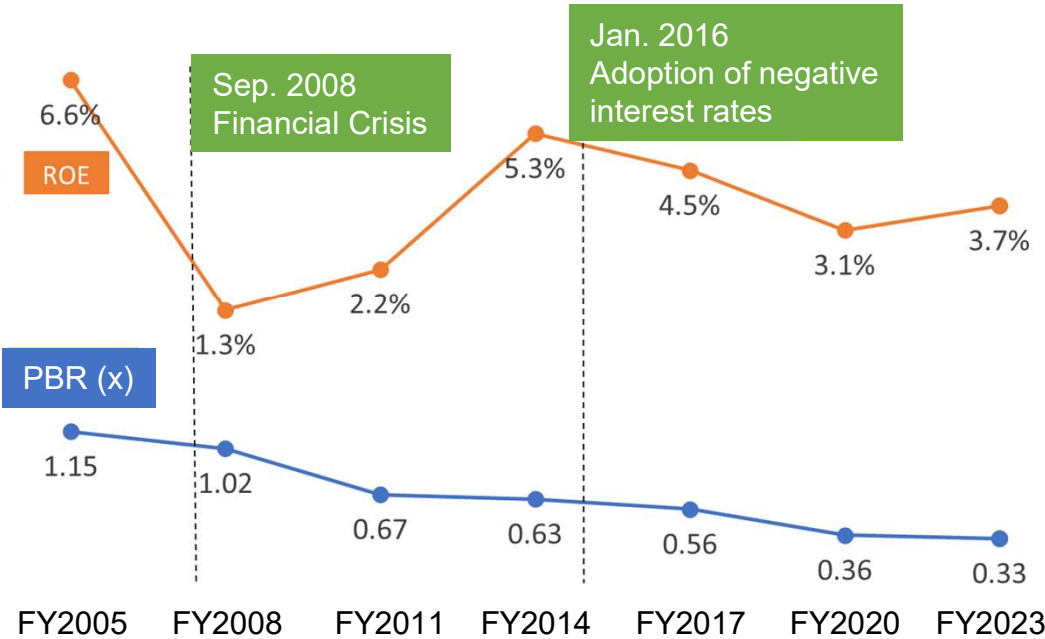
(Unit: 100 Million yen)

		Actual results 03/2024	Forecast 09/2024/9	Forecast 03/2025	Change
Ordinary income		592	281	567	(25)
Gross business profit		445	221	452	7
[Core business gross profit]		[ 442 ]	[ 221 ]	[ 452 ]	[ 10 ]
Net interest income		370	188	389	19
Net fees and commissions		71	37	73	2
Other business profits		4	(5)	(10)	(14)
Gains/losses on bonds		3	-	-	(3)
Expenses (excl. temporary processing)	(-)	285	149	294	9
Core business net profit		156	71	158	2
Net business profit		163	73	161	(2)
Ordinary profit		162	79	163	1
Extraordinary income/losses		(6)	(2)	(3)	3
Net (interim) income		112	53	113	1
Gains/losses related to securities		22	17	25	3
Total actual credit cost		16	9	20	4

The Bank recognizes that the cost of shareholders' equity based on CAPM is about 5.0%, and the same cost based on the implied cost of capital (return on equity) is about 9.5%–12%. We recognize the discrepancy between actual results and the targets in the management plan, and that long-term efforts are needed to improve ROE and lower the cost of capital.

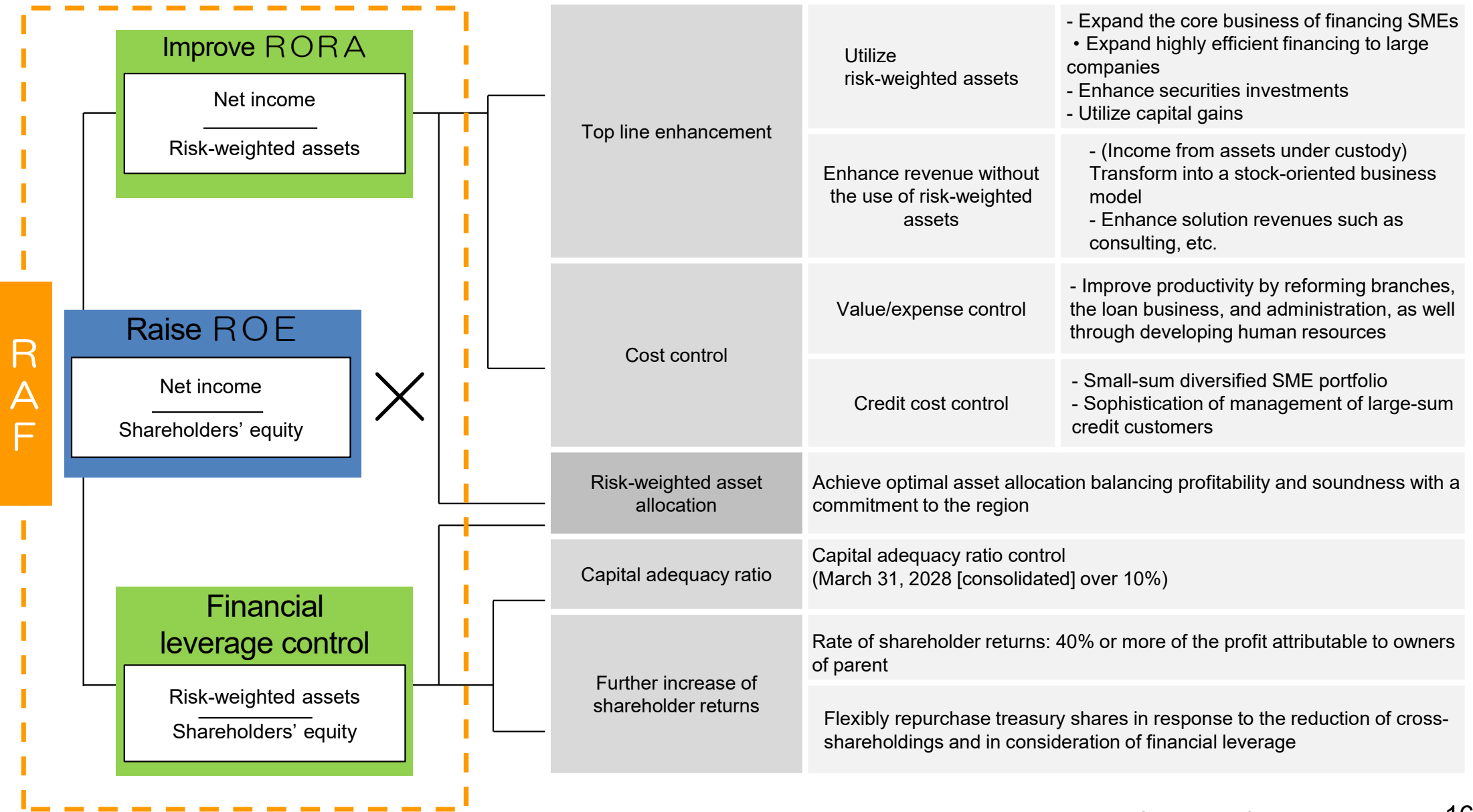
The cost of shareholders' equity recognized by the Bank

<b>Cost of shareholders' equity based on CAPM</b> (Calculated by the Bank based on certain assumptions)	<b>Around 5.0%</b>
<b>Implied cost of capital</b> (Calculated by dividing ROE by PBR)	<b>Around 9.5%–12%</b>
	
<b>(ROE)</b>	
<b>[Ref.] Target of the long-term management plan “Growing beyond 130<sup>th</sup>”</b> (FYE03/2028)	<b>4.20% or higher</b>
<b>[Actual Results]</b>	
FYE03/2023 (consolidated)	<b>3.59%</b>
FYE03/2024 (consolidated)	<b>3.68%</b>

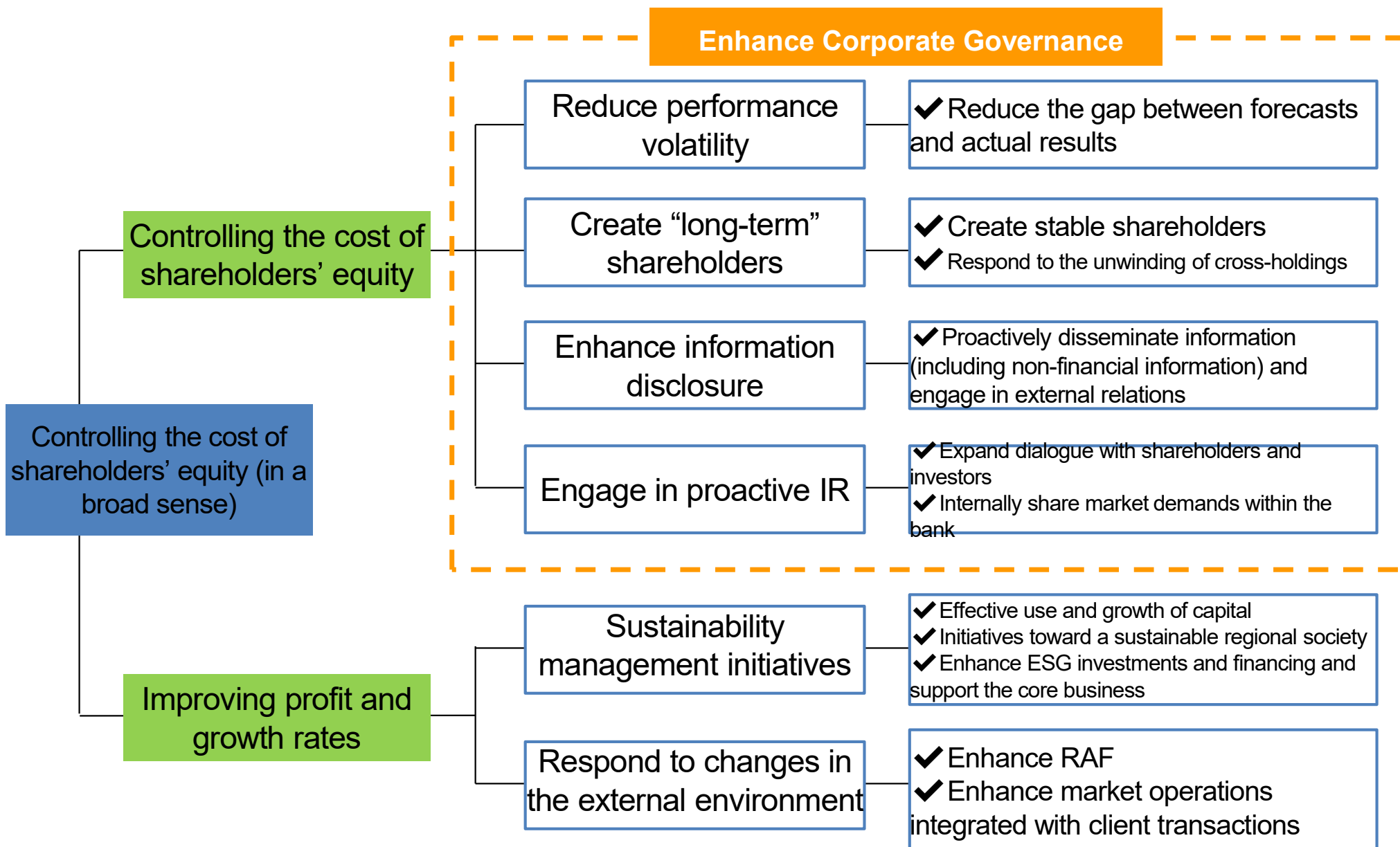


# Measures to Improve PBR: Initiatives to Raise ROE

Based on the Risk Appetite Framework (RAF), the Bank will endeavor to raise ROE by increasing profitability and appropriately controlling capital levels as described in the long-term management plan.

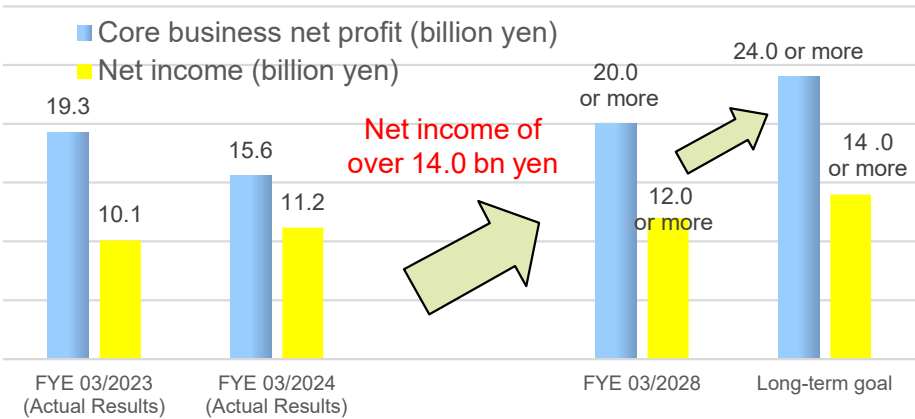


To control the cost of shareholders' equity (in a broad sense), we will strengthen the following six initiatives.

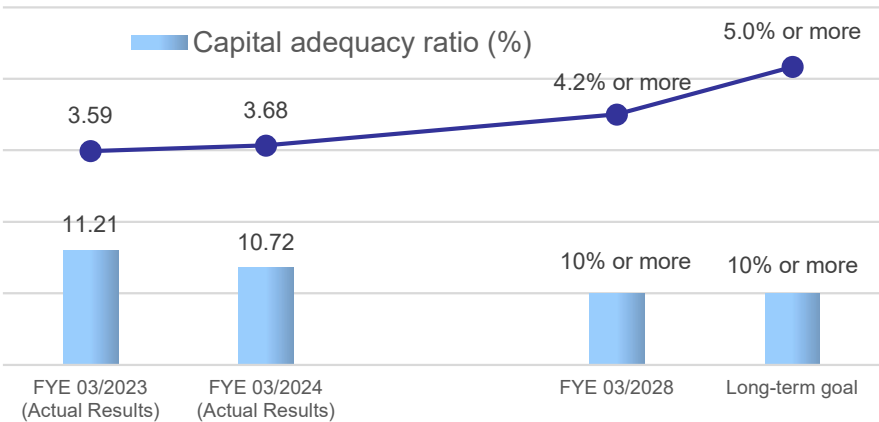


We will steadfastly implement the basic strategies of the long-term management plan and steadily increase profitability. In addition, we seek to build a profit structure that will enable us to achieve our long-term goal of achieving an ROE in excess of the cost of shareholders' equity.

### Raising Profitability (on a Non-Consolidated Basis)



### Capital Adequacy Ratio and Raising ROE (Consolidated)



### To Raise Profitability

- Steadily increase profitability in line with the following basic strategies as given in the long-term management plan “Growing beyond 130<sup>th</sup>”

#### [Basic Strategies]

1. Develop long-term relationships
  2. Implement initiatives toward a sustainable regional society
  3. Establish a vibrant organization and diverse ways of working
  4. Strengthen management foundations
- By further strengthening its partnerships, such as the Shikoku Alliance, the comprehensive partnership with Nomura Securities, and the partnership with iBank, the company aims to build a profit structure that will enable it to post a stable net income of 12.0 billion yen in four years' time.

### Financial Leverage Policy

- Pursue excellence in efficient management through the optimal allocation of management resources and capital by improving the sophistication of RAF, enhancing integrated risk management, and strengthening ALM.

We plan to accumulate 213.0 billion yen in risk-weighted assets in our core business of financing for SMEs, and 133.0 billion yen in risk-weighted assets in our wholesale strategy.

- The Bank has set a target shareholder return ratio of 40% or more to be achieved by raising the dividend payout ratio and flexibly acquiring treasury shares.
- Improve capital efficiency by reducing cross-shareholdings.



## 1. Efforts to support customers' business management

- ❑ Launched the "Awa Bank e-Contract Service," which allows customers to conclude loan contracts online (April 2023)
  - ❑ Launched business succession and M&A services at Awagin Consulting Co., Ltd. (May 2023)
- In July 2023, established "Awagin Capital Co., Ltd.," a subsidiary specializing in investment, to contribute to the enhancement of customers' corporate value and develop sustainable regional communities through the use of funds. Launched the "Awagin Business Succession Fund" and "Awagin Future Creation Fund" in October 2023.
- ❑ To strengthen support for customers' overseas expansion, the Bank has joined the "Overseas Business Support Package" established by Japan Finance Corporation, SME SUPPORT JAPAN, and NEXI, and started collaboration among the four institutions (October 2023).
  - ❑ Started the "Awagin Disaster Recovery Special Support Fund (Noto Peninsula Earthquake)" to promptly provide financing for disaster recovery and business activities.
  - ❑ Started the "Awagin Emergency Special Financing (for Avian Influenza)" to stabilize cash flows and support the early recovery of business activities.
  - ❑ Held various seminars including the "Practical SDG/ESG Management Seminar," "Awagin School for Starting Businesses," and "Decarbonization Seminar for SMEs."

## 2. New services and campaigns

- ❑ Launched Wallet+, a smartphone app that seamlessly connects the "financial and non-financial" as well as the "ordinary and extraordinary," offering not only financial functions but also sharing financial information and special coupons from partner companies (April 2023)
- ❑ Launched the COTRA service that allows the sending of up to 100,000 yen between individuals and expanded online money transfer services
- ❑ Implemented support campaigns for Tokushima Vortis, customers setting up their first NISA accounts, and more

## 3. Regional development through the Shikoku Alliance

- ❑ Held the "Shikoku Food Export Business Meeting" to connect customers with food buyers in Singapore and create new business opportunities (July 2023)
- ❑ Partnered with Sompo Japan Insurance Inc. to hold one of the largest exhibitions for nursing care providers in the Shikoku area (January 2024)

## 4. SDG initiatives, capital policy, and other matters

- ❑ Established the Career Support Section within the Corporate Management Division to support the professional development of individual employees in line with their diverse values, and to develop personnel who can respond flexibly to changes in the environment and solve problems on their own initiative (April 2023)
- ❑ Concluded the "Agreement on Promoting the Use of Wood in Construction to Promote the Use of Wood from Tokushima Prefecture" with Tokushima Prefecture to promote the use of wood and contribute to the realization of carbon neutrality by 2050 (September 2023)
- ❑ Established the Keihan Corporate Sales Department (Osaka Branch, Keihan Sub-branch) and Imabari Corporate Sales Department (Matsuyama Branch, Imabari Sub-branch) to further enhance support structures for customers, such as business matchmaking services, utilizing our bases in Tokushima Prefecture, Kansai, Kanto and Chugoku-Shikoku (October 2023)
- ❑ Repurchased 555,000 treasury shares for 1,499 million yen through market purchases (November-December 2023, February-March 2024)
- ❑ Resolved to increase employee base pay, including starting salaries, as an investment in the Bank's human capital with the goal of enhancing efforts to increase added value (April 2024)
- ❑ Aizumi Branch received the FY2023 Tokushima Universal Design for Community Development Award (March 2024).

# Active Measures to Promote Regional Development

## ■ The Shikoku Alliance: Enhancing Measures to Revitalize Shikoku

- Enhance the attractiveness of the region as the region, customers and the four banks (The Awa Bank, The Hyakujushi Bank, The Iyo Bank, and The Shikoku Bank) grow and develop sustainably together.
- The independently managed four banks will maintain a healthy competitive relationship while combining their strengths and expertise to tackle the five themes for the growth of Shikoku.

**Energize**

**Utilize**

**Connect**

**Nurture**

**Collaborate**

### Supporting the core business via the Shikoku Alliance

#### Shikoku Brand Inc.

- The four banks jointly support the branding and sales channel development for local products

#### Shikoku Alliance Capital Company Limited

- Propose the use of funds that offer support in terms of both capital and management to resolve issues such as business succession

#### Shikoku's Vision for Tourism

- Partner with the Organization for Promotion of Tourism in SHIKOKU and Shikoku Economic Federation to promote "Shikoku's Vision for Tourism"
- Sponsor and participate in the Shikoku Omotenashi Henromichi Walk

#### Business plan contest

- Discover entrepreneurs with original business plans and support their commercialization

#### Organization of and participation in business meetings, social gatherings, and seminars

- Held "Nursing Care Market," one of the largest exhibitions in the Shikoku area for nursing care providers
- Held the Shikoku Alliance × NEXCO West Japan Highway Business Meeting

**Industry, Government, Academia, Finance, Labor, and Media Cooperation**

**Regional industry and companies**

**Supporting local economic revitalization**

**The Awa Bank Group**

**Sales offices**

**HQ**  
(Sales Promotion Dept., etc.)

**Group companies**

**Tokushima Economic Research Institute**

**Local gov't**

**Universities**

**Organizations supporting local economic revitalization**

**Media**

**Collaboration**

**Collaboration**

### Support Measures

- Improving corporate competitiveness
- Supporting startups and new businesses
- Business matchmaking
- Management improvement and business recovery support
- Overseas business support
- Business succession, inheritance & M&A support
- Support for healthcare, nursing, tourism, agriculture, etc.

### Initiatives to support business succession

- Launch of the "Awagin Business Succession Fund" and "Awagin Future Creation Fund" by Awagin Capital
- Business succession and M&A support by Awagin Consulting

### Tourism promotion

- Collaboration with East Tokushima and Setouchi DMO
- Support for repurposing traditional and vacant houses
- Promoting cycling and Shikoku pilgrimage tourism



### Support for new businesses and business expansion

- Supporting Tokushima University's first start-up company through industry-academia collaboration capital
- Holding start-up schools and entrepreneurship seminars
- Expand sales channels for local products through the Lacycle Mall
- Supporting startups through an accelerator program



### Support for SDG initiatives

- SDG initiative support service, GHG emissions calculation service
- Decarbonization support through the use of Green Transformation questionnaires

### Other

- Digital transformation (DX) support using DX interviews
- Overseas expansion support using international business questionnaires

Creating new added value by connecting customers to customers.

Producing a virtuous cycle of sustainable growth and development for both the region and our customers.

■ This document is intended to provide information on the Bank's performance in fiscal years 2023 and 2024. It is not intended as a solicitation to invest in securities issued by the Bank.  
 ■ Note that this document contains forward-looking statements that are subject to change due to changes in the business environment and other factors.