

Iyogin Holdings Integrated Report 2023

# Integrated report

## Integrated Report 2023

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## Group Corporate Credo

### Meaning of Existence

Creating a bright and prosperous future for the region

We create brightness and prosperity for people's lives and businesses as a local corporate group and establish a rich future together with the region.

### Management Stance

Offering the best service and being worthy of people's trust

We wholeheartedly provide comprehensive services of cutting-edge quality, with the aim of creating a corporate group that meets the expectations and is worthy of people's trust.

### Code of Conduct

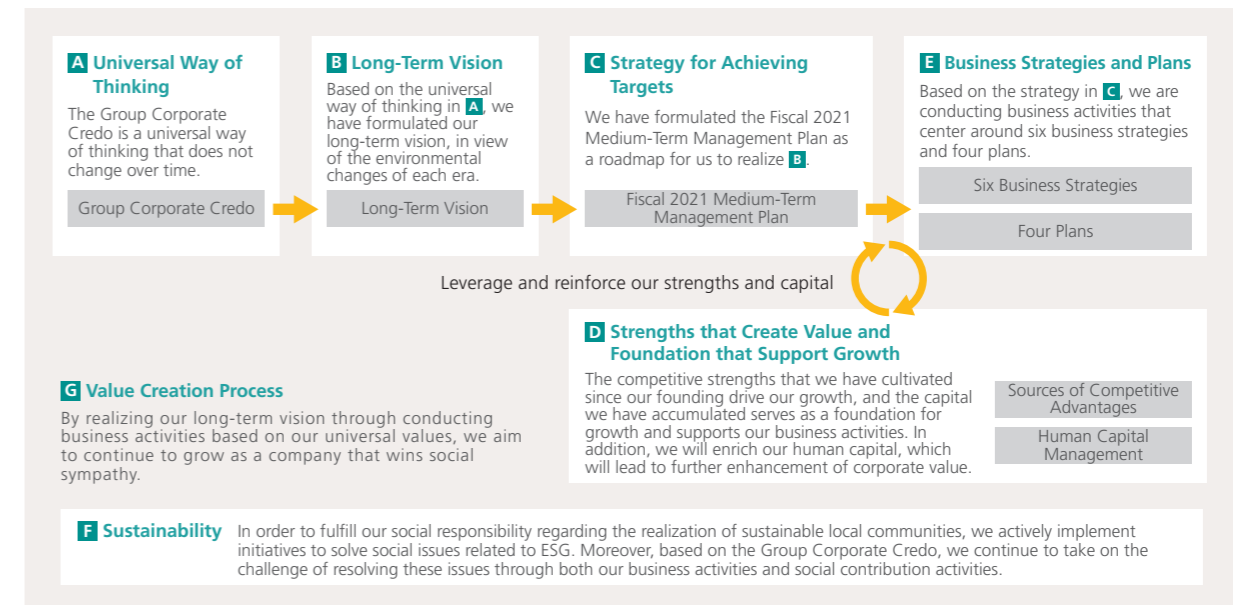
Rendering our best service with gratitude in our hearts

We work unceasingly to be innovative, starting with gratitude in our hearts towards our customers, and act resolutely with joy and purpose.

### Integrated Report 2023: Logical Structure System

In order to elucidate the value creation story of Iyogin Holdings, this report has been edited based on the logical structure shown in the figure below.

The "Integrated Report 2023" aims to promote opportunities for dialogue while allowing readers to gain a deeper understanding of the value creation process of Iyogin Holdings. Throughout the document, we have included all the main components necessary for interpreting our value creation process (the Group Corporate Credo, our long-term vision, business strategies, governance, etc.). In addition, we have assembled the components into an integrated storyline to illustrate the process. The figure below shows the logical structure (connection) of the main components that form the basis of the storyline.



# History of the Iyogin Group

Iyo Bank was founded in Kawanoishi, Honai-cho, Yawatahama-shi on March 15, 1878 as Ehime Prefecture's first national bank, the 29th National Bank. Iyo Bank has made efforts to stabilize regional financing and stimulate the local economy through the expansion, etc. of finance-related services by merging with other financial institutions and establishing group subsidiaries for leasing, securities, etc.

In October 2022, we made a transition to a holding company structure and established Iyogin Holdings, Inc. with the aim of responding as a more cohesive group to diversified and enhanced customer needs.

Based on our Group Corporate Credo of "creating a bright and prosperous future for the region," we thus aim to earn the unwavering trust of our shareholders, customers and local residents, which in turn will contribute to the realization of a sustainable society.

## 1878- Trust and strong customer base cultivated over many years

- 1878
  - Established "The 29th National Bank"
  - Established "The 52nd National Bank"
- 1934
  - Established "The Yoshu Bank"  
(The 29th National Bank merged with the Yawatahama Commercial Bank and the Ozu Bank)
- 1941
  - "Allied Iyo Bank" was established  
(The Imabari Commercial Bank merged with Matsuyama Gojuni Bank and the Yoshu Bank)
- 1951
  - Name changed to "Iyo Bank"
- 1974
  - Established "Iyogin General Leasing (currently Iyogin Leasing)"
- 1975
  - Established "Iyo Computer Service (currently Iyogin Computer Service)"
- 1978
  - Established "Iyo Credit Guaranty (currently Iyogin Credit Guaranty)"
- 1979
  - Established "The Iyogin Business Service (currently The Iyogin Business Service)"
- 1985
  - Established "Iyogin Capital (currently Iyogin Capital)"
- 1988
  - Established "Iyogin Regional Economy Research Center"
  - Established "Iyogin DC Card"
- 1990
  - Name changed to "Iyo Bank"
- 1992
  - Merged with Toho Mutual Bank

## 2005- Pursuing customer-oriented management while strengthening the business management system

- 2012
  - Established "Iyogin Securities (currently Shikoku Alliance Securities)"
- 2005
  - Acquired external credit ratings
- 2008
  - Approved for Basel II fundamental internal rating based approach
  - Obtained "Kurumin" certification mark for companies supporting child rearing
- 2010
  - Newly established "Ship Finance Office (currently Ship Finance Division)"
  - Opened "Iyogin Insurance Plaza"
- 2011
  - Introduced a benefit program for shareholders
  - Established CRM System
- 2012
  - Opened "Singapore Representative Office"
  - Opened "Internet Branch"
- 2014
  - Introduced executive officer system
  - Formulated "Declaration of Promotion of Women's Participation"

## 2015- Established a new business model, the "DHD model," that leverages the advantages of both people and digital technology

- 2016
  - Entered into "the TSUBASA Alliance"
  - Entered into "Shikoku Alliance"
- 2018
  - 140th anniversary of foundation
  - Established "Iyogin Challenge & Smile"
  - Established "Shikoku Alliance Capital"
- 2015
  - Transitioned to a company with an Audit and Supervisory Committee
  - Newly established the Advisory Board
  - Established the Corporate Governance Guideline
- 2016
  - Opened "Singapore Branch"
  - Introduced Satto Madoguchi (Quick Counter)
- 2017
  - Announced Our Commitment to Fiduciary Duty
  - Obtained "Platinum Kurumin" certification mark for companies supporting child rearing
  - Opened "Iyogin Kids' Land," a day-care center for children on a premise
  - Introduced a smartphone app "MONEY MANAGER"
- 2018
  - Formulated the Disclosure Policy
- 2019
  - Introduced AGENT tablets
  - Introduced "HOME," a smartphone-based digital housing loan service
- 2020
  - Established "Shikoku Brand"
  - Introduced the side job system
  - Introduced the complete flexible working hour system
  - Introduced "SAFETY," a digital card loan service
  - Introduced the business casual attire
  - Obtained "Eruboshi (three stars)" certification mark for companies excellent in efforts for promotion of women's participation).

## 2021- To become a corporate group that create and provide new value by further deepening and evolving the DHD model

- October 2022
  - Established "Iyogin Holdings"
- April 2023
  - Established "Iyogin Digital Solutions"
- 2021
  - Introduced Group Chief Officer System
  - Endorsed the TCFD Recommendations
  - Set targets for the reduction in CO<sub>2</sub> emission
  - Announced the policies on investments and loans for specified sectors
  - Newly established micro branches "Iyogin SMART"
  - Introduced "wevox," an engagement detection tool
  - Introduced a smartphone app "AGENT"
  - Introduced a life plan simulation tool "LIFE PALLETTE"
- 2022
  - Setting of sustainable finance target
  - Established the Sustainability Committee
  - Newly established function-specific branches "Iyogin SMARTplus"
  - Introduced "Iyogin-style job-based personnel system"
- 2023
  - Recognized in the "2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program" and chosen as one of the top 500 enterprises (White 500)
  - Announced our "Commitment to Diversity, Equity, and Inclusion (DE&I)"

# Sources of Competitive Advantages (Strengths)

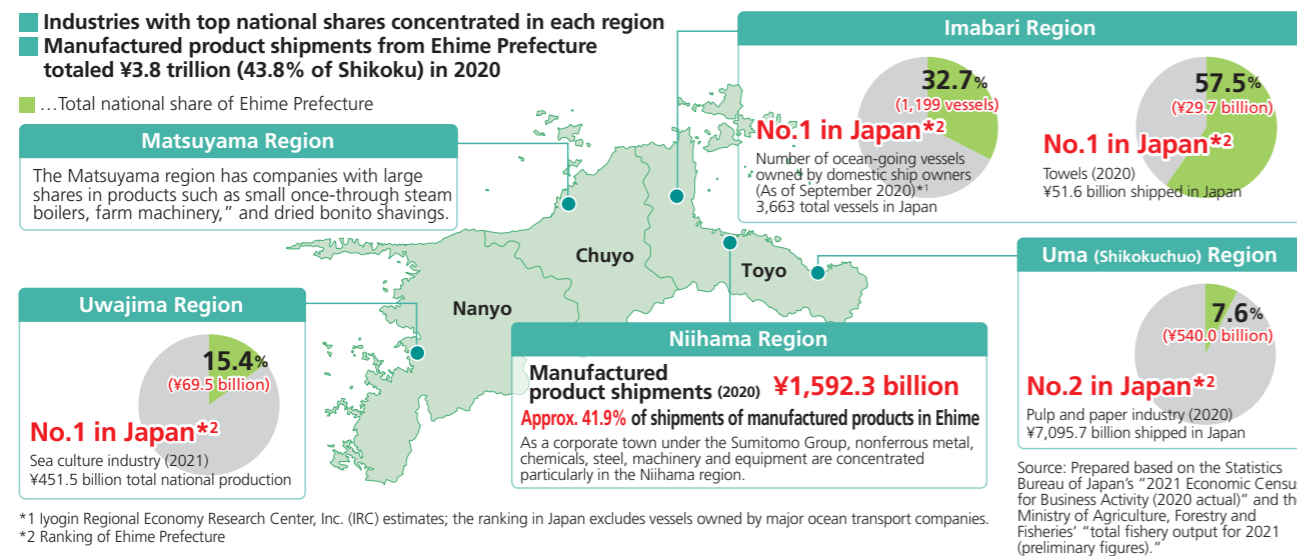
## Strength 1 Diverse Industrial Structures

Ehime Prefecture can be roughly divided into three regions: Toyo, Chuyo, and Nanyo.

Toyo serves as a top-class engine of the secondary industry in Japan. Imabari, a maritime city known for shipbuilding and ocean transport, is also the top national producer of towels. Furthermore, a range of industrial cities are found, including Niihama and Saijo, where manufacturers in the nonferrous metal, chemicals, steel and other industries are located, and Shikokuchuo, one of the best-known places in Japan for paper manufacturing and processing.

Chuyo is home to a variety of industries, mainly in the tertiary sector. The prefectural capital Matsuyama is known for tourism, represented by Dogo Onsen; commerce; and the service industry. Also located in the area are factories of large manufacturers, as well as large companies that enjoy high shares in small once-through steam boilers, farm machinery, and dried bonito shavings.

Nanyo is focused on the primary industry. Yawatahama is widely known as one of the largest citrus fruit producers in Japan. Uwajima and Ainan are known for the sea culture industry, producing cultured sea breams, yellowtails, and pearls, as well as for the manufacturing of food products, especially processed marine products.



## Strength 2 Strong Operating Base and Broad Regional Coverage

Iyo Bank, which is the core corporate of the Group, boasts the top amount of funds among regional banks in Shikoku. Headquartered in Ehime Prefecture, where the Bank has a 53.0% share in deposits and a 35.5% share in loans, we have established a strong operating base as the top bank in the region.

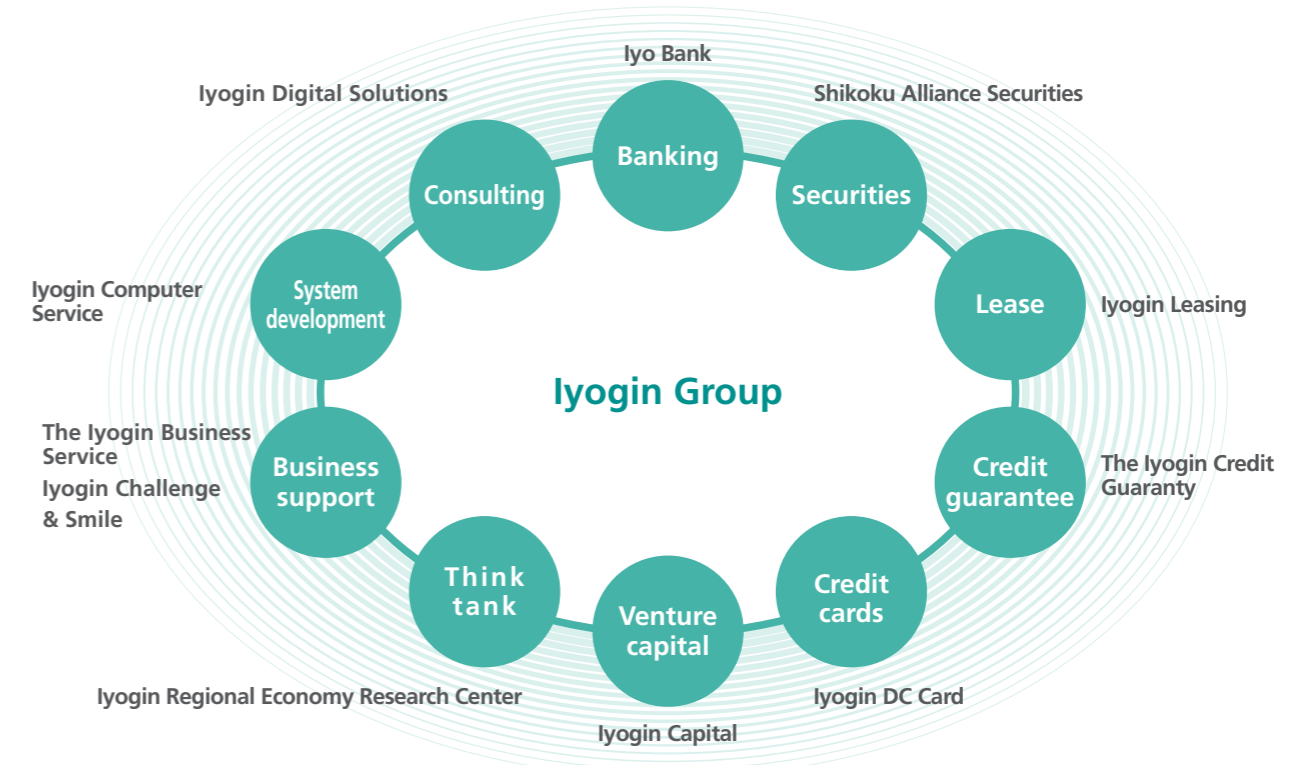
We have also created the No. 1 bank network among regional banks in terms of broad regional coverage, in 13 prefectures centered on the Setouchi region. The Bank has not only a strong operating base in Japan but also a branch in Singapore and representative offices in Hong Kong and Shanghai, building a structure that can support its customers.

To use our management resources efficiently while maintaining local contact points, we have been conducting a review of branch locations, including reorganization of branches. Simultaneously, we offer optimal services for our customers by developing new channels using digital technologies, in order to diversify customer contact points and improve convenience.



## Strength 3 Comprehensive Ability of the Group

The Group consists of 11 companies, which handle conventional banking, as well as securities, leases, credit guarantee, credit cards, venture capital operations, system development, think tank operations, business support, and other services, including a consulting company established in April 2023 to provide DX support, etc. for regional companies. The Group satisfies diverse needs of customers in the region by using the transition to a holding company structure as an opportunity to further accelerate integrated group management, and further enhancing the expertise of each company.



## Strength 4 Diverse Human Resources with Expertise

Since the past, the Group has considered that human resources capabilities as the source of competitiveness edge, based on the understanding that there is no excessive investment in human resource development. The Group has thus strived to develop human resources with a high level of expertise and a diverse range of skills.

In October 2022, the personnel system has undergone a major overhaul to better embody these ideas, which resulted in the introduction of the concept of "career fields" as one of the mechanisms to allow employees to play a more active role by enhancing their individual strengths and areas of expertise independently.

We aim to create a proactive learning environment and response to diversification of careers, while continuing to strive for a consulting group which can create and offer diverse types of value.

### Holders of advanced qualifications (As of March 31, 2023)

1st grade Certified Skilled Professional of Financial Planning, and CFP	181
Small and Medium-sized Enterprise Consultants	75
MBA's	5
Securities Analysts and Certified International Investment Analysts	83
Network Specialists	8
Employees with a TOEIC score of 700 or higher	92

# Earnings Overview

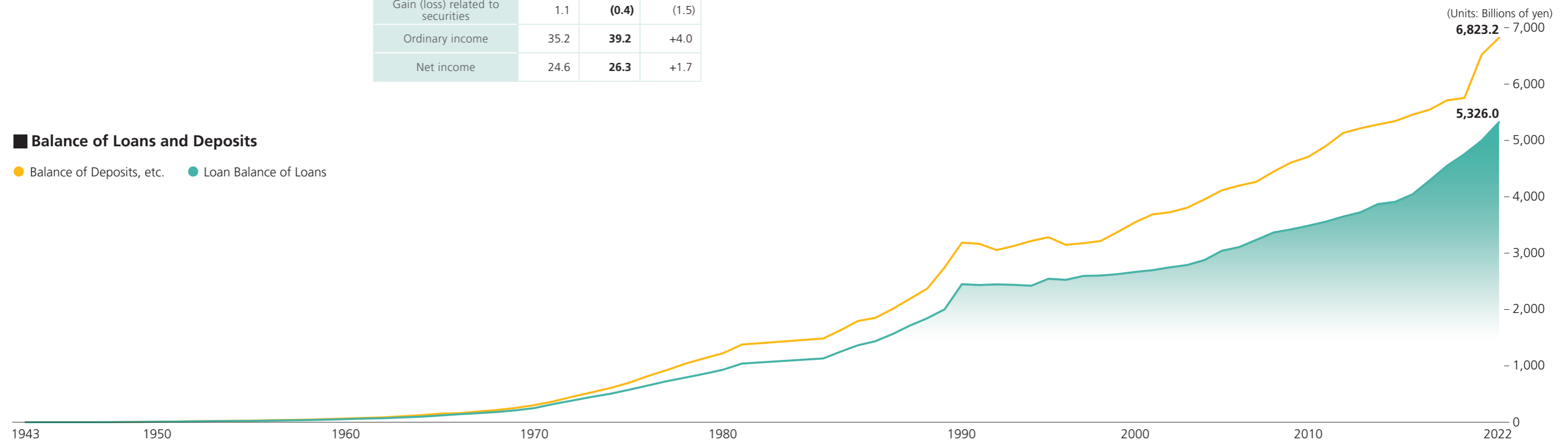
## Business Results for Fiscal 2022

In fiscal 2022, the business environment surrounding the Iyogin Group continued to be challenging, as exemplified by rising overseas interest rates against a backdrop of global inflation. Under such circumstances, we worked to increase the loan balance mainly in the Setouchi region which is the management foundation of the Group. In addition, in securities, we worked to improve profitability by promoting bond switching in response to market trends even in the situation where there was a stronger pressure to reduce margins in response to the rise in foreign interest rates. As a result, interest and dividend income amounted to ¥75.3 billion, up ¥2.7 billion year on year. On the other hand, other operating income decreased due in part to higher hedge costs using derivatives, resulting in a year-on-year decrease of ¥0.9 billion in consolidated core business gross profit to ¥89.5 billion. Despite the drop in profit, we have successfully continued to secure a high level of top-line profit.

In addition to securing the high level of core business gross profit, credit costs decreased by ¥6.8 billion year on year thanks to improvements in customers' business performance and reversal of preventive provisions for the COVID-19 pandemic which were recorded in the past. As a result, ordinary income amounted to ¥42.4 billion, up ¥4.2 billion year on year and profit attributable to owners of parent amounted to ¥27.8 billion, up ¥1.4 billion year on year. In terms of profit attributable to owners of parent, we posted a record-high profit on a consolidated basis.

## Balance of Loans and Deposits

● Balance of Deposits, etc. ● Loan Balance of Loans



(Units: Billions of yen)

The Company (consolidated)	Fiscal 2021	Fiscal 2022	YoY
Core business gross profit	90.4	<b>89.5</b>	(0.9)
Of which, interest and dividend income	72.6	<b>75.3</b>	+2.7
Of which, fees and commissions	9.3	<b>9.6</b>	+0.3
Of which, other operating income	8.4	<b>4.5</b>	(3.9)
Expenses (-)	51.6	<b>52.6</b>	+1.0
Core business net income	38.8	<b>36.8</b>	(2.0)
Credit costs (-)	4.3	<b>(2.5)</b>	(6.8)
Gain (loss) related to securities	1.1	<b>0.0</b>	(1.1)
Ordinary income	38.2	<b>42.4</b>	+4.2
Profit attributable to owners of parent	26.4	<b>27.8</b>	+1.4

Reference: Iyo Bank (non-consolidated)	Fiscal 2021	Fiscal 2022	YoY
Core business gross profit	84.5	<b>84.1</b>	(0.4)
Expenses (-)	49.0	<b>50.3</b>	+1.3
Core business net income	35.4	<b>33.7</b>	(1.7)
Credit costs (-)	4.2	<b>(2.8)</b>	(7.0)
Gain (loss) related to securities	1.1	<b>(0.4)</b>	(1.5)
Ordinary income	35.2	<b>39.2</b>	+4.0
Net income	24.6	<b>26.3</b>	+1.7

## Business Performance Forecasts for Fiscal 2023

In fiscal 2023, global inflation and monetary tightening will continue to pose risks of economic deterioration, and Japan may possibly turn from a long period of monetary easing. Accordingly, the Group believes that we will have to steer the business in more difficult circumstances than ever.

Even under such circumstances, we aim to continue securing a high level of core business gross profit, as we intend to continue to increase our balance of loans and deposits and also expect that the increased procurement cost burden due to higher foreign interest rates will peak out.

Profit attributable to owners of parent is expected to unavoidably decrease from the previous fiscal year, when a record-high profit was recorded, as expenses are expected to increase due to aggressive strategic investments and an increase in costs is also expected as a rebound from the reversal of credit costs in the previous year. However, we expect profit levels to remain favorable, exceeding the major numerical targets set forth in the Medium-Term Management Plan.

(Units: Billions of yen)

The Company (consolidated)	Fiscal 2023 forecasts	YoY
Core business gross profit	<b>90.5</b>	+1.0
Expenses (-)	<b>55.0</b>	+2.4
Core business net income	<b>35.5</b>	(1.3)
Credit costs (-)	<b>5.0</b>	+7.5
Gain (loss) related to securities	<b>2.5</b>	+2.5
Ordinary income	<b>36.0</b>	(6.4)
Profit attributable to owners of parent	<b>25.5</b>	(2.3)

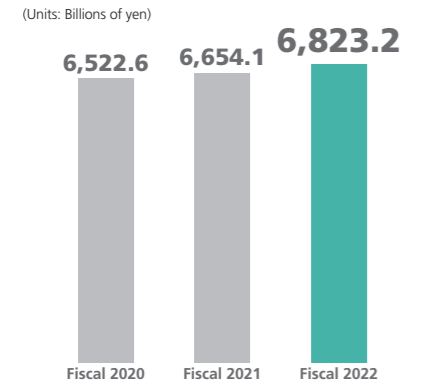
  

Reference: Iyo Bank (non-consolidated)	Fiscal 2023 forecasts	YoY
Core business gross profit	<b>85.0</b>	+0.9
Expenses (-)	<b>52.5</b>	+2.2
Core business net income	<b>32.5</b>	(1.2)
Ordinary income	<b>34.0</b>	(5.2)
Net income	<b>24.0</b>	(2.3)

# Financial and Non-Financial Highlights of the Group

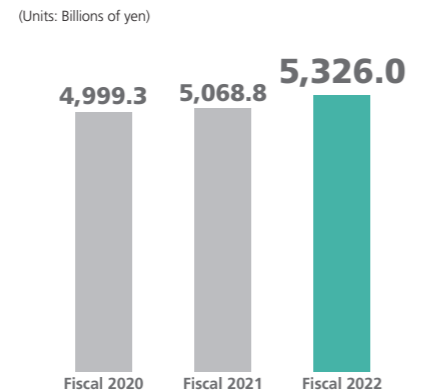
## Financial Highlights

### Balance of Deposits, etc. (Bank Nonconsolidated)



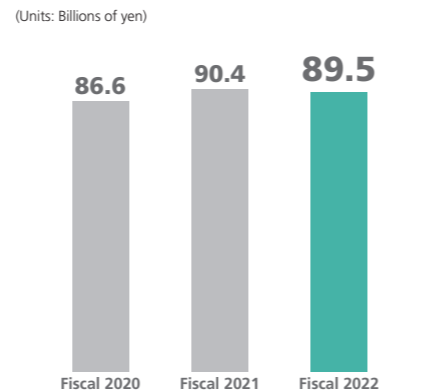
Against the backdrop of deepening relations with customers, balance of deposits, etc. continued to increase steadily, increasing by ¥169.1 billion (2.5%) year-on-year.

### Balance of Loans (Bank Nonconsolidated)



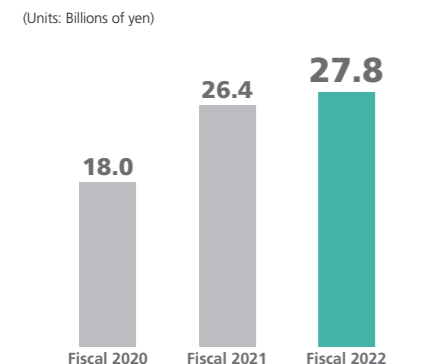
As a result of efforts to increase the balance of loans mainly in the Setouchi region, which is the base of the Company, the balance of loans increased steadily by ¥257.2 billion (5.1%) year-on-year.

### Consolidated Core Business Gross Profit



Although interest and dividend income increased due to the strengthening of loan initiatives, consolidated core business gross profit declined year on year mainly due to the recording of hedge costs using derivatives, but it remains at a high level.

### Profit Attributable to Owners of Parent



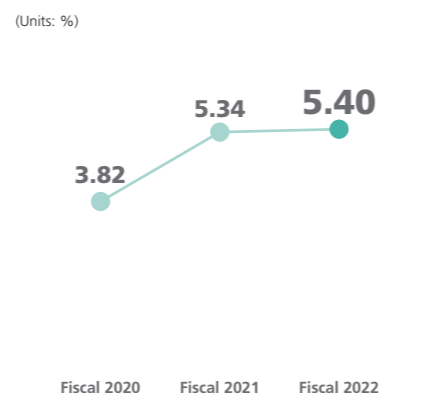
Profit attributable to owners of parent reached a record high on a consolidated basis. This was due to an increase in profit as a result of a decrease in credit costs, along with having secured a high level of core business gross profit.

### Consolidated Core OHR



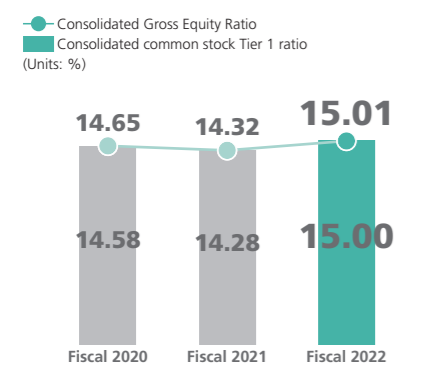
Consolidated core OHR remained at a low level and maintained high profitability, although it increased compared to the previous fiscal year mainly due to an increase in expenses due to aggressive strategic investments.

### Consolidated ROE (shareholders' equity basis)



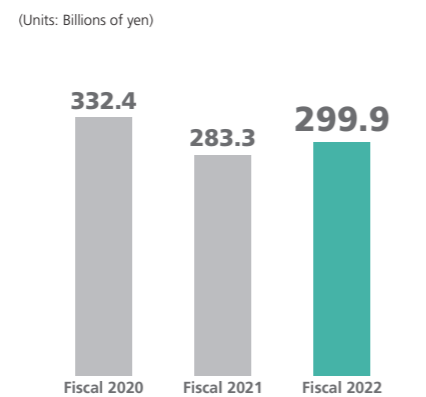
Consolidated ROE (on a shareholders' equity basis) continued to improve from the previous fiscal year due to the high level of profit attributable to owners of parent.

### Consolidated Gross Equity Ratio and Consolidated Common Stock Tier 1 Ratio



Consolidated Gross Equity Ratio and Consolidated Common Stock Tier 1 Ratio increased from the previous fiscal year. This was due to the enhancement of equity by accumulating profits, the improvement of business conditions of our customers, and the control of risk-weighted assets through portfolio control.

### Consolidated Evaluation Gain on Securities



Despite the continued high volatility of the market environment, including rising interest rates in the United States, we continued to maintain consolidated evaluation gain on securities at a top-class level among regional banks through operations that capture market trends.

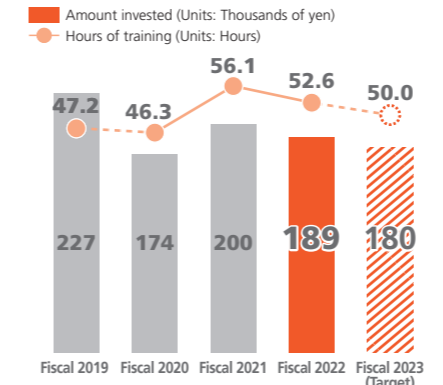
### Credit Ratings

Iyogin Holdings		
JCR	R&I	S&P
AA	A	—
Iyo Bank		
JCR	R&I	S&P
AA	A+	A-

Iyogin Holdings and Iyo Bank have been highly evaluated for their safety and credibility, including the acquisition of AA from Japan Credit Rating Agency (JCR).

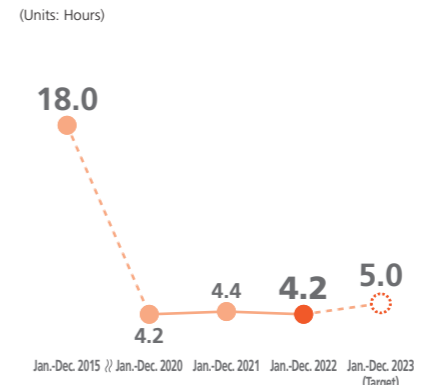
## Non-financial Highlights

### Investment Amount of HR Development/Hours of Training



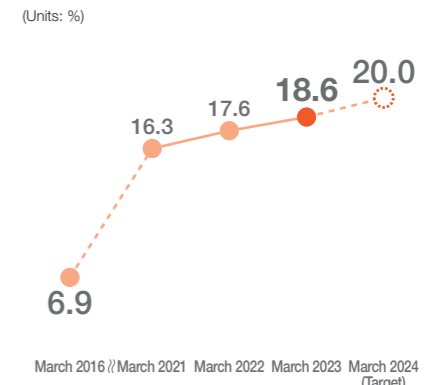
Due to an increase in remote training, the amount invested and the hours of training per employee are decreasing. However, we continue to actively invest in human resource development based on the belief that there is no excessive investment in human resource development.

### Overtime Work Hours



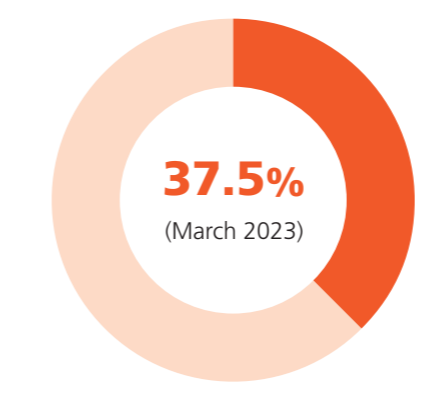
Due to the ongoing implementation of the "Smart Working Challenge," an initiative for work style reforms, the overtime working hours under Labor Standards Act has been reduced.

### Female Manager Ratio



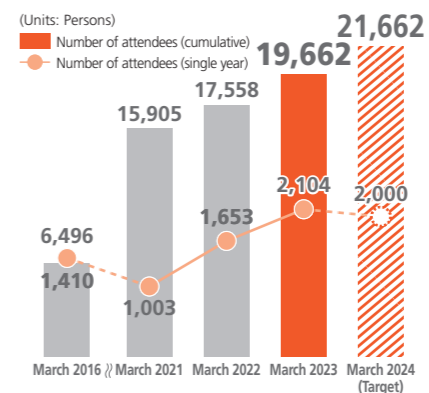
The female manager ratio is steadily increasing as a result of initiatives to promote women's participation, including active support for work-life balance and career building.

### Independent Outside Directors Ratio



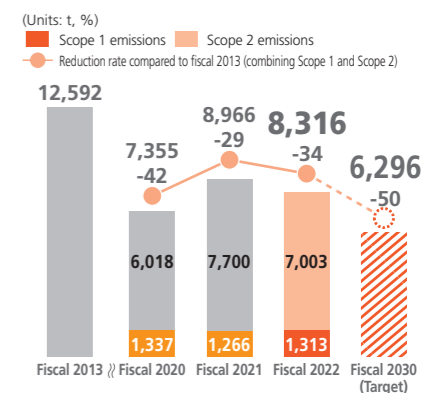
The ratio of independent directors among the directors is high at 37.5%, ensuring management transparency.

### Number of Students who Attended Financial Education Class



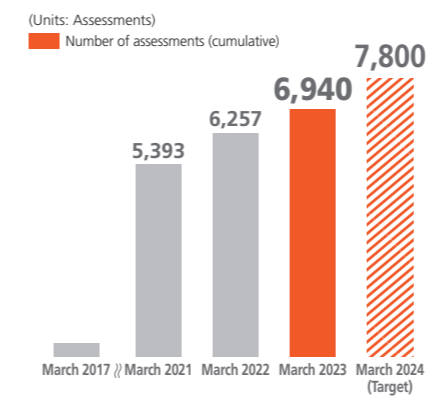
Face-to-face activities gradually returned in fiscal 2022. We received requests from facilities other than schools, such as community center activities and after-school children's clubs, and the number of visiting classes is increasing.

### CO2 Emissions Reduction Rate



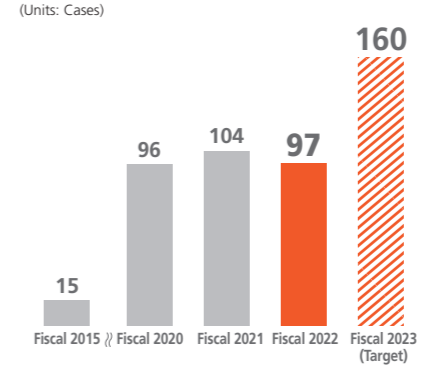
We are reducing CO2 emissions by reducing power consumption through various measures centered on facilities and the consolidation of branches.

### Number of Business Feasibility Assessments



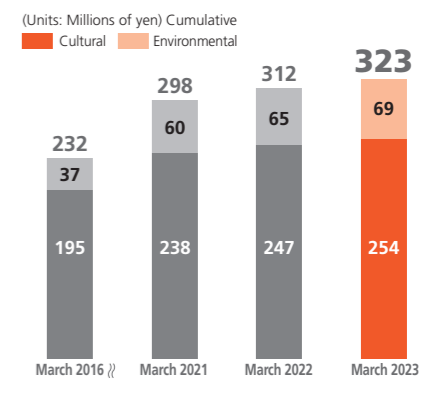
Business feasibility assessments have spread extensively mainly among major customers. By conducting business feasibility assessments, we are able to deepen our understanding of customers and identify and delve into issues.

### Number of Cases for Business Succession and M&As Support



We have established a one-stop support system covering reorganization, shifting to a holding company, and M&A support due to lack of successors, and provide support for approximately 100 cases per year.

### Subsidy Amount for Environmental and Cultural Organizations



By subsidizing a portion of the activity costs for organizations conducting environmental conservation activities and cultural activities, we are working to protect the environment and pass on regional culture.

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ホールディングス

株式会社  
伊予銀行

# Management Commitment

Striving to provide diverse services and value

## To all stakeholders:

The environment surrounding the Group is undergoing major changes, such as supply chain disruptions due to the emergence of geopolitical risks, soaring energy and raw material prices, the depreciation of the yen, and pressure on corporate earnings and household budgets due to rising prices. On the other hand, the impact of the COVID-19 pandemic, which has been ongoing since 2020, is gradually diminishing. In Ehime Prefecture, which is the base of the Group's business, we are beginning to see signs of recovery in demand, mainly in the tourism and shipbuilding industries.

In such a rapidly changing environment, we transitioned to a holding company structure in October last year and launched "Iyogin Holdings," thereby reaching a turning point in our history. Behind the transition was a whole array of factors, including prolongation of the low interest rate policy; economic structural changes such as changes in consumer behavior and population decline; advances in digital technology; and the diversification and sophistication of customer needs. In order to respond appropriately to these changes, we chose to become a holding company because we believe it is necessary to move away from the traditional bank-centered organizational structure and culture, and enable each Group company, including the Iyo Bank, to operate autonomously and flexibly.

The decision to transition to a holding company was a major one that took into consideration the past ten years and the next ten years.

Looking ahead, in order to continue to grow, the Group will always remember to adopt a customer-oriented approach and actively take on challenges in new fields without fear of failure or change.

**Kenji Miyoshi** Iyogin Holdings  
Representative Director and President

# Management Commitment

## A holding company structure that brings together the Group's comprehensive abilities

The Iyo Bank Group consists of a group of companies that operate a range of businesses in addition to the core banking business. These include operations related to securities, leases, guarantees, credit, venture capital, system development, think tank, and consulting. As we transitioned to a holding company structure in October last year, we believe that this enabled the horizontal alignment of the main operating companies, thereby forming a structure that facilitates the creation of group synergies. Taking this opportunity, we will further accelerate integrated group management and further enhance the expertise of each company, so as to meet the diverse needs of local customers in the region.

Regarding the purpose of the transition to a holding company structure, there are three main objectives: "expansion of business fields in light of relaxation of regulations," "enhanced group governance by strengthening business management functions," and "maximizing group synergies by changing employee and officer awareness and behavior."

First, let me explain how we aim for the expansion of our business fields in light of the relaxation of regulations.

Taking full advantage of the relaxation of regulations due to the revision of the Banking Act, we will strengthen our consulting services to solve emerging issues such as population decline and the need to improve productivity, as well as work on projects that contribute to regional sustainability, in order to improve our problem solving and earnings power.

Accordingly, in April of this year, we established "Iyogin Digital Solutions" as a consulting company that utilizes digital technology. It is a new company that provides support for digital transformation (DX), which is a management issue that many of our customers of SMEs struggle with. Through consulting proposals that utilize digital technology, Iyogin Digital Solutions will work to solve customers' problems, while aiming to create profit opportunities in non-financial fields.

Next, we also strive to enhance group governance by strengthening our business management functions. Our core subsidiary Iyo Bank became the first regional bank to announce its transition to a company with an Audit and Supervisory Committee in 2015, aiming for its separation of the execution and supervision functions. Therefore, as a Group, we have already been working on strengthening governance and speeding up decision-making.

With the transition to a holding company structure, the holding company will now manage and supervise the Group companies, including the bank, and optimize the allocation of management resources, such as human resources. Therefore, we have established a system that allows each Group company to focus more on its own operations. Going forward, we aim to further strengthen our business management functions as a Group.

Finally, we aim to maximize group synergies by changing employee and officer awareness and behavior. Up until now, Iyo Bank has often been the starting point for activities that provide value to customers, such as consulting services or the offering of solutions, and the independence of the Group companies has not necessarily been prioritized. Since Iyo Bank is the core company of the Group, it will continue to function as a hub for the Group companies in the future. However, in order to improve our ability to provide comprehensive value, we believe it is important for us to demonstrate group synergies by bringing together knowledge and ideas from across the Group.

Therefore, instead of centering their operations around Iyo Bank like before, going forward, we believe it will be necessary for each operating company to take on the challenge of entering new business fields, and providing support to customers who are resolving their issues.

By adopting such a system, we can bring about a change in the awareness of the employees of each Group company, and create an autonomous corporate culture that fosters a sense of ownership, where employees believe "it is the Group's responsibility to solve the problems that our customers face."



The newly established consulting company mentioned above was actually born from the idea of a mid-career bank employee, and we believe that we will continue to see more of such ambitious initiatives in the future.

However, when discussing operating bases, besides the width of the coverage, the depth is important as well. I believe that services related to deposits and loans are the barometer of trust for us as a regional financial institution. Over our 145-year long history, we have continuously kept important funds and provided appropriate financial intermediation, which allowed us to build deep and strong relationships with the local community. Even after becoming a holding company, we will continue to strengthen our relationships with customers and deepen the relationships in new fields by focusing on increasing deposits and loans, which are traditional banking services.

In addition, in a survey of "financial institutions recognized as main banks by companies in the Shikoku area" published by a credit research company, Iyo Bank's share was 21.67%, the only company that exceeded 20% for the second consecutive year, making it the top bank in the region. Moreover, our share of deposits in Ehime Prefecture exceeds 50%, which shows the overwhelming support that we receive from local residents.

## Ship finance and market investment contributed to business performance in the previous fiscal year

For the fiscal year ended March 31, 2023, the consolidated ordinary revenue of Iyogin Holdings was ¥172,954 million, consolidated ordinary income was ¥42,415 million, and profit attributable to owners of parent was ¥27,899 million. As this is the first settlement of accounts since our transition to a holding company structure, we cannot make a simple comparison with the previous fiscal year. Nonetheless, our performance was robust.

One of the factors supporting our strong business performance was ship finance, a distinctive business of the Group. Imabari is a maritime city in Ehime Prefecture with a concentration of ship-related companies in the ocean transport, shipbuilding, and ship machinery industries. Since 99.5% of Japan's imports and exports are conducted using ships, as a trading nation, ships are indispensable to Japan. From a global perspective, we consider maritime-related industries to be growth industries as the world population continues to grow, and we will continue to support such local industries through appropriate and bold risk-taking.

Market investment is another factor that supported our solid performance. The Group has traditionally placed great emphasis on making market investments with a thorough awareness of the portfolio balance. For instance, in the previous fiscal year, amid rising interest rates overseas, we flexibly proceeded with replacement trading that captured the market trends, thereby securing gains on the sale of bonds including JBGs while improving the profitability of our portfolio.

On the other hand, as a revenue-related issue, we believe there is room for further enhancement in our non-interest revenue. The Group aims to build a sales structure based on customer experience value (CX), and to increase non-interest revenue by properly understanding the needs and

## The region's diverse industrial structures and our operating base are our strengths

The industrial structure of Ehime Prefecture, where the Group is based, consists of a well-balanced portfolio ranging from the primary industry to the tertiary industry.

The Nanyo region has a thriving primary industry and is one of the leading citrus fruit production areas in Japan. Its sea culture industry also boasts one of the highest production volumes in Japan for products such as sea bream, yellowtail, and pearls. The Toyo region is at the center of the secondary industry in the prefecture, boasting shipbuilding, paper and pulp industries, chemicals and general machinery. A variety of industrial cities are closely situated in the region, and collaborations between these industrial clusters have the potential to increase their international competitiveness and strengthen the supply chain. The Chuyo region focuses on tourism, represented by destinations such as Dogo Onsen and the Matsuyama Castle; commerce, and the service industry. Furthermore, also located in the area are factories of large manufacturers, as well as large companies that enjoy high shares in small once-through steam boilers, farm machinery, and dried bonito shavings. The vitality of these local industries is a source of the Group's strength.

In addition, the Group has been building up an operating base that can contribute to the industrial development of the Setouchi region, mainly in Ehime Prefecture. Our domestic sales offices are spread over a wide area across 13 prefectures, and collectively they form the largest branch network among the regional banks. We also have bases in three overseas locations (Singapore, Hong Kong, and Shanghai), and have therefore established a strong operating base.

## Structure of the Group



\*Company that engages in special advanced banking services (Trade name: Shikoku Brand)



# Management Commitment

management issues of customers with whom we do business, which includes transactions of deposits and loans, and by providing even greater value than before.

## Basis of the Group's management: Deepening and evolving the "DHD model"

The goal of "deepening and evolving the DHD model" is at the core of our efforts to realize our long-term vision of becoming "a corporate group that continues to create and provide new value." DHD (digital, human, digital) refers to a service model with three steps. First, we create a mechanism for seamless contact and continuous connection with customers through the use of D (digital touch points). Then, through H (human consulting), we make customer-oriented proposals with a sense of warmth that is unique to humans. Finally, through D (digital operations), we can make various procedures paperless and shorten processing time, so that procedures can be completed without the need to visit a store. This DHD model is not an end, but rather a means to enhance CX, and is positioned as something to be worked on together with the "creation of new services and businesses" and "review of existing businesses." Some of the digital services we have launched have not produced the results that we had originally envisioned. While it is necessary to make some upfront investments with an eye to the future, we also need to conduct an examination of our services in detail with a keen awareness of ROI. Going forward, we will continue to repeat the trial and error process to further deepen and evolve the DHD model. Moreover, by having the entire Group work as a whole to reform our business model, we will aim for sustainable growth and enhancement of our corporate value.

## Using digitalization to maximize the value of human resources

The DHD model started with a simple concept: "To be the bank with the simplest administrative procedures in Japan." Its digital aspects, such as improvements in customer convenience and reduction in the burden of clerical work, often attract attention, but the important point is the "H: human" in between. In other words, human resources are key. By shifting the manpower and time created by digitalization to operations that contribute to strengthening profitability, we wish to refine our human resource capabilities by "increasing the role that humans ought to play."

In particular, we are focusing on using the unique capabilities of human employees to make consulting proposals that aim to solve the problems of each and every customer, which can include issues related to financing, asset management, business succession and inheritance measures. Recently, we have introduced loan systems such as the "Accompaniment Support-Type Special Guarantee System" for business operators who were affected by the COVID-19 pandemic, and we are actively working with our customers to rebuild their management. Furthermore, in response to

diversifying inheritance needs, in addition to a rich lineup of life insurance products, we provide a wide range of services such as will writing support, civil trusts, and inheritance arrangement services. By implementing personalized consulting to accommodate our customers' wishes, we have achieved a certain level of results, such as a significant increase in the number of contracts.

As a result of promoting this DHD model, there has also been a reduction in the amount of overtime work. Banks used to be famous as an industry with a lot of overtime, but digitalization is allowing us to make steady progress in our work style reforms.

## Introduced "career fields" to cultivate diverse human resources with expertise

As I have mentioned above in "deepening and evolving the 'DHD model,'" humans will play a role that is as important or even more important than digital technologies. In the human portion of the model, the question is how much value can we add.

While human capital management has come under the spotlight in recent years, the Group has been considering human resource capabilities as the biggest source of competitiveness edge for years, based on the understanding that there is no excessive investment in human resource development. The Group has thus strived to develop human resources with a high level of expertise and a diverse range of skills.

In October of last year, we made major revisions to our personnel system for the first time in six years, and introduced the concept of "career fields" as a mechanism for employees to grow while further improving their strengths and fields of expertise. In a diversifying society, we aim to develop "co-creative human resources with advanced expertise" and "specialists by fields" with more advanced knowledge and skills.



In order to shift our policy from the development of generalists to the development of human resources with fields of expertise, we have established eight subdivided fields: corporation, individual, ship, market, technology, planning, risk management, and support. We promote "career autonomy" for our employees. This is where employees recognize at an early stage which field they want to build their career in, and autonomously improve their abilities in the field that they have chosen.

We believe we also need "T-type human resources" who have excellent abilities in one of the eight fields, "Π-type human resources" who have two specialties, and "I-type human resources" who are super-specialized personnel, while assuming all of these human resources have various job experience. Whether we get a T, Π, or I, developing personnel in this way will lead to diversity in human resources.

Taking the digital and technology fields as an example, many regional bank groups jointly operate or outsource their core systems. In contrast, as the Group has around 240 personnel with system development and operation skills, our core system can be run entirely within the Group. This is one of the Group's strengths, as there are few other examples of companies that have secured such a large number of human resources in their group. However, in order to further deepen and evolve the DHD model, it is essential for us to have "digital business personnel" who not only have "digital" knowledge but also have "business" perspectives. Accordingly, we will utilize various training programs, short-term trainee courses, OJT, and secondment opportunities to progressively develop highly skilled human resources.



## Next medium-term management plan is based on sustainability

"Creating a bright and prosperous future for the region" is the Group Corporate Credo as well as the meaning of existence of the Group. This philosophy has always guided our actions, and will never change in the future.

On the other hand, the environment surrounding the Group is changing rapidly and intensely. In order for the Group to

adapt to these changes, continue to meet the expectations of local communities and customers, and continue to sustainably exist as a group, we believe that it is necessary to continue deepening and evolving our business model.

To that end, we must be aware of the elements that constitute corporate value. In recent years, there has been a shift from using short-term financial indicators to using medium- to long-term non-financial indicators, and the rules of the competition are changing globally. Hence, there is a need to increase social and economic value by resolving various local issues. In other words, we believe that our role is to sustainably generate "earning power" not only for us but also for the region.

Based on this perspective, in the next medium-term management plan that will begin in fiscal 2024, which will be our first as a holding company, we would like to make a plan that is more conscious of the Group companies. Also, we recognize that this fiscal year will be an important one in laying the groundwork for the plan. Including the concept of "human capital," we will identify important items (materialities) among various social issues that greatly affect the value creation of the Group. Moreover, in order to achieve both the resolution of social issues and the enhancement of the Group's earning power, we believe we should formulate a management plan based on sustainability.

In addition, we recognize that the recent debate on the PBR is an important issue. However, based on the basic approaches that have been described so far, while drawing up a model of future growth for the region and for ourselves, we will endeavor to strike an optimal balance between the three items: maintain a capital buffer for risk-taking activities; improve ROE through making investments for growth; and provide appropriate returns to investors. Furthermore, we will actively communicate with investors.

## Constantly challenging ourselves to do better

In all aspects of my life, I have always embraced the phrase "sail through uncharted waters valiantly" as my creed. This creed embodies the spirit of boldly challenging unexplored fields, overcoming difficulties and trials, and creating a new future. Even before I became the President of Iyo Bank, I have valued this creed in my professional life. In addition, I believe that "maintaining the status quo is regressing," and that we should take on challenges that are necessary for the future, even if there are no precedents. However, amidst the trend of general business companies entering the financial industry, as a bank, it is currently difficult to take on new challenges. Nonetheless, the recent revision of the Banking Act has relaxed various regulations, making it easier for us to take on the challenge of addressing the needs and deficiencies of local communities.

Going forward, we will continue to provide new value to local communities, and strive to return profits to our shareholders and investors. We sincerely hope that you will continue to support the Group in all our future endeavors.

# Special Feature Human Capital Management

## Message from General Manager, the Personnel Planning Division

My name is Sugino, and I was appointed as General Manager of the Personnel Planning Division in March 2023.

I would like to share my thoughts with stakeholders both within and outside the Group regarding the human resource strategies for the Group to continue growing sustainably as “a corporate group that continues to create and provide new value.”

### Rika Sugino, General Manager, the Personnel Planning Division and General Manager, the Wellness Management Promotion Department (Career Summary)

April 1995	Joined Iyo Bank
January 2008	Took childcare leave
September 2010	Took childcare leave
April 2018	Deputy General Manager, the Corporate Planning Division, Shikoku Alliance Securities
June 2020	Manager, the Corporate & Retail Banking Planning Division (currently Business Marketing Division), Iyo Bank
August 2021	Deputy General Manager, the Human Resources Division, Iyo Bank
October 2022	Deputy General Manager, the Personnel Planning Division, the Company;
March 2023	Deputy General Manager, the Human Resources Division, Iyo Bank; General Manager, the Personnel Planning Division; General Manager, the Wellness Management Promotion Department, the Company; General Manager, the Human Resources Division, Iyo Bank; General Manager, the Diversity & Inclusion Promotion Department; General Manager, the Wellness Management Promotion Department, (current position)



Rika Sugino General Manager, the Personnel Planning Division

## Enhancing corporate value via realization of Well-Being

Human resources are the source and the core capital of the Group’s competitive advantage. Human capital management, which has been attracting attention in recent years, is a management style that treats human resources as “capital,” and maximizes their value to enhance corporate value over the medium to long term. However, in order to maximize the value of human resources, the employees themselves have to be in good condition physically, mentally and socially. In other words, their well-being is essential. Therefore, we aim to realize the five elements of Well-Being (career, social, financial, physical, and community) for all Group employees by implementing various human resource strategies. Accordingly, we would like to create a virtuous cycle that strengthens human capital and leads to the enhancement of corporate value.

## Employees’ career autonomy

In the financial industry in which we operate, as customer needs have become more diverse and complex, the services demanded by customers are expanding beyond the boundaries that separate the financial and non-financial sectors, and the level of expertise required for each of those services is also rising. Against this backdrop, in October 2022, we revised our personnel system to develop “co-creative human resources with advanced expertise” and “specialists by fields” throughout the Group. Accordingly, we believe our top priority to spread this new personnel system throughout the Group and to operate it appropriately.

In the new personnel system, we have introduced a new concept of “career fields.” One of the objectives of this measure is to drive “career autonomy,” by encouraging employees to autonomously improve their abilities and skills in the fields that they have chosen. In order to support employees’ “career autonomy,” we would like to actively invest in human resource development, such as development of a training system for each career field and an environment where employees can learn autonomously, under the basic principle of “there is no excessive investment in human resource development.” Moreover, we would like to realize optimal personnel allocation, as putting the right person in the right place or finding the right person for the right place allows the human resources, which we have developed through the implementation of various training measures, to fully demonstrate their capabilities. This would also improve the Career Well-Being of our employees.

## Developing an environment that improves engagement

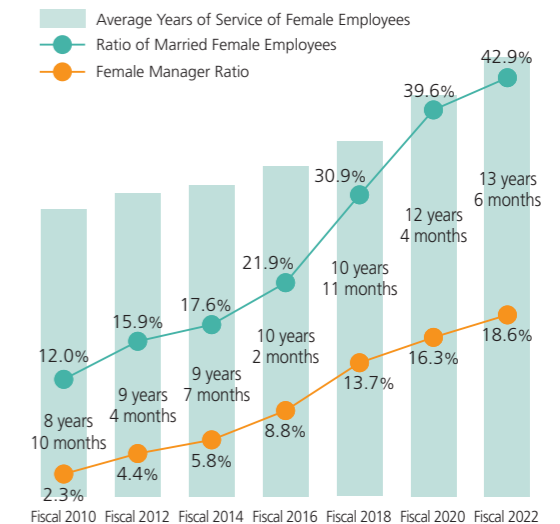
In order for our human resources to fully demonstrate their capabilities, it is essential to develop a working environment where they can work with a high degree of engagement. Therefore, we are actively endeavoring to improve the working environment by centering on the work style reforms, DE&I (diversity, equity and inclusion), and health management. Through these initiatives, we believe we can realize the Well-Being for our employees.

## Achieving genuine participation of women

In recent years, as a result of proactive efforts to develop an environment centered on work-life balance support systems, the rate of married female employees, which was around 10% about a decade ago, has now risen to more than 40%. In addition, the average years of service of female employees, which used to be less than 10 years, has increased to over 13 years, proving that we have established an environment that allows for women’s continuous employment.

Although the female manager ratio has steadily increased compared to 10 years ago when it was less than 5%, it is still low at 18.6% (as of March 31, 2023). I would like to drive the movement to the next level and support women in their career development, thereby promoting “women’s participation” in the original sense of the phrase.

To that end, I will make the most of the fact that I am a woman to foster an organizational climate that overcomes unconscious biases, acknowledges the diverse range of individualities more than ever, and deepens mutual understanding. Accordingly, this enables the achievement of genuine participation of women, and of DE&I.



## From “D&I” to “DE&I”

Up until now, we have been working on D&I with a focus on promoting the women’s participation. However, we would like to become an organization where each and every one of our diverse employees can have opportunities to take on challenges according to their individuality, and make full use of those opportunities. Hence, in May 2023, we announced our Commitment to DE&I to further clarify the concept of “equity.” Going forward, we will develop various DE&I measures based on the Commitment to DE&I, and the Group will aim to be a company where people can work comfortably, at which people want to work, and which contributes to creation of the region’s future as growing with it in the region.

### Iyogin Group’s Commitment to DE&I

In order to create a workplace where each and every employee can fully demonstrate their unique abilities, we are further promoting DE&I and aiming to be a company where people can work comfortably, at which people want to work, and which contributes to the creation of the region’s future as growing with it in the region.

<b>Diversity</b>	We will deepen our mutual understanding by recognizing the diverse range of individual characteristics, such as gender, age, nationality, presence or absence of disability, SOGIE, life course, health condition, work style, way of life, and way of thinking.
<b>Equity</b>	We will pursue equity so that each and every employee can have opportunities to take on challenges according to their individuality, and make full use of those opportunities.
<b>Inclusion</b>	We will create a workplace that provides a strong sense of emotional safety, where each and every employee can develop their unique strengths and play an active role.

# Special Feature Human Capital Management

The Group positions human resources as one of the sources of its competitive advantage. Accordingly, we are working on human resource development and on improving the working environment, aiming to realize the five elements of Well-Being (career, social, financial, physical, and community) for all Group employees.

## Overview of human capital management and KPIs

	Input	Main Measures
Human resource development	Co-creative human resources with advanced expertise	<ul style="list-style-type: none"> <li>Development of human resources with fields of expertise Develop a personnel system that cultivates strengths; understand each employee's aptitude and enhance their experience</li> <li>Establishment of an environment which facilitates autonomous learning Make career paths and skills visualized; create an environment where employees can learn at any time, anywhere</li> <li>Response to diversification of careers Reform training programs (increase level of freedom and options); strengthen implementation of career interviews</li> </ul>
	Specialists by fields	<ul style="list-style-type: none"> <li>Develop personnel for the corporation/individual/ship/planning fields</li> <li>Develop of market personnel</li> <li>Develop technology personnel</li> <li>Develop of planning (digital business) personnel</li> </ul>
Arranging the internal environment	Work style reforms	<ul style="list-style-type: none"> <li>Arranging an environment where autonomous and diverse ways of working are possible Initiative for work style reforms "Smart Working Challenge"</li> <li>Arranging a workplace environment providing "motivation" and "job satisfaction" (increasing engagement) Raise base and starting salaries (implemented in April 2023)</li> </ul>
	DE&I	<ul style="list-style-type: none"> <li>Arranging the environment where everybody can actively work regardless of age, gender, etc. Personnel system under which highly individualistic talents can be fully utilized</li> <li>Actively promoting women's participation Encourage men to participate in child rearing; develop a comprehensive work-life balance support system</li> </ul>
	Health management	<ul style="list-style-type: none"> <li>Population approach Lend out wearable terminals; subsidize costs for medical examination</li> <li>High-risk approach Obligate employees at 40 years old or over to undergo medical examination; provide health guidance using the health management system</li> </ul>

## Well-Being at the Iyogin Group

Better work, better life.

KPI	Fiscal 2022 Results	Targets for Fiscal 2023	Outcome
Investment amount of HR development (per employee training-related costs)	¥189,000	¥180,000 or more	Career Well-Being
Hours of HR development training (per employee training hours)	52.6 hours	50 hours or more	
Number of employees assigned through in-house recruitment system	13	15 or more	
Holders of Information Technology Passport	674	750 or more	Social Well-Being
Number of mid-career hires	12	15 or more	
Holders of advanced qualifications	540	570 or more	Financial Well-Being
Overtime work hours	4.2 hours	5 hours or less	
Paid leave utilization rate	79.6%	75% or more	
Engagement score (wevox)	70	72 or more	Physical Well-Being
Utilization rate of corporation DC	77.5%	80% or more	
Female manager ratio	18.6%	20% or more	Community Well-Being
Average years of service of female employees	13 years 6 months	15 years or more	
Acquisition rate of childcare leave, etc. of men	139.0%	100% or more	
Employment rate of persons with disabilities	2.28%	2.3% or more	
Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level)	35.8%	35% or less	
Emotional indicator (stress checks)	81	75 or less	
Employment indicator (absenteeism)	1.8 days	1.5 days or less	
Employment indicator (presenteeism)	21%	15% or less	

# Special Feature Human Capital Management

## Basic Policy on Human Resource Development

Under a basic idea of “originating from customers,” we are working on human resource development with the aim of becoming a consulting group that can create and offer diverse types of value. This is done by putting the right person in the right place or finding the right person for the right place and allowing “co-creative human resources with advanced expertise” and “specialists by fields” to create their strengths, improve their area of expertise, and fully demonstrate their capabilities.

### Co-creative human resources with advanced expertise (Improving base skills)

Career

Base skills range from common sense, morals, and general manners to business skills and finance and IT literacy. They also include basic knowledge and skills about corporate and individual operations required for a wide range of employees. We expect all employees to identify and develop their strengths and improve base skills to collectively form a group of consultants. To that end, we are promoting various measures in line with the revision of the personnel system and in cooperation with specialized divisions, centered around these main pillars: (1) personnel with an area of expertise; (2) establishment of an environment which facilitates autonomous learning; and (3) response to diversification of careers.

When we revised our personnel system in October 2022, in order to encourage greater autonomy in employees’ cultivation of their fields of expertise and improvement of their specialized skills, we established eight career fields: corporation, individual, ship, market, technology, planning, risk management, and support. In addition, we support the further growth of employees through initiatives including: expansion of various training systems that provide a variety of challenges and opportunities for new experiences; provision of diverse learning methods, including online ones, and expansion of methods for self-development; and the external dispatching of employees.

KPI	Additional notes	Target	Fiscal 2019 Results	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results
Investment amount of HR development	Per employee training-related costs*1	¥180,000	¥227,000	¥174,000	¥200,000	¥189,000
Hours of HR development training	Per employee training hours*2	50 hours	47.2 hours	46.3 hours	56.1 hours	52.6 hours
Number of employees assigned through in-house recruitment system		15	15	22	18	13
Holders of Information Technology Passport		750	276	420	540	674

\*1 Only applicable to employees of Iyogin Bank (non-consolidated)  
 Venue costs for training sessions (including utility costs and maintenance costs), external lecturer costs, teaching materials costs, costs for dispatching to external institutions, system costs related to training, incentives for acquiring official qualifications, travel costs for training, tuition fees, amount equivalent to personnel expenses for training participants, amount equivalent to personnel expenses for employees seconded for training purposes, etc. (excluding voluntary participation in holiday seminars and study sessions organized by each department)  
 \*2 Only applicable to employees of Iyogin Bank (non-consolidated)  
 Including hours taken by employees seconded for training purposes (excluding voluntary participation in holiday seminars and study sessions organized by each department, and training and seminars voluntarily attended by employees)

Items to be Assessed	Targets for Fiscal 2023	Fiscal 2019 Results	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results	
Co-creative human resources with advanced expertise (Improving base skills)	Match rate with wishes of career fields*1	90% or more	—	—	—	95.3%
	Number of participants in short-term trainee training*2	50 or more	15	23	37	50
	Number of participants of in-house training	3,000 or more	2,565	2,223	3,069	2,843
	Number of employees dispatched for external training (short-term)	100 or more	83	21	77	98
	Number of employees dispatched for external training (long-term/secondment)	15 or more	19	15	21	14
Digital business personnel (starters)*3	136 or more	—	—	24	80	

\*1 Match rate between “(a) career field of duties that employees are currently performing” and “(b) those of duties that they wish to do (including their second choice)” = (b)/(a)  
 \*2 Number of participants in short-term trainee training (Funds Operation & Securities Division, International Division, Corporate Consulting Division, digital personnel (ICT Strategy Planning Department, Business Marketing Division, Personal Consulting Division), Ship Finance Division, Systems Development Division, Regional Vitalization Division, Shikoku Alliance Securities) by year  
 \*3 Total number of participants in the “Digital Business Basic Training” and the “Digital Business Short-term Trainee Training”

### Specialists by fields (Improving special skills)

Career

As for “special skills,” we have classified areas and personnel that require advanced specialized knowledge and skills into four fields: “corporation/individual/ship/planning,” “market,” “technology,” and “planning (digital business).” We are conducting various measures in each of the fields.

We aim to improve special skills by conducting training centered on specialized divisions at the headquarters, and dispatching personnel to specialized institutions, including those outside the Group. Furthermore, we establish the “advanced qualifications” for each field, and promote autonomous learning and the acquisition of qualifications by employees. Accordingly, we can develop human resources who can provide more advanced and diverse value to customers.

Furthermore, utilizing the “professional course” newly established in the revision of the personnel system in October 2022, we will promote the appointment of human resources with even more specialized knowledge and experience, in fields other than banking. We also plan to actively engage in mid-career hiring of personnel from the outside.

KPI	Additional notes	Target	Fiscal 2019 Results	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results
Number of mid-career hires	Number of mid-career hires for the entire Group (including re-employment and appointment)	15	23	14	12	12
Holders of advanced qualifications	Number of employees with qualifications for which points are added in promotion reviews*	570	416	466	504	540

\*Attorneys, Certified Public Accountants, Certified Public Tax Accountants, judicial scriveners, Real Estate Appraisers, MBAs, Small and Medium-sized Enterprise Consultants, land and building investigators, 1st grade Certified Skilled Professionals of Financial Planning, CFPs, 1st grade Official Business Skill Test in Bookkeeping, 1st and 2nd grade Medical Management Specialists, senior PBs, customs specialists, International Business Advisers certified by AIBA, Labor and Social Security Attorneys, 1st grade Certified Care Welfare Management Specialists, advanced agricultural management advisors, patent attorneys, TOEIC score of 700 or higher, Test in Practical English Proficiency Grade Pre-1 or higher, Level 1 Chinese Proficiency Test, 1st-class architects, securities analysts, Certified International Investment Analysts, Information Technology Strategists, System Architects, Project Managers, Network Specialists, Database Specialists, Embedded Systems Specialists, Information Technology Service Managers, Systems Auditors, Registered Information Security Specialists, Japan Statistical Society Certificate Grade 1, 1st grade Certified Skilled Workers of Web Design, Internal Financial Auditors, and Certified Internal Auditors (CIAs)

Items to be Assessed	Targets for Fiscal 2023	Fiscal 2019 Results	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results	
Specialists by fields (Improving special skills)	Digital business personnel (Operating Personnel)*1	—	—	—	40	
	Holders of advanced qualifications	570	416	466	504	540
	Of which, personnel for corporation/individual/ship/planning*2	—	330	377	409	434
	Of which, market personnel*3	—	70	74	79	83
Of which, technology/planning (digital business) personnel*4	—	16	15	16	23	

\*1 Total number of participants in the “Digital Business Practical Training”  
 \*2 Number of employee with “advanced qualifications” of Attorneys, Certified Public Accountants, Certified Public Tax Accountants, judicial scriveners, Real Estate Appraisers, MBAs, Small and Medium-sized Enterprise Consultants, land and building investigators, 1st grade Certified Skilled Professionals of Financial Planning, CFPs, 1st grade Official Business Skill Test in Bookkeeping, 1st and 2nd grade Medical Management Specialists, senior PBs, customs specialists, International Business Advisers certified by AIBA, Labor and Social Security Attorneys, 1st grade Certified Care Welfare Management Specialists, advanced agricultural management advisors, patent attorneys, TOEIC score of 700 or higher, Test in Practical English Proficiency Grade Pre-1 or higher, Level 1 Chinese Proficiency Test, 1st-class architects, Internal Financial Auditors, and Certified Internal Auditors (CIAs)  
 \*3 Number of employees with “advanced qualifications” of securities analysts and Certified International Investment Analysts  
 \*4 Number of employees with “advanced qualifications” of Information Technology Strategists, System Architects, Project Managers, Network Specialists, Database Specialists, Embedded Systems Specialists, Information Technology Service Managers, Systems Auditors, Registered Information Security Specialists, Japan Statistical Society Certificate Grade 1, and 1st grade Certified Skilled Workers of Web Design

Our efforts in human resource development are also posted on our website. (available in Japanese only)  
<https://www.iyogin-hd.co.jp/sustainability/human-capital/employee-development/>



# Special Feature Human Capital Management

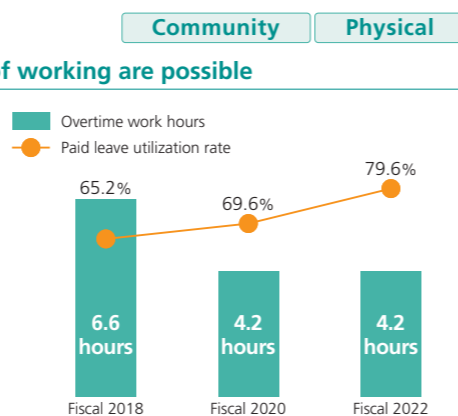
## Basic Policy on Arranging the Internal Environment

We are working to arrange the internal environment so that “diverse human resources with expertise” can work with a high level of engagement. Our initiatives center on “work style reforms,” “DE&I (diversity, equity and inclusion)” and “health management.”

### Work Style Reforms

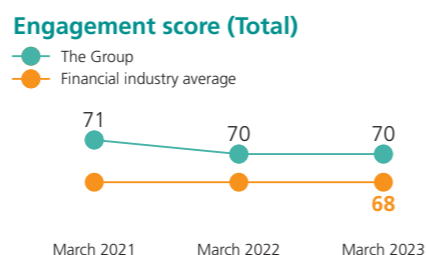
#### Arranging an environment where autonomous and diverse ways of working are possible

As part of the company-wide initiative for work style reforms “Smart Working Challenge,” we are striving for the management reforms, the changes in mindset, the operational reforms, and the ability development. In addition, we are also working to maximize the output (added value) by increasing the engagement of each employee. To do so, we are striving to arrange a workplace environment in which employees “can work comfortably” and “can get job satisfaction,” by introducing various systems to promote autonomous and diverse work styles, such as the “complete flexible working hour system,” the “telecommuting system,” “business casual attire” and the “side job system.”



#### Arranging a workplace environment providing “motivation” and “job satisfaction”

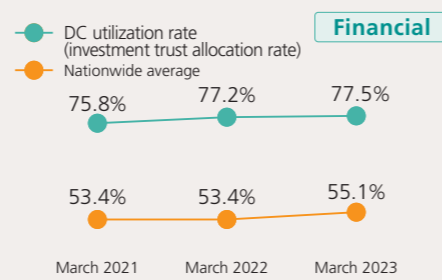
In addition, improving employee engagement is also important for improving CX, which the entire Group is working on together as a whole. Iyogin Bank conducts an engagement survey for all employees every month using the engagement detection tool “wevox,” in order to visualize and analyze each workplace’s state of engagement. Based on the results, we quickly implement the PDCA cycle to improve engagement, and we believe that such efforts will lead to enhancement of organizational abilities and an improvement in business results.



#### Realization of Financial Well-Being for employees

In order to support the realization of the Financial Well-Being of our employees, who are the source of our value creation, the Group is also strengthening efforts to support employees’ asset formation, by enhancing our benefit plans such as defined contribution pension plans (DC), defined benefit pension plans (DB), and stock ownership plans.

In April 2023, in light of the current social circumstances, including rising prices, we raised the base salary for the first time in 28 years since 1995. In conjunction with this raise, we also raised the starting salary.



## <<DE&I (Diversity, Equity, and Inclusion)>>

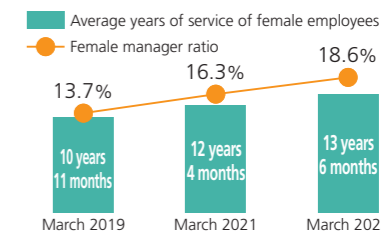
### Arranging the environment where everybody can actively work regardless of age, gender, etc.

In October 2022, we revised our personnel system to respect the diverse values of our employees, and to allow employees to fully demonstrate their unique capabilities.

- Integrated generalist career track and specified generalist career track into new generalist career track  
→Arranging an environment in which employees can play an active role regardless of their career track, gender, etc.
- Allowed the employees of the new generalist career track to decide whether to transfer  
→Creating a system that makes it easy to balance work and family without hindering one’s career
- Raised the re-employment age limit of senior employees from 65 to 70 years of age  
→Offering a purpose in life and job satisfaction to seniors, and creating more opportunities for them to play an active role
- Reviewed the re-employment system for resigned employees; abolished requirements for period of separation from employment, etc.; and made it possible to return directly as the bank’s employees
- Introduced a referral recruitment system in order to secure diverse recruitment measures

### Actively promoting women’s participation

More than half of the Group’s officers and employees are female, and we are working to promote women’s participation as a major pillar of our DE&I promotion. We believe it is important to encourage men’s active participation in child rearing in order to be a company where women can work comfortably. Therefore, we encourage male employees to take the childcare leave, and have achieved 100% of the childcare leave utilization rate for men and women since fiscal 2016. Also, in order to support women’s continuous employment and career building, we established a day-care center for children on a premise, “Iyogin Kid’s Land.” As corporate social responsibility, we will develop an environment where children who will be responsible for the next generation can grow up healthily, and support employees who raise children while working. With these efforts, the Iyogin Bank has obtained the “Eruboshi Certification (three stars),” a certification mark of excellence based on the Act on the Promotion of Women’s Active Engagement in Professional Life, and the “Platinum Kurumin Certification” based on the Act on Advancement of Measures to Support Raising Next-Generation Children.



### Promoting employment of persons with disabilities

Iyogin Challenge & Smile Co., Ltd. has been established as a special subsidiary company with the purpose of promoting employment of persons with disabilities. It engages in various initiatives aiming to create a workplace where they can work actively along with the local community, including development of goods, sales of goods at rest stops, event venues, etc. in cooperation with local companies, and succession of traditional industries.



## <<Health Management>>

The corporate sustainable growth is supported by employees. With such recognition, in addition to initiatives to maintain and improve employees’ mental and physical health, we also strive to increase employees’ awareness of health, and proactively support their voluntary activities for health. We are taking both of a “population approach” and “high-risk approach” for health management. For the “population approach,” we lend out wearable terminals that all employees can borrow, subsidize costs for medical examination, and arrange a workplace environment where employees can work comfortably. For the “high-risk approach,” we obligate employees at 40 years old or over to take medical examination, provide health guidance, etc. using the health management system. With such efforts, we are working to improve absenteeism and presenteeism. Through these efforts, Iyogin Bank has been certified as one of the top 500 enterprises (White 500) in the “2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program.”

Items to be Assessed		Targets for Fiscal 2023	Fiscal 2019 Results	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results
Improvement in lifestyle habits	Sleep	24% or less	27.1%	23.4%	24.3%	23.6%
	Meals	15% or less	14.6%	15.5%	16.9%	17.7%
	Regular exercise	73% or less	76.0%	76.6%	75.3%	74.9%
	Drinking	3% or less	3.3%	3.5%	3.1%	3.3%
	Health guidance implementation rate	95% or more	100%	100%	95.0%	98.2%
	Specific health guidance implementation rate	36% or more	30.0%	31.4%	35.2%	35.5%
	Rate of participation in walking events	20% or more	—	22.2%	17.5%	14.6%
Improving participation rates of various checkups	Participation rate of periodic health checkups	100%	100%	100%	100%	100%
	Participation rate of medical examination	70% or more	53.6%	62.3%	65.8%	70.0%
	Participation rate of detailed examinations	85% or more	89.0%	80.6%	79.3%	78.4%
	Response rate of stress checks	96% or more	94.6%	94.0%	94.7%	95.4%
	Ratio of high-stress individuals	4% or less	—	5.4%	5.1%	5.6%
Prevention of occupational accidents	Response rate of wevox	80% or more	—	—	65.1%	70.7%
	Ratio of wevox responses viewed by supervisors	50% or more	—	—	49.2%	53.7%
	Number of employees who worked overtime for more than 70 hours	20 or less	21	34	18	23
	Health and face-to-face guidance implementation rate	100%	100%	100%	100%	100%



Our efforts to arrange the internal environment are also posted on our website. (available in Japanese only)  
<https://www.iyogin-hd.co.jp/sustainability/human-capital/work-environment/>



# Message from Officer in charge of Finance



**Hiroshi Nagata**  
Senior Managing Executive Officer  
(Representative Director)

## Progress of Fiscal 2021 Medium-Term Management Plan

Regarding the major numerical targets set forth in the Fiscal 2021 Medium-Term Management Plan, in fiscal 2022, we continued to secure high levels of profit, with consolidated core business gross profit at ¥89.5 billion, owing to an increase in interest and dividend income as a result of an increase in the balance of loans centered on the Setouchi region, which is the foundation of the Group's operations. In addition to securing a high level of core business gross profit, we were able to post a record profit of ¥27.8 billion for profit attributable to owners of parent, mainly due to a decrease in credit costs. As a result, consolidated ROE on a shareholders' equity basis was 5.4% and consolidated core OHR was 58.8%, and both were at favorable levels.

Furthermore, the consolidated common stock Tier 1 ratio was 15%, an increase compared to the previous fiscal year. The increase was due to our continuous accumulation of capital, improvement in the business conditions of our customers, and the control of risk-weighted assets through portfolio control. The core business gross profit of Group companies amounted to ¥8.2 billion, which is a decrease compared to the previous fiscal year. This was due to a significant reduction in sales, as a result of a review of sales standards for structured bonds in the securities division. Nonetheless, we are striving to achieve the targets of the plan in fiscal 2023 by maximizing group synergies through our transition to a holding company structure, and by strengthening the consulting capabilities of the Group as a whole.

Items	Fiscal 2021 Results	Fiscal 2022 Results	Targets for Fiscal 2023
Consolidated core business gross profit	¥90.4 billion	<b>¥89.5 billion</b>	<b>¥86.0 billion</b>
Profit attributable to owners of parent	¥26.4 billion	<b>¥27.8 billion</b>	<b>¥23.0 billion</b>
Consolidated ROE (shareholders' equity basis)	5.34%	<b>5.40%</b>	<b>4.0% or more</b>
Consolidated core OHR	57.05%	<b>58.80%</b>	<b>Approx. 60.0%</b>
Consolidated common stock Tier 1 ratio	14.28%	<b>15.00%</b>	<b>Approx. 15.0%</b>
Core business gross profit of Group companies (excluding the Bank)	¥8.4 billion	<b>¥8.2 billion</b>	<b>¥9.0 billion</b>

\*Core business gross profit of Group companies (excluding the Bank): Total core business gross profit of Group companies excluding the Bank before inter-group elimination

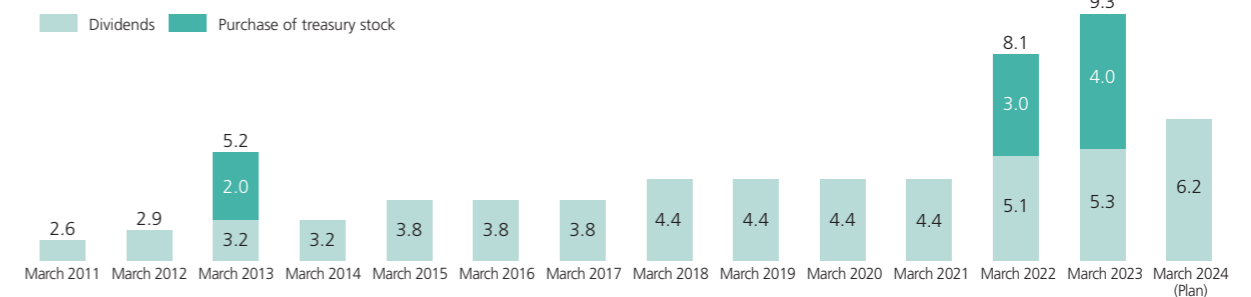
## Capital Policy and Shareholder Returns

In terms of capital policy, as a corporate group that supports the local economy, we will focus on risk management and capital accumulation to maintain substantial soundness, and work to strengthen returns in order to maximize long-term shareholder returns.

From the perspective of ensuring soundness, while the Group's distinctive portfolios in ship finance, securities management and such allow for high profitability, they are also greatly influenced by the market environment. Therefore, it is important for the Group to be able to maintain a certain level of equity even when these portfolios are stressed. Hence, we conduct stress tests with a forward-looking perspective on these portfolios, and calculate the required capital level that the Group should secure. As a result, we have set a goal of stably maintaining the consolidated common stock Tier 1 ratio at 15%.

Regarding shareholder returns, our basic policy is to maintain a stable dividend while striving to enhance equity within the capital balance. In particular, in order to maximally meet our shareholders' expectations, we increased the dividend for fiscal 2022, which included a commemorative dividend for our transition into a holding company, by ¥1 from the previous year to ¥17 per share (including an interim dividend of ¥8). In addition, we decided to purchase treasury stock in May 2022 with ¥3.0 billion and in February 2023 with ¥4.0 billion, as the upper limit of the purchase price.

## Past amount of dividends and shareholder returns (Billions of yen)



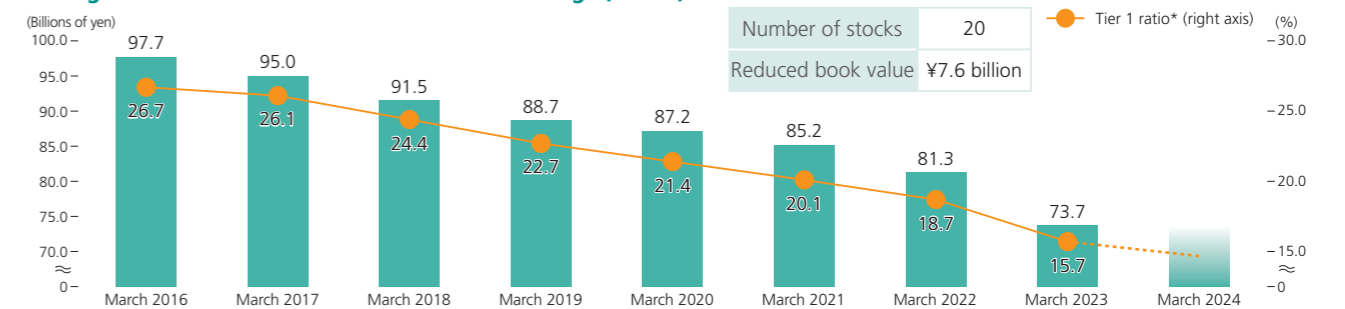
## Policy on Cross-Shareholdings

When the Group holds stocks for policy purposes, such as maintaining or strengthening business relationships or cooperative relationships with other companies, the Group fully analyzes the balance of risks and returns, and strives for appropriate management of investments.

Regarding cross-shareholdings, we verify the rationality of holding stocks from the "investment aspect" and the "policy aspect." Regarding the "investment aspect," we evaluate whether RORA calculated from stocks and deposit and loan transactions, etc. matches the cost of shareholders' equity, etc. based on the CAPM and dividend growth model. Regarding the "policy aspect," we evaluate whether the goal of increasing transactions has been achieved, in the way that was expected at the time of implementation.

At least once a year, Iyo Bank, our core subsidiary, submits the verification results of the rationality of holding each company's stocks to the Board of Directors for deliberation (most recent submission: May 2023). When there is little rationality for holding certain stocks, we will conduct negotiations to improve transactional conditions, etc. If there is no improvement, we will proceed with the sale of the cross-shareholdings after obtaining the full understanding of the business partner.

## Changes in the Book Value of Cross-Shareholdings (Listed)



## Actual reduction in fiscal 2022

Number of stocks	20
Reduced book value	¥7.6 billion

\*Tier 1 excludes components of comprehensive income

# Ideal State in the Long Term (Long-Term Vision)

## Long-Term Vision

Regarding the business environment surrounding the Group, in addition to the structural socioeconomic changes due to Japan's shrinking and aging population and the maturing economy, the Group is facing an irreversible trend of digitalization, and the need to respond to the relaxation of regulations and sustainability.

Based on our recognition of such a business environment, we started at the commencement of the Fiscal 2021 Medium-Term Management Plan, which is the predecessor of the current Group Medium-Term Management Plan. In line with the plan's commencement, we have set our long-term vision as "a corporate group that continues to create and provide new value." Under this vision, we aim to create and unerringly deliver value needed by the community and our customers, strengthen consultation capabilities by the entire Group, and actively take on challenges in new business fields in order to create and unerringly deliver value needed by the community and our customers.

By adapting to changes in the business environment while working to transform the business model of the Group, we will strive to solve the issues faced by local communities and customers, and aim to achieve sustainable growth and enhancement of the corporate value of the Group.

### The Group

**Long-Term Vision: A corporate group that continues to create and provide new value**

<p><b>Continuing to create and provide new value</b></p> <ul style="list-style-type: none"> <li>Strengthening consultation capabilities by the entire Group</li> <li>Improving cooperation with other industries to expand our business fields</li> </ul> <p><b>Corporate group</b></p> <ul style="list-style-type: none"> <li>Aggressively try business fields having high affinity with the core business and leading to solutions for issues in society and customers</li> </ul>	<p><b>Purposes of the transition to a holding company structure</b></p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid white; padding: 5px; text-align: center;"> <b>1</b> Expansion of business fields in light of the relaxation of regulations             </div> <div style="border: 1px solid white; padding: 5px; text-align: center;"> <b>2</b> Enhanced group governance by strengthening business management functions             </div> </div> <div style="text-align: center; margin: 5px 0;"> </div> <div style="border: 1px solid white; padding: 5px; text-align: center;"> <b>3</b> Maximizing group synergies by changing employee and officer awareness and behavior             </div>
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**Iyo Bank Group Fiscal 2021 Medium-Term Management Plan**

**Group Medium-Term Management Plan**

<b>Group Corporate Credo</b>	<p><b>Meaning of Existence</b> Creating a bright and prosperous future for the region</p> <p><b>Management Stance</b> Offering the best service and being worthy of people's trust</p> <p><b>Code of Conduct</b> Rendering our best service with gratitude in our hearts</p>
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<b>Action Guidelines</b>	<ol style="list-style-type: none"> <li>1. Staying true to the basics and responding quickly</li> <li>2. Working locally with a global perspective</li> <li>3. Quickly perceiving changes and responding flexibly and proactively</li> <li>4. Taking on higher goals and improving ourselves</li> <li>5. Creating a cheerful workplace with a healthy mind and body</li> </ol>
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## Future Vision Following the Long-Term Vision

The Group is continuing the construction of the "DHD model," which utilizes digital technologies to expand customer touch points and thoroughly streamline administrative procedures, thereby allowing us to focus on customer service.

"Deepening and evolving the DHD model," which aims to build a business model for realizing the long-term vision, is about changing the company culture, and is oriented in the following two directions. "Deepening" is done by refining the power of "Humans" while utilizing digital technologies, as well as improving and further developing existing services and operations. "Evolving" is achieved by creating new services and businesses, whereby our own form gradually changes. The Group defines the further deepening and evolving of this "DHD model" as the commonly-known category of "DX (Digital Transformation)" as generally referred to.

The process of "deepening and evolving the DHD model" centers around the creation of new services and businesses and the review of existing businesses, with the aim of improving customer experience value (CX). We believe that this will lead to contributions that help realize the wishes and dreams of our customers and of those living in local communities.

Through these initiatives, the Group will take on new challenges in business fields that contribute to local communities and customers. Accordingly, the Group is taking steps to transform itself into a corporate group that is trusted by local communities, customers, as well as Group officers and employees.

**Fiscal 2021 Medium-Term Management Plan**  
 → Group Medium-Term Management Plan

**AGENT**

- Improvement in cooperation with other industries with high affinity with core business
- A bank on your palm

**AGENT**

- Bank employees serving as the Bank at a customer site
- Counters where no pens are used

**SAFETY**

- New card loan service that issues notifications on insufficient amounts

**HOME**

- House purchasing plan with a smartphone

**Creation of new services and new businesses**

**Future Vision**

**Aiming to become a leading corporate group in the Chugoku and Shikoku regions**

**For bringing "better choice" to each and every customer**

**Deepening and evolving the DHD model = "DX"**

Improvement in customer experience value (CX)

**Change in company culture (fixed thinking)**

**Review of existing business and reduction in technical debt**

- Recombination of businesses based on customer needs
- More efficient administration through introduction of RPA
- Review and abolition of legacy systems
- Reorganization of branches through review of operation structure

Reduction of administrative work to one-third (Compared to March 2018)
Consulting staff 1,500 persons/ Tech staff 150 persons
Location free operations (Omnichannel/integration of online and offline channels)

# Sustainability Management System

## Establishment of Group Sustainability Committee

Responding to environmental, social, and other sustainability issues is an important management issue for the Group, which could lead to not only mitigation of risks but also profit-making opportunities. With the aim of working on matters that contribute to improvement of sustainability overall across the Group from the perspectives of both business activities and social contribution activities, we have established a "Group Sustainability Committee" chaired by President of the Company, which discusses such matters as the status of response and information disclosure related to sustainability.



**Purpose of establishment**

To discuss matters that contribute to the improvement of sustainability overall across the Group from the perspectives of both business activities and social contribution activities, for the purpose of realizing sustainable environment/society and increasing the Group's corporate value in the medium and long term.

**Composition and Structure**

Chairperson: President  
 Members: Directors, Executive Officers, General Managers of related divisions, presidents of group companies, etc.

**Matters to be discussed**

- Matters related to the formulation of a basic policy on sustainability, and identification of material issues regarding sustainability
- Important matters concerning initiatives that contribute to an improvement of sustainability

**Major agendas in fiscal 2022**

**<Number of meetings held>**  
 14 times

**<General issues>**

- Identification of materiality and initiation of consideration related to formulation of the basic policy for sustainability
- Reporting of the status of consideration related to identification of materiality

**<Environmental issues>**

- Reporting on the status of response related to climate change in line with the TCFD recommendations
- Reporting on the research toward signature participation in the Poseidon Principles
- Reporting on actual results related to the targets to reduce CO<sub>2</sub> emissions in fiscal 2021
- Reporting on actual results related to the sustainable finance targets in fiscal 2021
- Reporting on results of the scenario analysis of transition risks and physical risks related to response to the TCFD

**<Social issues>**

- Reporting on the status of consideration related to the basic policy for practicing human capital management, as well as human capital disclosure
- Preparation of the Health Management Strategy Map
- Conclusion of agreements for collaboration and cooperation with two national institutes of technology in Ehime Prefecture

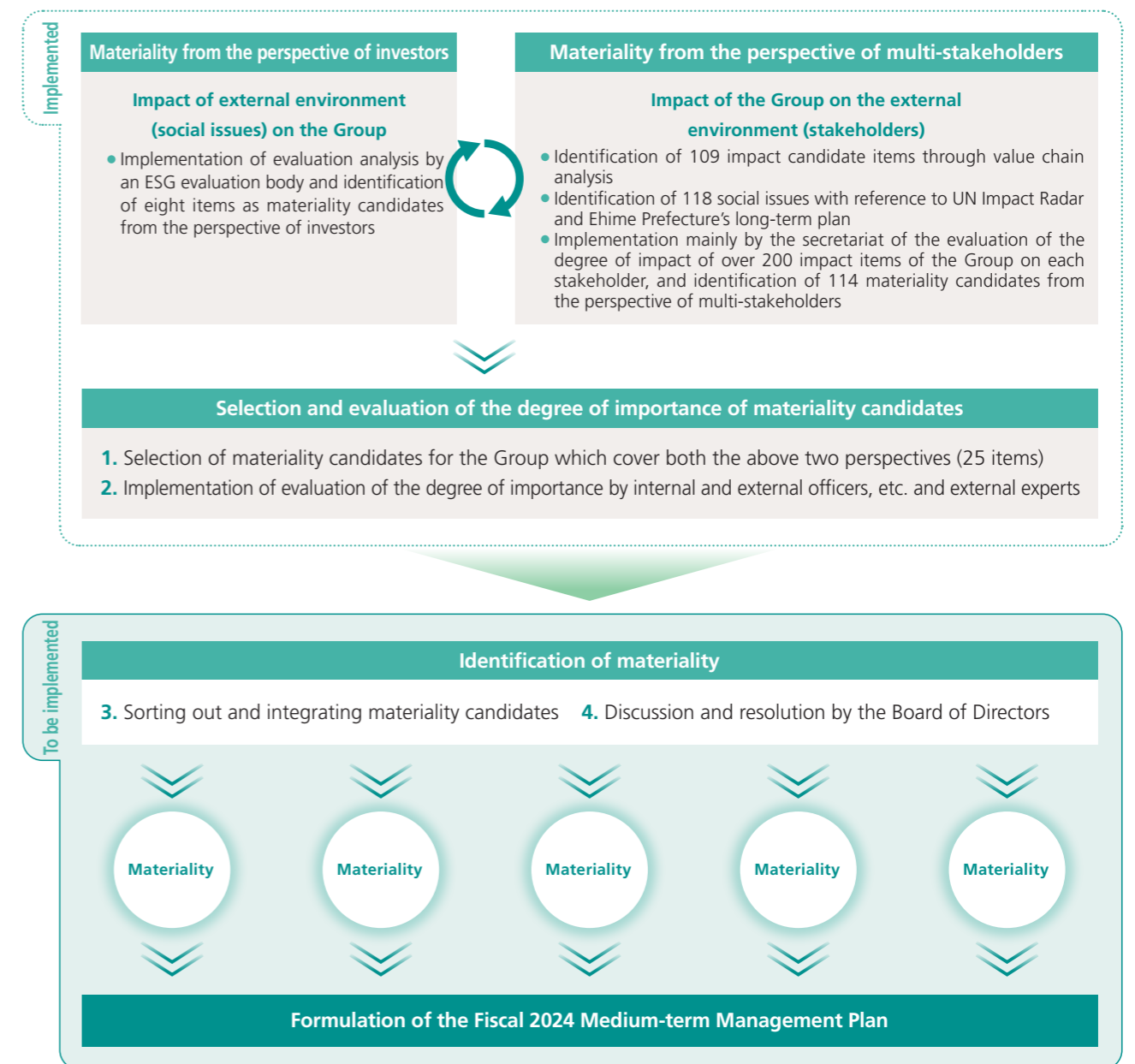
## Status of consideration toward identification of materiality

The Group has been working to identify materiality to incorporate response to sustainability in management from the perspective of enhancing corporate value of the Group over the medium to long term.

We have proceeded with the consideration following the process below, so that we can reflect the perspectives of both investors and multi-stakeholders (double materiality).

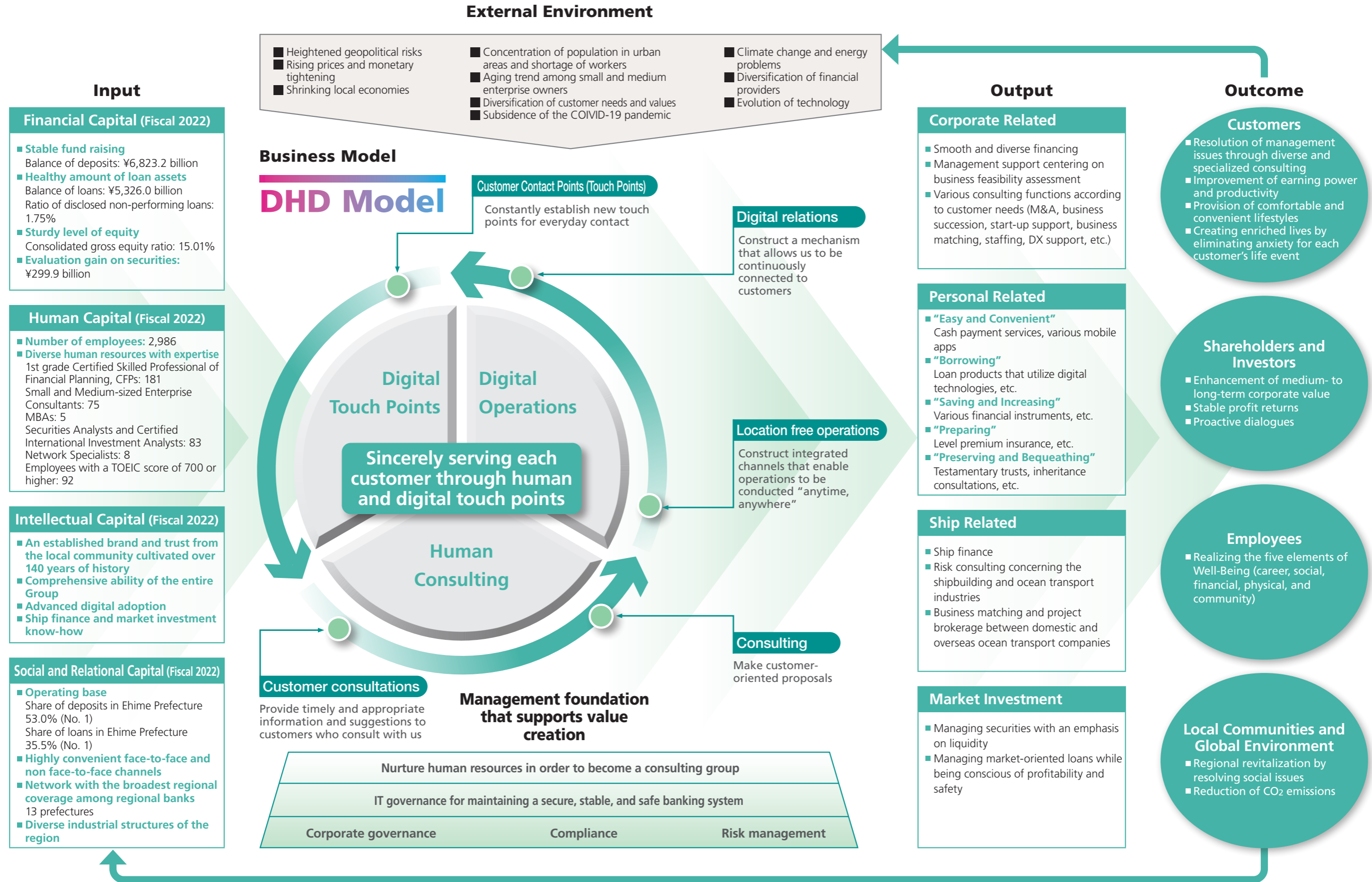
Going forward, we intend to identify materiality by sorting out and integrating materiality candidates considering the evaluation by internal and external officers and each divisions, as well as evaluation and opinions of external experts, and by discussing and resolving them at meetings of the Board of Directors.

We will further push forward with the consideration, so that we can plan and set targets for action plans centered around the identified materiality in the next Medium-term Management Plan which will commence in fiscal 2024.





# Value Creation Process



# Striving for Improving CX



## Purpose of Improving CX

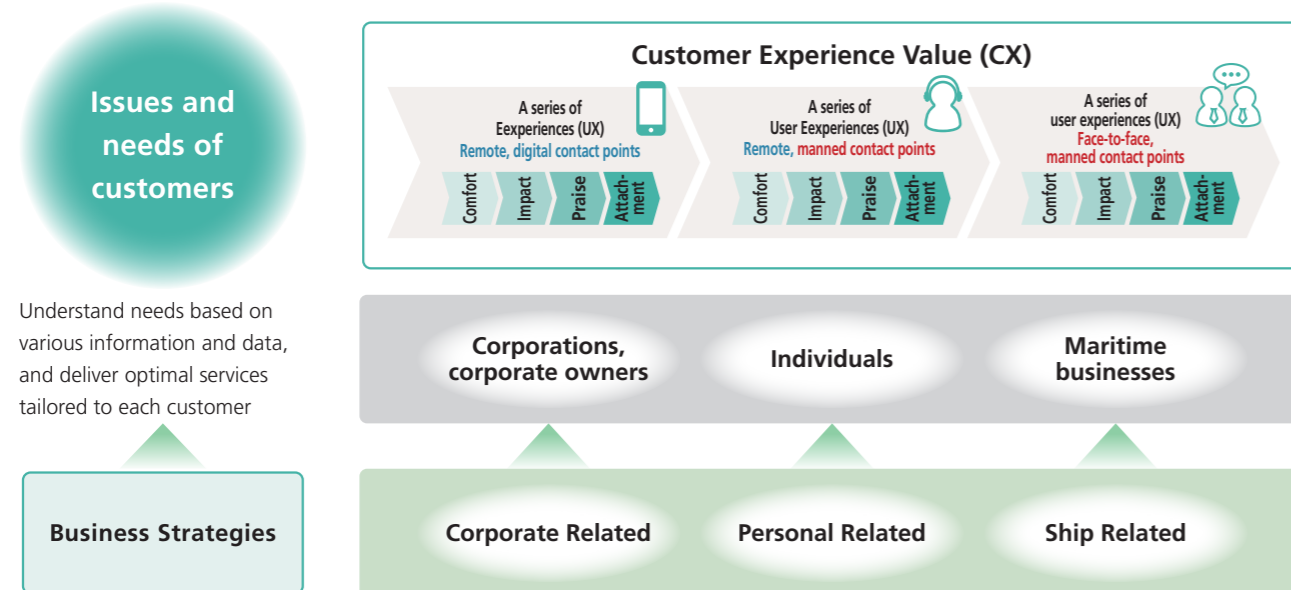
In 1984, Iyo Bank introduced Total Quality Control (TQC). In line with the three basic philosophies of “being customer-oriented,” “putting quality first” and “respecting humanity,” for nearly 40 years, the Bank has endeavored to improve quality and resolve issues for our customers through activities of the Quality Control circles, etc.

While our stance of “being customer-oriented” remains unchanged, as the lifestyles and needs of our customers diversify and become more sophisticated, the Group must also deepen and evolve what we do for our customers. Regardless of differences in touch points or contact methods, such as face-to-face or remote, digital or manned, we aim to improve everything that our customers experience and feel through the Group, and to continue providing new value to our customers. Therefore, the entire Group is working together to improve customer experience value (CX).

## Establishment of Business Strategies based on CX improvement and establishment of Committee therefor Improving CX

In order to resolve customer issues and needs, we aim to improve CX through the realization of a consistent customer experience across multiple channels, and strive to improve the UX (user experience) of each channel. Through these efforts, we aim to augment and enhance our “customer responsiveness.”

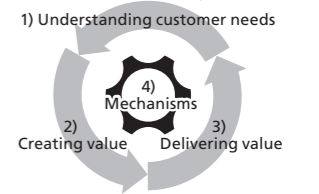
With the aim of promoting these initiatives across the Group, we have established the CX Improvement Promotion Committee. Chaired by the Group CEO, the Committee discusses matters related to the improvement and enhancement of responses and services at all points of contact with customers, as well as matters regarding new operations and services.



## Elements of CX Improvement

In order to improve CX, we believe it is important to (1) know our customers well, (2) create various forms of value including unprecedented new value, and (3) deliver them in a way that matches each customer’s style. Accordingly, we are working on (4) the creation of new mechanisms and the development of various systems, etc. so that the entire Group can work as a whole to realize the abovementioned elements.

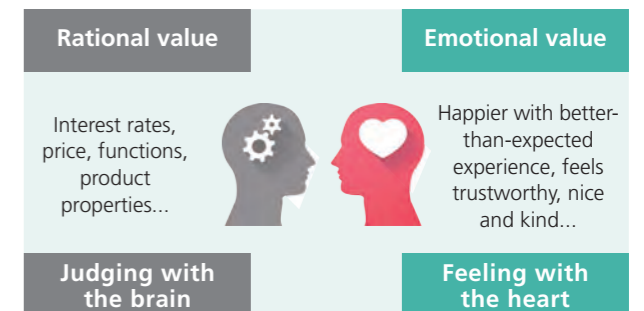
## Elements of CX Improvement and Rotation Cycle



## Strengthening Structures at Bank Branches

CX consists of “rational value” and “emotional value,” and the Group aims to improve both in a well-balanced manner.

As one of our initiatives to improve “emotional value,” through the “aesthetic reform” movement to build branches that customers feel secure and comfortable in, the bank branches and headquarters are working together to enhance customer service and response skills, and the environment of bank branches.



## Introduction of CX Meetings

In October 2022, Iyo Bank introduced CX meetings to firmly entrench the concept of “CX improvement” into its corporate culture. In the future, we plan to introduce CX meetings across the entire Group. CX meetings begin with “learning about the customer.” By drawing a customer journey map from the “customer’s perspective,” we discover the true issues hidden in the customer experience. Then, we review and implement solutions by considering “what the Iyogin Group can do.”

Through a series of activities, we aim to enable each and every officer and employee to think and act from the customer’s perspective as a matter of course, even in their daily work.



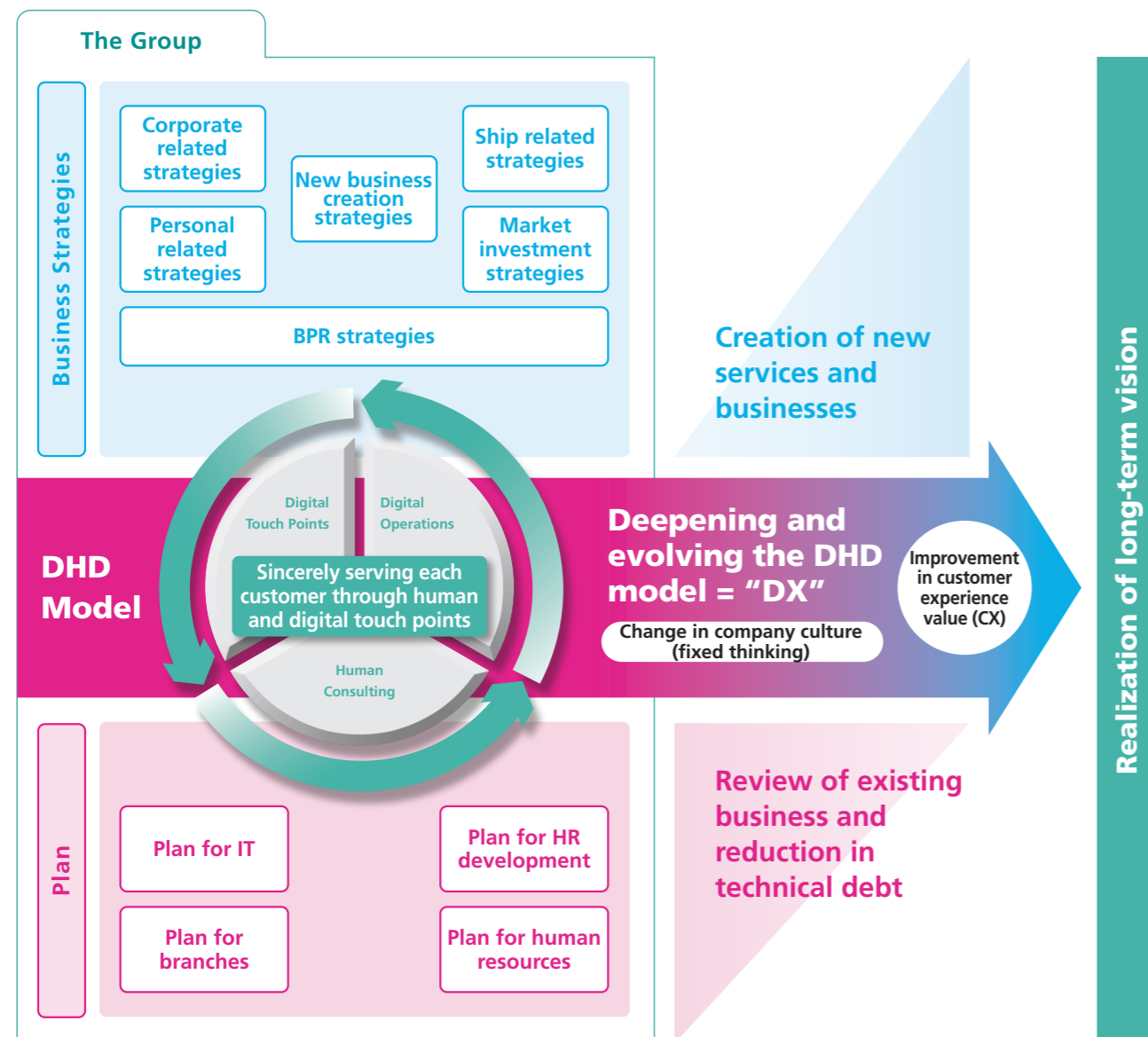
# Overview and Progress of the Group Medium-Term Management Plan

The Group Medium-Term Management Plan consists of six business strategies and four plans that support the business strategies. It is based on the Fiscal 2021 Medium-Term Management Plan, with the addition of “new business creation strategies” aimed at expanding our business fields, which is one of the objectives of our transition to a holding company structure. By having the entire Group work as a whole to further deepen and evolve the DHD model, we aim to improve sustainability as a corporate group.

Fiscal 2023 is the final year of the plan, and the entire Group will continue to work as a whole to promote the deepening and evolution of the DHD model. We will strive to create new services and businesses, review existing businesses, and reduce technical debt, as we work toward realizing our long-term vision of becoming “a corporate group that continues to create and provide new value.”

To that end, in order to shift the manpower and time created by BPR strategies to operations that contribute to strengthening profitability, we are converting to a business model that adheres to the following principle: “In areas where digitalization is useful, thoroughly implement digitalization. In areas that humans are good at, put humans in charge.” Accordingly, we believe we should review the roles played by human employees, so as to effectively utilize the manpower created by BPR strategies. Moreover, enhancing the “roles played by human employees” is all about regarding our human resources as “human capital.” Accordingly, we will further nurture our human resources.

## Overview of the Group Medium-Term Management Plan



## Basic Policy for Business Strategies and Plans

Category	Item	Policy
Business Strategies	Corporate related strategies	Provide integrated solutions through cooperation between the Group, partner companies, etc. to improve customer experience value
	Personal related strategies	Provide integrated solutions for each customer in all channels and realize enhancement in customer experience value
	Ship related strategies	Appropriately grasp changes in the maritime industry's business environment and support business investments that are optimal for customers
	Market investment strategies	Be conscious of overall profit and loss that lead to stable profit and future profit, and diversify investments with a focus on liquidity
	BPR strategies	Aim to increase productivity of the entire Group by minimizing administrative and routine work and enhancing manpower available for customer interactions and planning work
	New business creation strategies	Continuously develop businesses and operations that contribute to solving local issues and improving sustainability through appropriate and bold risk-taking, thereby creating profit opportunities
Plan	Plan for IT	Aim for the establishment of IT governance that not only achieves prompt and flexible digital response to the external environment and customer needs, and but also maintains a secure, stable, and safe banking system as well
	Plan for branches	Aim to diversify customer touch points by rebuilding channels, including branches
	Plan for HR development	Aim to be a group which can create and offer diverse types of value by developing personnel who can work actively in areas of their expertise under the basic approach of “being customer-oriented”
	Plan for human resources	Aim for the timely and appropriate allocation of human resources to improve productivity of the Group

## Major Numerical Targets

Items	Fiscal 2022 Results	Targets for Fiscal 2023
Consolidated core business gross profit	¥89.5 billion	¥86.0 billion
Profit attributable to owners of parent	¥27.8 billion	¥23.0 billion
Consolidated ROE (shareholders' equity basis)	5.40%	4.0% or more
Consolidated core OHR	58.80%	Approx. 60.0%
Consolidated common stock Tier 1 ratio	15.00%	Approx. 15.0%
Core business gross profit of Group companies (excluding the Bank)	¥8.2 billion	¥9.0 billion

\*Core business gross profit of Group companies (excluding the Bank): Total core business gross profit of Group companies excluding the Bank, before inter-group elimination



# Corporate Related Strategies

Provide integrated solutions through cooperation between the Group, partner companies, etc. to improve customer experience value

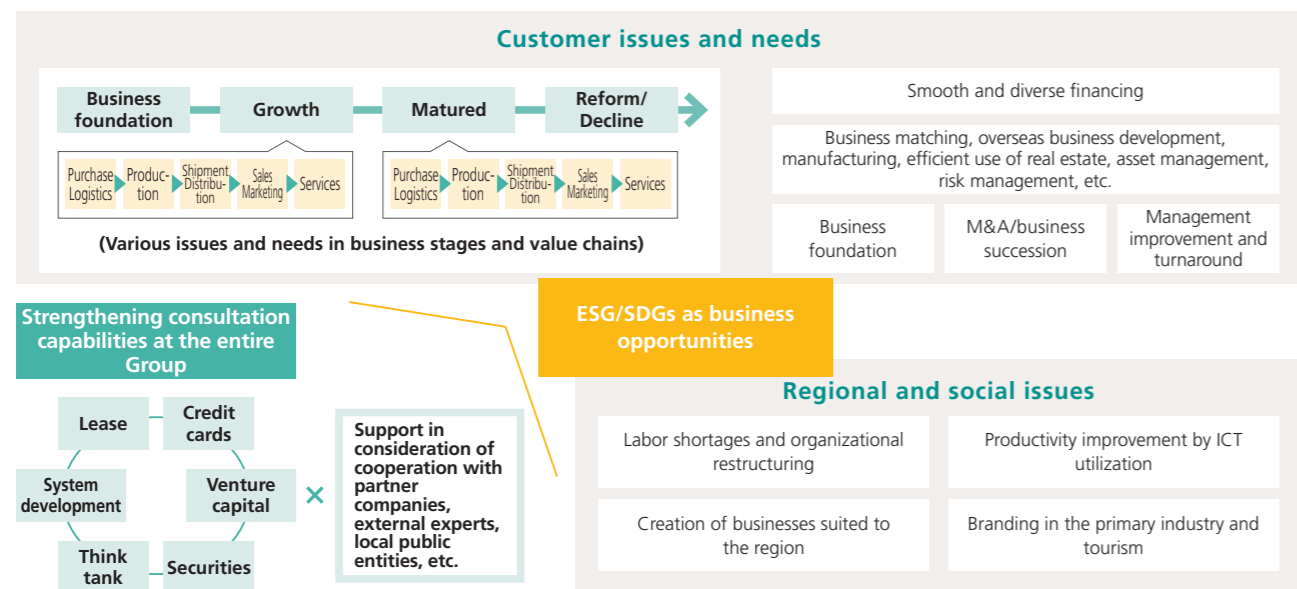
Amid the aging population with low birthrate, declining population, and a decrease in the number of business operators, as well as drastically changing life styles and values, our customers' management issues and needs have become more sophisticated and diverse than ever. They have extremely higher expectations for financial institutions than ever. Under such circumstances, the Group, as a regional financial institution, intends to offer both financial and non-financial support in a comprehensive manner. To that end, the entire Group will strive to respond flexibly, and also offer consulting services in cooperation with external institutions.

## Fiscal 2021 Medium-Term Management Plan

All strategies in the Fiscal 2021 Medium-Term Management Plan are for the improvement of customer experience. They are formulated based on our customers' issues and needs. Corporate related strategies focus on measures for fund supply, business support, and management support, based on business feasibility assessments from ESG/SDGs perspectives. Such perspectives take into account regional and social issues, in order to offer concrete solutions to issues and needs our customers face in their business stages and value chains, and to overcome those issues and needs together based on business feasibility assessments from ESG/SDGs perspectives, such as regional and social issues.

Key Action Plans	Fiscal 2021 Results	Fiscal 2021- Fiscal 2022 Cumulative Results	Fiscal 2021- Fiscal 2023 Cumulative Plan
Solution revenue	¥5.0 billion	¥10.1 billion	¥11.0 billion
Number of business feasibility assessments	864	1,547	2,400
Number of new customers	1,109	2,224	3,900
Number of cases for M&As and business succession*	146	378	435
Number of staffing contracts	99	209	320

\*Including consulting services related to inheritance for the wealthy



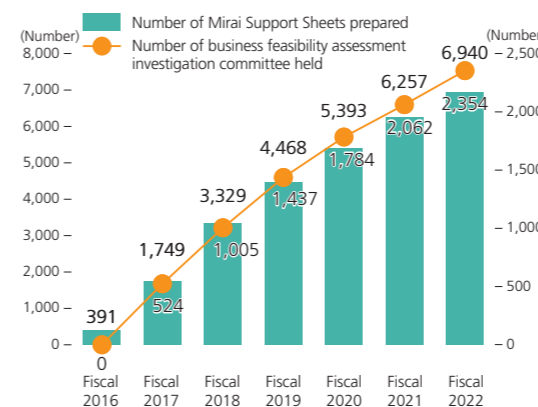
## Initiatives Based on Business Feasibility Assessment

We promote business feasibility assessment to strengthen transactions with corporate customers, our key revenue base, and help our business partners increase their corporate value. Our headquarters and branches work together to offer loans and engage in consulting sales.

For customers that have undergone business feasibility assessments and are considered particularly important by branches, we prepare Mirai Support Sheets and hold business feasibility assessment investigation committees. Our headquarters and branches thus align their views on business partners' issues and how to address them, as well as on policies for future initiatives.

As a result of the above efforts, solution revenue for fiscal 2022 totaled approximately ¥5.1 billion, exceeding the plan by ¥1.4 billion. We will continue to aim to create enhanced corporate value for customers and expand Group revenue by addressing customer issues and needs.

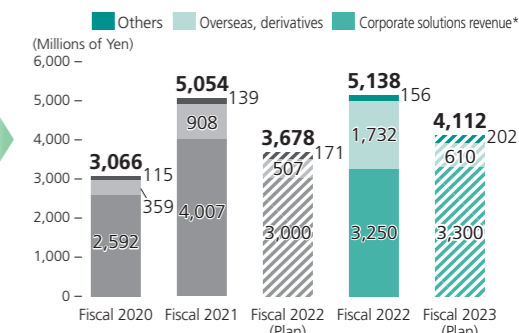
## Sharing of Management Issues through Business Feasibility Assessment



Identifying and sharing customers' management issues + Formulating concrete supporting measures for enhancement of corporate value

## Solution Revenue Results

Owing to contributions from financing and derivatives, etc., plans for the final year (fiscal 2023) of the current Medium-Term Management Plan were achieved ahead of schedule.



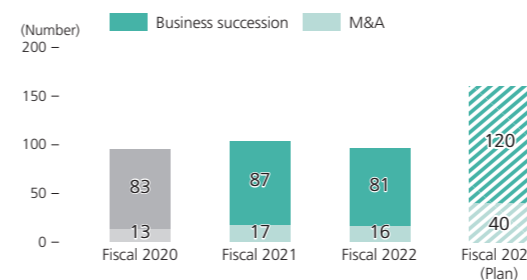
\*Financing-related (including relevant derivatives), business succession and M&A, business matching, corporate life insurances, etc.

## Key Efforts

We respond meticulously to the management issues and needs of customers by not only offering financing and other types of financial support but also helping customers address non-financial issues, such as labor shortages, inheritance issues, and carbon neutrality. We will continue to take flexible measures, including expansion of consulting menu, according to customer needs.

## Support for M&As and Business Succession

We have built a structure that can provide one-stop support for issues such as organizational restructuring, transition to a holding company structure, and M&A support due to lack of successors, providing support for around 100 cases per year.



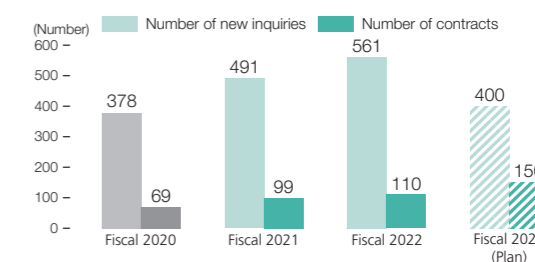
## Wealth Advisors

We provide a wide range of inheritance-related measures as one-stop consulting, including will writing support, testamentary trust, setting up civil trust and inheritance arrangement services. In addition, since November 2021, we have concluded agreements on bequest donations with local governments and organizations in Ehime Prefecture one by one.

As a financial institution with deep roots in the region, we will leverage our strength of our day-to-day activities in locations closest to our customers, and provide personalized support to accommodate our customers' wishes in order to realize smooth succession of assets while in life before until after the actual bequeathing event occurs.

## Staffing Business

Expanding steadily, with total of 1,430 inquiries including 278 contracts since the service started in April 2020. Started new job-seeking business (career advisor and recruiting advisor) in October 2021 and focused on staffing for management positions.



## Manufacturer Support

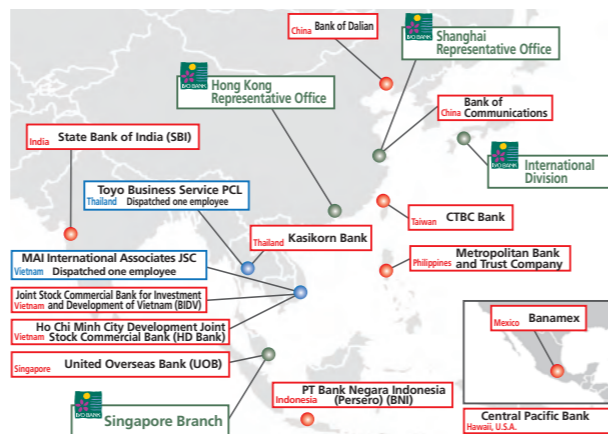
We provide support for new business creation for customers who consider new business development different from their existing businesses due to changes in the economic environment caused by COVID-19, by leveraging subsidies for business restructuring and other support measures from the government, etc.

In an environment where responses to carbon neutrality are required, we are making efforts for regional revitalization through providing advice on technology development that contributes to decarbonization by cooperation among industry, academia, government, and finance, and providing support on reducing GHG emissions and other measures.

# Corporate Related Strategies

## Support for Overseas Business Development

Employees with overseas experience (overseas locations: Singapore, Shanghai, and Hong Kong; overseas trainees: Thailand and Vietnam) in the International Division, together with overseas locations form an independent network and support the expansion of customers' overseas business. To meet increasingly sophisticated customer needs for overseas business solutions, we work to upgrade our overseas consulting function in close cooperation with public institutions such as Japan External Trade Organization (JETRO), Japan International Cooperation Agency (JICA), and Japan Bank for International Cooperation (JBIC), as well as overseas partner banks and private sector companies.



### CASE 1 Providing our customer's precision technology to the Philippines! Supporting overseas development through JICA's program

The field survey business applied to JICA in cooperation with our customer who aims to develop its business in the Philippines was selected for the SMEs/SDGs business support program. This project matches developing countries with private companies that can solve social issues of such countries, and a total of four projects have been selected by JICA for cooperation between Iyo Bank and its customers (as of the end of March 2023). We will continue to cooperate with JICA and other public institutions to support our customers' overseas development and contribute to solving social issues in developing countries.

### CASE 2 Business alliance with HD Bank in Vietnam

We concluded a business alliance agreement with HD Bank (Ho Chi Minh City Development Joint Stock Commercial Bank), headquartered in Ho Chi Minh City, to strengthen our support structure for financial services and information provision in Vietnam. Through the business alliance with HD Bank which operates in over 320 locations in Vietnam and has a Japan Desk that offers consulting services in Japanese, we will further support our customers' businesses in Vietnam. With this business alliance, our alliance network with overseas financial institutions has expanded to a total of 12 banks in 10 countries/regions.

## Management Support for Medical Institutions with a Regional Perspective

The environment surrounding the medical industry is becoming even more challenging due to issues such as negative revision of medical fees and shortage of medical personnel, in addition to responses to COVID-19, and the number of medical institutions with management issues is on the rise. Meanwhile, issues of medical care provision structures vary depending on the region, as the number of elderly people and medical resources such as doctors and nurses in the future differ from region to region.

In order to provide management support with more regional perspective, Iyo Bank concluded a business collaboration agreement on revitalization of regional medical services with Nihonkeiei, Co., Ltd. in May 2022. Based on this agreement, we support initiatives of local communities and medical institutions to maintain their medical service provision structures by effectively combining our mutual resources and case studies.

Currently, we are actively involved with local stakeholders (government, medical associations, university hospitals, and other institutions) and provide management support to medical institutions from both a "point" and "side" perspective.



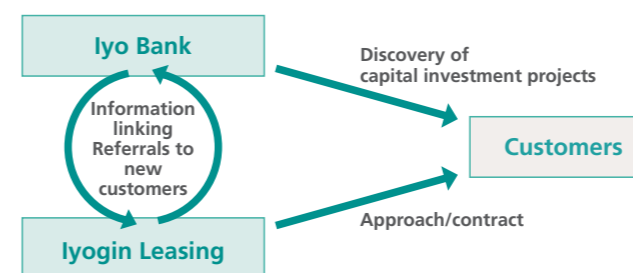
#### Key items of cooperation

1. Marketing and identification of issues within each secondary medical care area
2. Advice on the ideal future medical service provision structures
3. Consulting on changing to appropriate beds
4. Other matters related to the revitalization of local medical services

Enhancement of local medical structure

## Cooperation with Iyogin Leasing

We support customers in capital investment plans while linking data among the Group. We propose loans by Iyo Bank as well as introduce leasing by Iyogin Leasing to meet the diversified financial needs of customers. As a financial institution with deep roots in the region, the entire Group supports customers who embark on capital investment.



## Cooperation with Iyogin DC Card

We provide optimal solutions related to payments in line with the needs of our various corporate customers. In recent years, we have responded to various needs including responses to the cashless BtoB transactions and the revised Electronic Bookkeeping Act. We will continue to work to solve customers' issues by focusing on the problem-solving type proposals such as total support for highly compatible digitalization and cashless settlements, also by cooperating with Iyogin Digital Solutions and other group companies.

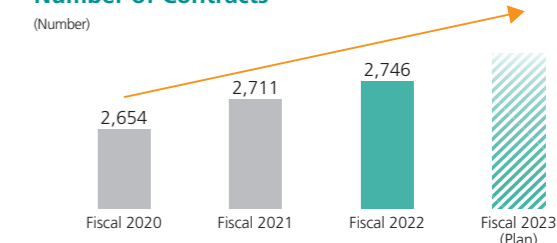
## Cooperation with Iyogin Regional Economy Research Center

Iyo Bank's sales representatives interview business owners of the business partners about their management issues in the course of their daily sales activities, and communicate the results to the Iyogin Regional Economy Research Center (IRC).

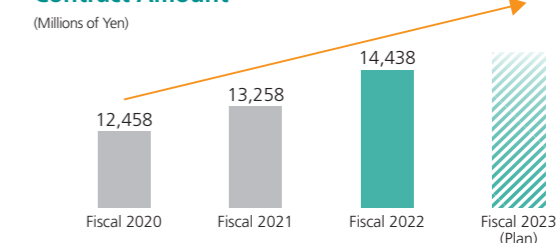
In recent years, their business environment has been rapidly changing due to the development of work style reforms, chronic shortage of labor, and other factors. As a result, management issues of our customers are becoming more sophisticated and complex on a daily basis. At IRC, Small and Medium-sized Enterprise Consultants, management consultants, and other specialists meet a wide range of needs including management strategy design, operational innovation, personnel system reform, and human resource development.

IRC will continue to support the growth and development of our customers as a long-term partner while helping them solve issues with the support tailored to each customer.

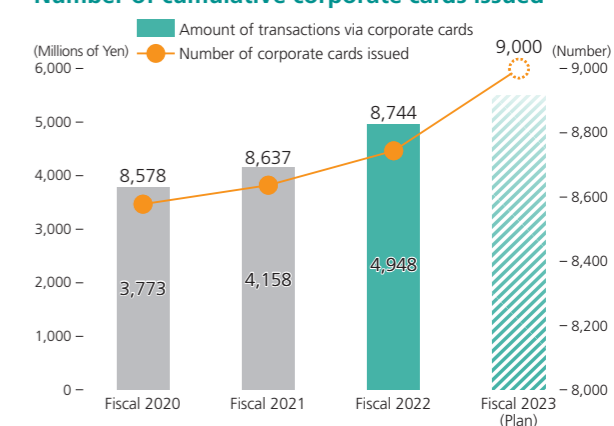
## Number of Contracts



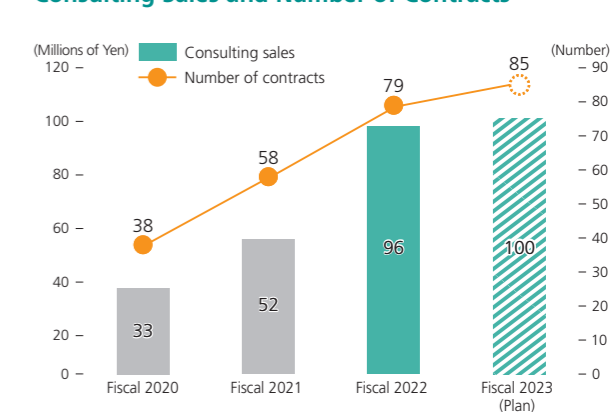
## Contract Amount



## Number of cumulative corporate cards issued



## Consulting Sales and Number of Contracts





# Personal Related Strategies

Provide integrated solutions for each customer in all channels and realize enhancement in customer experience value

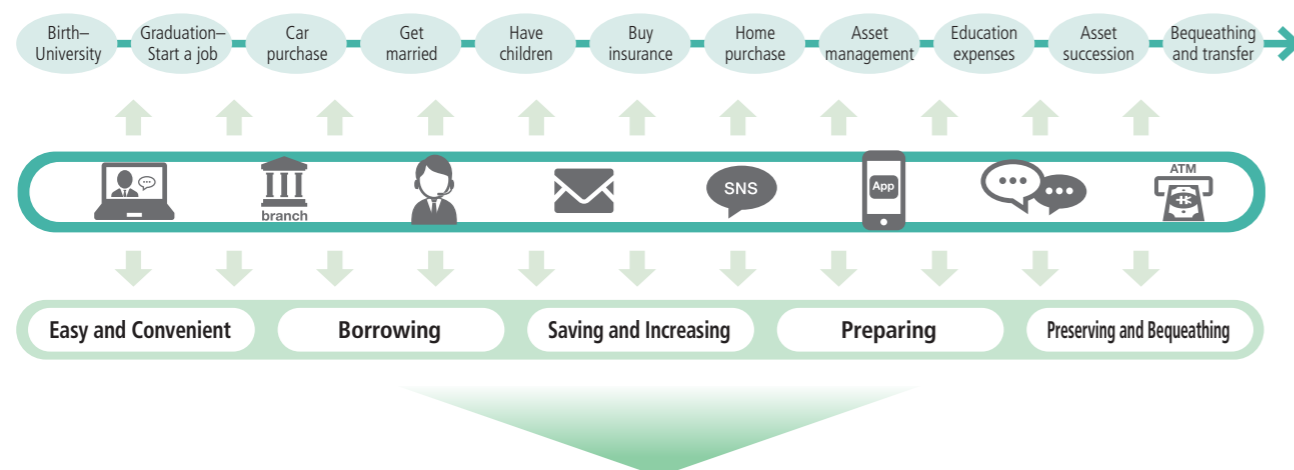
We improve CX by providing the optimal contacts points and consulting for issues and needs with the support tailored to each customer's life plan. To that end, the Group provides both speedy and seamless services utilizing digital technology and warm services that only human beings can deliver through human consulting.

## Fiscal 2021 Medium-Term Management Plan

Customers have a range of issues and needs at different life stages, such as "easy and convenient," "borrowing," "saving and increasing," "preparing," and "preserving and bequeathing." Our personal related strategies strive to improve customer experience (CX) by providing, as the entire Group, integrated solutions to such issues and needs. To deliver optimal CX to each customer, it is necessary to have contact points in all channels, whether physical or digital, and provide solutions at the best timing.

The Fiscal 2021 Medium-Term Management Plan aims to further deepen and evolve existing DHD services to enhance CX.

### Customer Issues and Needs

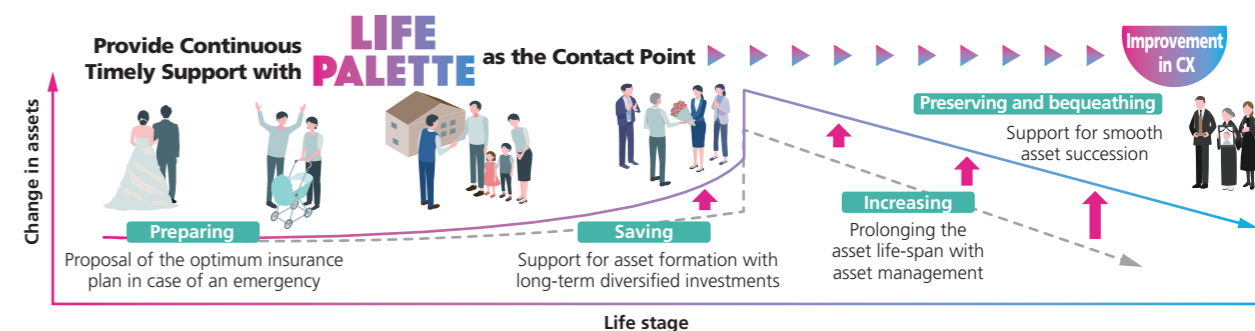


Key Action Plans	Amount of retail cashless payments	Number of new SAFETY contracts	HOME HOME rate*1	Group assets in custody balance	Number of level premium insurance customers	Number of inheritance trust, etc. customers
Fiscal 2021-end Results	¥27.7 billion	1,550	70%	¥617.1 billion	31,328	405
Fiscal 2022-end Results	¥29.3 billion	4,242	70%	¥654.9 billion	33,326	565
Fiscal 2023-end Plan	¥40.0 billion*2	7,200	80% or more	¥669.0 billion*3	39,500	730

\*1 Percentage of housing loan application using HOME \*2 Amount at the end of fiscal 2023  
\*3 Balance at the end of fiscal 2023 including individual deposits in foreign currencies

## Provide the Best Consulting to Customers by Staying Close to Their Lives

We provide optimal consulting at each life stage of customers utilizing "LIFE PALETTE," a life plan simulation tool, to delve into their true needs. We regard "LIFE PALETTE" as one of the important contact points between our customers and Iyo Bank, and aim to improve CX through seamless and continuous support to customers while staying close to their lives.



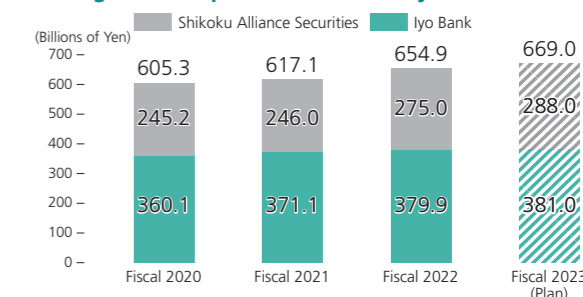
## Initiatives to Realize Life Plans

### Saving and Increasing

We support stable, long-term asset formation to help customers realize prosperous lifestyles. Our basic policy is to diversify in terms of time, currency, and assets. We propose portfolios to protect assets of our customers from environmental changes such as rising prices and diminishing public pension amounts.

In addition, for the new NISA starting next year, we will continue our efforts to improve financial literacy by informing a wide range of customers of the structure and how to utilize the NISA, amid the accelerating trend from savings to investment.

### Change in Group Assets in Custody Balance



## Cooperation with Shikoku Alliance Securities

As customers' wishes and needs for asset management vary, we are cooperating with Shikoku Alliance Securities to provide more specialized products, information and consulting services. The entire Group will support our customers' asset formation by providing optimal services to meet a wide range of needs.

### Preparing

We provide timely proposals and services to respond to future risks that change with the occurrence of life events such as marriage, childbirth, home purchase, and retirement, and to meet the needs to prepare for such events.

In addition to more than 100 insurance consultants deployed at 60 bank branches within Ehime Prefecture, insurance plazas (11 locations within Ehime) are available for consultation on weekends and holidays. For customers who cannot use these locations, online consultation is available.

### Preserving and Bequeathing

We are responding to diversified and enhanced needs for bequeathing due to the progress in aging population, through close cooperation between bank branches and the external relations division at the headquarters.

We not only provide inheritance consulting utilizing the coverage functions of insurance but also offer a range of relevant products and services, including preparation for nursing care, will writing support, civil trust, and inheritance arrangement services. We are thus prepared for one-stop, tailor-made support while in life before until after the actual bequeathing event occurs, connecting our customers' wishes.



# Personal Related Strategies DHD Services

## Iyo Bank on Your Palm **AGENT**

AGENT is a smartphone app that enables customers to access to counters from anywhere, and complete procedures by themselves or via a video chat with the bank staff. Customers can open ordinary and time deposits accounts, change addresses, and go through other procedures as they video chat with our staff, just as they do at branches. Based on the conversation, the staff member in charge can register information on behalf of the customer. Those who are unaccustomed to smartphones can therefore feel comfortable using the service.

Adoption of agile development has allowed systematic enhancement of usability and addition of functions since the app's release in June 2021. For example, the balance inquiry, video chat appointment, and transfer functions have been added. Various functions are expected to be offered also in fiscal 2023. We will continue to offer new counter service experience.

### AGENT Ongoing Expansion of AGENT App Functions

- April 2022: Real-time Visa debit statements began to be issued
- July 2022: nNew function was added to substitute identity checking for account registration at branches
- October 2022: Part of the inheritance procedures began to be handled via a video call
- January 2023: New function was implemented for procedures for lost or stolen passbook, etc. (suspension of use, reissue, etc.)
- April 2023: New product "Time deposit special to AGENT" became available
- May 2023: New function was added for transfer
- Summer 2023: Family account sharing service is available (plan)
- Winter 2023: New functions are added to open investment trust account, purchase and sell investment trust (plan)



## House Purchasing Plan with a Smartphone **HOME**



**HOME**, a smartphone-based digital housing loan service, allows customers to apply for housing loans and sign loan agreements anytime and anywhere.

### Strengthen Housing Loan Initiatives

In April 2022, we extended the longest borrow period for fixed rates for initial period type products to 40 years and are running a special interest rate promotion (until the end of December 2023). In March 2023, the longest borrow period for step-up interest rate type products, our main products, was also extended to 40 years. Now, all housing loan products can be borrowed for up to 40 years.

In addition, in order to meet a wider range of needs, we introduced group credit life insurance by Credit Agricole Life Insurance Company Japan Ltd. in January 2023. We are offering a reduction in extra interest rate through January 2024.

Furthermore, in response to the growing needs for variable interest rates due to the current interest rate environment, we introduced variable interest rate housing loan in June 2023 to allow customers to select the best interest rate plan according to the interest rate environment and their needs.

For customers who have not yet taken out a housing loan, we offer "Housing Consultation Counter" referral service that allows customers to select the housing company that best fits their needs.



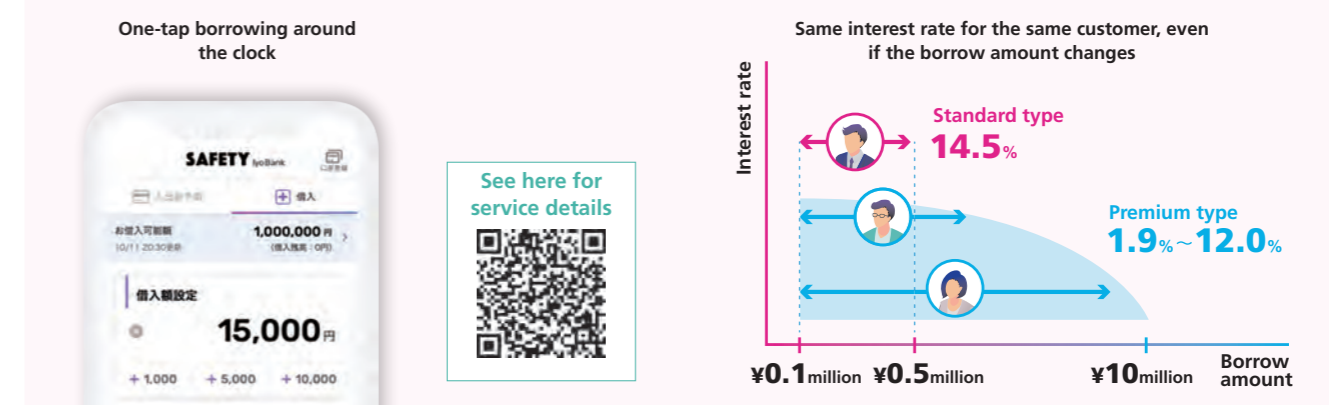
## New Card Loan Service That Issues Notifications on Insufficient Amount **SAFETY**

SAFETY, a digital card loan service, is an app that allows one-tap borrowing and repaying around the clock. Customers can also increase the borrow amount through the app after starting the use.

We offer the "Standard type," and the "Premium type" in which interest rates are set based on the "screening results" instead of the "borrow amount."

In October 2022, we obtained a patent for a function that notifies the customer of the forecasted insufficient balance and allows the customer to borrow the insufficient amount.

### "Card loan as an ordinary tool useful in daily life"



## Simulation Tool That Allows Customers to Chart Various Future Plans

LIFE PALETTE is a digital tool that simulates changes in household finance balance and assets, based on future life events entered from customers' own smartphones or tablet devices. Customers can check their financial health and consult with advisors at the counter or online if they have any concerns. We thus provide support for life plans tailored for each customer's life plan.



## LIFE PALETTE

Renewed in April 2023

- Propose money improvement actions tailored for each customer, and the improvement effect can be seen at a glance
- Provide information not only on money but also on tips for life plan and life improvement
- Evolved to an easier and more user-friendly UI and UX

### Value provision tailored to customers' life plans and life events

- Provide information and advice, and propose products and services tailored to customers' life plans
- Online consulting enables us to provide consulting services to more customers by sharing their life plans with advisors





# Ship Related Strategies

Appropriately grasp changes in the maritime industry's business environment and support business investments that are optimal for customers



## Ship Finance as Support to Local Industries and Role as a Member of the Maritime Cluster

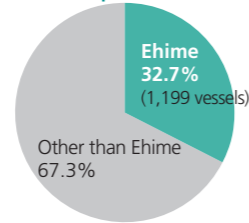
In Ehime Prefecture, there are approximately 80 offices of ocean-going vessel owners, and they effectively own roughly 32% of all ocean-going vessels owned by Japanese companies. Ocean-going vessel owners in Ehime are known in the world as "Ehime owners."

When it comes to shipbuilding, approximately 15% of all ships constructed in Japan are from Ehime Prefecture. The figure rises to roughly 30% if combined with the proportion of ships constructed in other prefectures by Ehime-headquartered shipbuilding yard groups. Thus, shipbuilding also can be considered as an important local industry in Ehime, ranked top-class in Japan. Iyo Bank's ship finance aims to support the growth and development of these local maritime and shipbuilding industries, as well as the entire maritime cluster that includes relevant industries. We have long grown together with our customers.

As described above, the role of Iyo Bank's ship finance is to, as a member of the local maritime cluster, help the development of Japan's maritime-related industries in general. Based on such an understanding, we actively engage in business activities every day.

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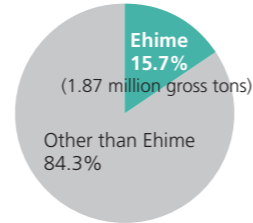
**Number of ocean-going vessels owned by domestic ship owners (As of September 2020)**



**No. 1 in Japan**

3,663 total vessels in Japan (including operators)

**New vessels constructed in Japan (Fiscal 2020)**



**No. 1 in Japan**

11.92 million gross tons of new vessels constructed in Japan

\*Iyogin Regional Economy Research Center, Inc. (IRC) estimates; the ranking in Japan excludes vessels owned by major ocean transport companies.

## Fiscal 2021 Medium-Term Management Plan

Under the basic policy of "appropriately grasping changes in the maritime industry's business environment and supporting business investments that are optimal for customers", ship related strategies in the Fiscal 2021 Medium-Term Management Plan focus on the "improvement in risk consulting capabilities concerning the shipbuilding and ocean transport industries," "improvement in research and analysis capabilities concerning the maritime industry in general," "control of credit concentration risk concerning ship finance," and "enrichment in activities connecting domestic and overseas maritime industries" as its principal measures. We have been actively working on relevant initiatives.

For example, we have been considering productivity improvement and other measures together with shipbuilding yards to address issues identified through discussions with them.

We have also made risk hedge proposals utilizing financial derivatives, and are striving every day to explore and propose better ways to control various risks for ship owners.

Furthermore, we aim to link active information exchange with a wide range of maritime businesses, mainly conducted by the Tokyo Desk of Ship Finance Division, to business matching and case intermediation between maritime businesses.

Going forward, our activities will be directed toward broader and deeper win-win relationships with ship owners, shipbuilding yards, ship equipment manufacturers, and other members of the maritime cluster.

**Improvement in Risk Consulting Capabilities Concerning the Shipbuilding and Ocean Transport Industries**  
Deepening into Bank-wide efforts for more appropriate business feasibility assessments of the maritime industry

**Improvement in Research and Analysis Capabilities Concerning the Maritime Industry in General**  
Understanding the industry and advancing efforts to solve problems through wide-ranging cooperation with maritime clusters centered on Tokyo and Imabari

**Control of Credit Concentration Risk Concerning Ship Finance**  
Providing diverse financing sources such as composition of syndicated loans based on the framework of the TSUBASA Alliance, etc.

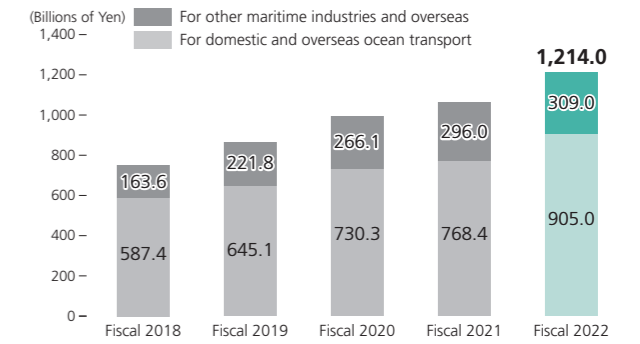
**Enrichment in Activities Connecting Domestic and Overseas Maritime Industries**  
Aiming to provide new value unique to Iyo Bank for business opportunities such as chartering and selling ships

## Balance for the Maritime Industry

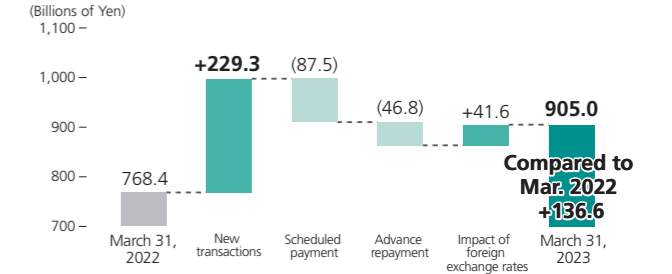
As a result of the above initiatives, the loan balance for the maritime industry as of March 31, 2023 stood at ¥1,214.0 billion. Of the total loan balance, the balance for domestic and overseas ocean transport finance was ¥905.0 billion, an increase of ¥136.6 billion from March 31, 2022. The balance for ship finance has been increasing as we have steadily offered loans. The increase has been taking place despite the increasing investment amount per project due to the trend of ships getting larger and higher priced, additional costs to meet the environmental regulations such as alternative-fuel ships, and other factors. Loans for shipbuilding yards and other maritime-related businesses also increased since we responded to loans for coastal trading vessels and logistics facilities. In addition, the balance for overseas has been increasing steadily despite changes in amounts when translated into yen due to exchange rate fluctuations.

Iyo Bank will continue to actively engage in relevant initiatives, with the major goal of supporting optimal investments for customers, and without being bound only by changes in the loan balance.

**Loan Balance for the Maritime Industry**



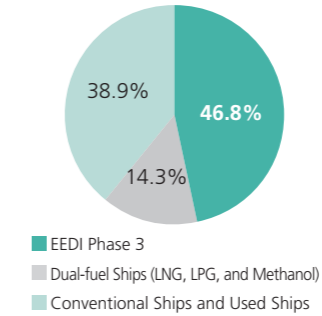
**Breakdown of changes in balance for domestic and overseas ocean transport in fiscal 2022**



## Initiatives to Support Decarbonization of Ocean Transport

- Loans for ships manufactured by Japanese shipbuilding yards that have high fuel efficiency
- Initiatives for loans for LNG dual-fuel ships
- Loans for ships following the regulations on energy efficiency starting in 2025 in advance
- Initiatives for sustainability linked loans (March 2021) and transition loans (September 2021)
- Activities to match energy-saving added device manufacturers with shipowners

**Ratio of ships designed with environmental initiative in mind in loan decided cases**



\*Within ship-related cases approved in the recent 6 months

**Obtained certification as a designated financial institution based on the Maritime Industry Strengthening Act (partial revision of the Shipbuilding Act and the Marine Transportation Act)**

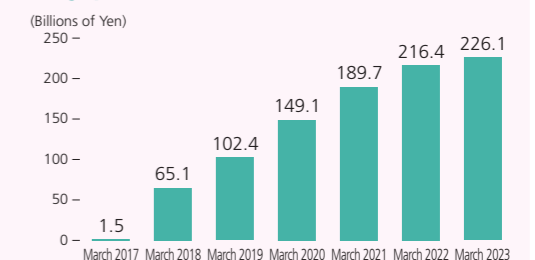
Provide long-term, fixed-rate funds for the improvement of construction quality, reduction of the environmental impact of ships, and saving energy, etc. to shipbuilders, ship operators, and ocean transportation operators who have formulated plans that meet the criteria set by the government.

## Initiatives at the Singapore Branch

Established in December 2016, our Singapore Branch not only collects the latest local information but offers financial support mainly to local shipowners, rolling out our long-standing know-how in loans for ships.



**Singapore Branch Loan Balance**





# Market Investment Strategies

Be conscious of overall profit and loss that lead to stable profit and future profit and diversify investments with a focus on liquidity

## Investment Policy for Investing in Securities

We manage securities under the basic policy of "be conscious of overall profit and loss that lead to stable profit and future profit and diversifying investments with a focus on liquidity." It is our policy to keep a certain proportion of bonds as assets inversely correlated with risk in stocks.

We have been taking a restrictive stance on holding yen-denominated bonds due to ongoing negative interest rate and yield curve control in Japan, because such policies not only make new investments in yen-denominated bonds unprofitable but also result in insufficient diversifying effects with limited scope of interest rate fluctuations. Meanwhile, we were increasing the balance of foreign bonds (with forex hedges), expecting relative advantage of investing in them.

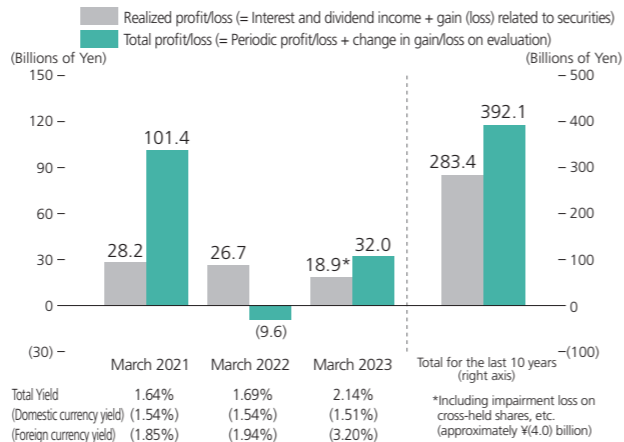
Anticipated interest rate rise worldwide, however, prompted us to restrict new investments and sell those bonds from fiscal 2021 onward, significantly reducing the balance. In addition, the duration became shorter. As a result, we were able to rein in the expansion of evaluation loss caused by an interest rate rise, and the current portfolio ensures sufficient investment capacity that leads to future profit. In fiscal 2023, the final year of the Medium-Term Management Plan, we plan to restore the balance in anticipation of the effects of diversifying investment in stocks in the future overseas economic slowdown. Meanwhile, there are concerns that foreign currency procurement costs will remain high and we believe that a careful response is necessary.

Foreign bonds (without forex hedges) contributed significantly to profit in fiscal 2022, partly due to the rapidly weakening yen. Bond switching during the fiscal year has increased investment yields, and they have become assets from which we can expect stable profit from carry trading in the future by maintaining the balance. Meanwhile, it is also anticipated that the yen will strengthen in some cases due to changes in monetary policy, and other reasons. Thus, we plan to implement risk control measures and strategic re-balancing according to the situation, while keeping a certain amount of balance.

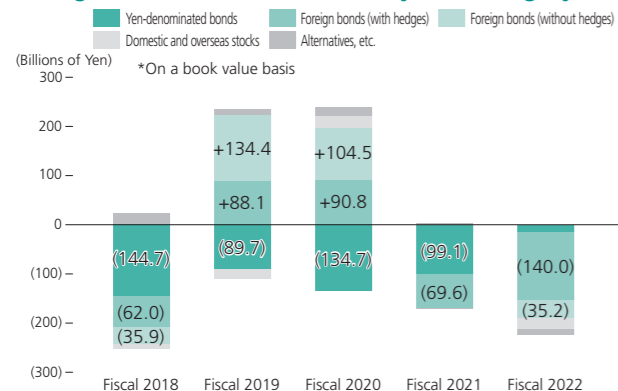
## Investment Policy by Risk Category

Risk category	Direction	Investment policy
Yen-denominated bonds	Not change	• Keep the balance as a bond including foreign bonds as assets inversely correlated with stocks.
Foreign bonds (with forex hedges)	Restore balance	• For foreign bonds (with forex hedges), the balance is temporarily shrunk in anticipation of rising interest rates. In the future, the balance is planned to be restored gradually.
Foreign bonds (without forex hedges)	Not change - slightly increase	• Implement risk control measures and strategic re-balancing according to the situation while keeping a certain amount to secure stable profit from carry trading.
Domestic and overseas stocks	Decrease	• Sell off stocks held for strategic purposes if the necessity of holding is not recognized. • Purchase stocks held solely for investment purposes of which growth is expected in the medium- to long-term view.
Alternatives, etc.	Not change	• Consider investment to secure stable carrying and portfolio diversification.

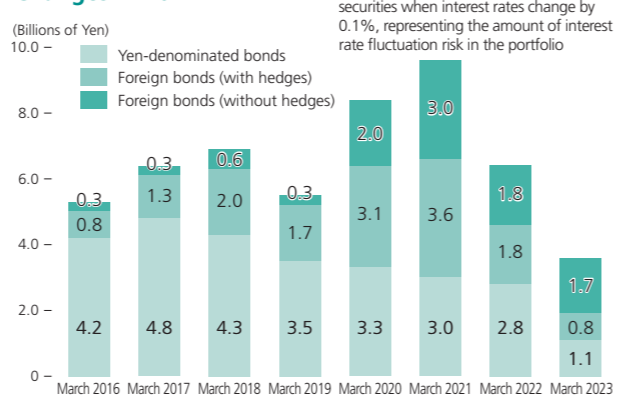
## Securities Performance



## Changes in Balance of Securities by Risk Category



## Changes in 10BPV\*

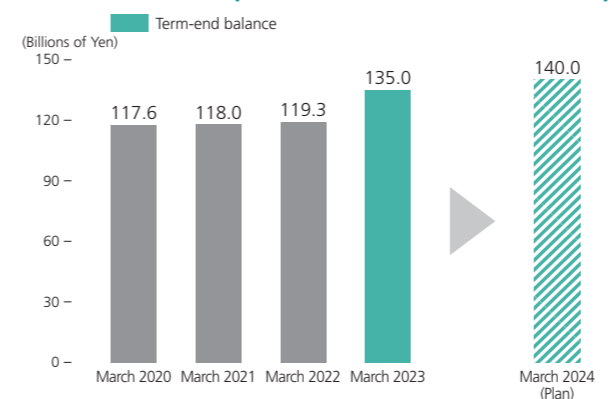


## Policies for Loan Management and Foreign Currency Procurement

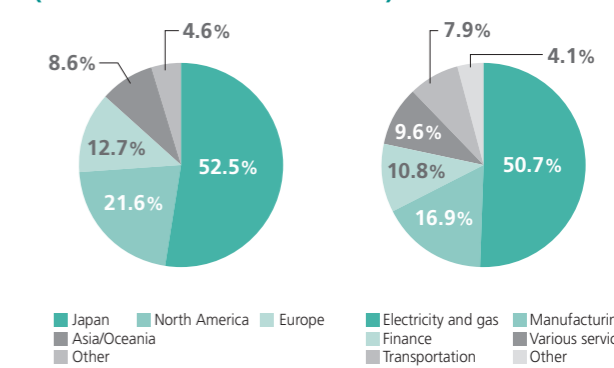
Since its establishment in 2014, the Financial Market Business Office has accumulated high-quality loan assets centered around domestic and overseas project finance and overseas corporate finance, while being mindful of diversifying the portfolio. For our portfolio by region, while focusing on loans with the final risk lying in Japan, such as loans for solar, biomass, wind power generation, and other types of renewable energy and loans guaranteed or insured by a Japanese export credit agency, we diversify risk across the world, including North America, Europe, and Asia/Oceania. We will continue to accumulate loan assets with a focus on not only profitability and safety but also ESG, etc., which is attracting increasing interest in recent years. We aim for a loan balance of ¥140.0 billion by the end of fiscal 2023, the final year of the current Medium-Term Management Plan.

We choose foreign currency procurement methods according to asset characteristics, thereby ensuring stable procurement and coping with interest rate fluctuations in the procurement. In addition, commitment lines are set above the necessary amount of procurement for each period, ensuring stability in the face of sudden changes in the market environment and other contingencies.

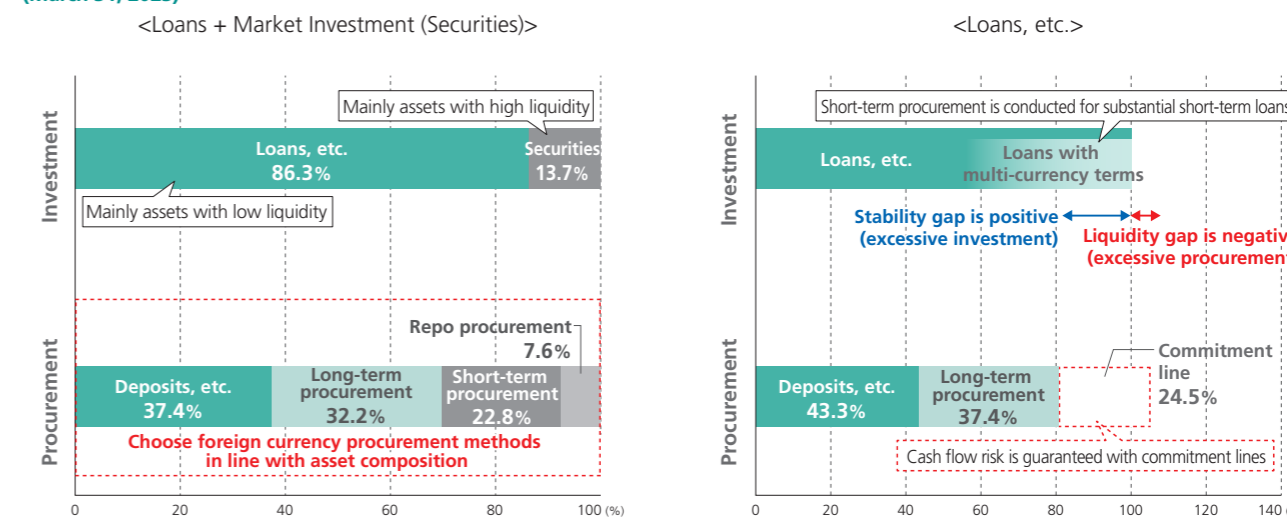
## Loan Balance Plan (Financial Market Business Office)



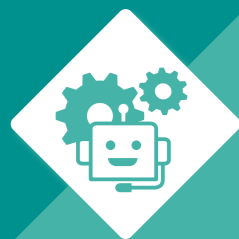
## Portfolio by Region and Industry (Financial Market Business Office)



## Status of Foreign Currency Investment and Procurement (March 31, 2023)



Stability gap: Loans, etc. - (Deposits, etc. + Long-term procurement)  
Liquidity gap: Loans, etc. - (Deposits, etc. + Long-term procurement + Commitment line)



# BPR Strategies

Aim to increase productivity of the entire group by minimizing administrative and routine work and enhancing manpower available for customer interactions and planning work

## Branches Shift Focus from Administrative Work to Problem Solving

Since the Fiscal 2015 Medium-Term Management Plan, BPR strategies have been positioned as an important task for increasing productivity. We not only simplified administrative work processes but also grasped the reality through research on administrative workload. We have thus carried out a fundamental review of administrative work, exploring the possibility of abolishing administrative tasks themselves.

Bank branches have taken measures under such concepts as "digitization and simplification of administrative work," "cashless processing," and "headquarters-centralized." We are minimizing administrative work at bank branches by introducing AGENT tablets, electronic contracts for business feasibility loans, and other digital tools including AGENT banking app that allows customers to go through bank procedures via video chat. In addition, we are promoting Satto Madoguchi (Quick Counter) to reduce cash handling, expanding the area of headquarters-centralized operations, and promoting cooperation with group companies. Our bank branches thus are shifting their focus from administrative work to problem solving.

### Digitization and Simplification of Administrative Work

We started full-fledged introduction of the reception tablet device AGENT in February 2019, and have completed the installation at all bank branches. Looking to be the bank with the simplest administrative procedures in Japan, we have digitized approximately 40% of reception-related administrative work at bank branches, for example, account opening can be completed in as little as 10 minutes by inputting information on a tablet.

As for AGENT banking app, which has been undergoing agile development based on the concept of "Iyo Bank on Your Palm," we implemented new function for inheritance procedures in October 2022, and transfer function in May 2023. We are continuing to pursue simplification of procedures and convenience for our customers through the use of digital technology.



### Headquarters-Centralizing Measures

Headquarters-centralizing measures include centrally receiving phone calls, centrally keeping retained documents, setting up the Administrative Work Support Center and Loan-Related Administrative Work Support Center (centrally handles loan-related administrative work related to loan operations of bank branches). By expanding the scope of branch administrative work centrally handled by the headquarters, we are reducing administrative workload at bank branches.

### Productivity Improvement at Headquarters

We are also working on the improvement of operational efficiency for the headquarters. In December 2017, the CoE was set up in the General Planning Division of Iyo Bank, which has been striving to reduce workload at the headquarters mainly by using RPA to automate operations and making various application procedures digital and paperless through groupware use.

With the transition to a holding company structure in October 2022, we have assigned one person in charge of operational efficiency to each company this year to expand horizontally the BPR knowledge accumulated to date by Iyo Bank to all group companies. By cooperating with the CoE, we are steadily executing the operational reforms centered on paperless operations through digitization of various application procedures and promotion of mutual use of digital tools.

Going forward, we will take another step forward in our cost reduction efforts by expanding each measure to the entire Group, including consolidating duplicated operations in the Group, subject to approval from the authorities.

### Cashless Processing

As a cashless processing initiative, we have introduced Satto Madoguchi (Quick Counter) at next-generation branches and linked transactions by Satto (Quick) ATMs installed at the counters with those by branch terminals. By centrally managing account transactions at the counter and cash receipt and payment transactions, we have minimized cash handling at counters.

In addition, cash management operations at bank branches has been outsourced to a business service company in the Group, to abolish administrative tasks themselves. Toward the realization of cashless processing, we are promoting the introduction of outsourced cash management operations to all bank branches within Ehime Prefecture.



### Other Measures (Renewal of New Bank Branch System)

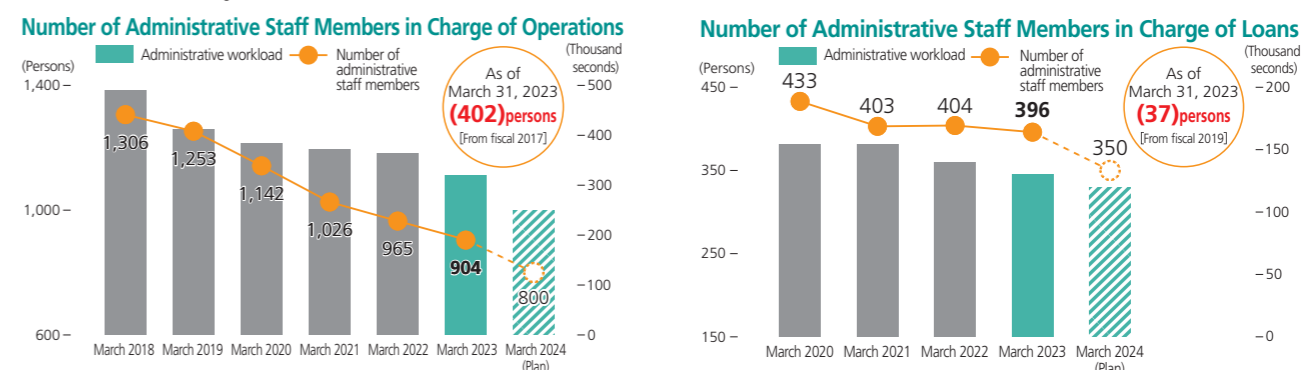
In addition, new bank branch system that underwent a major renewal and began full-fledged operation in January 2023, has realized paperless and less operation by linking the BOC system, which centralizes branch administrative work at the headquarters, with RPA, and by adding Satto (Quick) ATM function. We plan to reduce the number of terminals at bank branches (by half) and workload by approximately 156 staff members.

## Effects of Administrative Staff Downsizing and Workload Reduction

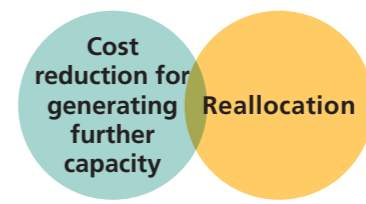
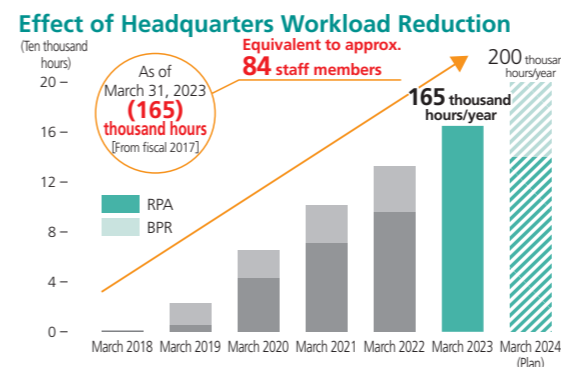
As a result of taking various BPR measures, we reduced 402 administrative staff members in charge of operations (as of March 31, 2023) and 37 of those in charge of loans (as of March 31, 2023) from March 31, 2018. While reducing the number of administrative staff members by limiting hiring and natural attrition (retirement), at the same time, surplus human resources generated by the reduction are reassigned to work in the sales field or on further headquarters-centralizing to enhance services in the digital field through reassignment and reskilling, thereby allocating more time to problem solving for customers.

As of March 31, 2023, yearly workload at the headquarters has decreased by approximately 165 thousand hours (equivalent to 84 staff members) from March 31, 2018. We will continue our efforts, with the goal of reducing yearly workload by 200 thousand hours by March 31, 2024, the final year of the current Medium-Term Management Plan, thereby aiming to improve productivity for the entire Group to invest human resources in the planning operations and to achieve work style reforms considering reconstruction of the head office building.

### Effects of BPR at Iyo Bank Branches (Administrative Workload/Number of Administrative Staff Members)

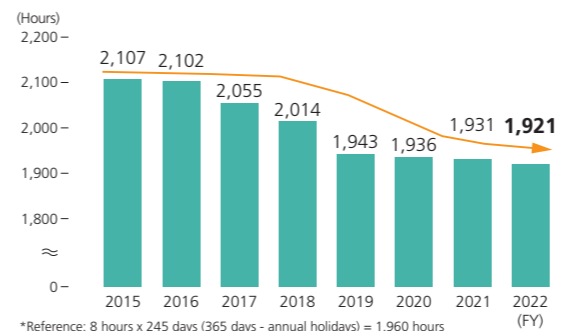


### Effect of Workload Reduction at Iyo Bank Headquarters and Group Companies (Reduced Hours)



Increase productivity of the entire Group  
Inputting resources to "planning work"

### Yearly Working Hours (Per Person)



Higher awareness on BPR by employees and officers  
→ Contribute to work style reforms

186-hour reduction of yearly working hours  
(per person) between 2015 and 2022



# New Business Creation Strategies

Continuously develop businesses and operations that contribute to solving local issues and improving sustainability through appropriate and bold risk-taking, thereby creating profit opportunities

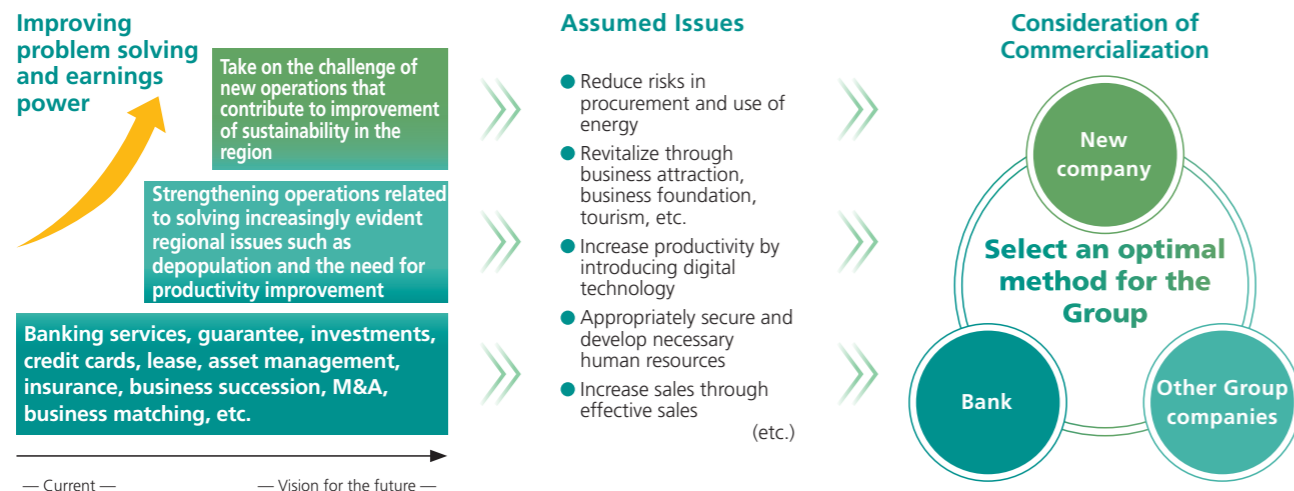
## Consideration of New Businesses

We are proceeding with consideration and trials in several business fields based on possible issues that local regions and customers will face, under this basic policy: “Continuously develop businesses and operations that contribute to solving local issues and improving sustainability through appropriate and bold risk-taking, thereby creating profit opportunities.”

In February 2023, to expand the business fields of Iyogin Capital Company Limited, we newly established the “Iyogin Business Succession and Growth Support Fund,” which responds to the mitigation of requirements for investment in business succeeding companies, etc.

Furthermore, in April 2023, we established “Iyogin Digital Solutions Co., Ltd.” as a company that operates the DX consulting business. Its representative director was selected from among the managers. This also represents a challenge for the Group, as this is the first time we are starting a business under the leadership of a young president.

In transitioning to a holding company structure, we have obtained approval to be classified as a “certified bank holding company,” one of the first among regional banks nationwide, and have established a system that enables flexible and agile initiatives. In order to make the most of this advantage, we will find ways to deepen and evolve our business through a customer-oriented approach, and readily take on challenges.



## Business Fields Under Consideration

<b>Business related to advertising</b>	<ul style="list-style-type: none"> <li>● Aiming to support sales expansion of our customers by utilizing customer contact points such as the bank app and mailing services; a field where we can leverage our extensive reach and data analyses based on our customer base.</li> <li>● Currently conducting trials to measure advertising effectiveness and verify business models such as fee structures.</li> </ul>
<b>Business related to renewable energy</b>	<ul style="list-style-type: none"> <li>● Aiming to improve the sustainability of the region by contributing to the spread of the local production, local consumption model for energy; in view of the region, the focus is on solar power generation, and expansion into fields such as environmental value trading is also possible.</li> <li>● As this business field requires long-term management and continuation for over 10 to 15 years, our soundness (corporate strength and reliability) as a banking group can be utilized.</li> </ul>
<b>Business related to town development</b>	<ul style="list-style-type: none"> <li>● Currently considering business development that sets business creation in collaboration with local governments as a core business field.</li> <li>● By aiming for the capability to internally produce solutions for various issues that differ depending on the region, we aim to be a business entity that creates new operations and businesses.</li> </ul>
<b>Business related to human resources</b>	<ul style="list-style-type: none"> <li>● Staffing business foundation already exists; the number of consultations, number of contracts concluded, and associated fee income have been increasing significantly.</li> <li>● Exploring additional fields from a wide range of perspectives, such as utilization of former employees or retiring personnel in collaboration with major local companies, supporting local employment for students, and providing educational programs for the potential labor force.</li> </ul>

## Establishment of “Iyogin Digital Solutions Co., Ltd.”

Since 2018, the Corporate Consulting Division has been offering the ICT consulting operations at the Iyo Bank, and has supported more than 200 cases thus far.

We listen carefully to our customers’ issues, and continuously make improvement proposals with a focus on “how to streamline manual light work of each company,” and our efforts have been highly acclaimed. For instance, in 2022, we were commended by the Cabinet Office and listed as “An example of distinctive initiatives by financial institutions, etc. that contributed to regional revitalization in 2021.”

Iyogin Digital Solutions will channel the expertise we have cultivated thus far into DX consulting, and aim to provide more advanced consulting services.





**Message from the President**

Kazuya Ono, President and Representative Director  
Iyogin Digital Solutions Co., Ltd.

As the Iyogin Group considered the “expansion of business fields,” one of its purposes for transitioning to a holding company structure, our company was established with the idea that we could help customers with their management issues such as improving operational efficiency and digitalization.

In the same way that the Group’s core subsidiary Iyo Bank is working on DHD, by accelerating efforts of regional customers to digitalize and realize DX, we will help to eliminate labor shortages due to population decline, realize the original purpose of DX which is to increase sales, and create new businesses. Therefore, we believe we can contribute to the revitalization of the local economy.

## Establishment of the “Iyogin Business Succession and Growth Support Fund”

As an increasing number of companies are facing business succession issues and management issues related to growth, the importance of the equity business is increasing in the provision of value to customers. In addition to offering funding, M&A, and business succession support for investees, this fund will realize the enhancement of corporate value through hands-on support that goes one step further than before.

### <Overview of the Fund>

<b>Name</b>	Iyogin Business Succession and Growth Support Fund Investment Business Limited Partnership
<b>Total amount</b>	¥2,000 million
<b>Establishment</b>	February 20, 2023
<b>Partners</b>	Iyogin Capital Company Limited (GP: General Partner) The Iyo Bank, Ltd. (LP: Limited Partner)
<b>Duration period</b>	10 years



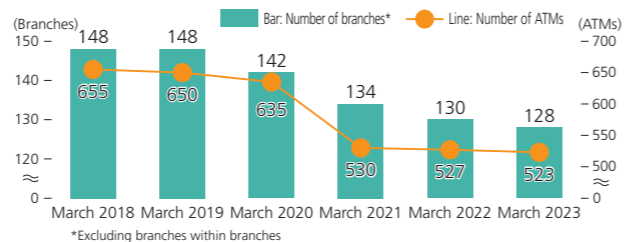
## Plan for Branches

Aim to diversify customer touch points by rebuilding channels, including branches

### Optimization of Branch and ATM Locations

Since the Fiscal 2015 Medium-Term Management Plan, we have been reviewing our branch locations while maintaining customer touch points, in light of the decline in regional population and branch foot traffic. In addition, we are working to allocate the appropriate number of ATMs, taking into account the rapid spread of cashless payment in recent years and the status of use of ATMs by customers at each location. We will continue to aim for optimal allocation of branches and ATMs in line with changing customer behavioral patterns and diversifying and sophisticated needs.

#### Review of Branch and ATM Locations



#### Kawanoe Branch (Kinsei Branch)

Kawanoe Branch which was newly built and opened in July 2022 offers two lobby spaces based on the purposes of customers visiting the branch. In addition to improving convenience through digitization of administrative work, our employees listen to customers' issues and work to provide value that only people can deliver. In addition, on the second floor, a "collaboration space" has been installed with the aim of using it for various scenes such as holding seminars and consultation sessions, planning events, and collaboration between the employees of the headquarters and officers and employees of the Group. Through this, the bank and group companies work together to solve issues of customers in the region.



#### New Head Office Buildings

The current main building (completed in 1952) is 71 years old, and the annex (completed in 1968) is 55 years old, and both are deteriorating. Accordingly, we intend to rebuild them to enhance seismic performance and disaster prevention functions. By so doing, we will ensure safety in the event of a major disaster and reinforce our business continuity plan (BCP) as a financial infrastructure.

As the banking business expands, office space in the head office became insufficient. So, part of the function of the headquarters as well as group companies were dispersed within the city of Matsuyama. In October last year, the Group shifted to a holding company structure. We intend to build a more efficient and group-wide business operation system by consolidating organizations and improving productivity, with the rebuilding of our buildings, including the south annex.

Through the rebuilding of the head office buildings, we will consider such initiatives as establishing an area to connect with regional customers and using the facilities as a primary accommodation for those who have difficulty returning home in the event of a major disaster, etc.



[Perspective drawing]

#### Summary of the New Head Office Buildings

Name	New Main Building	New South Building
Total floor area	Approx. 30,000 m <sup>2</sup>	Approx. 13,000 m <sup>2</sup>
Structure	Steel construction	Steel construction
Number of floors	12 stories above ground, 1 story below ground	11 stories above ground
Start of the construction work	Summer 2026	Summer 2023
Completion of construction	Spring 2029	Spring 2025
Design	Osaka First-Class Registered Architects Office, Takenaka Corporation	

**Concept**  
Sustainable buildings that create richness and vitality in the region  
"For our 200th anniversary of the foundation, we will construct new head office buildings that will make regional contribution."



## Plan for IT

Aim for the establishment of IT governance that not only achieves prompt and flexible digital response to the external environment and customer needs, and but also maintains a secure, stable, and safe banking system as well

### Overview of Plan for IT

#### 1. Prompt and Flexible Digital Response to the Changing External Environment and Customer Needs

To improve customer experience (CX), we will establish an omnichannel system that offers better CX through any channel, upgrade each channel, and develop and upgrade the readiness for data use that creates added value.

#### 2. Maintenance of a Secure, Stable, and Safe Banking System

As a foundation for credibility and trust, we will continue to ensure stable operation of the core system. System infrastructure will also be developed with an eye on medium- to long-term productivity improvement.

#### 3. Establishment of IT Governance

We aim for the optimization of IT investment by controlling IT investment costs and establishing and reviewing investment rules.

**Prompt and flexible digital response to the changing external environment and customer needs**

- Achieve omnichannel coordination
- Upgrade each channel
- Upgrade data use

**Maintenance of a secure, stable, and safe banking system**

- Upgrade the core system
- Develop system infrastructure

#### Establishment of IT governance

- Control IT investment costs, establish and review investment rules

### Efforts by the Iyogin Group as a Whole

#### Introduction of CRM Group Dashboard

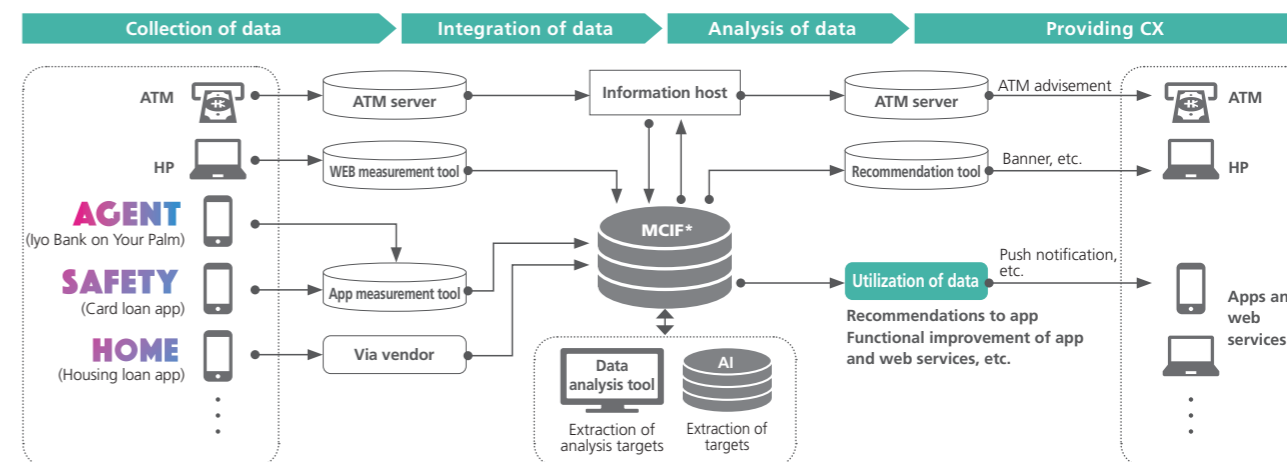
- We introduced a CRM Group Dashboard in April 2023 to strengthen the sales capabilities of the entire Group and achieve customer-oriented business operations.
- We will share corporate information held by the Group companies\* among the entire the Group, and aim to strengthen relationship management and provide optimal products and services. \*Excluding Shikoku Alliance Securities



- Revenue status
- Negotiation records
- Contact persons at each Group company
- Transaction status, etc. are displayed

### Improvement of Coordination Among Channels

- With the aim of analyzing and utilizing data of each channel, we are progressively developing an environment for obtaining attributes and behavioral data of customers of our apps and web services.
- We will analyze various data and utilize them to provide optimum recommendations to customers and improve functions of our apps and web services.



\*Abbreviation of Marketing Customer Information File. Customer database for marketing use

# Response to Climate Change: Initiatives for TCFD Recommendations

In February 2021, Iyogin Bank, the core company of the Group, expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD\*) to contribute to the realization of a decarbonized society while assuming the risks that climate change poses to our customers and the Bank. Believing that pursuing both the realization of sustainable global environment and business activities will lead to creation of new business opportunities, Iyogin Bank will strengthen information disclosure related to climate change, based on the framework of TCFD Recommendations.



### \*TCFD (Task Force on Climate-related Financial Disclosures)

A task force for stabilizing financial systems established under Financial Stability Board (FSB) in 2015. On the assumption that physical impacts of climate change such as abnormal weather, and drastic shift to the decarbonized economy may threaten the stability of financial systems, TCFD requires all companies to disclose information in the below-mentioned manner: 1) use multiple climate scenarios, 2) evaluate the company's own climate-related risks and opportunities, 3) reflect the evaluation in management strategies and risk management, and 4) comprehend their financial impacts and disclose them.

## 1. Governance

### <Policy>

Under the Group Corporate Credo (Meaning of Existence) of "creating a bright and prosperous future for the region", we have established "Environmental Policy", and proactively and continuously worked on reducing our environmental burdens and supporting our customers' environmental conservation activities.

### <Structure>

While being a risk to the Iyogin Bank, climate change that has significant impacts on local communities is considered as one of the important management issues that would create new business opportunities. As it is necessary for the entire organization to proceed with considering the response to the TCFD recommendations, we have been investigating and discussing the way of corporate activities toward the realization of decarbonization in a cross-organizational manner, involving the management planning divisions and the risk management divisions, etc. Matters to be discussed are submitted and reported to the Group Sustainability Committee chaired by the President of Iyogin Holdings. The Committee deliberates the status of responses to and information disclosures about environmental issues including climate change. We have also established the system in which important matters are appropriately reported to the Board of Directors as necessary, and given its supervision appropriately.

## 2. Strategies

Considering responses to climate change from perspectives of both opportunities and risks, we are proceeding with respective initiatives.

### <Opportunities>

We have proactively supported customers' investments in renewable energy business and capital investment that would contribute to a reduction in environmental burdens, and financially helped customers reduce greenhouse gas emissions and increase energy efficiency. Thus, we are working on the realization of a lower-carbon society.

Also in non-financial aspects, in order to provide solutions for supporting customer's decarbonization such as consulting services for measures against climate change, we have started initiatives toward the development of regions that are robust over climate change and the establishment of sustainable businesses, including the conclusion of a comprehensive collaboration agreement with a local electric power company.

### <Risks>

As risks of climate change, we recognize transition mitigation risks and physical risks are recognized. It is required to take measures for both direct impacts on the Iyogin Bank's own business activities and indirect impacts caused by customers being affected.

#### Transition Risks

Assumed transition risks include an increase in credit-related expense for sectors to be subject to impacts caused by responding to strengthened climate-related regulations, such as restrictions on carbon emissions, a hike in carbon tax, and other risks. "Electricity and gas" sector has been selected as the target sector by evaluating the importance of the risk with two axes, risk evaluation by sector (degree of impact) in light of a result of consideration in "UNEP FI Principles for Responsible Banking", etc.; and the composition ratio in the Iyogin Bank's portfolio (credit amount).

### <Scenario Analysis>

#### Transition Risks

In relation to transition risks, for the Iyogin Bank's business borrowers in the "Electricity and gas" sector, we implemented the analysis about an increase in credit-related expense caused by financial impacts on each business borrower arising from the strengthened regulations on carbon emissions and the introduction of the carbon tax associated with the transition to the decarbonized society, under "2°C Scenario" and "1.5°C Scenario" announced by the NGFS. The analysis result is as shown below.

#### Results of Scenario Analysis Concerning Transition Risks

##### Strengthened regulations on carbon emissions and introduction of carbon tax

Effect on B/S		Effect on P/L	
Increase in investment in renewable energy facilities	Increase in borrowings	Decrease in sales	Occurrence of carbon costs

##### Increase in credit-related expense associated with the transition to the decarbonized society

<b>Scenarios</b>	• Below 2°C Scenario (2°C Scenario) and Net Zero 2050 Scenario (1.5°C Scenario) publicized by the Network for Greening the Financial System (NGFS)
<b>Analysis target</b>	• Among the Bank's business borrowers, "electricity generation business operators" and "gas business operators" (excluding business operators related to renewable energy)
<b>Analysis method</b>	• Calculate an increase in credit-related expenses by calculating the impact of strengthened regulations on carbon emissions and introduction of carbon tax associated with the transition to the decarbonized society on an individual-company basis and forecasting future financials through fiscal 2050
<b>Analysis period</b>	• Until 2050
<b>Analysis result</b>	• 2°C Scenario: A total of ¥0.08 billion increase in credit-related expense • 1.5°C Scenario: A total of ¥2.6 billion increase in credit-related expense

### <Carbon-related Assets>

The ratio of carbon-related assets\* to loans and other assets mainly based on the recommended disclosures by the TCFD Recommendations was "43.4%" (as of the end of fiscal 2022). For your information, the ratio of the "energy" sector to loans, etc. was "3.8%" (as of the end of fiscal 2022).

We will continue to sophisticate scenario analysis and expand the sectors to be analyzed, and meanwhile, through the engagement with these sectors, we will consider providing various solutions for decarbonization as well as sustainable finance.

\*...Calculated by applying the industry classification listed in the Ministry of the Environment's "Practical Guidance for Decarbonization Starting from Portfolio Carbon Analysis" based on the definition of the "energy," "transportation," "materials and buildings," "agriculture, food and forestry products" sectors.

#### Physical Risks

Assumed physical risks include an increase in the Iyogin Bank's credit-related expense arising from a deterioration in customers' business performances and damages on real-estate collateral with typhoons, floods, and other natural disasters.

In addition, risks of being unable to continue business due to damages on the head office, branches, and other holdings of the Iyogin Bank, and increases in costs arising from countermeasures and restoration are assumed.

#### Physical Risks

In relation to physical risks, for the Iyogin Bank's business borrowers, we implemented the scenario analysis about an increase in credit-related expense caused by occurrence of flood damage which resulted in financial impacts on business borrowers and damages on real-estate collateral due to occurrence of flood damage, under "2°C Scenario" and "4°C Scenario" announced by the IPCC. The analysis result is as shown below.

#### Results of Scenario Analysis Concerning Physical Risks

##### Occurrence of flood damage caused by climate change

Financial impacts on business borrowers		Damage on real-estate collateral
Direct damage	Decrease in sales due to suspension of operations	Impairment of collateral value

##### Increase in credit-related expense upon occurrence of flood damage

<b>Scenarios</b>	• RCP 2.6 Scenario (2°C Scenario) and RCP 8.5 Scenario (4°C Scenario) publicized by the Intergovernmental Panel on Climate Change (IPCC)
<b>Analysis target</b>	• The Bank's business borrowers
<b>Analysis method</b>	• Calculate an increase in credit-related expenses in consideration of financial impacts on business borrowers and damage on real-estate collateral upon occurrence of flood damage and damage on real-estate collateral, as well as the probability of flood damage for each of the climate change scenarios.
<b>Analysis period</b>	• Until 2050
<b>Analysis result</b>	• A total of ¥4.6 billion to ¥7.5 billion increase in credit-related expense

# Response to Climate Change

## ~ Initiatives for TCFD Recommendations ~

### 3. Risk Management

#### <Management system for risks of climate change>

We are aware that transition risks and physical risks caused by climate change have impacts on the Iyogin Bank's business activities, and financial positions, etc. Going forward, we will comprehend and analyze impacts related to such risks, and consider the establishment of a management system in the framework of integrated risk management.

#### <Policies on investments and loans for specified sectors>

In investments and loans for specified sectors that are highly likely to facilitate negative impacts on the environment and society including climate change, we have determined and publicized our policy of making decisions on transactions after indicating the environmental and social risks, etc. to recognize, and taking measures in light of respective properties. In order to mitigate or avoid such risks, we take measures in light of respective properties by checking how the customer has responded to the risks, for example. Especially, the Group's attitude for the initiatives has been stipulated as a rule in order to strictly control investments and loans for the "coal-fired power generation" sector which includes risks of increasing concern over climate change and air pollution.

#### Policies on investments and loans by sector

Sector	Policy
Coal-fired power generation business	Compared to other power generation methods, the coal-fired power generation emits more greenhouse gases, and includes a risk of growing concern over climate change and air pollution. Accordingly, we will not make investments and loans for funding for the purpose of construction of new coal-fired power plants.
Palm oil/wood processing business	Businesses that involve deforestation, such as palm oil/wood processing businesses and other businesses including deforestation may cause environmental issues due to illegal logging, as well as infringement of rights of local citizens, and human rights issues such as child labor. We will consider how to work on investments and loans, in full consideration of environmental impacts, the presence or absence of trouble with local citizens and child labor, and other factors.
Cluster bomb manufacturing business	From a public and humanitarian perspective, we prohibit investments and loans for companies that manufacture cluster bombs, regardless of the purpose of funds.

#### <Integration into business feasibility assessment>

In order to comprehend customers' responses to climate change and initiatives for environmental conservation, and contribute to the extraction of management issues and resolution thereof, we added an item about environmental consideration (business status in consideration of management conscious of climate change and environment) to assessment items in the "business feasibility assessment", on which the Bank has put efforts into.

### 4. Benchmark and Targets

As targets related to climate change, Iyogin Bank has set targets for the reduction in its own CO<sub>2</sub> emissions and for sustainable finance for customers.

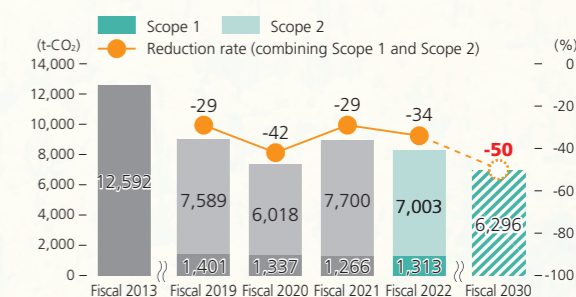
#### <CO<sub>2</sub> emission reduction>

**Reduction target:** By fiscal 2030, reducing the Iyogin Bank's CO<sub>2</sub> emissions\* by 50% compared to the level in fiscal 2013

#### Results of emissions and reduction

	Fiscal 2013	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Scope 1 (Direct emission)	—	1,401 t	1,337 t	1,266 t	1,313 t
Scope 2 (Indirect emission)	—	7,589 t	6,018 t	7,700 t	7,003 t
Total	12,592 t	8,990 t	7,355 t	8,966 t	8,316 t
Results of reduction (compared to fiscal 2013)	—	(28.6)%	(41.6)%	(28.8)%	(34.0)%

\*Total of Scope 1 (direct emission) and Scope 2 (indirect emission) calculated in accordance with the criteria of a regular report under the Act on Rationalizing Energy Use.



#### Calculation of Scope 3

Scope 3	Fiscal 2013	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Business travel (Category 6)	—	553 t	225 t	189 t	308 t
Employee commuting (Category 7)	—	1,381 t	1,351 t	1,319 t	1,296 t

#### Status of response to Scope 3, Category 15 (Investments)

We are making trials regarding calculation of CO<sub>2</sub> emissions (financed emissions) of the investee portfolio classified into Category 15 (Investments) of Scope 3. Going forward, we will analyze calculation results and consider efforts for setting reduction targets, etc., preparing for disclosure of information.

#### <Sustainable finance>

**Target of cumulative transaction amount:** ¥1,400.0 billion (including ¥700.0 billion in the environmental area)

**Subject period:** fiscal 2021 to fiscal 2030

**Definition of "sustainable finance":** Finance that contributes to the realization of sustainable local society through supporting customers' initiatives for sustainability, toward the resolution of environmental/social issues

#### Examples of subject investments and loans

Environmental area	Green loans/bonds, transition loans, and environmental private placement bonds, as well as environmentally conscious investments and loans such as ones related to renewable energy
Social area	Private placement bonds such as "Manabiya" and "Chiiki no Mirai" supporting home towns, and SDGs private placement bonds, as well as investments and loans responding to social issues such as loans responding to earthquake disasters
Other area	Sustainability-linked loans and positive impact finance, as well as investments and loans related to business foundation and business succession

**Results in Fiscal 2022: ¥218.9 billion (including ¥125.1 billion in the environmental area)**

# Initiatives for Sustainable Growth

## Sustainable Finance

Supporting customers' efforts toward sustainable management, which is of increasing social interest

### Sustainable Finance Menu: ~Financial support for customers' sustainable management sophistication~



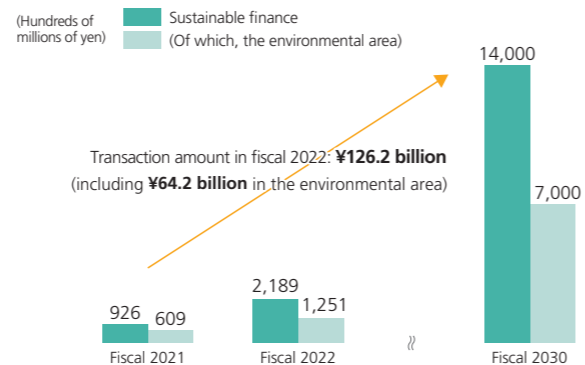
### Sustainable Finance Executed

**Cumulated transaction amount from fiscal 2021: ¥218.9 billion**  
(including **¥125.1 billion** in the environmental area)

• Key sustainable finance projects

- Renewable energy businesses related **¥70.5 billion**
- Sustainable finance and green bonds **¥18.7 billion**
- Private placement bonds (environmental private placement bonds and SDGs private placement bonds, etc.) **¥23.0 billion**

### Cumulative Sustainable Finance Executed



## Positive Impact Finance for SAIBI Gakuen

In July 2022, we started handling "positive impact finance" in which Iyo Bank comprehensively analyzes and evaluates the environmental, social, and economic impact of customers' corporate activities and supports their initiatives to increase positive impact and reduce negative impact.

In the same month, we concluded an agreement for positive impact finance with the Educational Corporation SAIBI Gakuen to build a new school building of SAIBI High School as the first project.

Through this product, we are committed to supporting our customers in sophisticating their ESG and SDG management and contributing to the sustainable development of local communities.



## Project Finance for Wind Power Operation

Iyo Bank arranged project finance with the total amount of ¥13.5 billion for an onshore wind power operation that Makikawa Masaki Wind Farm LLC plans to construct in the Makikawa district of Uwajima City, and the Masaki and Midorihei districts of Ainan Town, Minami-uwa County, Ehime Prefecture, as an arranger and agent.

We will support initiatives to reduce CO<sub>2</sub> emissions by supporting customers in procuring funds for large projects in the field of renewable energy by leveraging various types of financing techniques including project finance.

### Overview of the project

Business operator	Makikawa Masaki Wind Farm LLC
Power generation scale	25,000 kW (output control with 3,600 kW x 8 turbines)
Company that buys electricity	Shikoku Electric Power Transmission & Distribution Company, Incorporated
Sponsors	GF Corporation, JR-EAST Energy Development Co., Ltd.
Start of operation (scheduled)	February 1, 2026
Date of conclusion of loan agreement	December 28, 2022
Arranged amount	¥13.5 billion

## Reduction of CO<sub>2</sub> Emissions through Capital Investment

Kawanoe Branch which was newly built and opened in July 2022 has introduced a solar power generation facility that can generate electricity of about 33 kW. After that, in order to further reduce CO<sub>2</sub> emissions, some electric vehicles and motorcycles for business use were put in place, together with the portable power feeders.

The portable power feeders are superior to engine generators in terms of noise, ventilation, etc., and can also be expected to contribute to reduction of CO<sub>2</sub> emissions. In the event of a disaster, portable power feeders mounted on electric vehicles can be taken to the affected area to be used as an emergency power source. Through such ways, we will contribute to create a sustainable communities.

Following Kawanoe Branch, electric vehicles and portable power feeders have been successively introduced in Matsuyamakita Branch, Yawatahama Branch, Uwajima Branch, Imabari Branch, and others.

The Group will continue to implement various measures to reduce CO<sub>2</sub> emissions.



## Environmental Management Consulting

In September 2022, in order to meet diversifying and sophisticating decarbonization needs of customers, Iyo Bank concluded a business matching agreement with the Carbon Free Consulting Corporation which engages in decarbonization consulting services.

We held a "carbon neutrality seminar" to introduce the changing trends in decarbonization in Japan and overseas, the need for decarbonization management, and specific initiatives.

In addition, the Group also provides environmental management consulting services to our customers in cooperation with the company, and thereby supports our customers, including manufacturers, in calculating GHG emissions, investigating governance systems, formulating reduction targets and specific measures, disclosing information, and taking such other measures.

The Group will contribute to the realization of sustainable local communities through environmental management consulting for our customers.

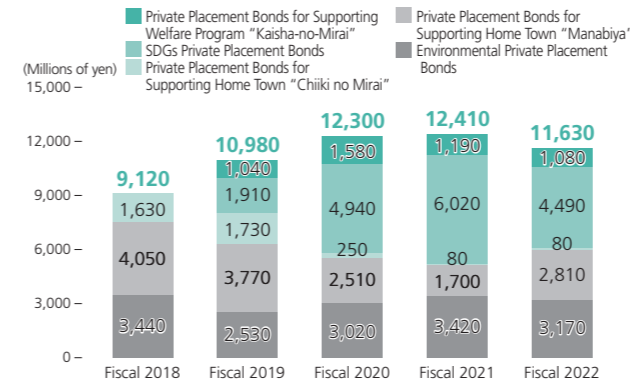


## Handling of Private Placement Bonds for Work Style Reforms Started

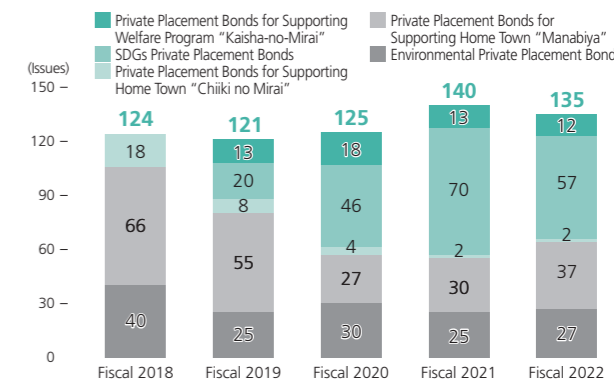
In April 2023, we started to handle private placement bonds for work style reforms with the purpose of supporting customers which meet a certain level of financial criteria and make efforts to achieve workstyle reforms.

Through this product, we will support our customers who are working to achieve workstyle reforms, and will aim to realize a sustainable local communities.

### Amount



### Number of issues



# Initiatives for Sustainable Growth

## Revitalization of Local Communities by Business Foundation Support

Our Regional Vitalization Division provides extensive support for business foundation from development of a business plan through financing. With fulfilling solution menus, we solve issues customers face, and provide close support from an early stage to a growth stage.

In cooperation with administrative bodies and regional industrial support organizations, we also hold "Iyogin Future Start-up School" (business foundation seminar) to learn a wide range of matters from the mindset during the early stage to know-how on management, and "Iyogin Business Plan Competition" in which participants compete on their business plans. Thus, we have been working to establish an ecosystem to create new business in a region together with regional stakeholders.

### "The 8th Iyogin Business Plan Competition" held in March 2023 Determined seven prize winners from among 48 applicants in total

#### Grand Prix USUi Co., Ltd.. (Niihama City, Ehime Prefecture)

- The company presented "Stable Renewable Energy Business With Buoyancy of 'Ocean, River, and Lake' Water Used as Power Source."
- They developed the wave power generation device "GOMES" in cooperation with the local National Institute of Technology, Niihama College, and other institutions.



## "Tourist Town Development Project Using Historical Resources" in Ozu City

Using historical resources such as townhouses and traditional Japanese houses remaining in a castle town in Ozu City, we have been working on development of a tourist town, where "the development of a community" aiming to have local citizens lead fulfilling lives and "tourism promotion" to attract people from outside are implemented in an integrated manner. The project worked on initiatives based on the plan for which the Tourism Promotion Prize was awarded in "The 4th Iyogin Business Plan Competition" held in 2017. As a result, it became the first Japanese winner in the culture and tradition preservation category of "The Green Destinations Story Awards ITB Berlin," awarded by Green Destinations, an international certification organization in the Netherlands. Iyo Bank is playing roles of financing, provision of information on real estates, and inviting store operators, and working toward the realization of a tourist town in cooperation with related organizations.

Time	Details
April 2018	Entered into the Collaboration Agreement among Ozu City, Value Management Co., Ltd., NOTE (general incorporated association), NOTE K.K., and Iyo Bank
August 2018 -	Dispatched an employee of the bank to KITA. MANAGEMENT, a regional DMO (general incorporated association) established by Ozu City
February 2020	A total of ¥200 million Ozu town development fund set up with investment by Organization for Promoting Urban Development (general incorporated foundation) and Iyo Bank
July 2020 -	"NIPPONIA HOTEL OZU CASTLE TOWN", a distributed hotel, (22 buildings with 28 rooms as of March 2023) and "OZU CASTLE STAY" started



## Revitalization of Local Economy through Crowd Funding

We formed a business tie-up with a crowd funding operator in September 2018, and started subsidiary business that support projects related to business foundation and regional revitalization, in commemoration of Iyo Bank's 140th anniversary of its foundation.

As an example of such projects, Iyo Bank consulted with Mr. Mao Onishi, who aspired to become a handmade washi craftsman when he was a student at Ehime University, commenced provision of support toward starting up the business, including formulation of the funding plan, in collaboration with the "Kami-no-machi Museum." Upon graduation, Mr. Onishi established his business as a washi craftsman and conducted crowd funding as a PR campaign for his activities. In addition to reaching the target amount, he has succeeded in gaining more than 40 fans.

We have supported 86 projects as of the end of March 2023, and will support those who started or aim to start business, as well as business operators who make efforts for regional revitalization.



## Revitalization of Local Economy in Cooperation with Companies in Other Industries

With assistance from the Japan Tourism Agency, we collaborated with the ANA Group, fishery operators, and others in implementing a demonstration experiment of "Japan's First! Sustainable Tourism Using Farmed Tuna." We will continue to support the discovery and refinement of new tourism content utilizing local resources.

### Details

- Commercialization of "Uwajima Farmed Tuna Fishing Experience Tour"
- Provision of "Live Tour of Tuna Carving by Carving Girls," and sales of tuna products through e-commerce channels
- Locally consuming locally produced "Uwajima Farmed Tuna" at accommodation facilities in the Prefecture



ANA cabin attendants take on the challenge of pole-and-line fishing



Tuna carving by carving girls

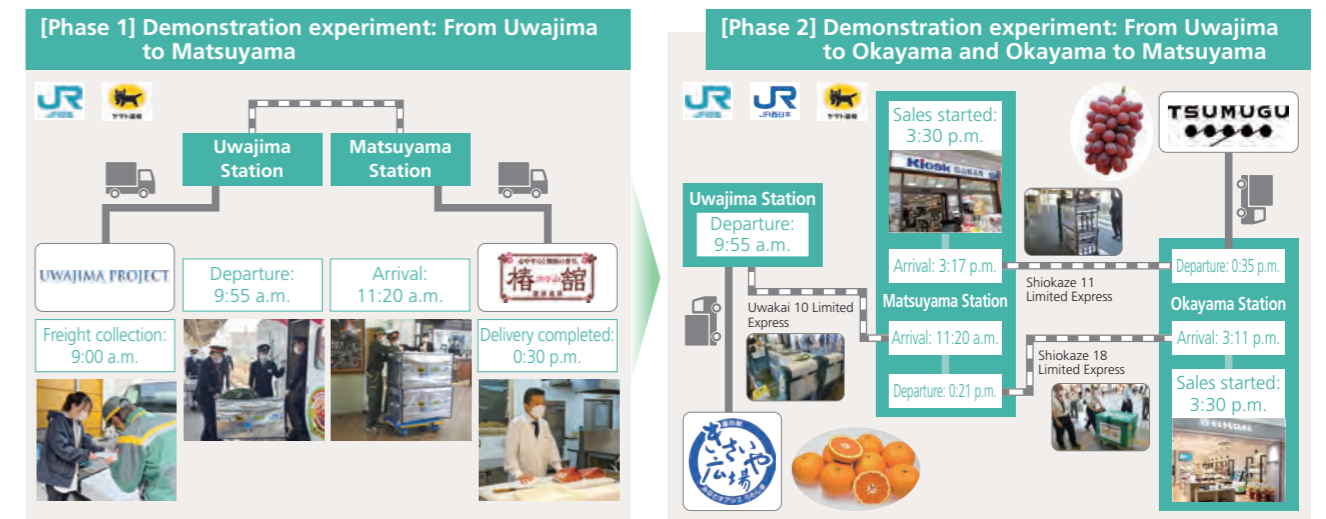
## Support for the Creation of a New Logistics Structure through Initiatives for Mixed Loading of Freight and Passengers

As a solution to the urgent issue of "2024 Problem" in the logistics industry, or anticipated further truck driver shortage, Iyo Bank proposed "mixed loading of freight and passengers" to the parties concerned and has been conducting a demonstration experiment.

In March 2022, we conducted the first demonstration experiment related to transportation within Ehime Prefecture (from Uwajima City to Matsuyama City), and in November 2022, we conducted the second demonstration experiment on mutual transportation between Ehime Prefecture and Okayama Prefecture. We will continue to propose new approaches to logistics issues, in addition to the mixed loading of freight and passengers.

### Details

- Creation of new value by taking advantage of the punctual and high-speed trains
- Promotion of initiatives for freight transportation by rail with less environmental impact (modal shift)
- Initiatives for regional revitalization by connecting producers and consumers in the Prefecture



## Revitalization of Local Economy by Industry-Academia-Government Collaboration

In September 2022, we concluded "Collaboration Agreements on Regional Revitalization and Manufacturing Support" with two national institutes of technology in Ehime Prefecture. Through the collaboration, we will "connect" the issues and needs of local companies and governments to the institutes, with the aim of improving students' recognition of local companies and increasing the employment rate in the Prefecture. In addition, we will activate collaboration with students and professors to create new value and discover new business plans and start-up projects.

### Overview of Collaboration

- Information exchange and support through promotion of industry-academia-government collaboration
- Collaboration to solve regional issues and revitalize local communities
- Support for manufacturing as well as exchange and development of human resources





# Initiatives for Sustainable Growth

## Iyo Bank Evergreen Forest

Under the "Agreement on Forest Creation Activities" which was entered into with Ehime Prefecture, Ozu City and Forest Fund of Ehime in 2008, we are making efforts to foster forests in four locations in Ehime Prefecture.



Area of activities	Area
Iyo Bank Evergreen Forest in Ozu	6.58ha
Iyo Bank Evergreen Forest in Toon	25.83ha
Iyo Bank Evergreen Forest in Toyo	6.37ha
Iyo Bank Evergreen Forest in Matsuyama	1.69ha

Details of major activities
<ul style="list-style-type: none"> <li>● <b>Activities to foster forests by the Group's officers, employees, and their families (volunteer)</b> <ul style="list-style-type: none"> <li>• Planting approx. 3,250 trees in total (contributing to approx. 76t increase in carbon sink)</li> <li>• Periodical weeding</li> <li>• Holding forest school</li> </ul> </li> <li>● <b>Donation to forest creation activities, etc. (¥1 million every fiscal year)</b></li> <li>● <b>Disseminating information on details of activities</b></li> </ul>

## Iyo Bank Environment Foundation "Evergreen" (public trust)

We partly subsidize activities by organizations and individuals that are engaged in environmental preservation activities in Ehime Prefecture. In commemoration of the 130th anniversary in business, we established the foundation in 2008, and have granted subsidies of approx. ¥69 million to 192 organizations and individuals in total.

Outline	
Entities eligible for subsidy	Organizations and individuals who have principal locations in Ehime Prefecture
Projects eligible for subsidy	A wide range of activities for conserving natural environment and biodiversity in Ehime Prefecture, and creating and developing rich environment for local society
Subsidy amount	Within ¥500,000 per activity, in principle
Trustor	The Iyo Bank, Ltd.
Trustee	Sumitomo Mitsui Trust Bank, Limited



"PLAGIRLS from the Science Club, Ehime University Senior High School," a grantee in fiscal 2022

## Society for Promoting Development of Community with Forest

Iyo Bank is serving as a secretariat of this society which was inaugurated in August 2010. Aiming to create real forests all over a town, the society is conducting activities to green a community by planting trees. So far, 94 companies and groups have joined the society, and approx. 54,000 trees in total have been planted.

Also, in commemoration of the 10th anniversary, "Grow into a forest," a picture book to teach children the importance of trees and forests, was produced in August 2020, and was distributed to children who participated in tree-planting activities.



Please scan the QR code to visit the website.

## Financial Education Class

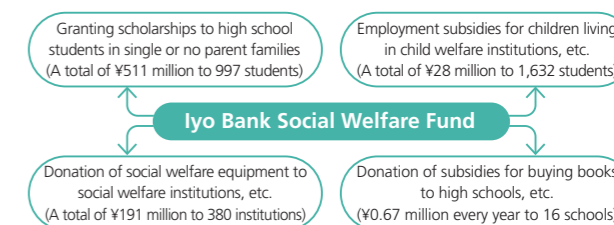
Since 2007, we have held "Financial Education Class" for the purpose of enabling children who will play important roles in the future of the region to gain correct financial knowledge. As of the end of March 2023, a total of approx. 19,000 children has participated in the class.

In recent years, with the implementation of new high school curriculum guidelines and lowering the age of adulthood, it is required to build up knowledge on financial instruments, financial troubles, and asset formation, etc. Therefore, in addition to conventional programs mainly in elementary and junior-high school, we are working on provision of financial education for high school students who will be members of society soon.



## Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)

Due to the declining birthrate, aging population and depopulation, the improvement of social welfare and the young human resource development for the next generation in local societies have become social issues. As a financial institution responsible for the region, Iyo Bank, aiming at the realization of sustainable society, established this fund in 1976, and has worked on activities such as granting scholarships to high school students, and donation of social welfare equipment to social welfare institutions, etc. over 45 years.



## Regional Cultural Activity Assistance Program

Ehime Prefecture has a distinctive traditional culture rooted in each area of Toyo, Chuyo, and Nanyo. This program was established in 1992 to provide subsidies to part of the activity expenses of associations which inherit "grassroots" cultural activities in these areas and thereby contribute to the inheritance of local culture and the improvement of the standard of living culture.

In 2018, we started to provide special subsidies to organizations affected by the heavy in July 2018, and the total subsidies so far amounted to ¥256 million for 1,325 organizations.



## Tennis Club/Women's Softball Club

We have made efforts to improve regional competitive abilities and promote regional advancement and revitalization through sports, for example, by holding sports classes for children with major players who are active in domestic top leagues.



## IRC New Leader Seminar

Since 1989, "IRC New Leader Seminar" has been held for young business operators. This seminar has been held for the purpose of fostering young business operators who will play important roles in the next generation, and thereby contributing to sustainable development of regional society, through provision of practical opportunities for personal development that are helpful for management, as well as ones for mutual exchange and creation of networks. (As of the end of March 2023, a total of 1,298 participants). The seminar, a period of which is one year, includes lectures with prestigious lecturers, and active opinion exchanges through group presentation.



## SDGs Card Game

Since 2021, we have been providing menus that deepen understanding about SDGs, which are highly compatible with initiatives toward sustainable growth of local communities.

Anyone can easily learn "why SDGs are needed" and "how SDGs are relevant to us" while experiencing in a game format.

Since the launch, the menus have been offered 62 times (as of the end of March 2023) to a wide range of age and occupational groups, including business managers and employees, local government employees, and the general public. The games were attended by approximately 1,300 participants, who commented, "I was able to think about them in relation to what is happening in real life," and "I thought it was important to act with awareness of the three aspects of economy, environment, and society, rather than acting only on my own goals and interests."



# Strong Management Foundation (Governance)

## Basic Concept

The Group has established a Group Corporate Credo that clarifies corporate missions, the basic policy of corporate management, and the mindset and behavior to embody them, as shown below.

Under the Group Corporate Credo, the Group has recognized corporate governance as one of our top priority management issues and striven to reinforce and improve it, for the purpose of establishing unshakable trust of shareholders, customers, regional citizens, and our employees, and other stakeholders, etc. and achieving sustainable growth and enhancement in medium- and long-term corporate value while fulfilling social responsibilities as a corporate group with deep roots in the region.

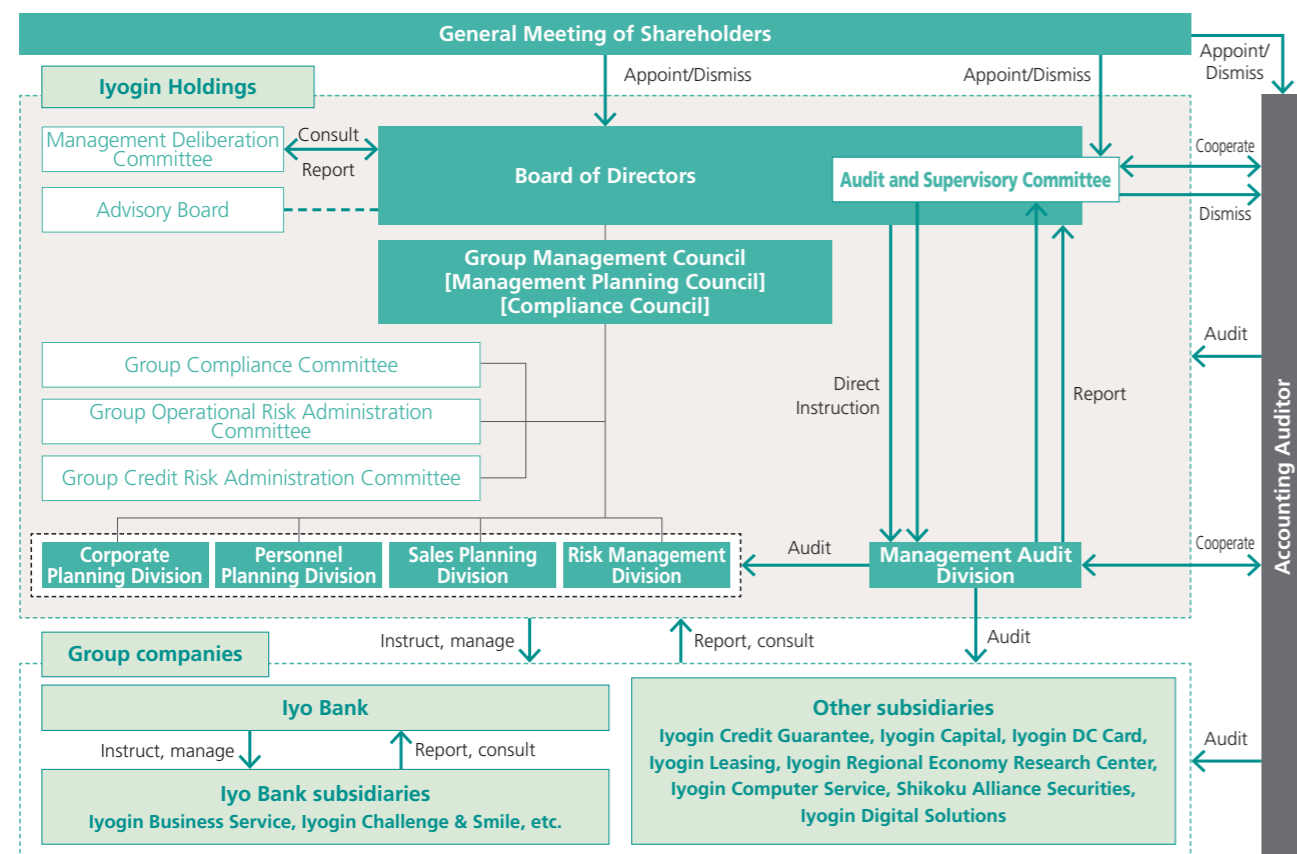
Based on above understanding, we have established and publicized the "Corporate Governance Guideline" which stipulates the basic concept and framework of our corporate governance.

<p><b>"Meaning of Existence"</b> Creating a bright and prosperous future for the region</p> <p><b>"Management Stance"</b> Offering the best service and being worthy of people's trust</p> <p><b>"Code of Conduct"</b> Rendering our best service with gratitude in our hearts</p>	<p><b>Corporate Governance Guideline</b></p> <p>Please refer to our website. (available in Japanese only) ▼</p> <p><a href="https://www.iyogin-hd.co.jp/sustainability/guideline.html">https://www.iyogin-hd.co.jp/sustainability/guideline.html</a></p>
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## Corporate Governance Structure

We have adopted the system of "Company with an Audit and Supervisory Committee" for the purpose of ensuring transparency and objectivity in management with the participation of Outside Directors with voting rights at the Board of Directors, and increasing management efficiency by swiftly making decisions with delegation of authority. At the Iyo Bank, the core company of the Group, has also adopted the system of "Company with an Audit and Supervisory Committee," thereby establishing a consistent internal control structure in the Group to strengthen audit and supervision functions.

We have also introduced the executive officer system to further enhance corporate governance by separating the management decision making and supervisory functions from business execution to strengthen the decision-making function at the Board of Directors.

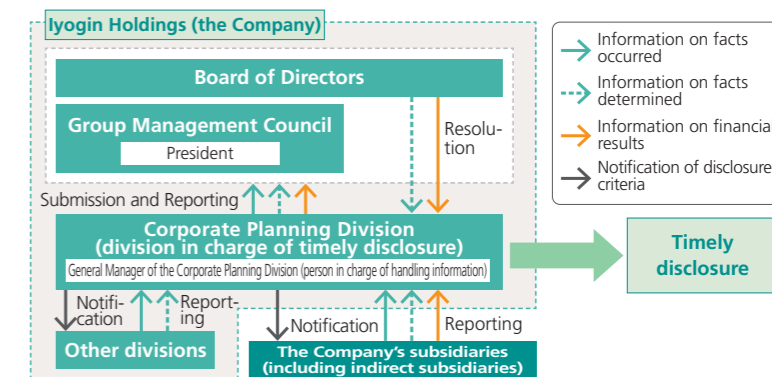


## Timely Disclosure Structure

Under the Group Corporate Credo, the Group has worked to disclose information in a timely and appropriate manner to establish trust of customers, shareholders and investors, regional citizens, and other stakeholders, and fulfill social responsibilities as a financial group.

In order to ensure timely and appropriate information disclosure, we have developed necessary procedures and structures, including intra-group reporting, roles of each division, and approval by the Board of Directors.

### Outline of Timely Disclosure Structure (Chart)



## Board of Directors

We have formulated a "Skills Matrix" which is a list of the following nine items selected as knowledge, experience, and ability required for Directors from perspectives of "skills deemed necessary for basic management activities," "bank-specific skills," and "skills to become increasingly important," which consist of "Business strategies and corporate management," "Marketing," "Personnel affairs and talent development," "Risk management," "Asset management and international affairs," "Corporate screening," "Digital and ICT," "Finance and accounting," and "Law and legal affairs."

### Composition of the Board of Directors Skills Matrix

		Business strategies and corporate management	Marketing	Personnel affairs and talent development	Risk management	Asset management and international affairs	Corporate screening	Digital and ICT	Finance and accounting	Law and legal affairs
Iwao Otsuka	Chairman	●	●	●	●					
Kenji Miyoshi	President	●	●	●	●	●		●	●	
Hiroshi Nagata	Director and Senior Managing Executive Officer	●	●	●	●	●		●	●	
Masamichi Ito	Director and Managing Executive Officer	●	●				●			
Tetsuo Takeuchi	Director (Audit and Supervisory Committee Member)	●	●	●		●		●	●	
Junko Miyoshi	Director (Audit and Supervisory Committee Member) (Outside)	●	●	●	●					
Keiji Joko	Director (Audit and Supervisory Committee Member) (Outside)	●		●	●		●			
Yoriko Noma	Director (Audit and Supervisory Committee Member) (Outside)				●					●

\*The above matrix is not an exhaustive list of the knowledge and experience possessed by each Director.  
 \*In relation to concurrent positions at other companies of Directors (including Director serving as Audit and Supervisory Committee Member), the policy is to make Directors (including Director serving as Audit and Supervisory Committee Member) avoid concurrently serving as an officer at other listed company as much as possible so that they can appropriately fulfill their responsibilities and roles. Concurrent positions that they serve as an officer at other listed companies are as follows.  
 • Iwao Otsuka (Chairman): Director (Audit and Supervisory Committee Member) (Outside), Shikoku Electric Power Company, Incorporated  
 • Yoriko Noma (Director serving as Audit and Supervisory Committee Member): Audit & Supervisory Board Member (Outside), AJS Co., Ltd.; Director (Audit & Supervisory Board Member) (Outside), AXIS Consulting Corporation; Director (Outside), Wellco Holdings Co., Ltd

### Major agendas and resolved matters of the Board of Directors in fiscal 2022

- Formulation of the Group Corporate Credo and basic policy of corporate management
- Formulation of the Group Medium-Term Management Plan, and establishment of subsidiaries
- Matters concerning purchase of shares of subsidiaries externally held and business execution such as elimination of cross-shareholdings among subsidiaries
- Matters concerning policies for shareholder returns including dividend policy and purchase of treasury stock
- Matters required disclosure related to the Corporate Governance Code and discussion and deliberation by the Board of Directors
- Discussion on the identification of materiality for the practice of sustainability management
- Response to the spring wage negotiations
- Determination of the Group's policy regarding the sales of structured bonds, and response to COVID-19

# Strong Management Foundation (Governance)

## Audit and Supervisory Committee

In accordance with the law, Articles of Incorporation and Audit and Supervisory Committee Regulations, the Audit and Supervisory Committee, together with the Board of Directors and the Chairman, provides a supervisory function and also audits the execution of business by Directors. In accordance with the provisions of the Companies Act, the majority of Directors (Audit and Supervisory Committee Members) shall be Outside Directors. In selection of candidates for Directors (Audit and Supervisory Committee Members), those who have abundant knowledge and experience are selected from various areas such as corporate management, legal affairs, finance and academic knowledge, in a well-balanced manner.

## Management Deliberation Committee

We have established the Management Deliberation Committee as an advisory body to the Board of Directors, to appropriately ensure the opportunities to obtain the involvement and advice of Independent Outside Directors, as well as enhance objectivity and accountability of the Board of Directors' functions in deciding important matters regarding management including nominations and compensation, etc. for Representative Directors, Directors, and Executive Officers of the Group companies. The Committee is chaired by the chairperson of the Audit and Supervisory Committee, and the majority of its members is Independent Outside Directors.

## Advisory Board

We have established the Advisory Board chaired by the Representative Director and President, and in order to ensure transparency and objectivity of the Group's management, further strengthen the management base and contribute to the local community, we have introduced external perspectives regarding the Group's management strategies and governance.



## Reasons for Appointment of Outside Directors

### List of Outside Directors

Outside Directors	Significant concurrent positions	Reasons for appointment
Junko Miyoshi	Chairman, Ability Center inc.	Ms. Junko Miyoshi has been engaged in the management of Ability Center inc. for many years, and has a wealth of experience and high-level insight on corporate management. For the reason above, the Bank has appointed her as an Outside Directors in the expectation that her appropriate supervision and advice primarily in the view of business strategies, risk management, and diversity and inclusion promotion will contribute to the improvement of corporate value of the Group over the medium- to long-term.
Keiji Joko	—	Mr. Keiji Joko held important positions in the area of public administration including the Deputy Governor of Ehime prefecture, and has a wealth of experience and high-level insight on organizational operation and local public administration. For the reason above, the Bank has appointed him as an Outside Directors in the expectation that his appropriate supervision and advice primarily in the view of a stronger governance structure and regional development will contribute to the improvement of corporate value of the Group over the medium- to long-term.
Yoriko Noma	Partner, Miyakezaka Sogo Law Offices Audit & Supervisory Board Member (Outside), AJIS Co., Ltd. Director (Audit & Supervisory Board Member) (Outside), AXIS Consulting Corporation Director (Outside), Wellco Holdings Co., Ltd.	Ms. Yoriko Noma has a wealth of experience, high-level insight, and advanced expertise on corporate legal affairs as an attorney. For the reason above, the Bank has appointed her as an Outside Director in the expectation that her appropriate supervision and advice primarily in the view of legal compliance and diversity promotion will contribute to the improvement of corporate value of the Group over the medium to long term.

\*The above three Outside Directors satisfy the "Standards of Independence for Outside Directors of the Company" set by the Company and are determined to have no other special relationships that might cause conflicts of interest with general shareholders. We have thus designated them as Outside Officers.

\*For the standards of independence provided for by the Company, please see "Reference Documents for the General Meeting of Shareholders" of NOTICE OF CONVOCATION OF THE 15TH ANNUAL GENERAL MEETING OF SHAREHOLDERS on our website. <https://www.iyogin-hd.co.jp/english/>

## Evaluation of the Board of Directors

We annually implement the self-evaluation/analysis about effectiveness of the Board of Directors for the purpose of improving functions of the Board of Directors to increase corporate value.

In relation to the evaluation of the Board of Directors in fiscal 2022, an anonymous survey on composition and operation of the Board of Directors, support systems for Directors, etc. was conducted for all Directors who are members of the Board of Directors. Survey was also conducted for members of the Management Deliberation Committee (voluntary committee to deliberate on the nomination of and compensations for Directors, etc. and other important matters) regarding composition of the Committee, frequency of its meeting, whether or not the items it deliberates on are appropriate, etc. The survey results were reported to the Board of Directors held in April 2023 for analysis and evaluation.

Overall evaluation confirmed that the Board of Directors functions well in general. We will make further efforts in discussion with an awareness of capital efficiency and feedback of dialogue with investors to the Board of Directors, in light of feedback we have received and recent corporate governance trend. We also confirmed that the Management Deliberation Committee functions well in general.

Based on the above results, we will continue to improve the effectiveness of the Board of Directors in order to achieve sustainable growth and enhancement in medium- and long-term corporate value while meeting the expectations of various stakeholders.

## Compensation System for Officers

### Total Amount of Compensations, Etc. by Segment of Director, and Total Amount of Compensations, Etc. by Type (Fiscal 2022)

Segment of Director	Number of persons	Total amount of compensations, etc. (Millions of Yen)			Ratio of performance-based portion	
		Base pay	Performance-based compensation	Non-monetary compensation		
Directors (excluding Directors serving as Audit and Supervisory Committee Members)	4 persons	52	31	7	12	18.4%
Directors (Audit and Supervisory Committee Members)	4 persons	21	21	—	—	—

## Performance-based Compensation

The performance-based compensation, etc. are comprised of a short-term incentive based on the Group's performance and a medium-term incentive based on the qualitative evaluation of individual Directors (excluding Directors serving as Audit and Supervisory Committee Members).

An amount of the short-term incentive for each Director (excluding Directors serving as Audit and Supervisory Committee) is calculated by multiplying a base payment amount determined with non-consolidated core business gross profit of Iyo Bank, non-consolidated core business net income of Iyo Bank, and profit attributable to owners of parent of the Group as indicators by points distributed according to a job position. The reason for selecting the above performance indicators is that they indicate comprehensive earnings power in consideration of not only non-consolidated performance of Iyo Bank, but also the Group's performance. For fiscal 2022, non-consolidated core business gross profit of Iyo Bank was ¥84,106 million, non-consolidated core business net income of Iyo Bank was ¥33,795 million, and profit attributable to owners of parent of the Company was ¥27,899 million.

An amount of the medium-term incentive for each Director (excluding Directors serving as Audit and Supervisory Committee Members) is calculated by multiplying a base payment amount according to a job position by the payment multiplier calculated based on the qualitative evaluation for each fiscal year taking into account a commitment to the Medium-term Management Plan and his/her own duties.

# Strong Management Foundation (Governance)

(As of June 30, 2023)

## Directors



**Iwao Otsuka**  
Chairman  
(Concurrently Chairman, the Iyo Bank, Ltd.)

April 1976 Joined the Iyo Bank  
June 2007 Director, General Manager, the Human Resources Division, the Bank  
June 2008 Director, General Manager, the Head Office, Business Department, the Bank  
June 2010 Managing Director, General Manager, the Branch Banking Group, the Bank  
June 2011 Senior Managing Director (Representative Director), the Bank  
June 2012 President (Representative Director), the Bank  
April 2020 Chairman (Representative Director), the Bank  
April 2021 Chairman, the Bank (current position)  
October 2022 Chairman, the Company (current position)



**Kenji Miyoshi**  
President  
(Representative Director)  
Group CEO\*  
(Concurrently President [Representative Director], the Iyo Bank, Ltd.)

April 1982 Joined the Iyo Bank  
June 2014 Executive Officer, General Manager, the General Planning Division; General Manager, the Subsidiaries & Affiliates Department, the General Planning Division; General Manager, the ICT Strategy Planning Department, the General Planning Division, the Bank  
June 2015 Managing Executive Officer, General Manager, the General Planning Division; General Manager, the Subsidiaries & Affiliates Department, the General Planning Division; General Manager, the ICT Strategy Planning Department, the General Planning Division, the Bank  
June 2016 Managing Executive Officer, Deputy General Manager, the Branch Banking Group, the Bank  
June 2017 Managing Director, the Bank  
June 2019 Senior Managing Director (Representative Director), the Bank  
April 2020 President (Representative Director), the Bank (current position)  
October 2022 President (Representative Director), the Company (current position)



**Hiroshi Nagata**  
Director and Senior Managing Executive Officer  
(Representative Director)  
Group CFO\* and CSO\*  
(Concurrently Senior Managing Director, the Iyo Bank, Ltd.)

April 1987 Joined the Iyo Bank  
June 2017 Executive Officer, General Manager, the General Planning Division; General Manager, the Subsidiaries & Affiliates Department, the General Planning Division, the Bank  
June 2019 Managing Executive Officer, General Manager, the General Planning Division; General Manager, the Subsidiaries & Affiliates Department, the General Planning Division, the Bank  
June 2021 Managing Director, the Bank  
June 2022 Senior Managing Director (Representative Director), the Bank (current position)  
October 2022 Director and Senior Managing Executive Officer (Representative Director), the Company (current position)



**Masamichi Ito**  
Director and Managing Executive Officer  
Group CCO\*  
(Concurrently Managing Director, the Iyo Bank, Ltd.)

April 1985 Joined the Iyo Bank  
June 2017 Executive Officer, General Manager, the Hiroshima Branch, the Bank  
June 2019 Managing Executive Officer, General Manager, the Ship Finance Division, the Bank  
June 2021 Managing Director, the Bank (current position)  
October 2022 Managing Executive Officer, the Company  
June 2023 Director and Managing Executive Officer, the Company (current position)

## Directors Serving as Audit and Supervisory Committee Members



**Tetsuo Takeuchi**  
Director (Audit and Supervisory Committee Member)

April 1980 Joined the Iyo Bank  
June 2011 Director, General Manager, the Systems Development Division, the Bank  
June 2015 Managing Executive Officer, General Manager of the Systems Development Division, the Bank  
June 2016 Managing Director, Chief Information Officer, the Bank  
June 2020 Senior Managing Director, Chief Information Officer, the Bank  
April 2021 Senior Managing Director, the Bank  
June 2021 Director (Audit and Supervisory Committee Member), the Bank  
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)



**Junko Miyoshi**  
Director (Audit and Supervisory Committee Member)

October 1986 Joined Ability Center inc.  
August 1987 Representative Senior Managing Director, Ability Center inc.  
October 1990 President and Representative Director, Ability Center inc.  
June 2016 Director (Audit and Supervisory Committee Member), the Iyo Bank  
June 2018 Chairperson, Ability Center inc. (current position)  
June 2022 Director (Audit and Supervisory Committee Member), the Company (current position)



**Keiji Joko**  
Director (Audit and Supervisory Committee Member)

April 1968 Joined Ehime Prefectural Government  
April 2006 General Manager, the Economics and Labor Department, Ehime Prefecture  
April 2008 General Manager, the Agriculture, Forestry and Fisheries Department, Ehime Prefecture  
April 2010 Advisor, Ehime Prefecture  
December 2010 Assistant to the Governor, Ehime Prefecture  
April 2012 Deputy Governor, Ehime Prefecture  
August 2014 Special Advisor, Ehime Prefecture  
June 2015 Chairman, Ehime Guarantee  
June 2019 Director (Audit and Supervisory Committee Member), the Iyo Bank  
October 2022 Director (Audit and Supervisory Committee Member), the Company (current position)



**Yoriko Noma**  
Director (Audit and Supervisory Committee Member)

April 1986 Registered as attorney-at-law  
April 1986 Joined Hayakawa Sogo Law Offices (currently TOKYO-HIRAKAWA Patent/Law Office, Cosmo Law Office)  
November 1992 Joined Sakura Kyodo Law Offices  
January 1995 Joined Oshima Sogo Law Offices  
February 1999 Partner, Miyakezaka Sogo Law Offices (current position)  
June 2002 Auditor, Oracle Corporation Japan  
April 2017 Director, Japan Intellectual Property Arbitration Center  
June 2021 Director (Audit and Supervisory Committee Member), the Iyo Bank  
October 2022 Director (Audit and Supervisory Committee Member), the Company (current position)  
(Significant concurrent positions) Auditor & Supervisory Board Member (Outside), AJS Co., Ltd.  
Director (Audit & Supervisory Board Member) (Outside), AXIS Consulting Corporation  
Director (Outside), Wellco Holdings Co., Ltd

\*The Group Chief Officer System has been introduced, and under the overall supervision of the Group CEO, Group Chief Officers are assigned as persons in charge of key areas in order to promote unified and strategic initiatives across the Group, thereby building an integrated Group management control structure. Currently, the following Group Chief Officers have been assigned.

Group Chief Officers	Roles
Group Chief Executive Officer (Group CEO)	Decisions on management plans and business execution of the entire Group *Excluding the matters to be resolved by the Board of Directors
Group Chief Financial Officer (Group CFO)	Overseeing finance and accounting for the entire Group
Group Chief Strategy Officer (Group CSO)	Overseeing management plans for the entire Group
Group Chief Risk Officer (Group CRO)	Overseeing risk and compliance for the entire Group
Group Chief Credit Officer (Group CCO)	Overseeing credit screening and management for the entire Group
Group Chief Business Officer (Group CBO)	Overseeing sales plans for the entire Group
Group Chief Business Promotion Officer (Group CBPO)	Overseeing sales promotion for the entire Group
Group Chief Information Officer (Group CIO)	Overseeing system and administrative operations for the entire Group

## Executive Officers

<b>Hirohisa Senba</b> Managing Executive Officer, Group CRO (Concurrently Managing Director, the Iyo Bank, Ltd.)
<b>Koichi Kihara</b> Managing Executive Officer, Group CBPO (Concurrently Managing Director, General Manager, the Sales Promotion Group of the Iyo Bank, Ltd.)
<b>Takashi Tokunaga</b> Managing Executive Officer, Group CBO (Concurrently Managing Director, General Manager, the Sales Planning Group of the Iyo Bank, Ltd.)
<b>Keihiro Joko</b> Executive Officer, Group CIO (Concurrently Senior Managing Executive Officer, the Iyo Bank, Ltd.; Chairman, Iyogin Computer Service Company Limited)

# Strong Management Foundation (Governance)

## Basic Concept

In its daily business operations, the Group is exposed to credit risks, market risks and other risks. These risks are growing in diversity and complexity as the relaxation of regulations progresses and our business grows ever more complex. Therefore, finding ways of appropriately managing risk has become a vital challenge for a company.

On the other hand, for the Group, risk-taking is essential for generating revenue. Only by assuming a reasonable level of risk, it is possible to ensure appropriate earnings. Such relation exists between risks and earnings.

Accordingly, it is necessary for the Group to set reasonable profit targets after factoring in all conceivable risks, and control the risks with appropriate measures.

Under such circumstances, the Group treats risk management as a priority issue. Each fiscal year, the Board of Directors compiles the Group risk management plan, and makes best efforts to further strengthen the risk management system and improve the level of risk management.

## Comprehensive Risk Management Structure

The Group's risk management framework has the following four main pillars: 1. legal observance under the Compliance Council; 2. managing revenue-generating risk assets under the Group ALM Committee; 3. risk management that focuses on curbing credit risk by the Group Credit Risk Administration Committee; and 4. management of operational risk that should be minimized such as administrative and system risks, under the Group Operational Risk Administration Committee.

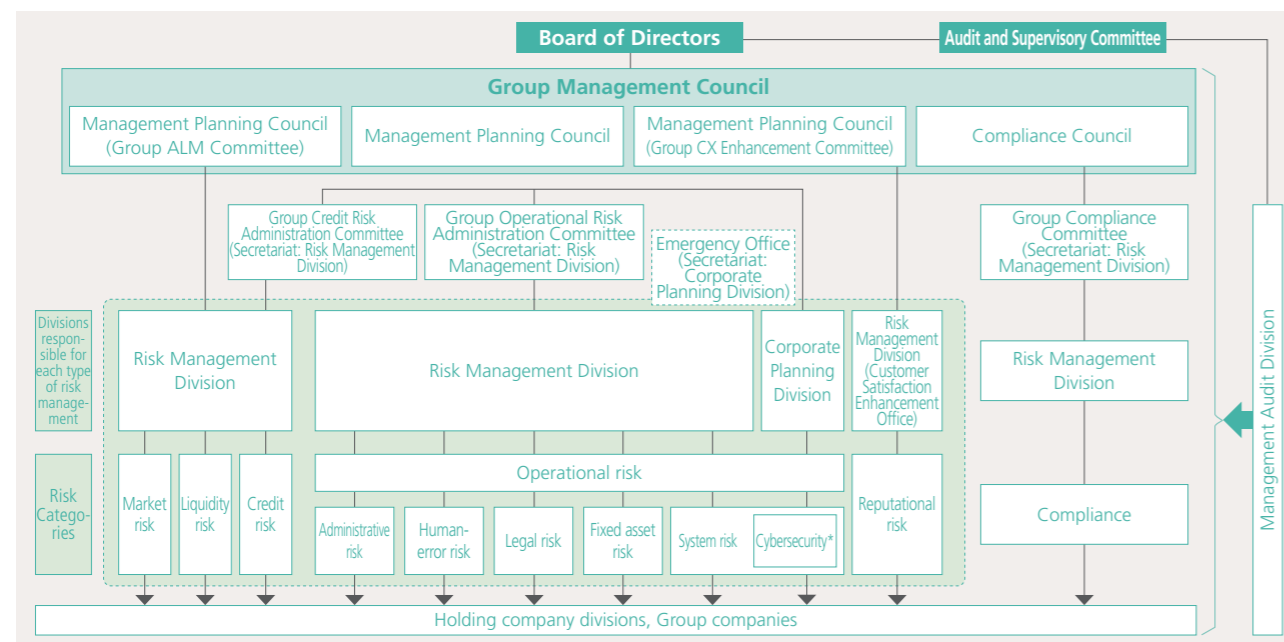
The Group ALM Committee assesses the Group's risk exposure by quantifying market and credit risk, aiming to put in place optimal fund management and procurement structures, and to assure stable earnings over the medium and long term.

Additionally, the Group Credit Risk Administration Committee works to manage credit risks, design and evaluate frameworks for the Internal Rating System, and resolve issues concerning Basel Regulations.

On the other hand, the Group Operational Risk Administration Committee is taking measures to refine operational risk management through the formulation of organization-wide measures for important topics after identifying, assessing, and monitoring actual operational risks.

In addition, the Group CRO is assigned to supervise risk management of the Group as a whole.

## Risk Management Framework



\*A cross-organizational body I-CSIRT including the Group companies (CSIRT of the Group, secretariat: Corporate Planning Division) is responsible for responses to cybersecurity, and a system for early warning and emergency responses against cyberattacks has been developed.

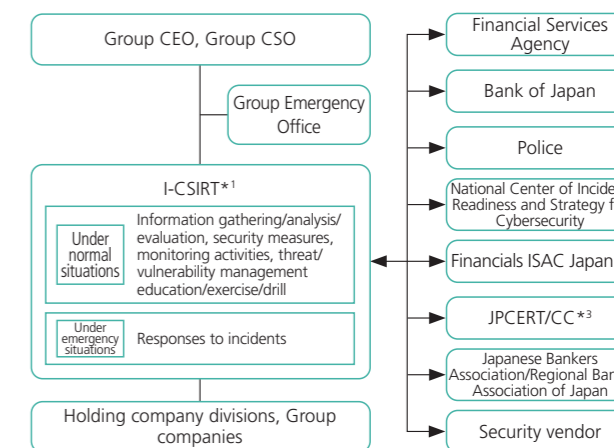
## Risk Category

Market risk	In order to properly manage market risk and maintain the Group's soundness and profitability, the Group has conducted integrated management of market risk under a risk management structure centering on the Group ALM Committee. The Group ALM Committee also coordinates basic policies on investment and procurement, Group risk management plans, and hedging strategies by analyzing the profitability structure and forecasting the market and the economic environment, in addition to risk analysis. The Risk Management Division, set up as a supervisor independent from divisions that execute transactions and administrative divisions responsible for settlement, etc., checks the appropriateness of market transactions dealt with by other divisions.
Liquidity risk	The Group semiannually formulates financial plans considering the balance of investment and procurement, and examines differences between monthly-prepared forecasts/actual results and the plan. Abnormal changes in trading in the market are checked and reported to the Group ALM Committee every month. Thereby, the occurrence of losses caused by liquidity risks that came to surface are prevented.
Credit risk	As a division to manage credit risks, the Risk Management Division, which is completely independent from sales promotion divisions and credit-related divisions within the Group, is responsible for the appropriate operation of the "internal rating system", which underlies the management, such as design, verification, and monitoring of operation of the system. On the other hand, the credit-related divisions of Group companies conduct strict and comprehensive screening in consideration of customers' financial condition, purposes for the loan and ability to repay, ensuring independence from the sales promotion divisions.
Operational risk	The Group classified operational risk into five risk categories, i.e., 1) administrative risk, 2) system risk, 3) legal risk, 4) human-error risk, and 5) fixed asset risk, so as to comprehensively and effectively manage all of these risks. The Risk Management Division, as a supervisor for operational risk, manages operational risk of the entire Group. Striving to identify not only risks which came to surface but also potential ones, the Group Operational Risk Administration Committee is playing a main role in making the operational risk management more sophisticated.
Reputational risk	With regard to reputational risk, we have enhanced management of various risks that are sources of the reputational risk, and are further making efforts for developing corporate culture in which people naturally comply with ethics, laws and regulations, and internal rules, etc. In addition, we have in place a system where complaints from customers, etc. are dealt with by the Risk Management Division, promptly reported to management, and reflected in operations.

## Cybersecurity Management Structure

In order to respond to the evolving threat of cyberattacks, we have facilitated mutual cooperation and communication among the Group companies and internal divisions. At the same time, a cross-organizational body I-CSIRT\*1 has been established as an organization responsible for overseeing the entire Group in the event of a cybersecurity incident to develop a system for early warning and emergency responses against cyberattacks.

In addition to developing a management structure, we have formulated response plans for each type of incident including attacks using ransomware and DDoS attacks in case an incident occurs. This response plan has been improved continuously through drills and exercises to learn and verify response procedures for detection, initial response, containment, eradication, and restoration.



\*1 CSIRT of the Group. CSIRT is a collective term of organizations which deal with matters related to computer security.  
 \*2 Organization which shares and analyzes information related to cybersecurity among Japanese financial institutions.  
 \*3 Organization which receives reports on domestic computer security incidents arising through the internet, and considers countermeasures, and provides advice therefor from a technical perspective.

## Business Continuity Structure

The Group has established a business continuity policy in preparation for the occurrence of emergency situations which may threaten our business continuity, such as natural disasters, system failures, the spread of infectious diseases, and man-made disasters. Based on this policy, we have formulated a business continuity plan.

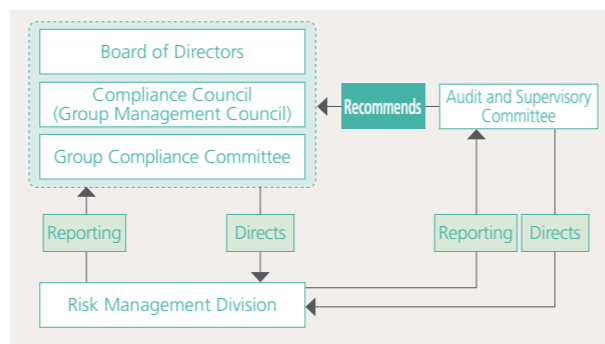
Also, to improve effectiveness of the business continuity plan, the Group CSO is assigned as a Group supervisor and an officer in charge of the management planning division of each company as a supervisor. Under their instructions and supervision, business continuity management activities are conducted including verification of the business continuity plan, development and continuous improvement of the business continuity structure, and education, training, and drills.

In the event of an emergency or the possibility of an emergency, a system is in place where a Group Emergency Office headed by the Group CEO and an Emergency Office headed by the president of each Group company will be established to conduct operations, such as to take emergency measures, collect and communicate information, and oversee management.

# Strong Management Foundation (Governance)

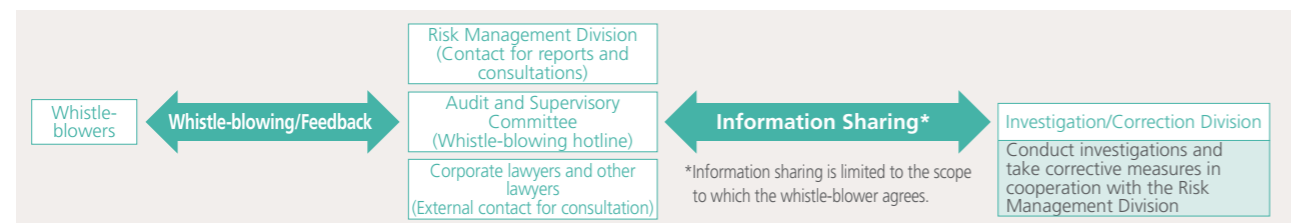
## Compliance Structure

To improve the compliance structure, we formulate a Group compliance program for each fiscal year. Compliance Council (Group Management Council) chaired by the President has been established, and progress in the Group compliance program and other compliance-related matters are reported. In addition, for the purpose of fostering and improving mindset for compliance, lectures on compliance are held at all level-based workshops, and compliance training sessions are also held at each workplace on a regular basis.



## Whistle-blowing System

For the purpose of early detection and correction of violation of laws and regulations, etc., we are making efforts for the appropriate operation of the whistle-blowing system. Various contacts have been set taking into account the convenience of whistle-blowers, for example, a contact for reports and consultations set in the Risk Management Division, a hotline for whistle-blowing set at the Audit and Supervisory Committee, and corporate lawyers and other lawyers as external contacts for consultation. In accordance with the Whistleblower Protection Act, we thoroughly keep the secret and prohibit disadvantageous treatment in order to enable a whistle-blower to use the contacts and hotline without hesitation.



## Customer Protection (Management of customer protection, etc.)

In order to ensure a structure to allow customers to make transactions without anxieties, and improve convenience for customers, we have continuously verified and improved operations from a viewpoint of customers, working on management including customer protection. For personal information, with a privacy policy and other rules developed, we are making efforts for the protection of personal information by educating our staff on a regular basis.

## Countermeasures against Money Laundering and Terrorism Funding

Based on the Act on Prevention of Transfer of Criminal Proceeds and Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism, the Group has striven to maintain and develop sound financial system by strengthening the management structure.

### Establishment of Centralized Control Structure

With personnel and supervising division responsible for countermeasures against money laundering and terrorism funding determined, we have established a centralized control structure, and are taking the cross-organizational measures under coordinated efforts in cooperation with the Group companies and relevant divisions.

### Customer Due Diligence

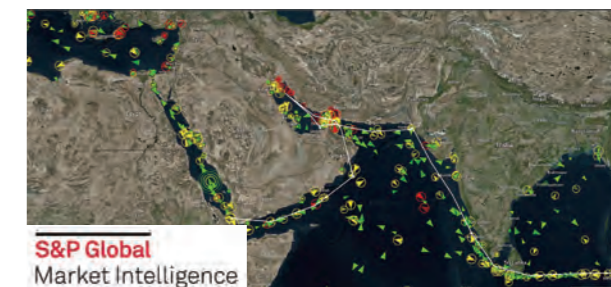
As customer due diligence Iyo Bank has been checking customer information on a regular basis since October 2020.

### Transaction Filtering/Monitoring

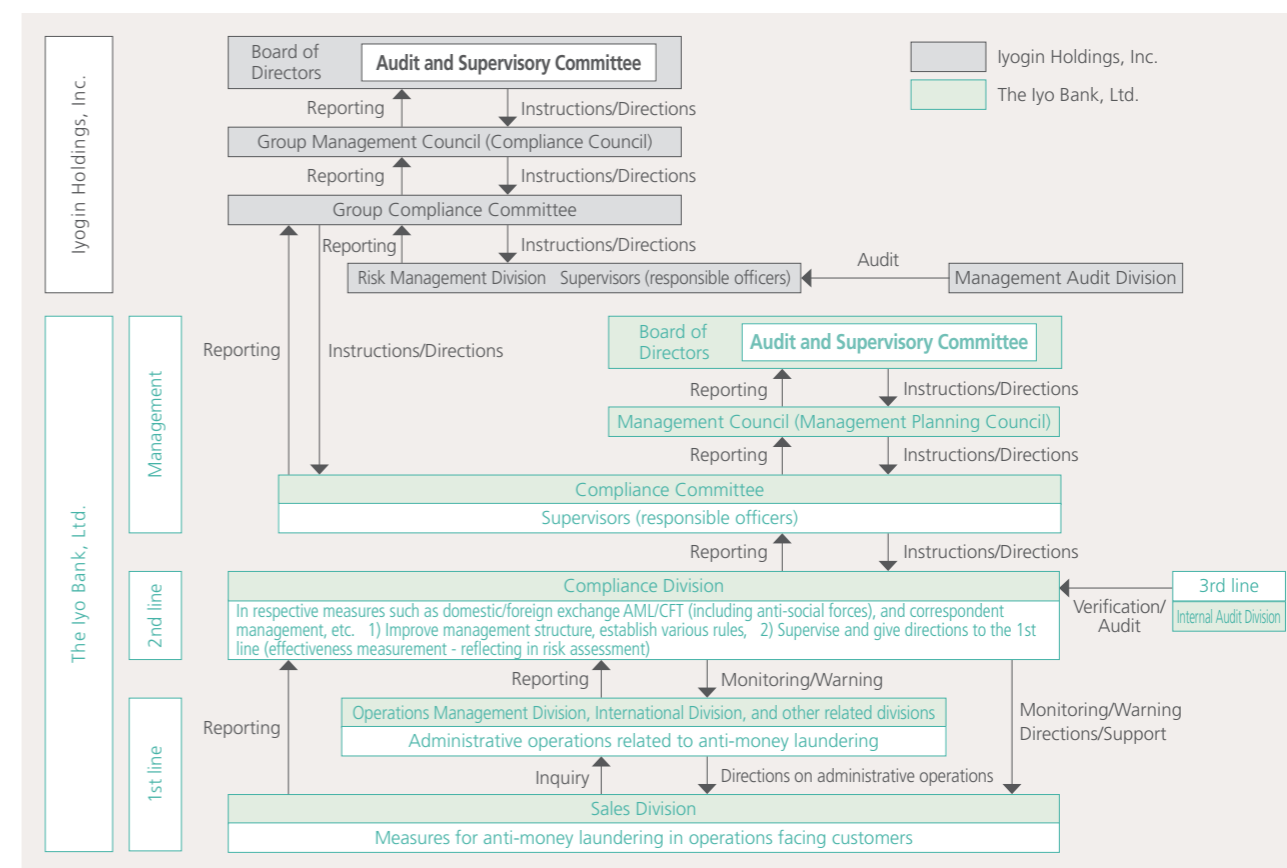
In September 2016, the Group introduced a transaction filtering system to prevent transactions with high-risk customers by checking against multiple blacklists collectively. With a transaction monitoring system introduced in October 2016, Iyo Bank established a mechanism to detect suspicious transactions and have been appropriately operating it.

## Measures for Overseas Loans

In relation to officers, shareholders, and substantial controlling persons, etc. of overseas corporate customers, Iyo Bank conducts thorough investigations and verifications by checking against respective sanction lists, and even searching past negative information covered across the world. Furthermore, in the ship finance with a lot of overseas corporate customers, sea routes of vessels subject to loans are monitored to detect entry in sanctioned countries in real time. Like this, the Bank has conducted investigation and verification with advanced methods.



## Organizational structure for anti-money laundering



## Joint Consideration with TSUBASA AML Center

In October 2020, the AML Center was established within TSUBASA Alliance Co., Ltd. Aiming to advance AML measures with collective knowledge of each bank and streamline overlapping operations, AML Center has operated smoothly.



## Consolidated Balance Sheet

Iyogin Holdings, Inc. and its Consolidated Subsidiaries  
March 31, 2023

	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2023	2023
<b>ASSETS</b>		
Cash and due from banks	¥1,367,081	\$10,238,006
Cash collateral provided for securities borrowed	50,085	375,084
Monetary claims purchased	5,606	41,983
Trading account securities	492	3,684
Money held in trust	6,647	49,779
Securities (Notes 2-1, 2-3, 2-5 and 2-9)	1,493,078	11,181,592
Loans and bills discounted (Notes 2-3, 2-4, 2-5 and 2-6)	5,304,319	39,723,799
Reserve for loan losses	(35,302)	(264,375)
Foreign exchange (Note 2-3 and 2-4)	40,407	302,606
Lease receivables and investment assets	29,391	220,107
Other assets (Note 2-3 and 2-5)	132,971	995,813
Tangible fixed assets (Note 2-8)	71,400	534,711
Intangible fixed assets	11,775	88,182
Net defined benefit asset	41,859	313,480
Deferred tax assets	268	2,007
Customers' liabilities for acceptances and guarantees	30,696	229,880
<b>Total assets</b>	<b>¥8,550,778</b>	<b>\$64,036,381</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Deposits (Note 2-5)	¥6,796,340	\$50,897,476
Payables under securities lending transactions (Note 2-5)	77,501	580,401
Borrowed money (Note 2-5)	684,070	5,122,968
Foreign exchange	3,680	27,559
Borrowed money from trust account	1,045	7,825
Other liabilities	92,636	693,746
Accrued employees' bonuses	1,793	13,427
Net defined benefit liability	10,146	75,982
Reserve for losses on repayment of dormant bank accounts	845	6,328
Reserve for contingent losses	1,100	8,237
Reverse for share-based payments	430	3,220
Provision for dismantling costs of fixed assets	885	6,627
Reserve under the special laws	4	29
Deferred tax liabilities	80,291	601,295
Deferred taxes on revaluation excess (Note 2-7)	9,472	70,935
Acceptances and guarantees	30,696	229,880
<b>Total liabilities</b>	<b>7,790,940</b>	<b>58,345,989</b>
<b>Net assets</b>		
Common stock		
Authorized — 600,000,000 shares		
Issued — 313,408,831 shares	20,000	149,779
Capital surplus	27,698	207,429
Retained earnings	483,166	3,618,407
Treasury stock	(3,792)	(28,398)
<b>Total stockholders' equity</b>	<b>527,072</b>	<b>3,947,217</b>
Valuation difference on available-for-sale securities	202,105	1,513,555
Net deferred gains (losses) on derivatives under hedge accounting	1,611	12,064
Land revaluation excess (Note 2-7)	18,977	142,117
Remeasurements of defined benefit plans	9,612	71,983
<b>Total accumulated other comprehensive income</b>	<b>232,307</b>	<b>1,739,736</b>
Stock acquisition rights	149	1,115
Non-controlling interests	309	2,314
<b>Total net assets</b>	<b>759,838</b>	<b>5,690,391</b>
<b>Total liabilities and net assets</b>	<b>¥8,550,778</b>	<b>\$64,036,381</b>

See Notes to Consolidated Financial Statements.

## Consolidated Statement of Income

Iyogin Holdings, Inc. and its Consolidated Subsidiaries  
For the year ended March 31, 2023

	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2023	2023
<b>INCOME</b>		
Interest and dividend income:		
Interest on loans and discounts	¥ 66,395	\$ 497,229
Interest and dividends on securities	27,123	203,122
Other interest income	2,639	19,763
Fees and commissions	14,537	108,866
Other operating income	54,044	404,733
Other income	8,220	61,559
<b>Total income</b>	<b>172,960</b>	<b>1,295,289</b>
<b>EXPENSES</b>		
Interest expense:		
Interest on deposits	5,423	40,612
Interest on borrowings and rediscounts	4,030	30,180
Interest on payables under repurchase agreements	382	2,860
Interest on payables under securities lending transactions	1,771	13,262
Other interest expense	9,214	69,003
Fees and commissions	4,852	36,336
Other operating expenses	46,619	349,127
General and administrative expenses (Note 3-1)	50,546	378,536
Other expenses (Notes 3-2)	9,621	72,051
<b>Total expenses</b>	<b>132,462</b>	<b>992,001</b>
Income before income taxes	40,497	303,280
Income taxes		
Current	11,332	84,864
Deferred	839	6,283
<b>Total taxes</b>	<b>12,171</b>	<b>91,148</b>
Profit	28,326	212,132
Profit attributable to noncontrolling interests	426	3,190
Profit attributable to owners of parent	¥ 27,899	\$ 208,934

Per share of common stock (yen and U.S. dollars):

	Yen	U.S. dollars (Note 1-1)
Basic net income	¥89.13	\$0.66
Diluted net income	89.08	0.66
Dividends	9.00	0.06

See Notes to Consolidated Financial Statements.

## Consolidated Statement of Comprehensive Income

Iyogin Holdings, Inc. and its Consolidated Subsidiaries  
For the year ended March 31, 2023

	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2023	2023
Profit	¥ 28,326	\$ 212,132
Other comprehensive income (Note 4-1)	12,723	95,281
Valuation difference on available-for-sale securities	11,625	87,059
Net deferred gains (losses) on derivatives under hedge accounting	458	3,429
Remeasurements of defined benefit plans	639	4,785
<b>Comprehensive income</b>	<b>¥ 41,050</b>	<b>\$ 307,421</b>
<b>Comprehensive income attributable to:</b>		
Owners of parent	¥ 40,671	\$ 304,583
Noncontrolling interests	378	2,830

See Notes to Consolidated Financial Statements.

## Consolidated Statement of Changes in Net Assets

Iyogin Holdings, Inc. and its Consolidated Subsidiaries  
For the year ended March 31, 2023

	Millions of yen				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
For the year ended March 31, 2023					
Balance at the beginning of the accounting period	¥20,948	¥20,289	¥468,487	¥(4,871)	¥504,854
Changes during the accounting period					
Changes by share transfer	(948)	948			—
Dividends			(5,051)		(5,051)
Profit attributable to owners of parent			27,899		27,899
Purchase of treasury stock				(6,098)	(6,098)
Disposal of treasury stock		11		135	147
Cancellation of treasury stock		(7,335)		7,041	(293)
Transfer from retained earnings to capital surplus		8,251	(8,251)		—
Reversal of land revaluation excess			80		80
Purchase of shares of consolidated subsidiaries		5,533			5,533
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	(948)	7,408	14,678	1,078	22,217
Balance at the end of the accounting period	¥20,000	¥27,698	¥483,166	¥(3,792)	¥527,072
	Thousands of U.S. dollars (Note 1-1)				
	Stockholders' equity				
For the year ended March 31, 2023					
Balance at the beginning of the accounting period	\$156,878	\$151,943	\$3,508,477	\$(36,478)	\$3,780,828
Changes during the accounting period					
Changes by share transfer	(7,099)	7,099			—
Dividends			(37,826)		(37,826)
Profit attributable to owners of parent			208,934		208,934
Purchase of treasury stock				(45,667)	(45,667)
Disposal of treasury stock		82		1,011	1,100
Cancellation of treasury stock		(54,931)		52,729	(2,194)
Transfer from retained earnings to capital surplus		61,791	(61,791)		—
Reversal of land revaluation excess			599		599
Purchase of shares of consolidated subsidiaries		41,436			41,436
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	(7,099)	55,478	109,922	8,073	166,382
Balance at the end of the accounting period	\$149,779	\$207,429	\$3,618,407	\$(28,398)	\$3,947,217

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	Total net assets
For the year ended March 31, 2023								
Balance at the beginning of the accounting period	¥190,431	¥1,152	¥19,058	¥8,973	¥219,616	¥208	¥7,119	¥731,798
Changes during the accounting period								
Changes by share transfer								
Dividends								(5,051)
Profit attributable to owners of parent								27,899
Purchase of treasury stock								(6,098)
Disposal of treasury stock								147
Cancellation of treasury stock								(293)
Transfer from retained earnings to capital surplus								
Reversal of land revaluation excess								80
Purchase of shares of consolidated subsidiaries								5,533
Changes in items other than stockholders' equity, net	11,673	458	(80)	639	12,690	(58)	(6,809)	5,822
Total changes during the accounting period	11,673	458	(80)	639	12,690	(58)	(6,809)	28,039
Balance at the end of the accounting period	¥202,105	¥1,611	¥18,977	¥9,612	¥232,307	¥149	¥309	¥759,838
	Thousands of U.S. dollars (Note 1-1)							
	Accumulated other comprehensive income							
For the year ended March 31, 2023								
Balance at the beginning of the accounting period	\$1,426,128	\$8,627	\$142,724	\$67,198	\$1,644,694	\$1,557	\$53,313	\$5,480,401
Changes during the accounting period								
Changes by share transfer								
Dividends								(37,826)
Profit attributable to owners of parent								208,934
Purchase of treasury stock								(45,667)
Disposal of treasury stock								1,100
Cancellation of treasury stock								(2,194)
Transfer from retained earnings to capital surplus								
Reversal of land revaluation excess								599
Purchase of shares of consolidated subsidiaries								41,436
Changes in items other than stockholders' equity, net	87,418	3,429	(599)	4,785	95,034	(434)	(50,992)	43,600
Total changes during the accounting period	87,418	3,429	(599)	4,785	95,034	(434)	(50,992)	209,982
Balance at the end of the accounting period	\$1,513,555	\$12,064	\$142,117	\$71,983	\$1,739,736	\$1,115	\$2,314	\$5,690,391



## Consolidated Statement of Cash Flows

Iyogin Holdings, Inc. and its Consolidated Subsidiaries  
For the year ended March 31, 2023

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
<b>Cash flows from operating activities</b>		
Income before income taxes	¥ 40,497	\$ 303,280
Depreciation	6,141	45,989
Impairment losses	699	5,234
Increase (decrease) in reserve for loan losses	(2,298)	(17,209)
Increase (decrease) in accrued employees' bonuses	11	82
Decrease (increase) in net defined benefit asset	(4,016)	(30,075)
Increase (decrease) in net defined benefit liability	(566)	(4,238)
Increase (decrease) in reserve for losses on repayment of dormant bank accounts	(330)	(2,471)
Increase (decrease) in reserve for contingent losses	218	1,632
Increase (decrease) in reserve for share-based payments	16	119
Increase (decrease) in provision for dismantling costs of fixed assets	885	6,627
Increase (decrease) in reserve under special laws	1	7
Interest and dividend income	(96,158)	(720,122)
Interest expense	20,822	155,934
Securities losses (gains), net	37	277
Money in trust losses (gains), net	43	322
Foreign exchange losses (gains), net	(28,137)	(210,716)
Losses (gains) on disposal of tangible fixed assets, net	331	2,478
Net changes in loans and bills discounted	(257,322)	(1,927,072)
Net changes in deposits	170,214	1,274,724
Net changes in borrowed money (excluding subordinated borrowings)	(66,232)	(496,008)
Net changes in due from banks	224	1,677
Net changes in call loans	602	4,508
Net decrease (increase) in cash collateral provided for securities borrowed	(50,085)	(375,084)
Net changes in call money	(81,575)	(610,911)
Net changes in payables under securities lending transactions	(62,397)	(467,288)
Net changes in foreign exchange assets	(29,096)	(217,898)
Net changes in foreign exchange liabilities	1,843	13,802
Net changes in lease receivables and investment assets	600	4,493
Net increase (decrease) in borrowed money from trust account	490	3,669
Interest income received	97,924	733,348
Interest expense paid	(16,781)	(125,672)
Other	(4,647)	(34,801)
Subtotal	(358,037)	(2,681,322)
Income taxes paid	(10,715)	(80,244)
Net cash provided by (used in) operating activities	(368,753)	(2,761,574)
<b>Cash flows from investing activities</b>		
Purchases of securities	(1,524,202)	(11,414,678)
Proceeds from sales of securities	1,711,722	12,819,006
Proceeds from maturities of securities	55,726	417,329
Increase in money held in trust	(857)	(6,418)
Decrease in money held in trust	60	449
Purchases of tangible fixed assets	(2,691)	(20,152)
Proceeds from sales of tangible fixed assets	28	209
Purchases of intangible fixed assets	(5,715)	(42,799)
Net cash provided by (used in) investing activities	234,070	1,752,939
<b>Cash flows from financing activities</b>		
Proceeds from share issuance to noncontrolling stockholders	97	726
Repayments to noncontrolling shareholders	(50)	(374)
Cash dividends paid	(5,051)	(37,826)
Cash dividends paid to noncontrolling stockholders	(2)	(14)
Purchases of treasury stock	(6,098)	(45,667)
Proceeds from sales of treasury stock	0	0
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,699)	(12,723)
Net cash provided by (used in) financing activities	(12,804)	(95,888)
<b>Foreign currency translation adjustments</b>	32	239
Net increase (decrease) in cash and cash equivalents	(147,455)	(1,104,283)
Cash and cash equivalents at the beginning of year	1,512,259	11,325,237
Cash and cash equivalents at the end of year (Note 6-1)	¥ 1,364,804	\$ 10,220,954

See Notes to Consolidated Financial Statements.

## Notes to Consolidated Financial Statements

Iyogin Holdings, Inc. and its Consolidated Subsidiaries  
For the year ended March 31, 2023

### 1-1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accompanying consolidated financial statements have been restructured and translated into English with certain expanded disclosures from the consolidated financial statements of Iyogin Holdings, Inc. (the "Company") prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

Japanese yen amounts are rounded down to the nearest million. Translations of the Japanese yen amounts into U.S. dollar amounts were included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2023, which was ¥133.53 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

Under Japanese laws and regulations, including the Companies Act (the "Act"), the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Act and the Banking Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 20% of the dividend or the excess, if any, of 100% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Act, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit or can be capitalized by a resolution of the stockholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Act and the Banking Law, however, by resolution of the stockholders' meeting, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

### (Basis of Presenting Consolidated Financial Statements)

#### 1 Scope of consolidation

##### (1) Principles of consolidation

The consolidated financial statements include the accounts of the Company and the following 17 consolidated subsidiaries (the "Group").

- The Iyo Bank Limited
- The Iyogin Credit Guaranty Company Limited
- The Iyogin Business Service Company Limited
- Iyogin Capital Company Limited

- Iyogin Venture Fund Corporation Limited IV
  - Iyogin Venture Fund Corporation Limited V
  - Iyogin Venture Fund Corporation Limited VI
  - Iyo Evergreen Sixtiary Industrialization Support Fund Investment Business Limited Partnership
  - Iyo Evergreen Agriculture Support Fund Investment Business Limited Partnership
  - Iyo Evergreen Agriculture Support Fund II Investment Business Limited Partnership
  - Iyo Evergreen Business Succession Support Fund Investment Business Limited Partnership
  - Iyogin Regional Economy Research Center, Inc.
  - Iyogin DC Card Co., Ltd.
  - Iyogin Challenge & Smile Co., Ltd.
  - Iyogin Leasing Company Limited
  - Iyogin Computer Service Company Limited
  - Shikoku Alliance Securities Co., Ltd.
- (Change in Scope of Consolidation)

In accordance with the Company's incorporation, The Iyo Bank, Ltd. (the "Iyo Bank") became a wholly owned subsidiary, and all shares held by Iyo Bank in The Iyogin Credit Guarantee Company Limited, Iyogin Capital Company Limited, Iyogin Regional Economy Research Center, Inc., Iyogin DC Card Co., Ltd., Iyogin Leasing Company Limited, Iyogin Computer Service Company Limited, and Shikoku Alliance Securities Co., Ltd. were acquired using the method in which a dividend in kind is received from Iyo Bank. Therefore, Iyo Bank and the consolidated subsidiaries of Iyo Bank were and will be included in the scope of consolidation from the current consolidated fiscal year. As a result, the number of consolidated subsidiaries in the consolidated fiscal year ended March 31, 2023, was 17.

#### (2) The consolidated financial statements excluded the following subsidiaries.

- Iyogin-Ehime University Originated Venture Support Fund Investment Business Limited Partnership
- Iyo Evergreen Business Succession Support Fund II Investment Business Limited Partnership
- Iyo Venture Fund VII Investment Business Limited Partnership
- Iyogin Business Succession and Growth Support Fund Investment Business Limited Partnership

These subsidiaries are excluded from the scope of consolidation because their assets, ordinary income, net income, retained earnings and accumulated other comprehensive income were immaterial to the consolidated financial statements.

No unconsolidated subsidiary is accounted for by the equity method.

These subsidiaries are excluded from the scope of the equity method because its net income and retained earnings are immaterial to the consolidated financial statements.

#### 2 Affiliated companies not accounted for by the equity method

The consolidated financial statements exclude the following affiliated companies.

- Iyogin-Ehime University Originated Venture Support Fund Investment Business Limited Partnership
- Iyo Evergreen Business Succession Support Fund II Investment Business Limited Partnership
- Iyo Venture Fund VII Investment Business Limited Partnership
- Iyogin Business Succession and Growth Support Fund Investment Business Limited Partnership

These Companies are excluded from the scope of the equity method because their net income and retained earnings are immaterial to the consolidated financial statements.

### 3 The fiscal year of consolidated subsidiaries

The consolidated financial statements include the accounts of 7 consolidated subsidiaries with fiscal years that end December 31. Appropriate adjustments are made for significant transactions during the period from December 31 to March 31, the date of the consolidated financial statements.

All significant intercompany balances, transactions and unrealized profits and losses included in assets and liabilities are eliminated.

### 4 Significant accounting policies

#### (1) Trading account securities

Trading account securities of the Company and its consolidated subsidiaries are stated at fair market value. Gains and losses realized on the disposal and unrealized gains and losses from market value fluctuations of these securities are recognized as gains and losses in the period of the change. Realized gains and losses on the sale of such trading account securities are computed using moving average cost.

#### (2) Securities

- ① Held-to-maturity debt securities are stated at amortized cost by the straight-line method. Available-for-sale securities with available fair market values are stated at fair market value. Realized gains and losses on the sale of such securities are computed using moving average cost. Note that, however, equity and other securities without fair market value are stated at cost using the moving average cost. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of net assets.
- ② Securities included in the money held in the trust account are treated in the same manner as the securities mentioned above.

#### (3) Derivatives and hedge accounting

Derivative transactions are valued at fair value with changes in fair value included in current income.

#### (4) Tangible and intangible fixed assets and lease assets

- ① Tangible and intangible fixed assets are generally stated at cost, less the accumulated depreciation.

Depreciation of tangible fixed assets, except for lease assets, of the Group is recorded using the declining balance method. However, buildings acquired after April 1, 1998 and accompanying facilities and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. The estimated useful lives of these assets are about 15 – 40 years for buildings and about 5 – 10 years for equipment.

(Changes in Accounting Estimates)

(Changes in Useful Life)

The buildings of head office, annex, south annex (the “current head office, etc.”), building accessories and structure owned by our subsidiary Iyo Bank, have been depreciated over a period of 3 – 50 years. In August 2022, however, the construction of two new head office buildings and the dismantlement of the current head office, etc., were decided, and the useful lives of the tangible fixed assets related to the current head office, etc., have been shortened and changed into the future. As a result, ordinary income and income before income taxes decreased by 458 million yen for the current consolidated fiscal year.

- ② Depreciation for intangible fixed assets, except for lease assets, of the Group is recorded using the straight-line method. Internal use software costs of the Group are depreciated using the straight-line method over the estimated useful life of mainly five years.
- ③ Both tangible and intangible lease assets under finance leases that are not deemed to transfer ownership of the lease property to the lessee are depreciated using the straight-line method over the lease term with zero residual value. In cases in which there is a residual value guarantee in the contract, the residual value is the guaranteed value. In other cases, it is deemed to be zero.

#### (5) Reserve for possible loan losses

The consolidated banking subsidiary write off loans and make provisions for possible loan losses. For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition, the reserve for possible loan losses is provided in the full amount of such loans, excluding amounts written off and the portion that is estimated to be recoverable due to the existence of security interests or guarantees. For the unsecured and unguaranteed portions of loans to customers not in the above circumstances but for who there is a high probability of becoming so, the reserve for possible loan losses is provided for the estimated unrecoverable amounts determined after an evaluation of the customer's overall financial condition.

For loans, other than to insolvent customers mentioned above, that have been restructured due to the impact of the COVID-19 or for debtors in specific industries that are highly affected by the COVID-19, an allowance is provided for the amount of claims, net of the expected amount of recoveries from the disposable security and guarantees, multiplied by a certain ratio of the remaining amount.

With regard to other receivables, the consolidated banking subsidiary principally posts estimated losses for the next 1 year or the estimated losses for the next 3 years. The estimated losses are calculated based on actual average loan loss ratios for certain 1 year or 3 years periods with necessary adjustments.

Assessments and classifications are made by each business and credit supervision department and are audited by the Credit Administration Department, an independent department. The reserve for possible loan losses is provided based on such procedures.

The estimated unrecoverable portions of loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition are written off. The estimated unrecoverable amounts are determined after excluding amounts considered recoverable due to the existence of security interests or guarantees. As of March 31, 2023, the estimated unrecoverable amounts were ¥14,023 million (\$105,017 thousand).

The consolidated subsidiaries write off loans and make provisions for possible loan losses based on the actual rate of loan losses in the past. However, unrecoverable amounts of loans to customers who have a high probability of becoming bankrupt are separately estimated and a reserve for possible loan losses is provided based on those estimations.

#### (6) Accrued employees' bonuses

Accrued employees' bonuses are provided for the future payment of employees' bonuses based on the estimated amounts of the future payments that are attributed to the current fiscal year.

#### (7) Reserve for losses on repayment of dormant bank accounts

Reserve for losses on repayment of dormant bank accounts is provided in connection with inactive bank accounts the balances of which have been derecognized as liabilities. The reserve is provided for the possible future demands on claims of withdrawal from these accounts in an amount based on historical reimbursement experience.

#### (8) Reserve for contingent losses

Reserve for contingent losses is maintained to provide against possible losses from contingencies which are not covered by other specific reserves. The amount of reserve is based on an estimate of the amount possible future losses.

#### (9) Reserve for share-based payments

Reserve for share-based payments is provided for the estimated amount of share benefit obligations at the end of the current fiscal year in order to prepare for delivery of the company's shares to the company's directors and the Iyo Bank's directors (excluding the audit committee members) and executive officers under the internal share delivery regulations.

#### (10) Provision for dismantling costs of fixed assets

As provision for the dismantling costs of fixed assets has been provided at the amount expected to be incurred in the future for expenses associated with the dismantling of the head office, annex, and south annex of our subsidiary Iyo Bank.

#### (11) Reserve under the special laws

Reserve under the special laws is provided for contingent liabilities from financial instruments and exchange. This is a reserve pursuant to Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of Cabinet Office Ordinance on the Financial Instruments Business to indemnify losses incurred in connection with the purchase and sale of securities and derivatives and other financial related transactions.

#### (12) Accounting method for retirement benefits

In calculating retirement benefit obligations of consolidated banking subsidiary, the benefit formula basis is used to attribute the projected amount of retirement benefits to periods up to the end of the current fiscal year. Prior service cost and actuarial differences are amortized as follows:

Prior service cost:

Prior service cost is amortized using the straight-line method over a certain number of years (10 years) within the average remaining service years of employees at the time of recognition.

Actuarial differences:

Actuarial differences are amortized on a pro-rata basis using the straight-line method over a certain number of years (10 years) within the average remaining service years of employees from the fiscal year following the respective fiscal year of recognition.

Some consolidated subsidiaries use a simplified method to calculate net defined benefit liability and retirement benefit cost. This simplified method assumes these subsidiaries' retirement benefit obligations to be equivalent to the benefits that would be payable upon the voluntary retirement of all employees at the fiscal year-end to calculate net defined benefit liability and retirement benefit cost.

#### (13) Foreign currency translations

Foreign currency assets and liabilities and the accounts of overseas branches of consolidated banking subsidiary are translated into yen at the rates prevailing at the consolidated balance sheet date. The Company and the other consolidated subsidiaries' foreign currency

assets and liabilities are translated into yen at the rate prevailing at their respective balance sheet dates.

#### (14) Recognition of significant revenue and expenses

- ① Recognition of revenue from contracts with customers  
Revenue from contracts with customers is received primarily as consideration for the provision of services incidental to, among other services, deposit and lending services, exchange services and securities-related services. Revenue is recognized when the promised goods or services are transferred to the customer through the provision of services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.
- ② Recognition of revenue related to finance lease transactions  
Revenue and cost of sales are recognized upon the receipt of lease charges.
- ③ Recognition of revenue related to operating lease transactions  
Lease charges corresponding to lease periods are recognized on the basis of monthly lease charges to be received under lease contracts.

#### (15) Significant hedge accounting methods

- ① Hedge interest rate risk  
In order to hedge the interest rate risk associated with various financial assets and liabilities, Consolidated banking subsidiary applies the deferred hedge accounting method stipulated in JICPA Industry-specific Committees Guidance No. 24, March 17, 2022, “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry.” The effectiveness of hedging is assessed for (i) each identified group of hedged items, such as deposits, loans and similar instruments and (ii) the corresponding group of hedging instruments, such as interest rate swaps, in the same maturity bucket.
- ② Hedge against fluctuation in foreign exchange rates  
For certain assets and liabilities, Consolidated banking subsidiary apply the exceptional treatment permitted for interest rate swaps. IYO Bank applies the deferred method of hedge accounting to hedge foreign exchange risk associated with various foreign currency denominated monetary assets and liabilities as stipulated in JICPA Industry-specific Committees Guidance No. 25, October 8, 2020, “Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions in the Banking Industry.” The effectiveness of the currency swap transactions, exchange swap transactions and similar transactions that hedge the foreign exchange risk of monetary assets and liabilities denominated in foreign currencies is assessed based on a comparison of the foreign currency positions of the hedged monetary assets and liabilities and the hedging instruments.

Consolidated banking subsidiary also applies fair value hedge accounting to portfolio hedges of the foreign exchange risk associated with foreign currency denominated available-for-sale securities (other than bonds) identified as hedged items in advance as long as the amount of spot and forward foreign exchange contracts payable exceeds the acquisition costs of the hedged securities in foreign currency.

#### (16) Cash flow statements

In preparing the consolidated statements of cash flows, cash on hand and deposits with the Bank of Japan are considered to be cash and cash equivalents.

**(17) Significant Accounting Estimates**

Reserve for loan losses

- ① Carrying amounts were ¥35,302 million (\$264,375 thousand) at March 31, 2023.  
(Note) The amount includes ¥3,663 million (\$27,432 thousand) at March 31, 2023, reflecting the effects of the COVID-19.
- ② Information on the nature of significant accounting estimates for identified items
  - (a) Method in making the accounting estimates  
For the calculation of Reserve for loan losses, See (5) Reserve for possible loan losses of "4 Significant accounting policies."
  - (b) Key assumptions used in making the accounting estimates  
The main assumption is "Credit risk of loans in determining debtor classification." "Credit risk of loans in determining debtor classification" was determined by evaluating the repayment capacity of each debtor based on its financial condition, cash flow, profitability, etc.  
In addition, for loans that have been restructured due to the impact of the COVID-19 or for debtors in specific industries that are highly affected by the COVID-19, it was highly assumed to have a deterioration in their future financial condition, cash flow, profitability, etc. than other debtors.
  - (c) The effect on the next year's financial statements  
Changes for the original assumption due to the inflection in the performance of individual debtors or the impact of the spread of the COVID-19 could effect on reserve for loan losses of the consolidated financial statements for the following fiscal year.

**(18) Per share data**

Net income per share is based on the weighted average number of shares of common stock outstanding during the year, excluding treasury stock. Diluted net income per share reflects the potential dilution that could occur if stock options were exercised. Diluted net income per share of common stock assumes the full exercise of outstanding warrants at the time of issuance.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared as applicable to the respective year.

**(Changes in Accounting Policies)****(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)**

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as "Fair Value Accounting Standards") was adopted from the beginning of the current consolidated fiscal year, and the new accounting policy set forth in Fair Value Accounting Standards will be applied into the future in accordance with the transitional treatment set forth in Fair Value Accounting Standards Paragraph 27-2. There is no effect on the consolidated financial statements in the current consolidated fiscal year.

**(Accounting Standards Not Yet Adopted)**

\*Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)

\*Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)

\*Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

**1 Overview**

The standards and guidance determine the classification of current income taxes when taxed on other comprehensive income and the treatment of tax effects related to the sale of subsidiary shares, etc., when the group taxation regime is applied.

**2 Effective date**

The standards and guidance are effective from the beginning of the fiscal year ending March 31, 2025.

**3 The impact of the adoption of the accounting standards and guidance being evaluated.****(Additional Information)****The share-based payment program using the trust**

The Company and the Iyo Bank have introduced a share-based payment program using a trust for these directors (excluding audit committee members) and executive officers with the aim of raising awareness of contribution to the Group's medium to long-term performance and enhancement of its corporate value.

**(1) Overview of transactions**

The trust acquires shares of the Company using funds contributed by the Company.

In accordance with internal share delivery policies set forth by the Board of Directors of the Company and the Iyo Bank, The Company and the Iyo Bank grant points to these directors (excluding audit committee members) and executive officers. At the time of retirement, shares of the Company and money will be delivered in accordance with the points through the trust.

**(2) Shares of the Company held by the trust**

- ① Shares of the Company held by the trust are recorded as treasury stock in net assets at the book value in the Company.
- ② The book value of the trust at March 31, 2023 was ¥693 million (\$5,189 thousand).
- ③ The number of shares of the Company held by the Trust at March 31, 2023 was 1,052 thousand shares.

**(Notes to Consolidated Balance Sheet)****2-1. STOCKS AND INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES**

Stocks in unconsolidated subsidiaries and affiliates amounted to ¥100 million (\$748 thousand) at March 31, 2023.

Investments in unconsolidated subsidiaries and affiliates amounted to ¥1,548 million (\$11,592 thousand) at March 31, 2023.

**2-2. SECURITIES RECEIVED IN CASH SECURED BOND LENDING TRANSACTIONS**

Securities received in cash secured bond lending transactions that are entitled to sale or (re)pledge were ¥49,902 million (\$373,713 thousand) at March 31, 2023.

**2-3. LOANS AND BILLS DISCOUNTED**

The amounts of loans disclosed under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as described below. These loans include corporate bonds recorded under "Securities" (limited to corporate bonds for which the payment of principal and interest is wholly or partially guaranteed and which were issued through the private placement of securities as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), loans and foreign exchange, accrued interest, suspense payments and

customers' liabilities for acceptances and guarantees recorded under "Other assets," as well as securities if the Bank lent such securities which are required to be disclosed in the notes to its consolidated balance sheet (they are limited to loans for use or lending under rental contract).

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Bankrupt and quasi-bankrupt loans	¥ 3,311	\$ 24,795		
Doubtful loans	69,878	523,313		
Substandard loans	25,027	187,426		
Loans overdue three months or more	2,603	19,493		
Restructured loans	22,423	167,924		
Subtotal	98,218	735,550		
Normal loans	5,504,880	41,225,791		
Total	¥5,603,098	\$41,961,342		

Bankrupt and quasi-bankrupt loans are loans to debtors who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other debtors in serious financial difficulties.

Doubtful loans are loans to debtors who have not gone bankrupt but whose financial position and operating results have so deteriorated that it is unlikely that the principal and interest on the loans will be recovered under the contract, excluding bankrupt and quasi-bankrupt loans.

Loans overdue three months or more are loans whose principal and/or interest payments have been past due for three months or more, excluding bankrupt and quasi-bankrupt loans and doubtful loans.

Restructured loans are loans that have been restructured to grant certain concessions favorable to the debtors, such as reduced interest rates or the deferral or waiver of interest and/or principal payments to support or financially rehabilitate such debtors, excluding bankrupt and quasi-bankrupt loans, doubtful loans and loans overdue three months or more.

Normal loans are loans that do not fall under the categories of bankrupt and quasi-bankrupt loans, doubtful loans, loans overdue three months or more or restructured loans, and in which the debtors have no problem with their financial position or operating results.

The above amounts of loans are before the deduction of reserve for loan losses.

**2-4. COMMERCIAL BILLS**

Bills discounted are accounted for as financing transactions in accordance with JICPA Industry-specific Committees Guidance No. 24, March 17, 2022, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry." although the Bank has the right to sell or pledge them without restrictions. The total face value of commercial bills and purchased foreign exchange bills obtained as a result of discounting was ¥13,312 million (\$99,692 thousand) at March 31, 2023.

**2-5. ASSETS PLEDGED**

Assets pledged as collateral were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Securities	¥ 464,677	\$3,479,944		
Loans	706,408	5,290,256		
Total	¥1,171,086	\$8,770,208		

The above pledged assets secure the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Deposits	¥ 25,880	\$ 193,814		
Payables under securities lending transactions	77,501	580,401		
Borrowed money	671,241	5,026,892		

In addition to the above, assets pledged as collateral for transactions such as exchange settlement transactions and others were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Securities	¥ 403	\$ 3,018		
Other assets	35,000	262,113		

Other assets above mentioned were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Initial margins of futures markets	¥ 6,508	\$ 48,738		
Cash collateral paid for financial instruments	28,568	213,944		
Guarantees	69	516		
Security deposits	330	2,471		

**2-6. COMMITMENT LINES**

Commitment line agreements related to loans are agreements which oblige the Company and its consolidated subsidiaries to lend funds up to certain limits agreed to in advance. The Company and its consolidated subsidiaries will lend the funds upon the request of an obligor to draw down the funds under the loan agreement as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balances related to these loan agreements at March 31, 2023 amounted to ¥1,302,850 million (\$9,756,983 thousand). Of these amounts, ¥1,134,197 million (\$8,493,948 thousand) as of March 31, 2023, related to loans in which the term of the agreement was one year or less or in which unconditional cancellation of the agreement was allowed at any time.

In many cases, the term of the loan agreement runs its course without the loan ever being drawn down. Therefore, unused loan commitments do not necessarily affect future cash flows.

Conditions are included in certain loan agreements which allow the Company and its consolidated subsidiaries either to decline the request for a loan draw-down or to reduce the agreed limit when there is cause to do so, such as when there is a change in the financial condition of the obligor or when it is necessary to protect the Company's or a consolidated subsidiary's credit. The Company and its consolidated subsidiaries take various measures to protect their credit, including having the obligor pledge collateral in the form of real estate, securities, etc., on signing the loan agreement or in accordance with the Company and its consolidated subsidiaries' established

internal procedures for confirming an obligor's financial condition, etc., at regular intervals.

## 2-7. LAND REVALUATION EXCESS

In accordance with the Revaluation Act of Land Properties, the consolidated banking subsidiary revalued land used in the ordinary course of business as of March 31, 1998. The revaluation excess, net of deferred taxes, is shown as a separate component of net assets. The current market value of the revalued land was lower than the revalued amount by ¥12,680 million (\$94,959 thousand) at March 31, 2023.

## 2-8. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets at March 31, 2023 amounted to ¥56,828 million (\$425,582 thousand). The amounts that were directly offset against acquisition costs as of March 31, 2023 was ¥8,186 million (\$61,304 thousand).

## 2-9. GUARANTEE OBLIGATIONS

Guarantee obligations for private placement bonds in securities in accordance with the Article 2, Paragraph 3 of the Financial Instruments and Exchange Act amounted to ¥57,505 million (\$430,652 thousand) at March 31, 2023.

## 2-10. MONEY TRUSTS TO BE INDEMNIFIED

The principal amount of money trusts to be indemnified by the Company and its consolidated subsidiaries was ¥1,045 million (\$7,825 thousand) at March 31, 2023.

## (Notes to Consolidated Statement of Income)

### 3-1. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses included salaries and allowances in the amount of ¥21,293 million (\$159,462 thousand) at March 31, 2023.

### 3-2. OTHER EXPENSES

Other expenses consisted of the following:

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Loans written off	¥ 19	\$ 142
Securities written off	4,110	30,779

## (Notes to Consolidated Statement of Comprehensive Income)

### 4-1. RECLASSIFICATION ADJUSTMENTS AND THE RELATED TAX EFFECTS CONCERNING OTHER COMPREHENSIVE INCOME

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Valuation difference on available-for-sale securities		
Incurred during the period	¥16,298	\$122,054
Reclassification adjustments	446	3,340
Before tax effect adjustments	16,745	125,402
Tax effect	(5,119)	(38,335)
Valuation difference on available-for-sale securities	11,625	87,059
Net deferred gains (losses) on derivatives under hedge accounting		
Incurred during the period	(8,071)	(60,443)
Reclassification adjustments	8,731	65,386
Before tax effect adjustments	659	4,935
Tax effect	(201)	(1,505)
Net deferred gains (losses) on derivatives under hedge accounting	458	3,429
Remeasurements of defined benefit plans		
Incurred during the period	3,239	24,256
Reclassification adjustments	(2,319)	(17,366)
Before tax effect adjustments	920	6,889
Tax effect	(280)	(2,096)
Remeasurements of defined benefit plans	639	4,785
The total amount of other comprehensive income	¥12,723	\$ 95,281

## (Notes to Consolidated Statement of Changes in Net Assets)

### 5-1. Type and number of shares issued and treasury stock

Type and number of shares issued and treasury stock in the year ended March 31, 2023 were as follows:

	(Thousands)			
	2023			
	Number of shares at the beginning of the accounting period	Increase in number of shares during the accounting period	Decrease in number of shares during the accounting period	Number of shares at the end of the accounting period
Shares issued				
Common stock	323,775	—	10,366	313,408
Total	323,775	—	10,366	313,408
Treasury stock				
Common stock	6,962	8,579	10,570	4,971
Total	6,962	8,579	10,570	4,971

1 The decrease in number of shares of stock issued was due to the cancellation of treasury stock (10,366 thousand shares).

2 The increase in number of shares of treasury stock was due to the purchase of treasury stock by market (8,577 thousand shares) and the purchase of fractional shares (1 thousand shares).

3 The decrease in number of shares of treasury stock was due to the cancellation of treasury stock (10,570 thousand shares), the delivery of shares of the Company through the Trust (133 thousand shares) and the exercise of stock acquisition rights (69 thousand shares).

4 The number of shares of treasury stock at the end of the current fiscal year includes the Company's shares held by the Trust for the share-based payment system (1,052 thousand shares).

### 5-2. Stock acquisition rights and own stock acquisition rights

Stock acquisition rights and own stock acquisition rights in the year ended March 31, 2023 were as follows:

Division	Details of stock acquisition rights	Type of shares to be issued	2023			Closing balance	Millions of yen	Thousands of U.S. dollars (Note 1-1)
			Beginning balance	Increase	Decrease			
The Company	Stock acquisition rights as stock options		—	—	—	149	1,115	
Total			—	—	—	149	1,115	

### 5-3. Dividends

The following dividends were paid in the year ended March 31, 2023.

The Company was established through a solo share transfer on October 3, 2022. The following dividends were resolved by the Directors' meeting of the Iyo Bank, a wholly owned subsidiary.

Date of resolution	Type of shares	2023		Cash dividends per share		Record date	Effective date
		Amount of dividends	Thousands of U.S. dollars (Note 1-1)	Yen	U.S. dollars (Note 1-1)		
Directors' meeting of the Iyo Bank held on May 13, 2022	Common stock of the Iyo Bank	¥2,543	\$19,044	¥8.00	\$0.05	March 31, 2022	June 9, 2022
Directors' meeting of the Iyo Bank held on November 11, 2022	Common stock of the Iyo Bank	¥2,507	\$18,774	¥8.00	\$0.05	September 30, 2022	December 9, 2022

1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 13, 2022 includes ¥9 million (\$67 thousand) in dividends to the Bank's shares held by the Trust for the share-based payment system.

2. The total amount of dividends on common stock resolved at the Directors' meeting held on November 11, 2022 includes ¥8 million (\$59 thousand) in dividends to the Bank's shares held by the Trust for the share-based payment system.

Dividends whose record date is attributable to the year ended March 31, 2023 but which became effective after March 31, 2023

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars (Note 1-1)		Yen	U.S. dollars (Note 1-1)		
Directors' meeting held on May 12, 2023	Common stock	¥2,785	\$20,856	Retained earnings	¥9.00	\$0.06	March 31, 2023	June 8, 2023

The total amount of dividends on common stock includes ¥9 million (\$67 thousand) in dividends to the Company's shares held by the Trust for the share-based payment system.

**(Notes to Consolidated Statement of Cash Flows)****6-1. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the consolidated statements of cash flows included due from banks, except for deposits with the Bank of Japan, as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Cash and due from banks in the balance sheets	¥1,367,081		\$10,238,006	
Due from banks, except for deposits with the Bank of Japan	(2,276)		(17,044)	
Cash and cash equivalents in the statements of cash flows	¥1,364,804		\$10,220,954	

**(Notes to Lease Transactions)****1. LEASE TRANSACTIONS****(1) Finance Leases**

Finance leases that do not transfer ownership of the lease assets

## ① Details of lease assets

## (i) Tangible fixed assets

Automatic teller machines

## (ii) Intangible fixed assets

Not applicable

## ② The method used to depreciate for lease assets

See "SIGNIFICANT ACCOUNTING POLICIES - Tangible and intangible fixed assets and lease assets."

**(2) Operating Leases**

Future lease payment payables and receivables under noncancelable operating leases were as follows:

As lessee

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Due within one year	¥115		\$ 861	
Due after one year	154		1,153	
Total	¥270		\$2,022	

As lessor

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Due within one year	¥31		\$232	
Due after one year	56		419	
Total	¥87		\$651	

**(Notes to Financial Instruments)****1 Financial instruments****(1) Policy on financial instruments**

The Group engage mainly in the financial services business and provide lending services and leasing services. Accordingly, the Group holds financial assets and liabilities that are subject to interest rate fluctuations and undertakes asset and liability management (ALM) in order to curb any unfavorable impact from interest rate fluctuations. The Group also engages in derivative transactions as part of its ALM.

**(2) Descriptions and risks of financial instruments**

The financial assets of the Group consist mainly of loans to customers, which are subject to default risk. Also, the Group holds securities that are mainly stocks, bonds and mutual funds for investment, management or trading purposes. They are subject to the issuer's

credit risk, interest rate risk and market price risk.

The foreign currency denominated financial assets and liabilities are subject to foreign currency risk. The Bank uses currency swaps to manage the risk.

The Group's derivative transactions include interest rate swaps. The Group applies hedge accounting to the interest on loans to hedge interest rate risks regarding the interest rate swaps as hedge instruments. The effectiveness is ensured by maintaining a balance of hedge instruments that does not exceed the balance of the hedged items, which are grouped by incidence and remaining period.

Other transactions not qualifying for hedge accounting expose the Group to foreign exchange and interest rate risks.

**(3) Risk management system for financial products**

## ① Credit risk management

The Group prescribes its credit risk management policy in its "Group Risk Management Plan," which is issued by the Board of Directors biannually. In particular, the Group diversifies credit risk by ensuring that credit granted is not overconcentrated in certain customers, groups or industries. The Group periodically analyzes and evaluates the credit conditions classified by internal ratings, business area and industry. The Group strives to optimize its credit portfolio by promoting effective credit risk management. Feedback regarding credit risk management is reported to the Board of Directors on a regular basis.

The Group manages each customer's credit in compliance with its "Internal Rating System," part of the Group's credit risk management. The Risk Management Division (RMD), which is completely independent from other banking business divisions, is responsible for planning and administrating the internal rating system and conducting, coordinating and monitoring the internal ratings. The Loan Group is responsible for supervising the individual credit granted and examining each customers' finances, purpose for the loan and ability to repay. The group is independent from the business promotion group. The assets are initially assessed by each branch and then by the head office, followed by a validation by RMD, which is also responsible for the formulation of the assessment standards.

## ② Market risk management

In order to properly manage market risk and maintain the Group's soundness and profitability, the Group has established a comprehensive risk management structure set forth by the Group ALM Committee. The Group ALM Committee uses various measures such as the gap method, market value analysis, periodic income/loss simulation and the VaR method to control risk. The Group ALM Committee also coordinates risk management plans and hedging strategies by analyzing the profitability structure and forecasting the market and the economic environment. RMD, set up as an independent supervisor, evaluates the appropriateness of market transactions dealt with by other divisions.

The Group sets limits on the quantity of risk that may be undertaken in its "Risk Management Plan," which is developed by the Board of Directors biannually. RMD monitors compliance with the plan and reports to the Board of Directors on a monthly basis. (Quantitative information on market risk)

The Group measures market risk based on the VaR method. The variance-covariance model (holding period: 120 business days; confidence interval: 99.9%; and historical observation period: 1,200 business days) is applied in the measurement of VaR.

The major market risks for the Group are equity risk and interest rate risk. Financial instruments affected by interest rate risk are loans and bills discounted, available-for-sale securities, deposits, borrowed money, interest swap transactions and interest rate cap derivative transactions. At March 31, 2023, the quantity of market risk (expected loss), which included equity risk and interest rate risk, amounted to ¥180.5 billion (\$1,351 million).

The Group confirms the validity of the measurement model by biannually performing back-testing which compares VaR with actual fluctuations in profit and loss during the observation period. However, VaR, the quantity of market risk which is statistically measured with historical market fluctuations, may not reflect drastic changes in the market.

**2 Fair values of financial instruments**

The table below summarizes book values, fair values and any differences between them. Equity and other securities without fair market value and investments in partnerships, etc., were excluded from the table (see Note i). Notes are omitted for cash and due from banks, call loans and bills bought, receivables under resale agreements, cash collateral provided for securities borrowed, call money and bills sold, payables under repurchase agreements and payables under securities lending transactions because the fair market values of these items approximate the corresponding book values due to their short-term settlement.

	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2023	2023	2023	2023	2023	2023
(1) Monetary claims purchased	¥ 5,606	¥ 5,606	¥ —	\$ 41,983	\$ 41,983	\$ —
(2) Trading account securities						
Trading securities	492	492	—	3,684	3,684	—
(3) Money held in trust	6,647	6,647	—	49,779	49,779	—
(4) Securities (*1)						
Available-for-sale securities	1,471,020	1,471,020	—	11,016,400	11,016,400	—
(5) Loans and bills discounted	5,304,319	5,199,004		39,723,799	38,935,100	
Reserve for loan losses (*2)	(33,841)			(253,433)		
	5,270,478	5,199,004	(71,474)	39,470,366	38,935,100	(535,265)
Total Assets	¥6,754,244	¥6,682,770	¥(71,474)	\$50,582,221	\$50,046,955	\$(535,265)
(1) Deposits	¥6,167,148	¥6,165,845	¥ (1,303)	\$46,185,486	\$46,175,728	\$ (9,758)
(2) Negotiable certificates of deposit	629,191	629,191	—	4,711,982	4,711,982	—
(3) Borrowed money	684,070	681,787	(2,282)	5,122,968	5,105,871	(17,089)
Total Liabilities	¥7,480,410	¥7,476,824	¥ (3,585)	\$56,020,444	\$55,993,589	\$(26,847)
Derivative Transactions (*3)						
Derivative transactions to which hedge accounting is not applied	¥ (1,179)	¥ (1,179)	¥ —	\$ (8,829)	\$ (8,829)	\$ —
Derivative transactions to which hedge accounting is applied (*4)	(24,008)	(24,008)	—	(179,794)	(179,794)	—
Total Derivative Transactions	¥ (25,188)	¥ (25,188)	¥ —	\$ (188,631)	\$ (188,631)	\$ —

(\*1) Securities include investment trusts for which the market value is deemed to be the base value pursuant to the Implementation Guidance on Accounting Standard for Fair Value Measurement Paragraph 24-3 and 24-9 (ASBJ Guidance No. 31, June 17, 2021)

(\*2) General and specific reserves for loan losses relevant to loans and bills discounted are excluded.

(\*3) Derivative transactions recorded in other assets and liabilities are presented as a lump sum. Net claims and debts that arise from derivative transactions are presented on a net basis.

(\*4) Derivative transactions to which hedge accounting is applied are interest rate swaps, etc., designated as hedging instruments to offset market fluctuations of loans and bills discounted in hedged items. The Bank uses mainly deferred hedges. The Bank applies the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (PITF No. 40, March 17, 2022) to these hedging relationships.

(\*5) Immaterial items are omitted.

Note i. Consolidated balance sheet amounts of equity and other securities without fair market value and investments in partnerships, etc., are described below and are not included in "Available-for-sale securities" of the fair market value information on financial instruments.

	Millions of yen		Thousands of U.S. dollars (Note 1-1)	
	2023	2023	2023	2023
Equity and other securities without fair market value (*1) (*2)	¥13,748		\$102,958	
Investments in partnerships, etc. (*3)	8,310		62,233	

(\*1) Equity and other securities without fair market value include unlisted stocks, which are not included in the disclosure of fair value in accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020).

(\*2) An impairment loss of ¥163 million was recorded for unlisted stocks during the current fiscal year.

(\*3) Investments in partnerships, etc., include mainly silent partnerships and investment partnerships. These items are not included in the disclosure of fair value in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021).

Note ii. Expected redemption of monetary claims and securities with maturities

	Millions of yen					
	2023					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥1,312,899	¥ —	¥ —	¥ —	¥ —	¥ —
Cash collateral provided for securities borrowed	50,085	—	—	—	—	—
Monetary claims purchased	4,121	—	—	—	—	1,488
Securities	75,078	333,909	150,402	96,344	145,305	135,362
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	75,078	333,909	150,402	96,344	145,305	135,362
Japanese government bonds	—	63,500	3,500	10,000	16,000	—
Municipal bonds	16,021	46,709	68,596	62,707	65,766	38,399
Corporate bonds	24,744	36,927	8,974	2,894	628	10,200
Loans and bills discounted (*)	1,194,416	991,022	790,742	561,789	594,231	1,072,138
Total	¥2,636,601	¥1,324,931	¥941,144	¥658,134	¥739,537	¥1,208,989

	Thousands of U.S. dollars (Note 1-1)					
	2023					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	\$ 9,832,239	\$ —	\$ —	\$ —	\$ —	\$ —
Cash collateral provided for securities borrowed	375,084	—	—	—	—	—
Monetary claims purchased	30,861	—	—	—	—	11,143
Securities	562,255	2,500,629	1,126,353	721,515	1,088,182	1,013,719
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	562,255	2,500,629	1,126,353	721,515	1,088,182	1,013,719
Japanese government bonds	—	475,548	26,211	74,889	119,823	—
Municipal bonds	119,980	349,801	513,712	469,609	492,518	287,568
Corporate bonds	185,306	276,544	67,205	21,673	4,703	76,387
Loans and bills discounted (*)	8,944,926	7,421,717	5,921,830	4,207,211	4,450,168	8,029,191
Total	\$19,745,383	\$9,922,347	\$7,048,183	\$4,928,735	\$5,538,358	\$9,054,062

(\*) Loans and bills discounted on which full repayment is not expected from debtors such as bankrupt obligors, substantially bankrupt obligors and intensively controlled obligors amounted to ¥72,249 million (\$541,069 thousand) at March 31, 2023, and loans and bills with no maturities amounted to ¥27,729 million (\$207,661 thousand) at March 31, 2023.

Note iii. Amounts to be repaid for borrowed money and other interest bearing liabilities

	Millions of yen					
	2023					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥5,815,968	¥322,472	¥ 25,578	¥1,096	¥2,032	¥ —
Negotiable certificates of deposit	629,191	—	—	—	—	—
Payables under securities lending transactions	77,501	—	—	—	—	—
Borrowed money	289,643	104,694	287,279	769	641	1,042
Total	¥6,812,304	¥427,167	¥312,858	¥1,866	¥2,673	¥1,042

	Thousands of U.S. dollars (Note 1-1)					
	2023					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	\$43,555,515	\$2,414,977	\$ 191,552	\$ 8,207	\$15,217	\$ —
Negotiable certificates of deposit	4,711,982	—	—	—	—	—
Payables under securities lending transactions	580,401	—	—	—	—	—
Borrowed money	2,169,123	784,048	2,151,419	5,759	4,800	7,803
Total	\$51,017,029	\$3,199,033	\$2,342,979	\$13,974	\$20,017	\$7,803

(\*) Demand deposits are included in "Within 1 year."

### 3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure the fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety at the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

As of March 31, 2023

Classification	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ —	¥ 1,484	¥ 1,484	\$ —	\$ —	\$ 11,113	\$ 11,113
Trading account securities								
Trading securities								
Japanese government bonds	492	—	—	492	3,684	—	—	3,684
Money held in trust	—	—	1,746	1,746	—	—	13,075	13,075
Securities:								
Available-for-sale securities								
Japanese government bonds	17,716	84,602	—	102,319	132,674	633,580	—	766,262
Municipal bonds	—	296,454	—	296,454	—	2,220,130	—	2,220,130
Corporate bonds	—	43,503	58,084	101,587	—	325,791	434,988	760,780
Equity securities	372,371	172	—	372,543	2,788,669	1,288	—	2,789,957
Others	408,681	188,118	976	597,776	3,060,593	1,408,807	7,309	4,476,716
Total Assets	¥799,262	¥612,851	¥62,292	¥1,474,406	\$5,985,636	\$4,589,612	\$466,501	\$11,041,758
Derivative transactions								
Interest rate-related derivatives	¥ —	¥ 6,486	¥ —	¥ 6,486	\$ —	\$ 48,573	\$ —	\$ 48,573
Currency-related derivatives	—	(31,676)	—	(31,676)	—	(237,220)	—	(237,220)
Bond-related derivatives	—	—	—	—	—	—	—	—
Others	—	—	1	1	—	—	7	7
Total Derivative Transactions	¥ —	¥ (25,189)	¥ 1	¥ (25,188)	\$ —	\$ (188,639)	\$ 7	\$ (188,631)

(\*) Securities do not include investment trusts for which the market value is deemed to be the base value pursuant to the Implementation Guidance on Accounting Standard for Fair Value Measurement Paragraph 24-3 and 24-9 (ASBJ Guidance No. 31, June 17, 2021). The amount of investment trusts reported on the consolidated balance sheet for which Article 24-3 was applied was 222 million yen, and the amount for which Article 24-9 was applied was 115 million yen.

(2) Financial instruments other than those measured at fair value

As of March 31, 2023

Classification	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ —	¥ 4,121	¥ 4,121	\$ —	\$ —	\$ 30,861	\$ 30,861
Money held in trust	—	—	4,900	4,900	—	—	36,695	36,695
Loans:								
Total Assets	¥ —	¥ —	¥5,208,026	¥5,208,026	\$ —	\$ —	\$39,002,666	\$39,002,666
Deposits:								
Negotiable certificates of deposit	—	629,191	—	629,191	—	4,711,982	—	4,711,982
Borrowed money:								
Total Derivative Transactions	¥ —	¥7,476,824	¥ —	¥7,476,824	\$ —	\$55,993,589	\$ —	\$55,993,589

Note 1: A description of the valuation techniques and inputs used in the fair value measurements

#### Assets

##### Monetary claims purchased

Of monetary claims purchased, trustee beneficial rights are measured based on prices quoted by correspondent financial institutions and are classified as Level 3 fair value based on the inputs used for the quoted prices. Monetary claims purchased other than trustee beneficial rights are classified as Level 3 fair value. This is because their book value is considered as the fair value, taking into consideration that such items fall under short contractual terms and their fair value approximates the book value.

##### Trading account securities

Trading account securities are classified as Level 1 fair value because they are government bonds and use unadjusted market prices in active markets.

##### Money held in trust

Of money held in trust, the components of trust property are measured based on prices quoted by correspondent financial institutions and are classified as Level 3 fair value according to component levels.

#### Securities

Securities using unadjusted market prices in active markets are classified as Level 1 fair value. These Level 1 securities include mainly listed stocks and government bonds.

Securities that use announced market prices but are not traded in active markets are classified as Level 2 fair value. These Level 2 securities include municipal bonds and corporate bonds.

In the case of investment trusts for which there is no transaction price in the market, if there are no significant restrictions on cancellation or repurchase that the market participants are required to pay for the risk, the fair value is determined as the market value and classified as Level 2 fair value.

Of corporate bonds, private placement bonds with guarantee obligations are measured as the present value discounted at a rate that reflects the proper market rate corresponding to the remaining period and credit risk based on the internal rating. As these discount rates are unobservable inputs, such private placement bonds are classified as Level 3 fair value.

Securities that do not fall under these classifications are measured

based on prices quoted by correspondent financial institutions and are classified as Level 3 fair value based on the inputs used for the quoted prices.

#### Loans and bills discounted

Loans and bills discounted with floating rates are classified as Level 3 fair value. This is because their book value is considered as the fair value, taking into account that the rates reflect the market rate in a short period and that the fair value approximates the book value unless the borrower's creditworthiness changes significantly after the inception date. Loans and bills discounted with fixed rates are classified as Level 3 fair value. This is because their fair value is measured as the present value, discounting future cash flows arising from principal and interest at a rate that reflects the proper market rate corresponding to the remaining period and credit risk based on the internal rating and because these discount rates are unobservable inputs.

Loans and bills with short-term contractual terms (within one year) are classified as Level 3 fair value because their fair value approximates the book value and such book value is considered as the fair value. In addition, loans to bankrupt borrowers, substantially bankrupt borrowers and potentially bankrupt borrowers are classified as Level 3 fair value. Their fair value approximates the consolidated balance sheet amount as of the consolidated balance sheet date less the reserve for loan losses since the loan losses are calculated based on the estimated collectable amount from collateral and/or guarantees.

Of loans and bills discounted, loans and bills discounted with no maturity due to conditions such as limiting the loans to the value of pledged assets are classified as Level 3 fair value. Their fair value is deemed as the book value since the fair value is expected to approximate the book value considering the estimated loan period, interest rate and other conditions.

#### Liabilities

##### Deposits and negotiable certificates of deposit

The fair value of demand deposits is considered the payable amount as of the consolidated balance sheet date (the book value). In addition,

Note 2: Information on Level 3 fair value of the financial instruments that are recognized at fair value in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs (as of March 31, 2023)

Classification	Valuation technique	Significant unobservable input	Range of inputs	Weighted average of inputs
Securities: Corporate bonds	Present value method	Discount rate	0.1%–16.5%	0.5%

(2) A reconciliation from the beginning balances to the ending balances and gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period

included in profit or loss for the period (as of March 31, 2023)

	Millions of yen							Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)
	Beginning balance	Profit or loss or other comprehensive income for the period		Purchases, sales, issuances, and settlements (net)	Transfer into Level 3	Transfer out of Level 3	Ending balance	
		Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)					
Monetary claims purchased	¥ 2,157	¥ —	¥ (2)	¥ (669)	¥—	¥—	¥ 1,484	¥ —
Money held in trust	1,507	(119)	201	157	—	—	1,746	(119)
Securities:								
Available-for-sale securities								
Corporate bonds	62,393	0	66	(4,376)	—	—	58,084	—
Others	11,273	—	3	(10,300)	—	—	976	—
Total Derivative Transactions								
Credit derivatives	(0)	0	—	—	—	—	—	—
Others	—	(2)	—	3	—	—	1	(2)

the fair value of fixed-term deposits and negotiable certificates of deposit is calculated as the present value, discounting the future cash flow at a rate that reflects the proper market rate corresponding to the remaining period and credit risk of the Group. The fair value of deposits with short contractual terms (within one year) is considered equal to the book value since the fair value approximates the book value. These items are classified as Level 2 fair value.

#### Borrowed money

The fair value of borrowed money with a floating rate is considered equal to the book value because the fair value of these items approximates the book value, taking into account that the rate reflects the market rate in a short period and that the creditworthiness of the Company and its consolidated subsidiaries and subsidiary corporations, etc., has not changed significantly since the inception date. The fair value of borrowed money with a fixed rate is calculated as the present value, discounting future cash flows for its principal and interest at a rate that reflects the proper market rate corresponding to the remaining period and credit risk of the Group. These items are classified as Level 2 fair value.

#### Derivative transactions

Derivative transactions using unadjusted market prices in active markets are classified as Level 1 fair value and includes bond futures. However, as most derivative transactions are traded over the counter and their market prices are not announced, their fair value is calculated using valuation techniques, including the present value model and the option pricing model. These valuation techniques input mainly interest rates, foreign exchange rates, volatilities and others. In addition, the valuation amount is adjusted based on the credit risk of counterparties and the Group.

If unobservable inputs are not used or their impact is insignificant, those derivative items are classified as Level 2 fair value and include interest rate swaps and forward exchange contracts.

If significant unobservable inputs are used, the items are classified as Level 3 fair value.

	Thousands of U.S. dollars (Note 1-1)							Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)
	Beginning balance	Profit or loss or other comprehensive income for the period		Purchases, sales, issuances, and settlements (net)	Transfer into Level 3	Transfer out of Level 3	Ending balance	
		Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)					
Monetary claims purchased	\$ 16,153	\$ —	\$ (14)	\$ (5,010)	\$—	\$—	\$ 11,113	\$ —
Money held in trust	11,285	(891)	1,505	1,175	—	—	13,075	(891)
Securities:								
Available-for-sale securities								
Corporate bonds	467,258	0	494	(32,771)	—	—	434,988	—
Others	84,422	—	22	(77,136)	—	—	7,309	—
Total Derivative Transactions								
Credit derivatives	(0)	0	—	—	—	—	—	—
Others	—	(14)	—	22	—	—	7	(14)

(\*1) Profit or loss is included mainly in Other operating income, Other operating expenses, Other income and Other expenses of Consolidated Statement of Income.

(\*2) Other comprehensive income is included in Valuation difference on available-for-sale securities in Other comprehensive income of Consolidated Statement of Comprehensive Income.

(3) A description of valuation processes used for fair value measurements

The Risk Management Division of the Group has established policies and procedures for measuring fair value and procedures for using the fair value valuation model. The Group verifies whether the fair value obtained is measured using valid valuation techniques and inputs and whether they are classified into an appropriate level of the fair value hierarchy. When using quoted prices obtained from third parties as fair values, the Group verifies whether the prices are valid using appropriate methods, such as by confirming the valuation techniques and inputs used and comparing them with the fair value estimated by the Group.

(4) Sensitivity of the fair value measurement to changes in significant unobservable inputs

Of corporate bonds, the fair value of private placement bonds with guarantee obligations is calculated by adjustment rates against standard market interest rates such as swap rates. These adjustment rates comprise risk premiums required by market participants against uncertainties on cash flows arising mainly from credit risks. A significant increase (decrease) in discount rates generally leads to a significant decrease (rise) of fair value.

#### (Notes to Securities)

\*1 In addition to "Securities" on the consolidated balance sheets, this includes "Trading account securities" and trust beneficiary interests in "Monetary claims purchased."

##### 1 Trading securities:

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Unrealized gains (losses) included in profit and loss for the fiscal year	¥(25)	\$ (187)

##### 2 Held-to-maturity debt securities:

None

**3 Available-for-sale securities:**

	Millions of yen			Thousands of U.S. dollars (Note 1—1)		
	2023			2023		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with unrealized gains						
Equity securities	¥ 357,707	¥ 70,979	¥286,727	\$ 2,678,851	\$ 531,558	\$2,147,285
Bonds	215,406	207,319	8,086	1,613,165	1,552,602	60,555
Japanese government bonds	102,319	96,702	5,616	766,262	724,196	42,057
Municipal bonds	71,375	69,400	1,974	534,524	519,733	14,783
Corporate bonds	41,711	41,216	494	312,371	308,664	3,699
Other	366,823	346,396	20,427	2,747,120	2,594,143	152,976
Total	¥ 939,937	¥ 624,696	¥315,240	\$ 7,039,144	\$4,678,319	\$2,360,817
Securities with unrealized losses						
Equity securities	¥ 14,836	¥ 16,113	¥ (1,277)	\$ 111,106	\$ 120,669	\$ (9,563)
Bonds	284,955	289,231	(4,276)	2,134,014	2,166,037	(32,022)
Japanese government bonds	—	—	—	—	—	—
Municipal bonds	225,079	228,883	(3,804)	1,685,606	1,714,094	(28,487)
Corporate bonds	59,876	60,347	(471)	448,408	451,935	(3,527)
Other	232,775	242,530	(9,755)	1,743,241	1,816,295	(73,054)
Total	532,567	547,876	(15,309)	3,988,369	4,103,018	(114,648)
Total	¥1,472,504	¥1,172,573	¥299,931	\$11,027,514	\$8,781,345	\$2,246,169

**4 Available-for-sale securities sold:**

	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2023			2023		
	Amount sold	Gains	Losses	Amount sold	Gains	Losses
Equity securities	¥ 7,064	¥ 2,663	¥ 1,267	\$ 52,901	\$ 19,943	\$ 9,488
Bonds	281	0	—	2,104	0	—
Corporate bonds	281	0	—	2,104	0	—
Other	1,676,464	31,951	29,205	12,554,961	239,279	218,714
Total	¥1,683,809	¥34,615	¥30,472	\$12,609,967	\$259,230	\$228,203

**5 Securities impaired**

Certain securities other than trading securities (excluding equity and other securities without fair market value and investments in partnerships, etc.) are written down to the fair value, and the difference between the acquisition cost and the fair value is treated as loss for the fiscal year (impairment (devaluation)) if the fair value has significantly deteriorated from the acquisition cost, unless it is deemed that there is a possibility of a recovery in the fair value. The amount of impairment (devaluation) was ¥4,016 million (\$30,075 thousand), including ¥3,946 million (\$29,551 thousand) of equity securities and ¥70million (\$524 thousand) of bonds at March 31, 2023. A security is deemed to have "significantly deteriorated" if the fair value has decreased to 50% or less of the acquisition cost. If the fair value exceeds 50% but is 70% or less of the acquisition cost, the security may be deemed "significantly deteriorated" considering the change in the quoted market price during a certain period in the past, the related business performance and other factors.

**(Notes to Money Held in Trust)**

The following table summarizes the book values (fair values) and amounts of net unrealized gains and losses for money held in trust included in profit and loss for the fiscal year.

	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2023	2023
Money held in trust for investment		
Book value (fair value)	¥ —	\$ —
Amount of net unrealized gain (loss) included in profit and loss for the fiscal year	¥ —	\$ —
Other money held in trust		
Book value (fair value)	6,647	49,779
Acquisition cost	6,114	45,787
Difference	532	3,984
Unrealized gains	532	3,984
Unrealized losses	—	—

**(Notes to Valuation difference on available-for-sale securities)**

Valuation difference on available-for-sale securities were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2023	2023
Valuation gains		
Available-for-sale securities	¥299,981	\$2,246,543
Other money held in trust	532	3,984
Deferred tax liabilities	(92,046)	(689,328)
Valuation difference on available-for-sale securities (before adjustment for minority interests)	208,467	1,561,199
Noncontrolling interests	(6,361)	(47,637)
Valuation difference on available-for-sale securities	¥202,105	\$1,513,555

(Note) Exchange translation differences, etc., related to foreign currency denominated equity and other securities without fair market value and investments in partnerships, etc., are included above in Available-for-sale securities of Valuation gains.

**(Notes to Derivative Transactions)**

At March 31, 2023

**1 Derivative transactions to which hedge accounting was not applied**

Derivative transactions to which hedge accounting was not applied are set forth in the tables below.

The contract amount do not reflect the market risk associated with the derivatives.

**(1) Interest rate contracts**

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2023				2023			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
<b>Over-the-counter transactions:</b>								
Swaps:								
Receive fixed rate and pay floating rate	¥127,538	¥125,394	¥(3,396)	¥(3,396)	\$ 955,126	\$ 939,069	\$(25,432)	\$(25,432)
Receive floating rate and pay fixed rate	127,538	125,394	5,048	5,048	955,126	939,069	37,804	37,804
Total	—	—	¥ 1,651	¥ 1,651	—	—	\$ 12,364	\$ 12,364

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

**(2) Currency and foreign exchange contracts**

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2023				2023			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
<b>Over-the-counter transactions:</b>								
Currency swaps	¥453,647	¥441,630	¥ 214	¥ 214	\$3,397,341	\$3,307,346	\$ 1,602	\$ 1,602
Forward exchange contracts:								
Sell	385,546	78,009	(7,724)	(7,724)	2,887,336	584,205	(57,844)	(57,844)
Buy	280,275	77,857	5,141	5,141	2,098,966	583,067	38,500	38,500
Currency options:								
Sell	212,112	155,841	(8,677)	(2,107)	1,588,496	1,167,086	(64,981)	(15,779)
Buy	212,112	155,841	8,213	2,611	1,588,496	1,167,086	61,506	19,553
Total	—	—	¥(2,832)	¥(1,864)	—	—	\$(21,208)	\$(13,959)

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.



## (3) Others

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2023				2023			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
<b>Over-the-counter transactions:</b>								
Earthquake derivatives								
Sell	¥1,950	¥—	¥(22)	¥—	\$14,603	\$—	\$(164)	\$—
Buy	2,150	—	23	—	16,101	—	172	—
Total	—	—	¥ 1	¥—	—	—	\$ 7	\$—

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

## 2 Derivative transactions to which hedge accounting was applied

Derivative transactions to which hedge accounting was applied are set forth in the tables below.

The contract amount do not reflect the market risk associated with the derivatives.

## (1) Interest rate contracts

Method of hedge accounting	Hedged items	Hedged items	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
			2023			2023		
			Contract amount	Portion maturing over one year	Fair value	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method	Interest rate swaps	Loans						
	Receive fixed rate and pay floating rate		—	—	—	—	—	—
	Receive floating rate and pay fixed rate		¥539,125	¥539,125	¥4,835	\$4,037,482	\$4,037,482	\$36,209
Total			—	—	¥4,835	—	—	\$36,209

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 24, March 17, 2022, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

## (2) Currency and foreign exchange contracts

Method of hedge accounting	Hedged items	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
		2023			2023		
		Contract amount	Portion maturing over one year	Fair value	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method							
Currency swaps	Foreign currency	¥330,175	¥258,141	¥(28,843)	\$2,472,665	\$1,933,206	\$(216,003)
Fund related swaps	monetary assets	—	—	—	—	—	—
Total		—	—	¥(28,843)	—	—	\$(216,003)

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 25, October 8, 2020, "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions in the Banking Industry."

## (Notes to Retirement Benefits)

## 1 Outline of retirement and severance benefits plans

The retirement benefit plans of the consolidated banking subsidiary consist of a defined benefit corporate pension fund plan, a retirement lump-sum grant system and a defined contribution pension plan. In addition, the consolidated banking subsidiary set up a retirement benefit trust.

The retirement benefit plans of other consolidated subsidiaries consist of a retirement lump-sum grant system and a defined contribution pension plan.

Other consolidated subsidiaries use the simplified method in calculating net defined benefit liability and retirement benefit expenses for their retirement lump-sum grant systems.

## 2 Defined benefit plan

## (1) Reconciliation of retirement benefit obligations between the beginning and the end of the period

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Retirement benefit obligations at the beginning of the period	¥67,936	\$508,769
Service cost	2,253	16,872
Interest cost	294	2,201
Actuarial differences incurred	(3,379)	(25,305)
Retirement benefits paid	(3,663)	(27,432)
Prior service cost	149	1,115
Retirement benefit obligations at the end of the period	63,592	476,237

## (2) Reconciliation of pension assets between the beginning and the end of the period

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Pension assets at the beginning of the period	¥95,066	\$711,944
Expected return on pension assets	1,171	8,769
Actuarial differences incurred	10	74
Employer's contributions	1,477	11,061
Retirement benefits paid	(2,419)	(18,115)
Pension assets at the end of the period	95,305	713,734

(Note) Pension assets include assets in the retirement benefit trust.

## (3) Reconciliation of retirement benefit obligations and pension assets at the end of the period to net defined benefit liability and net defined benefit asset in the consolidated balance sheets

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Retirement benefit obligations of the savings plan	¥ 63,122	\$ 472,717
Pension assets	(95,305)	(713,734)
	(32,183)	(241,016)
Retirement benefit obligations of the non-savings plan	470	3,519
Net liabilities and assets recorded on the consolidated balance sheets	(31,712)	(237,489)
Net defined benefit liability	10,146	75,982
Net defined benefit asset	(41,859)	(313,480)
Net liabilities and assets on the consolidated balance sheets	(31,712)	(237,489)

(Note) Pension assets include assets in the retirement benefit trust.

## (4) Retirement benefit cost and its breakdown

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Service cost	¥ 2,060	\$ 15,427
Interest cost	294	2,201
Expected return on pension assets	(1,171)	(8,769)
Recognized actuarial differences	(1,729)	(12,948)
Amortization of prior service cost	(589)	(4,410)
	(1,134)	(8,492)

(Note 1) Retirement benefit costs of consolidated subsidiaries using the simplified method are included in "Service cost."

(Note 2) Employee contribution to the corporate pension fund is deducted from "Service cost."

## (5) Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before applicable tax effects) was as follows:

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Prior service cost	¥ (739)	\$ (5,534)
Actuarial differences	1,659	12,424
Total	920	6,889

## (6) Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before applicable tax effects) was as follows:

	Thousands of U.S. dollars (Note 1-1)	
	Millions of yen	2023
Unrecognized prior service cost	¥ (723)	\$ (5,414)
Unrecognized actuarial differences	(13,108)	(98,165)
Total	(13,831)	(103,579)

## (7) Pension assets

## ① Pension asset portfolio

	2023
Bonds	47.0%
Equity securities	46.5%
Other	6.5%
Total	100.0%

(Note) 34.6% of the total pension assets as of March 31, 2023 represent assets in the retirement benefit trust for the corporate pension fund, 4.3% of which as of March 31, 2023 corresponds to the lump-sum grant system.

## ② Determination of the long-term expected rate of return on pension assets

The long-term expected rate of return on pension assets is determined based on the average investment yield on the pension assets for the past three years. When the average rate is below 1.25% or above 2.0%, it is stated as 1.25% and 2.0%, respectively.

**(8) Actuarial assumptions**

The weighted average rate for assumptions used for the actuarial computation of the retirement benefit obligations for the years ended March 31, 2023 was as follows:

	2023
<i>Discount rates</i>	
Retirement lump-sum grant system	0.30%
Corporate pension fund plans	0.90%
<i>Long-term expected return on assets</i>	
Pension assets of corporate pension fund	2.00%
Retirement benefit trust (Retirement lump-sum grant system and corporate pension fund plans)	0.00%

**(Notes to Stock Options)****1 Outline of stock options and changes****(1) Outline of stock options**

	lyogin holdings, Inc. 7th Stock Options	lyogin holdings, Inc. 6th Stock Options	lyogin holdings, Inc. 5th Stock Options	lyogin holdings, Inc. 4th Stock Options	lyogin holdings, Inc. 3rd Stock Options	lyogin holdings, Inc. 2nd Stock Options	lyogin holdings, Inc. 1st Stock Options
Title and number of grantees	Directors of the lyogin Bank: 5 Executive Officers of the lyogin Bank: 2	Directors of the lyogin Bank: 3 Executive Officers of the lyogin Bank: 2	Directors of the lyogin Bank: 3 Executive Officers of the lyogin Bank: 1	Directors of the lyogin Bank: 2 Executive Officers of the lyogin Bank: 1	Directors of the lyogin Bank: 1 Executive Officers of the lyogin Bank: 1	Directors of the lyogin Bank: 1 Executive Officers of the lyogin Bank: 1	Directors of the lyogin Bank: 1 Executive Officers of the lyogin Bank: 1
Number of stock options (*2)	Common shares: 48,900	Common shares: 43,100	Common shares: 16,600	Common shares: 17,800	Common shares: 16,300	Common shares: 24,000	Common shares: 15,200
Grant date (*3)	July 14, 2017	July 15, 2016	July 15, 2015	July 16, 2014	July 16, 2013	July 17, 2012	July 15, 2011
Conditions for vesting	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period	October 3, 2022 to July 14, 2047	October 3, 2022 to July 15, 2046	October 3, 2022 to July 15, 2045	October 3, 2022 to July 16, 2044	October 3, 2022 to July 16, 2043	October 3, 2022 to July 17, 2042	October 3, 2022 to July 15, 2041

(\*1) Due to the establishment of The lyogin Bank, Ltd. through a single share transfer, the Company has delivered new stock acquisition rights to the ones issued by the lyogin Bank, Ltd.

(\*2) Reported in terms of shares of stock

(\*3) The grant date is the original grant date at The lyogin Bank, Ltd.

**(2) Stock options granted and changes**

The table below represents stock options outstanding at the year-end and the number of stock options is converted into the number of stock.

**① Number of stock options**

	7th Stock Options shares	6th Stock Options shares	5th Stock Options shares	4th Stock Options shares	3rd Stock Options shares	2nd Stock Options shares	1st Stock Options shares
<b>Before vesting</b>							
Previous fiscal year-end	—	—	—	—	—	—	—
Granted	48,900	43,100	16,600	17,800	16,300	24,000	15,200
Forfeited	—	—	—	—	—	—	—
Vested	4,500	5,600	—	—	—	—	—
Outstanding	44,400	37,500	16,600	17,800	16,300	24,000	15,200
<b>After vesting</b>							
Previous fiscal year-end	—	—	—	—	—	—	—
Vested	4,500	5,600	—	—	—	—	—
Exercised	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Exercisable	4,500	5,600	—	—	—	—	—

**② Price information**

	7th Stock Options Yen (U.S. dollars)	6th Stock Options Yen (U.S. dollars)	5th Stock Options Yen (U.S. dollars)	4th Stock Options Yen (U.S. dollars)	3rd Stock Options Yen (U.S. dollars)	2nd Stock Options Yen (U.S. dollars)	1st Stock Options Yen (U.S. dollars)
Exercise price	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share
Average exercise price	— per share	— per share	— per share	— per share	— per share	— per share	— per share
Fair value at the grant date	¥867 (\$6) per share	¥601 (\$4) per share	¥1,473 (\$11) per share	¥989 (\$7) per share	¥918 (\$6) per share	¥550 (\$4) per share	¥704 (\$5) per share

(Note) A point system is applied to the substantive portion of the retirement lump-sum grant system and a cash balance plan to defined benefit corporate pension fund plans, respectively. The "Estimate rate of salary increase" is not disclosed due to the insignificant impact it would have on the calculation of retirement benefit obligations.

**3 Defined contribution plan**

The amount of required contribution of the Group to the defined contribution plans was ¥359 million (\$2,688 thousand) at March 31, 2023.

**2 Method of estimating the number of stock options vested**

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

**(Notes to Income Taxes)****1 Significant components of deferred tax assets and liabilities were as follows:**

	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2023	2023
<b>Deferred tax assets:</b>		
Excess reserve for loan losses	¥ 14,460	\$ 108,290
Write-down of securities	1,636	12,251
Impairment loss on land	733	5,489
Excess depreciation	645	4,830
Accrued employees' bonuses	541	4,051
Reserve for losses on repayments on dormant bank accounts	263	1,969
Other	2,922	21,882
Valuation reserve	(1,103)	(8,260)
<b>Total deferred tax assets</b>	<b>20,099</b>	<b>150,520</b>
<b>Deferred tax liabilities:</b>		
Valuation difference on available-for-sale securities	¥ (91,963)	\$(688,706)
Retirement benefit asset	(6,570)	(49,202)
Deferred gains on real property	(880)	(6,590)
Net deferred gains (losses) on derivatives under hedge accounting	(707)	(5,294)
<b>Total deferred tax liabilities</b>	<b>(100,122)</b>	<b>(749,809)</b>
<b>Net deferred tax liabilities:</b>	<b>¥ (80,022)</b>	<b>\$(599,281)</b>

**2 A reconciliation of the statutory tax rate and effective tax rate for the years ended March 31, 2023 was as follows:**

For the fiscal year ended March 31, 2023, a reconciliation of the statutory tax rate and the effective income tax rate is not stated as the difference between the two was less than 5% of the statutory tax rate.

**(Business Combinations, etc.)****(Transactions under common control)****1 Incorporation of Holding Company through a Solo Share Transfer****(1) Summary of transaction**

- Combined entity's name and business  
Wholly owned subsidiary company in share transfer, The lyogin Bank, Ltd. (Banking)
- Date of business combination  
October 3, 2022
- Legal form of business combination  
Incorporation of holding company through a solo share transfer
- The Name of company  
Wholly owning parent company through share transfer, lyogin Holdings, Inc.
- Other matters concerning the outline of transaction

The company was established with the aim of expanding the scope of the business in light of deregulation, enhancing group governance by strengthening management functions, and maximizing group synergies.

As of October 3, 2022, the Company acquired all shares in The lyogin Credit Guarantee Company Limited, lyogin Capital Company Limited, lyogin Regional Economy Research Center, Inc., lyogin DC Card Co., Ltd., lyogin Leasing Company Limited, lyogin Computer Service Company Limited, and Shikoku Alliance Securities Co., Ltd., which were held by lyogin Bank, a wholly owned subsidiary of the

Company, using the method in which a dividend in kind is received from lyogin Bank, and has made these seven companies our directly owned subsidiaries.

**(2) Accounting method**

In accordance with the "Business Combination Standards" (ASBJ Statement No. 21, Jan. 16, 2019) and the "Guidelines for the Application of the Business Combination Standards and the Business Separation Standards" (ASBJ Statement Application Guideline No. 10, Jan. 16, 2019), we treated the transaction as one with entities under common control.

**2 Acquisition of shares of subsidiaries****(1) Summary of transaction**

- Combined entity's name and business  
lyogin Capital Company Limited (investment in stocks and corporate bonds, management of investment funds, etc.)  
lyogin Leasing Company Limited (leasing operations, etc.)
- Date of business combination  
December 12, 2022
- Legal form of business combination  
Acquisition of shares from noncontrolling shareholders
- The name of company  
The name remains the same after the business combination.
- Other matters concerning the outline of transaction  
The Company acquired shares held by noncontrolling shareholders in order to enhance group governance and maximize group synergies by strengthening management functions.

**(2) Accounting method**

In accordance with the "Business Combination Standards" (ASBJ Statement No. 21, Jan. 16, 2019) and the "Guidelines for the Application of the Business Combination Standards and the Business Separation Standards" (ASBJ Statement Application Guideline No. 10, Jan. 16, 2019), we treated the transaction as one with entities under common control the same as trading with noncontrolling shareholders.

**(3) Additional acquisition of shares in subsidiary**

Consideration paid for acquisition: cash and due from banks in the amount of ¥1,699 million (\$12,723 thousand)

**(4) Matters related to changes in the Company's equity in transaction with noncontrolling shareholders**

- Main fluctuation factors of capital surplus  
Additional acquisition of subsidiary shares
- Amount of capital surplus increased due to transactions with noncontrolling shareholders:  
¥5,533 million (\$41,436 thousand)

**(Notes to Revenue Recognition)**

Disaggregation of revenue from contracts with customers (as of March 31, 2023)

	Millions of yen					Thousands of U.S. dollars (Note 1-1)				
	Reportable segments			Other businesses		Reportable segments			Other businesses	
	Commercial Banking	Leasing	Total		Total	Commercial Banking	Leasing	Total		Total
Fees and commissions										
Deposit and loan services	¥ 3,899	¥ —	¥ 3,899	¥ —	¥ 3,899	\$ 29,199	\$ —	\$ 29,199	\$ —	\$ 29,199
Foreign exchange services	2,942	—	2,942	—	2,942	22,032	—	22,032	—	22,032
Securities-related services	807	—	807	1,059	1,867	6,043	—	6,043	7,930	13,981
Other services	4,439	—	4,439	270	4,709	33,243	—	33,243	2,022	35,265
Ordinary income from contracts with customers	12,088	—	12,088	1,329	13,418	90,526	—	90,526	9,952	100,486
Ordinary income from other items above	142,791	16,013	158,805	730	159,535	1,069,355	119,920	1,189,283	5,466	1,194,750
Ordinary income from external customers	¥154,880	¥16,013	¥170,893	¥2,060	¥172,954	\$1,159,889	\$119,920	\$1,279,809	\$15,427	\$1,295,244

Notes: The "Other businesses" category is a business segment not included in reportable segments and represents information processing entrustment and the software development business and securities business etc..

**(Notes to Segment Information)****1 Summary of reportable segments**

Reportable segments are components of the Group for which separate financial information is available and is subject to periodic examination by the Board of Directors to determine the allocation of management resources and assess performances.

The Company and 17 consolidated subsidiaries are engaged mainly in the financial services business that includes commercial banking services and leasing services. Therefore, the Group's reportable segments comprise 'Commercial Banking' and 'Leasing' and are distinguished by the financial services provided. 'Commercial Banking' includes deposit services, lending services, securities investment services and exchange services. 'Commercial Banking' represents the Bank's banking services as well as the consolidated subsidiaries' business support services, credit guarantee services, credit card services, securities trading services and fund management services. 'Leasing' includes leasing services by Iyogin Leasing Company Limited, one of the consolidated subsidiaries.

**2 Methods used to calculate ordinary income, profit and loss, amounts of assets, debt and other items by reportable segment**

The accounting policies described in the Note in (Basis of Presenting Consolidated Financial Statements) have been adopted for the reportable segments. Reportable segment profit corresponds to ordinary profits. Ordinary income arising from intersegment transactions is based on arm's length prices.

**3 Information about reported ordinary income, profits and losses, amounts of assets, debts and other items**

Segment information as of and for the years ended March 31, 2023 was as follows:

	Millions of yen						
	2023						
	Reportable segments			Other businesses		Adjustments	Consolidated total
Commercial Banking	Leasing	Total		Total			
Ordinary income							
Customers	¥ 154,880	¥16,013	¥ 170,893	¥ 2,060	¥ 172,954	¥ —	¥ 172,954
Intersegment	1,114	3,731	4,845	13,043	17,888	(17,888)	—
Total	¥ 155,994	¥19,744	¥ 175,739	¥ 15,104	¥ 190,843	¥ (17,888)	¥ 172,954
Segment profit	¥42,292	¥4,155	¥46,448	¥ 10,076	¥56,524	¥ (14,109)	¥42,415
Segment assets	¥8,512,600	¥56,496	¥8,569,096	¥514,956	¥9,084,053	¥(533,274)	¥8,550,778
Segment debt	¥7,787,269	¥33,546	¥7,820,815	¥6,785	¥7,827,601	¥ (36,660)	¥7,790,940
Other items							
Depreciation	¥ 6,150	¥ 27	¥ 6,178	¥ 37	¥ 6,215	¥ (73)	¥ 6,141
Interest income received	96,116	137	96,254	8,780	105,034	(8,876)	96,158
Interest expense paid	20,807	102	20,909	0	20,910	(87)	20,822
Extraordinary income	5	—	5	0	6	—	6
Gain on disposal of noncurrent assets	(5)	—	(5)	(0)	(6)	—	(6)
Extraordinary losses	1,922	0	1,922	1	1,923	—	1,923
Losses on disposal of fixed assets	(337)	(0)	(337)	(0)	(337)	—	(337)
Impairment loss	(699)	—	(699)	—	(699)	—	(699)
Provision of reserve for financial products transaction liabilities	—	—	—	(1)	(1)	—	(1)
Provision for dismantling costs of fixed assets	(885)	—	(885)	—	(885)	—	(885)
Tax expense	11,810	255	12,065	100	12,165	5	12,171
Increase in tangible fixed assets and intangible fixed assets	8,564	20	8,584	85	8,670	(54)	8,615

Notes:

1. Ordinary income is presented as the counterpart of sales of companies in other industries. The difference between ordinary income and operating income in the consolidated statement of income is in "Adjustments."

2. "Other businesses" includes software development, information processing and securities business etc. not included in the reportable segments.

3. Adjustments are as below.

- (1) Adjustment of segment profit includes eliminations of intersegment transactions of negative ¥14,109 million (\$105,661 thousand).
- (2) Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥533,274 million (\$3,993,664 thousand).
- (3) Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥36,660 million (\$274,545 thousand).
- (4) Eliminations of intersegment transactions include adjustment of depreciation of negative ¥73 million (\$546 thousand), adjustment of interest income received of negative ¥8,876 million (\$66,471 thousand), adjustment of interest expense paid of negative ¥87 million (\$651 thousand), adjustment of tax expense of ¥5 million (\$37 thousand) and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥54 million (\$404 thousand).
- (5) Segment profit is adjusted to ordinary income in the consolidated statement of income.
- (6) The Company is included "Other businesses."

	Thousands of U.S. dollars (Note 1-1)						
	2023						
	Reportable segments			Other businesses		Adjustments	Consolidated total
Commercial Banking	Leasing	Total		Total			
Ordinary income							
Customers	\$ 1,159,889	\$119,920	\$ 1,279,809	\$ 15,427	\$ 1,295,244	\$ —	\$ 1,295,244
Intersegment	8,342	27,941	36,283	97,678	133,962	(133,962)	—
Total	\$ 1,168,231	\$147,861	\$ 1,316,101	\$ 113,113	\$ 1,429,214	\$ (133,962)	\$ 1,295,244
Segment profit	\$ 316,722	\$ 31,116	\$347,846	\$ 75,458	\$ 423,305	\$ (105,661)	\$ 317,643
Segment assets	\$63,750,468	\$423,095	\$64,173,563	\$3,856,481	\$68,030,053	\$(3,993,664)	\$64,036,381
Segment debt	\$58,318,497	\$251,224	\$58,569,722	\$ 50,812	\$58,620,542	\$ (274,545)	\$58,345,989
Other items							
Depreciation	\$ 46,057	\$ 202	\$ 46,266	\$ 277	\$ 46,543	\$ (546)	\$ 45,989
Interest income received	719,808	1,025	720,841	65,753	786,594	(66,471)	720,122
Interest expense paid	155,822	763	156,586	0	156,594	(651)	155,934
Extraordinary income	37	—	37	0	44	—	44
Gain on disposal of noncurrent assets	(37)	—	(37)	(0)	(44)	—	(44)
Extraordinary losses	14,393	0	14,393	7	14,401	—	14,401
Losses on disposal of fixed assets	(2,523)	(0)	(2,523)	(0)	(2,523)	—	(2,523)
Impairment loss	(5,234)	—	(5,234)	—	(5,234)	—	(5,234)
Provision of reserve for financial products transaction liabilities	—	—	—	(7)	(7)	—	(7)
Provision for dismantling costs of fixed assets	(6,627)	—	(6,627)	—	(6,627)	—	(6,627)
Tax expense	88,444	1,909	90,354	748	91,103	37	91,148
Increase in tangible fixed assets and intangible fixed assets	64,135	149	64,285	636	64,929	(404)	64,517

**(4) Related information**

Information by service

	Millions of yen				
	2023				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	¥72,470	¥61,862	¥16,013	¥22,608	¥172,954

	Thousands of U.S. dollars (Note 1-1)				
	2023				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	\$542,724	\$463,281	\$119,920	\$169,310	\$1,295,244

	Millions of yen				
	2023				
	Reportable segments			Other businesses	
Commercial Banking	Leasing	Total		Total	
Impairment loss	¥699	¥—	¥699	¥—	¥699

	Thousands of U.S. dollars (Note 1-1)				
	2023				
	Reportable segments			Other businesses	
Commercial Banking	Leasing	Total		Total	
Impairment loss	\$5,234	\$—	\$5,234	\$—	\$5,234

**(Notes to Related Party Transactions)**

For the year ended March 31, 2023

**(1) Transactions between the Company and related parties.**

None

**(2) Transactions between consolidated subsidiaries of the Company and related parties.**

Directors or major individual stockholders

Type	Name	Location	Capital (Millions of yen)	Business	Ownerships of voting rights (%)	Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc	Ehime	¥50	Temporary staffing	15.0%	Direct holding	Temporary staffing	¥27	Other liabilities	¥0

Type	Name	Location	Capital (Thousands of U.S. dollars)	Business	Ownerships of voting rights (%)	Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc	Ehime	\$374	Temporary staffing	15.0%	Direct holding	Temporary staffing	\$202	Other liabilities	\$0

(Notes)

1 The conditions of the above transactions were the same as those of arm's length transactions.

2 Ms. Junko Miyoshi, a director serving as audit and supervisory committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

**(Consolidated Supplementary Schedules)****1 BORROWED MONEY AND LEASE LIABILITIES**

Borrowed money consisted of the following:

	Thousands of U.S. dollars (Note 1-1)	
	2023	2023
Borrowings from banks	¥684,070	\$5,122,968
Lease liabilities (due within one year)	347	2,598
Lease liabilities (due after one year)	1,298	9,720

The weighted average interest rate on the outstanding balances at March 31, 2023 was as follows:

	2023
Borrowings from banks	1.10%
Lease liabilities (due within one year)	—
Lease liabilities (due after one year)	—

(Note) The "average interest rate" is not shown for lease obligations because the Group uses a method in which amounts equal to the interest in the total capital lease obligations are spread equally over each fiscal year of the lease period.

**(Significant subsequent events)****(Establishment of subsidiary)**

As of April 3, 2023, the Company established Iyogin Digital Solutions Co., Ltd., a wholly owned consulting company.

**1 Purpose of Establishment**

(1) In order to respond to changes in consumer behavior, economic structure such as population decline, advanced and diverse needs of the local customer, the Group recognizes the need to develop new services and business that contribute to solving regional issues more than ever before.

(2) In particular, in the Setouchi region and Ehime Prefecture, where

the Group's business bases are located, the decline in the productive age population due to the general population decline, falling birthrate and aging population, is ahead of the rest of the country, and the shortage of manpower has become a major management issue. The Group recognizes the need to respond to digitization and productivity improvements in order to resolve these issues.

(3) Against this background, the Group has established a consulting company to promote Digital Transformation (DX), which contributes to regional revitalization, and is working to improve regional sustainability by supporting digitization and productivity, which are issues for local companies.

**2 Summary of a subsidiary**

- (1) Name  
Iyogin Digital Solutions Co., Ltd.
- (2) Address  
1, Minami-Horibata-cho, Matsuyama Ehime
- (3) Capital  
¥200 million
- (4) Date of establishment  
April 3, 2023
- (5) Shareholder/Equity Ratio  
Iyogin Holdings, Inc. / 100%

**NONCONSOLIDATED BALANCE SHEET (Unaudited)**

The Iyo Bank, Ltd.

March 31, 2023

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
<b>ASSETS</b>			
Cash and due from banks	¥1,365,848	¥1,513,960	\$10,228,772
Cash collateral provided for securities borrowed	50,085	—	375,084
Monetary claims purchased	5,606	6,211	41,983
Trading account securities	492	525	3,684
Money held in trust	1,746	1,507	13,075
Securities	1,478,275	1,686,455	11,070,733
Loans and bills discounted	5,326,058	5,068,841	39,886,602
Reserve for loan losses	(31,606)	(33,749)	(236,695)
Foreign exchange	40,407	11,310	302,606
Other assets	113,877	121,272	852,819
Tangible fixed assets	70,397	71,531	527,199
Intangible fixed assets	11,684	9,397	87,500
Prepaid pension cost	30,135	26,954	225,679
Customers' liabilities for acceptances and guarantees	30,696	28,396	229,880
<b>Total assets</b>	<b>¥8,493,705</b>	<b>¥8,512,616</b>	<b>\$63,608,964</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Deposits	¥6,823,289	¥6,654,132	\$51,099,296
Call money	—	7,343	—
Payables under repurchase agreements	—	74,232	—
Payables under securities lending transactions	77,501	139,898	580,401
Borrowed money	678,847	744,751	5,083,853
Foreign exchange	3,680	1,837	27,559
Borrowed money from trust account	1,045	554	7,825
Other liabilities	82,595	74,540	618,550
Accrued employees' bonuses	1,566	1,613	11,727
Employees' severance and retirement benefits	11,782	12,286	88,234
Reserve for losses on repayment of dormant bank accounts	845	1,175	6,328
Reserve for contingent losses	1,100	881	8,237
Reserve for share-based payments	409	413	3,062
Provision for dismantling costs of fixed assets	885	—	6,627
Deferred tax liabilities	72,860	67,142	545,645
Deferred taxes on revaluation excess	9,472	9,520	70,935
Acceptances and guarantees	30,696	28,396	229,880
<b>Total liabilities</b>	<b>7,796,578</b>	<b>7,818,723</b>	<b>58,388,212</b>
<b>Net assets</b>			
Common stock			
Authorized — 600,000,000 shares			
Issued — 313,408,831 shares	20,948	20,948	156,878
Capital surplus	10,480	10,480	78,484
Legal reserve	20,948	20,948	156,878
Other retained earnings	424,660	438,382	3,180,259
Treasury stock	—	(6,103)	—
Valuation difference on available-for-sale securities	199,500	188,816	1,494,046
Net deferred gains (losses) on derivatives under hedge accounting	1,611	1,152	12,064
Land revaluation excess	18,977	19,058	142,117
Stock acquisition rights	—	208	—
<b>Total net assets</b>	<b>697,127</b>	<b>693,892</b>	<b>5,220,751</b>
<b>Total liabilities and net assets</b>	<b>¥8,493,705</b>	<b>¥8,512,616</b>	<b>\$63,608,964</b>

## NONCONSOLIDATED STATEMENT OF INCOME (Unaudited)

The Iyo Bank, Ltd.  
For the year ended March 31, 2023

	Millions of yen		Thousands of U.S. dollars
	2023	2022	2023
<b>INCOME</b>			
Interest and dividend income:			
Interest on loans and discounts	¥ 66,466	¥ 48,929	\$ 497,760
Interest and dividends on securities	26,773	24,506	200,501
Other interest income	2,634	2,022	19,725
Fees and commissions	12,746	12,625	95,454
Other operating income	37,231	18,776	278,821
Other income	7,925	7,301	59,349
Total income	153,777	114,161	1,151,628
<b>EXPENSES</b>			
Interest expense:			
Interest on deposits	5,425	1,529	40,627
Interest on borrowings and rediscounts	4,013	242	30,053
Interest on payables under repurchase agreements	382	70	2,860
Interest on payables under securities lending transactions	1,771	78	13,262
Other interest expense	9,213	1,080	68,995
Fees and commissions	6,281	6,325	47,038
Other operating expenses	31,772	15,257	237,939
General and administrative expenses	48,142	47,240	360,533
Other expenses	9,250	7,564	69,272
Total expenses	116,252	79,390	870,605
Income before income taxes	37,524	34,771	281,015
Income taxes:			
Current	10,359	9,404	77,578
Deferred	839	706	6,283
Net income	¥ 26,325	¥ 24,660	\$ 197,146
	Yen		U.S. dollars
Basic net income per share	¥83.89	¥77.84	\$0.62
Diluted net income per share	—	77.78	—

## NONCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (Unaudited)

The Iyo Bank, Ltd.  
For the year ended March 31, 2023

	Millions of yen						
	Stockholders' equity						
	Common stock	Capital surplus					
Capital reserve		Other capital surplus	Total capital surplus				
For the year ended March 31, 2023							
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥ —	¥10,480			
Changes during the accounting period							
Dividends							
Reversal of deferred gains on real property							
Provision of general reserve							
Net income							
Purchase of treasury stock							
Disposal of treasury stock			1	1			
Cancellation of treasury stock			(8,264)	(8,264)			
Transfer from retained earnings to capital surplus			8,262	8,262			
Reversal of land revaluation excess							
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	—	—	—			
Balance at the end of the accounting period	¥20,948	¥10,480	¥ —	¥10,480			
	Thousands of U.S. dollars						
	Stockholders' equity						
	Common stock	Capital surplus					
		Capital reserve	Other capital surplus	Total capital surplus			
For the year ended March 31, 2023							
Balance at the beginning of the accounting period	\$156,878	\$78,484	\$ —	\$78,484			
Changes during the accounting period							
Dividends							
Reversal of deferred gains on real property							
Provision of general reserve							
Net income							
Purchase of treasury stock							
Disposal of treasury stock			7	7			
Cancellation of treasury stock			(61,888)	(61,888)			
Transfer from retained earnings to capital surplus			61,873	61,873			
Reversal of land revaluation excess							
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	—	—	—			
Balance at the end of the accounting period	\$156,878	\$78,484	\$ —	\$78,484			
	Millions of yen						
	Stockholders' equity						
	Retained earnings						
	Other retained earnings				Total retained earnings	Treasury stock	Total stockholders' equity
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward			
For the year ended March 31, 2023							
Balance at the beginning of the accounting period	¥20,948	¥2,035	¥410,594	¥25,752	¥459,330	¥(6,103)	¥484,656
Changes during the accounting period							
Dividends				(31,865)	(31,865)		(31,865)
Reversal of deferred gains on real property		(28)		28	—		
Provision of general reserve			(17,000)	17,000	—		
Net income				26,325	26,325		26,325
Purchase of treasury stock						(3,000)	(3,000)
Disposal of treasury stock						839	840
Cancellation of treasury stock						8,264	—
Transfer from retained earnings to capital surplus				(8,262)	(8,262)		—
Reversal of land revaluation excess				80	80		80
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(28)	(17,000)	3,306	(13,722)	6,103	(7,619)
Balance at the end of the accounting period	¥20,948	¥2,006	¥393,594	¥29,059	¥445,608	¥ —	¥477,037

	Thousands of U.S. dollars						
	Stockholders' equity						
	Retained earnings						
	Other retained earnings						
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity
For the year ended March 31, 2023							
Balance at the beginning of the accounting period	\$156,878	\$15,240	\$3,074,919	\$192,855	\$3,439,901	\$(45,705)	\$3,629,566
Changes during the accounting period							
Dividends				(238,635)	(238,635)		(238,635)
Reversal of deferred gains on real property		(209)		209	—		
Provision of general reserve			(127,312)	127,312	—		
Net income				197,146	197,146		197,146
Purchase of treasury stock						(22,466)	(22,466)
Disposal of treasury stock						6,283	6,290
Cancellation of treasury stock						61,888	—
Transfer from retained earnings to capital surplus				(61,873)	(61,873)		—
Reversal of land revaluation excess				599	599		599
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(209)	(127,312)	24,758	(102,763)	45,705	(57,058)
Balance at the end of the accounting period	\$156,878	\$15,022	\$2,947,607	\$217,621	\$3,337,137	\$ —	\$3,572,508

	Millions of yen					
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
For the year ended March 31, 2023						
Balance at the beginning of the accounting period	¥188,816	¥1,152	¥19,058	¥209,027	¥208	¥693,892
Changes during the accounting period						
Dividends						(31,865)
Reversal of deferred gains on real property						
Provision of general reserve						
Net income						26,325
Purchase of treasury stock						(3,000)
Disposal of treasury stock						840
Cancellation of treasury stock						
Transfer from retained earnings to capital surplus						
Reversal of land revaluation excess						80
Changes in items other than stockholders' equity, net	10,684	458	(80)	11,062	(208)	10,854
Total changes during the accounting period	10,684	458	(80)	11,062	(208)	3,235
Balance at the end of the accounting period	¥199,500	¥1,611	¥18,977	¥220,090	¥ —	¥697,127

	Thousands of U.S. dollars					
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
For the year ended March 31, 2023						
Balance at the beginning of the accounting period	\$1,414,034	\$ 8,627	\$142,724	\$1,565,393	\$1,557	\$5,196,525
Changes during the accounting period						
Dividends						(238,635)
Reversal of deferred gains on real property						
Provision of general reserve						
Net income						197,146
Purchase of treasury stock						(22,466)
Disposal of treasury stock						6,290
Cancellation of treasury stock						
Transfer from retained earnings to capital surplus						
Reversal of land revaluation excess						599
Changes in items other than stockholders' equity, net	80,011	3,429	(599)	82,842	(1,557)	81,285
Total changes during the accounting period	80,011	3,429	(599)	82,842	(1,557)	24,226
Balance at the end of the accounting period	\$1,494,046	\$12,064	\$142,117	\$1,648,243	\$ —	\$5,220,751

	Millions of yen			
	Stockholders' equity			
	Capital surplus			
	Common stock	Capital reserve	Other capital surplus	Total capital surplus
For the year ended March 31, 2022				
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥ —	¥10,480
Cumulative effects of changes in accounting policies				
Restated balance	20,948	10,480	—	10,480
Changes during the accounting period				
Dividends				
Reversal of deferred gains on real property				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(292)	(292)
Transfer of loss on disposal of treasury stock			292	292
Reversal of land revaluation excess				
Changes in items other than stockholders' equity, net				
Total changes during the accounting period	—	—	—	—
Balance at the end of the accounting period	¥20,948	¥10,480	¥ —	¥10,480

	Millions of yen						
	Stockholders' equity						
	Retained earnings						
	Other retained earnings						
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity
For the year ended March 31, 2022							
Balance at the beginning of the accounting period	¥20,948	¥2,041	¥398,594	¥ 18,180	¥439,765	¥(6,508)	¥464,686
Cumulative effects of changes in accounting policies				(167)	(167)		(167)
Restated balance	20,948	2,041	398,594	18,013	439,598	(6,508)	464,519
Changes during the accounting period							
Dividends				(4,754)	(4,754)		(4,754)
Reversal of deferred gains on real property		(6)		6	—		
Provision of general reserve			12,000	(12,000)	—		
Net income				24,660	24,660		24,660
Purchase of treasury stock						(638)	(638)
Disposal of treasury stock						1,043	750
Transfer of loss on disposal of treasury stock				(292)	(292)		—
Reversal of land revaluation excess				119	119		119
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(6)	12,000	7,739	19,732	405	20,137
Balance at the end of the accounting period	¥20,948	¥2,035	¥410,594	¥ 25,752	¥459,330	¥(6,103)	¥484,656

	Millions of yen					
	Valuation and translation adjustments					
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Stock acquisition rights	Total net assets
For the year ended March 31, 2022						
Balance at the beginning of the accounting period	¥214,136	¥ (374)	¥19,178	¥232,939	¥273	¥697,899
Cumulative effects of changes in accounting policies						(167)
Restated balance	214,136	(374)	19,178	232,939	273	697,732
Changes during the accounting period						
Dividends						(4,754)
Reversal of deferred gains on real property						
Provision of general reserve						
Net income						24,660
Purchase of treasury stock						(638)
Disposal of treasury stock						750
Transfer of loss on disposal of treasury stock						
Reversal of land revaluation excess						119
Changes in items other than stockholders' equity, net	(25,320)	1,527	(119)	(23,911)	(65)	(23,977)
Total changes during the accounting period	(25,320)	1,527	(119)	(23,911)	(65)	(3,839)
Balance at the end of the accounting period	¥188,816	¥1,152	¥19,058	¥209,027	¥208	¥693,892

# Corporate Data

## Corporate Profile (as of March 31, 2023)

Trade name	Iyogin Holdings, Inc.
Headquarters	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan
Representative	Kenji Miyoshi, Representative Director and President
Capital	¥20,000 million
Listed exchange	Prime Market of the Tokyo Stock Exchange (Securities Code: 5830)
Consolidated equity ratio (BIS standards)	15.01%
Consolidated subsidiaries	17 companies
Consolidated employees (excluding temporary staff)	2,986 persons



## Composition of Shareholders (as of March 31, 2023)

Classification	Status of shares (one unit represents 100 shares)								Status of odd stocks (number of shares)
	National or local governments of Japan	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Shareholders other than individual shareholders	Individual shareholders			
Number of shareholders (persons)	2	63	29	1,113	193	33	23,247	24,680	—
Number of shares held (in units)	8,019	1,165,334	45,059	916,781	378,660	363	616,646	3,130,862	322,631
Proportion (%)	0.25	37.22	1.43	29.28	12.09	0.01	19.72	100%	—

\*Of the 3,919,356 shares of treasury shares, 39,193 units are included in "Individuals and others" and 56 shares are included in "Status of odd stocks."

## Major Shareholders (as of March 31, 2023)

Name	Location	Shares held (thousands of shares)	Ratio of acquired shares to total number of issued shares (excluding treasury shares) (%)
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	33,811	10.92
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo, Japan	30,984	10.01
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo, Japan	8,878	2.86
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	7,980	2.57
Daio Kaiun Co., Ltd.	7-35 Mishimakamiya-cho, Shikokuchuo, Ehime, Japan	6,000	1.93
Sumitomo Forestry Co., Ltd.	1-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan	5,911	1.91
Sumitomo Life Insurance Company	2-2-1 Yaesu, Chuo-ku, Tokyo, Japan	5,415	1.74
Employee stock ownership of Iyogin Group	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	4,982	1.60
IYOTETSU Group Co., Ltd.	4-4-1 Minatomachi, Matsuyama, Ehime, Japan	4,613	1.49
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan	4,293	1.38
Total	—	112,870	36.47

\*1. The number of the shares held by Custody Bank of Japan, Ltd., associated with trust services is 33,811 thousand shares are related to the trust business. The breakdown of which is 27,623 thousand shares in the trust account, 5,759 thousand shares in the retirement benefit trust account, 153 thousand shares in the pension trust account, and 274 thousand shares in the pension tokkin special pension account (a type of corporate investment fund managed by a trust bank).

\*2. The number of shares held by The Master Trust Bank of Japan, Ltd., associated with trust services is 30,984 thousand shares. The breakdown of which is 30,284 thousand shares in the trust account and 700 thousand shares in the retirement benefit trust account.

## Outline of Group Companies (as of June 29, 2023)

<b>The Iyo Bank, Ltd.</b>	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Banking business
	Representative	Kenji Miyoshi, President (Representative Director)	Capital	¥20,948 million
	Establishment	September 1, 1941	Ownership of the Company	100%
<b>Iyogin Leasing Company Limited</b>	Location	2-5-41 Otemachi, Matsuyama, Ehime, Japan	Description of business	Lease business, loan business
	Representative	Junji Kurihara, President and Representative Director	Capital	¥80 million
	Establishment	September 26, 1974	Ownership of the Company	100%
<b>Iyogin Computer Service Company Limited</b>	Location	2-2-5 Takasagomachi, Matsuyama, Ehime, Japan	Description of business	Consigned information processing business, software development business
	Representative	Jun Nitta, President and Representative Director	Capital	¥10 million
	Establishment	January 20, 1975	Ownership of the Company	100%
<b>The Iyogin Credit Guaranty Company Limited</b>	Location	4-12-1 Sanbancho, Matsuyama, Ehime, Japan	Description of business	Credit guarantee business for housing loans and consumer loans
	Representative	Tetsuya Yagi, President and Representative Director	Capital	¥30 million
	Establishment	September 28, 1978	Ownership of the Company	100%
<b>The Iyogin Business Service Company Limited</b>	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Cash organization and inspection business, large collection business, maintenance and management business of automated cash facilities
	Representative	Shinichi Doi, President and Representative Director	Capital	¥10 million
	Establishment	December 24, 1979	Ownership of the Company	0% (100% ownership of The Iyo Bank, Ltd.)
<b>Iyogin Capital Company Limited</b>	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Investment business for stocks and corporate bonds, etc., management of investment funds
	Representative	Toshiki Hamaguchi, President and Representative Director	Capital	¥320 million
	Establishment	August 1, 1985	Ownership of the Company	100%
<b>Iyogin Regional Economy Research Center, Inc.</b>	Location	4-4-3 Minatomachi, Matsuyama, Ehime, Japan	Description of business	Investigation and research business regarding industry, economics, and finance; management consultation service; and educational services such as training
	Representative	Kazushige Yano, President and Representative Director	Capital	¥30 million
	Establishment	April 1 1988	Ownership of the Company	100%
<b>Iyogin DC Card Co., Ltd.</b>	Location	4-12-1 Sanbancho, Matsuyama, Ehime, Japan	Description of business	Credit card business, guarantee business
	Representative	Makoto Kaneko, President and Representative Director	Capital	¥50 million
	Establishment	August 29, 1988	Ownership of the Company	100%
<b>Shikoku Alliance Securities Co., Ltd.</b>	Location	9-41 Toiyacho, Matsuyama, Ehime, Japan	Description of business	Securities business
	Representative	Shuhei Kurita, President and Representative Director	Capital	¥3,000 million
	Establishment	February 2, 2012	Ownership of the Company	100%
<b>Iyogin Challenge &amp; Smile Co., Ltd.</b>	Location	2-2-5 Takasagomachi, Matsuyama, Ehime, Japan	Description of business	Manufacturing business for office supplies, etc.
	Representative	Seiji Komoda, President and Representative Director	Capital	¥10 million
	Establishment	April 2, 2018	Ownership of the Company	0% (100% ownership of The Iyo Bank, Ltd.)
<b>Iyogin Digital Solutions Co., Ltd.</b>	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Consulting business, development, sales and maintenance business of applications
	Representative	Kazuya Ono, President and Representative Director	Capital	¥200 million
	Establishment	April 3, 2023	Ownership of the Company	100%