

unfair treatment as a result of making such a report.

- (10) Establish provisions for policies regarding procedures for prepayment or reimbursement of costs that arise due to the execution of duties by auditors of the Bank, and for handling other costs or financial obligations that arise due to the execution of other pertinent work.
- (11) Provide a system to otherwise ensure the effectiveness of auditors of the Bank performing an audit.

Financial Review

We have worked to absorb small stable deposits, and endeavored to improve sales of special time deposit products with a higher than usual interest rate and expand the balance of liquid deposits. As a result, total deposits rose during the term to ¥2,572 billion.

We have actively been supporting our customers with problem-resolving financing and our outstanding loan balance totaled ¥1,412.4 billion.

Net income for core operations totaled ¥5.03 billion; ordinary income was ¥5.249 billion; and net income for the period amounted to ¥4.464 billion. In addition, our capital adequacy ratio was 11.14%.

Issues and Outlook for the Bank in Fiscal 2025

Regarding the Japanese economy in fiscal 2025, there are a number of factors that cause concern over their potential impact. These include unprecedentedly high geopolitical risks, global economy fluctuations caused by the US' flip-flopping policies, economic slowdown in China, and changes to market conditions such as share prices and interest rates.

Despite all this, demand among visitors to Japan, increased investment in areas such as semiconductors, and improvements to the employment and salary environment are just some of the factors suggesting a gentle recovery is underway.

In this current environment, the business plan for fiscal 2025 features five basic policies: (1) promoting initiatives to maximize and optimally utilize human capital; (2) creating business models and stable revenue bases by improving productivity and problem-solving capabilities; (3) driving support for problem solving to help improve corporate value; (4) encouraging regional revitalization activities based around Expo 2025; and (5) enacting compliance efforts to build trust and enhance risk management.

This fiscal year is the final year for Smart Shinkin Stock 2025, our medium-term management plan. To promote the building up of resources in three key types of capital (human, regional, and equity) detailed in the plan, we will steadily implement its measures.

By improving consulting capabilities and IT literacy, and enhancing training systems, we will ensure personnel development is at the core of our operations and strive to build up our human capital.

All employees, including executives, will work as a team with the goal of speeding up and promoting support for problem resolution, and advance diverse management consultations. Additionally, in line with our hope for Expo 2025 to open up the future for the world from here in Osaka, we plan to use these initiatives to build up even more regional capital.

Additionally, we will work to optimize our core systems,

promote measures to improve operational efficiency and productivity, and raise top-line revenue. At the same time, we will strategically implement initiatives aimed at cutting costs, and make qualitative improvements to our equity capital as we build it up.

In 2027, we will reach a major milestone: the 100th anniversary of our founding. As we work comprehensively toward this landmark, we will further enhance our efforts in the field of problem-solving finance, to act as an engine for growth going into the future. In terms of risk management, we will work to raise our ability to counter risks associated with major market environment fluctuations, and further enhance our governance approach. To protect customers, employees, and the region, we will go further to enhance our ability to adapt to a multitude of risks, such as financial crime, money laundering, and cyber-attacks.

Based on our management philosophy of tripartite prosperity and our slogan—"serving the community by building trust"—executives and other employees are coming together and working diligently on their tasks so we can be our customers' number one financial partner for problem resolution and for close ties to the region. At the moment, we are working to further strengthen our management foundations.

We thank you all for your continued patronage and support.