Integrated report **Integrated Report 2024**

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Iyogin Holdings, Inc.

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 2024: Logical Structure System

The "Integrated Report 2024" aims to promote opportunities for dialogue while allowing readers to gain a deeper understanding of the value creation process of lyogin 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, strategies for achieving goals, foundation for executing strategies, 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.

A Universal Way of Thinking

Based on the Group Corporate Credo, we actively implement initiatives to solve social issues for the realization of sustainable local communities Moreover we continue to take on the challenge of resolving issues through both our business activities and social contribution activities.

Group Corporate Credo

Sustainability

C Strategy for **Achieving Targets**

Based on the universal way We have formulated the of thinking in A, we have Fiscal 2024 Medium-Term formulated our long-term Management Plan as a roadmap for us to realize B. environmental changes of In addition, we identified five important items (materiality) that have a through realizing our major impact on Group value creation, based on stakeholder needs and long-term vision, we aim to continue to grow as a company that wins social changes in local communities.

B Long-Term Vision

vision, in view of the

each era. In addition,

Long-Term Vision

Value Creation Process

Medium-Term Management Plan Materiality

D Foundation for executing strategies The competitive strengths that we have cultivated since our founding drive our growth, and the capital we have accumulated serves as a foundation for growth and supports our business activities. In addition, we position corporate governance as one of the highest priorities of management, and by practicing human capital management, we will continue to increase corporate value.

Sources of Competitive Advantages

Corporate governance

Human Capital Management



Effective dialogue and engage

In order to conduct information disclosure with a high level of transparency, in the Fiscal 2024 Medium-Term Management Plan, we have made "Number of dialogues with stakeholders" one of our indicators of social impact. We are targeting 100 such dialogues and more each fiscal year. However, not only we just count the number, but also we will conduct dialogues with depth.

We will maintain close communications in many forms, including small IR meeting with institutional and individual investors, shareholder relations with shareholders, and results briefings for local customers in order for them to deepen understanding of the Group.

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To all stakeholders:

In 2024 there was a major transition in the Japanese economy. Labor shortages, the low birthrate, and aging society grew worse, and the lyogin Group is being compelled to accommodate changes in its own customers. Fiscal 2023 was the final fiscal year of the previous Medium-Term Management Plan, and we achieved many of its plans, recording a new record high in profit. This fiscal year, the Company announced its new Fiscal 2024 Medium-Term Management Plan. This year's plan is based on the previous three medium-term plans and was formulated by backcasting from how we want to be in 10 years. We will contribute further to the growth of local economies by responding to the rapidly changing times and closely aligning ourselves with our customers.

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Management Commitment

A major turning point in 2024

The end of negative interest rates, the Nikkei average setting a new record high, prices on the rise, and the depreciation of the yen—all of these factors are substantially changing the Japanese economy in 2024. In particular, the end of the deflationary economy represents a major turning point for local communities overall. In order to maintain and expand a positive cycle of higher prices and higher base pay, raising wages locally is an important point.

In addition, social problems like labor shortages, the low birthrate, and the aging society are having a major impact on the regional economy, and, going forward, securing human resources will be an important element directly connected to corporate growth. Companies need to actively make investments while viewing people not as a cost but as important capital. 2024 will be a turning point in which our customers grow as strong companies and achieve sustained development. Companies with high productivity will strengthen human capital investment by raising base pay, etc. and successfully secure human resources, but not all companies are in the position to accomplish this. The Group will support such companies in raising productivity and creating new added value and work to increase the profitability of our customers. To directly face the high hurdle of labor shortages, the Group as a whole will do everything it

Nine years of continued change through digitalization

Looking back at the past three Medium-Term Management Plans (hereinafter, "medium-term plans"), including the plan that ended last fiscal year, from the fiscal 2015 medium-term plan to the fiscal 2021 medium-term plan, plans were executed three times, and during this time, we deepened and evolved our unique DHD business model (digital touch points, human consulting, digital operations), engaged in rigorous business process reforms, and created various digital services.

In the fiscal 2015 medium-term plan, BPR (business process engineering) was positioned as a key strategy for raising productivity, and to focus on providing value to customers, we reduced the administrative load at bank branches, and in March 2018 we carried out a plan to reduce by half administrative staff who then numbered 1,300. To make this a reality, we digitalized and concentrated administration at headquarters to speed up value provision to customers, increase efficiency and otherwise raise productivity.

DHD initiatives started with the fiscal 2018 medium-term plan. We were implementing DX before it was even called DX. Digitalization requires upfront investment, but we have the goal "To be the bank with the simplest administrative procedures in Japan" and so engaged in BPR from multiple viewpoints.

Under the fiscal 2021 medium-term plan, on the service side, we developed an app that is easy to use even for seniors

who lack experience with digital technologies. Oriented toward "easy digital," we worked to strengthen channels, which are touch points with customers.

Also, through BPR, we have also reduced the administrative load. Currently, overtime hours at Iyo Bank are the shortest of any financial institution in Japan. Employees who have been with us for 10 years or more experienced a surprising amount of change—"this bank has changed," they say, and it is possible that customers sense this change as well.

We must continue to constantly change, and continuing to change and take on challenges I believe will lead to securing even higher profit in a sustainable manner.

Two years since changing to a holding company; personnel exchange an issue

We became a holding company in October 2022 and now nearly two years have passed. During this time, we have held personnel exchanges for mid-level employees between lyo Bank and other Group companies, and have striven to optimize resources on a Group-wide basis. In addition, we have strengthened relationships within the Group, visualized the issues of customers, and established a system for providing optimal products and services. As a result, we increased the number of referrals to new customers within the Group and also worked to reinforce governance.

Moreover, in April 2023, we established a new company, lyogin Digital Solutions (IDS), to support DX at business partners. The company helps customers improve efficiency and raise productivity. Since its establishment, the company has had over 500 consultations with local companies, and I think demand for and interest in raising administrative efficiency and increasing productivity has risen.

At the same time, as mentioned above, we've been conducting personnel exchanges, but resources are still in short supply at Group companies other than Iyo Bank, and on-the-job training and training programs remain issues.

Going forward, we plan to continue to relocate functions at Group companies and further ramp up personnel exchanges. We are considering developing a system that will allow Group companies to focus more on their business by identifying common and redundant processes within the Group and having the Company handle them on an integrated basis. In addition, with regard to providing value to customers as well, we are aware that there are redundant areas between Group companies and services that should be provided in an integrated manner. By relocating the functions of each Group company, we want to create a system that allows value to be provided seamlessly to customers.

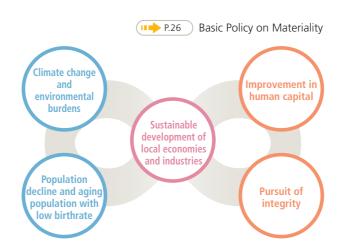
Through these initiatives, we will encourage autonomy and competition (co-creation) between Group companies and are aiming to maximize synergies generated by integrated Group operations.

"Pursuit of integrity," a materiality item

This year the Company formulated the Fiscal 2024 Medium-Term Management Plan (hereinafter, "new medium-term plan"). The new medium-term plan positions its three years as phase 1, "Building the foundation," to realize the long-term vision of "A corporate group that continues to create and provide new value," which is the focus for the next 10 years.

Under the new medium-term plan, the following five important issues were identified as materiality items for the further development and growth of the Group and local communities. They are "Sustainable development of local economies and industries," which is directly connected to the Group's Corporate Credo, "Climate change and environmental burdens" and "Population decline and aging population with low birthrate," which recognize changes in the external environment, and "Improvement in human capital" and "Pursuit of integrity," which are related to the internal environment.

We focused in particular less on each individual materiality item and more on how they relate to one another. Expressed in diagram form, they are laid atop the infinity symbol to visualize the fact that they are constantly corresponding while influencing one another.



I emphasized the "Pursuit of integrity." Integrity means autonomously taking the correct action based on societal and ethical norms. During the process of creating the new medium-term plan, I constantly conveyed the fact that if we continued along the same lines as the past we wouldn't even survive let alone grow. When each person thinks and acts autonomously it vitalizes the organization and will lead us to realizing our long-term vision and Corporate Credo.

It is not only stipulating a Code of Conduct for compliance, it goes to the level of the corporate culture and the everyday actions and mindset of employees, and our operations themselves need to be sincere with respect to stakeholders.

HR portfolio incorporating human capital management

The key to the new medium-term plan is "H" (Human).

The leading role in strategy execution is played without a doubt by people. To implement digital technologies, thus far we have emphasized "D" (Digital), but "D" is only the means, the true power is "H." For this reason, in the new mediumterm plan, we put more emphasis on "H." To elevate the DHD model and raise profitability we will execute structural reforms focused on Sales × Human Resources.

When putting emphasis on "H," it is necessary to clarity which human resources will be placed in which businesses. I think the Group has a competitive advantage in consulting by people ("H"), and we judged that it would be necessary to rebuild our portfolios of both businesses and human resources. This is the major direction of the new medium-term plan.

Even up till now we've believed that you can never invest too much in human resources and have developed human resources based on this thinking. Understanding human resources as capital, medium- to long-term corporate value will increase by maximizing their value, which is the idea behind human capital management.

In rebuilding our human resources portfolio, it will be important to change the mindsets of executives and employees. To develop more autonomous human resources, we will revise training and development systems, support career formation, strengthen career management, increase communication within the organization, define the skills necessary for each area, and introduce an internal skill certification system. At the same time, we recognize the increasing importance of integrity, as discussed above.

In the HR domain as well, we have more or less developed a foundation for HR systems by newly establishing career fields and professional courses. Going forward, while responding to changes in the times and environment, we will review our HR development programs and training systems and develop human resources with the required skills and knowledge. Further, in order to maximize human resources, we will put further focus on changing the awareness of the organization as a whole and fostering an autonomous corporate culture.

By rebuilding our HR portfolio and promoting human capital management, we will raise the Group's competitiveness going forward as well and realize sustained growth. I believe that developing autonomous human resources brimming with integrity is connected to growing toward our long-term vision of "A corporate group that continues to create and provide new value" and realizing our Corporate Credo of "Creating a bright and prosperous future for the region," and we will continue to pursue growth and development integrated with local communities and customers.

Management Commitment

More aggressive corporate division and more efficient personal division

In our new medium-term plan, we will work in sales divisions to restructure our business portfolio and further enhance earnings power. Within our sales divisions, in corporate-related businesses, we have made clear that we will deepen and evolve existing businesses and accelerate taking on the challenge of new businesses.

In the corporate-related division, we believe there is still room to expand our business domain to solve social issues. We have businesses that themselves respond to various needs, including DX support and business succession for small and medium-sized enterprises. In addition, we believe there is a strong need for risk-taking and fund provision to support the region, including GX investment and injecting assets into local communities. We will take on the challenge of deepening and evolving existing businesses and expanding our business domain.

One distinctive business of the Group is ship finance, which supports the maritime industry centering on the Imabari region. The maritime industry is increasing in importance as it continues to globalize. We will contribute to its growth and development by appropriately responding to issues in the industry, which are constantly changing. Further, the growth and development of the maritime industry is connected to the vitalization of the Group and the local economy, and we will realize this growth and development in line with local communities and customers.

For the ship-related division, the new medium-term plan has two initiative policies. The first is to "Provide full support for customers to respond to any changes by appropriately accommodating changes in business environments in the maritime-related industry." Whether responding to climate change, providing DX support or offering more sophisticated ship management, we will provide optimal support for the issues faced by the maritime industry and encourage the growth of customers.

Next is to "Provide full support for optimum investments toward growth and development of maritime-related business operators." Centering on Imabari, Tokyo and Singapore, we work to exchange information and strengthen coordination with a wide range of maritime-related business operators, including ship owners, shipbuilders, ship device manufacturers, ocean transport operators, and trading companies, and we intend to strengthen our support system for the maritime industry. With the maritime industry changing globally, the needs of customers are diversifying and growing more sophisticated. We second members of the Group to the maritime-related divisions of large trading companies and ocean transport operators to acquire the latest knowledge in the maritime industry and continue to constantly provide the latest information to customers in order to support their growth.

At the same time, in personal-related divisions, we are increasing efficiency by reforming sales systems and business processes in order to provide consulting that fuses "D" and

"H" at an advanced level. We focus on providing financial products and consulting to enrich customers, and in the new medium-term plan the "index of total asset balance per customer" has been stipulated as a KPI. In order to respond to needs in line with the life stages of customers, we not only appropriately provide housing loans, education loans, and other financial products, we provide consulting through various channels that fuse digital, hybrid, and real. We will raise profitability and improve business efficiency in a good balance and conduct business operations with a strong awareness of costs and returns

In addition, in new business, we will create new businesses originating from social issues and make them profitable, including DX support for small and medium-sized enterprises and support for decarbonization while building a second and third earnings pillar for the Group looking 10 or 20 years into the future

What local communities and customers require of the bank is a supply of risk money and support for their main businesses. This is the mission of a local financial institution. By supporting customers' management improvement and business revitalization and providing risk money as necessary, we will enrich customer cash flow and help to raise corporate value. We will not only fulfill this mission, we will also join with local communities and customers to continue to solve issues, fully focusing on a brand of management that emphasizes a balance between risks and returns.

Supporting regional revitalization in Ozu City

Additionally, regional financial institutions must also co-exist with the region and grow and develop alongside it. The Group's support of city development in Ozu City could be said to be symbolic of this. This project started in 2018, but in March 2023, at the Green Destinations Story Awards ITB Berlin sponsored by Green Destinations, an international certification body located in the Netherlands, we were awarded first place in the world in the Culture and Tradition Category, a first for lapan

Ozu City has long faced the problem of vacant houses and the city came to consult with us on utilizing its traditional row houses. The manager in charge of the lyo Bank's Regional



Vitalization Division by chance knew of a decentralized hotel project in Tamba-Sasayama City, Hyogo Prefecture that was featured on television, and he drew on his connections and consulted with Value Management Co., Ltd., an operating company, which led to the our engagement in city development through a private-public partnership.

In 2018, a destination management organization was established, and one member of Iyo Bank (currently two) was seconded to the company to support city development. As of the present, 34 buildings have been refurbished, including a hotel in a renovated traditional house, the center of the project. There is also a café and a craft beer brewery, a total of 24 operators have become involved, creating new jobs for 134 people. According to estimates by the lyogin Regional Economy Research Center, the economic ripple effects of this capital investment are around ¥1.7 billion, and the economic ripple effects including sales and consumption, etc. are over ¥2.8 billion. In addition, solving the problem of Ozu City's name recognition began with the wild idea of Ozu Castle stays. This project has been a success thanks to the cooperation of many local residents, and is leading to an increase in inbound tourism.

The project creates a large number of jobs in the Nanyo region of Ehime Prefecture, where the population is declining, greatly contributes to increasing the related population, which includes tourists, and is a symbolic example of the Group aspiring for growth with the region.

Building the next-generation core system entails HR development

The Group is building a next-generation core system with its operation targeted to launch in 2028. Many regional banks use jointly managed core systems or conduct outsourcing, but lyo Bank has continued to operate on its own, so most of its IT specialists are affiliated with the Group, which could be said to be one of the Group's strengths.

At the same time, with the environment changing—with society digitalizing and banks reforming their business models—we felt the need for a new system foundation. Drawing on our excellent IT specialists, we decided to create a next-generation core system that would further elevate the DHD model and make it possible to rapidly provide new services by upgrading to the latest architecture, which offers more flexibility than the current core system.

This project is being conducted to adapt to changes required of financial institutions, but we also see promoting and accomplishing the project as an excellent opportunity to develop human resources who are digital specialists. Human resources involved in this project will be assigned to divisions at the headquarters in the future to further deepen the Group's DX. Moreover, personnel exchanges between employees in charge of development in the Systems Development Division and headquarters divisions result in system development that is based on their respective needs. This project will differentiate us from other companies and

banks in the future and allow us to further polish the strengths of the Group, so the entire Group is involved.

High transparency information disclosure to ensure understanding of our corporate value

We are currently required to practice a form of management that is aware of capital costs and the stock price. Looking back on our actions to raise corporate value, the most symbolic were developing a new revenue source by expanding into Singapore, and promoting DX and BPR with large-scale investments aimed at building a DHD model. This kind of growth strategy needs to be accurately explained to investors.

In particular, our growth strategy serves to increase our PER (price-to-earnings ratio). For this reason, the Group needs to change to a high-profitability structure to reduce capital costs and increase the expected growth rate. Further, it is also necessary for us to take a stance toward the next growth investment while returning the profit we've earned to shareholders.

To raise corporate value, we must of course meet the funding needs of the region, but we must also improve our balance sheet and strengthen human capital. By strengthening human capital, the value provided by employees rises and service revenue is reinforced. In so doing we aim to increase ROE.

In tandem with this, we recognize the importance of highly transparent information disclosure. In the new medium-term plan, we have set a goal of having dialogues with stakeholders at least 100 times each fiscal year. Though it is not only the number, it is important that the dialogues we conduct have depth. We will maintain close communications in many forms, including IR and small meetings with institutional and individual investors, shareholder relations with shareholders, and results briefings for local customers. In doing so we aim to deepen understanding of the Group.

We sincerely hope that you will continue to support the Group in all our future endeavors.



Message from Officer in charge of Finance



Review of the Fiscal 2021 Medium-Term Management Plan (Fiscal 2021 to Fiscal 2023)

Achieved all major numerical targets Previous medium-term plan produced good results

Regarding the results of the major numerical targets of the Fiscal 2021 Medium-Term Management Plan (previous medium-term plan), consolidated core business gross profit for fiscal 2023 totaled ¥98.7 billion, greatly exceeding the target mainly due to strengthening the loan balance, a bank's core business, and increasing interest and dividend income by raising earnings from marketable securities through building a portfolio in line with market changes. In addition, profit attributable to owners of parent totaled ¥39.4 billion, greatly exceeding the initial target and setting a new record high thanks to posting a gain on sale of securities that capitalized on market trends.

In the background to securing profit at such a high level, consolidated core OHR and consolidated ROE (shareholder equity basis) was at a good level that surpassed the target, and the consolidated common stock Tier 1 ratio, which is an indicator of soundness, exceeded the numerical target even while making aggressive returns to shareholders, so an adequate level of soundness has been secured.

Core business gross profit of Group companies (excluding the Bank), which was added to the major numerical targets with the change to a holding company structure, was also ¥9.0 billion, as the target was achieved as a result of strengthening consulting on a Group-wide basis.

By being able to secure levels that greatly exceeded the

targets at each profit level through expanding the business domain of the Group as a whole, we met all the major numerical targets in the previous medium-term plan and were able to produce good results from a financial perspective.

As for an evaluation of the strategies and measures of the previous medium-term plan, we set forth "Deepening and evolving DHD model" as a major theme and carried out measures pivoting on six business strategies and four plans, and overall I think we were able to steadily accomplish our plans. In particular, in addition to the housing loan app HOME and the card loan app SAFETY, we released and upgraded a variety of digital services, including LIFE PALETTE, a life plan simulation tool that allows customers to plan out various futures, and the banking app AGENT, "Iyo Bank on Your Palm." Through doing so, we were able to deepen and evolve the DHD model, which is a major accomplishment. In addition, the Company changed to a holding company structure in October 2022, but as a complement to this achievement, we established Iyogin Digital Solutions in April 2023 to provide DX support for customers and in October 2023 we began providing lyogin advertising services, as we gradually began expanding our business domain outside the financial sector. The contribution to financial earnings of the switch to the holding company structure is still up in the air, but with regard to establishing a structure for expanding the business domain in conjunction with the change to the holding company, I think we were able to establish firm footing in the previous medium-term plan, and going forward the Group as whole will further exhibit its consulting function and expand its business scale.

Major Numerical Targets

Items	Fiscal 2021 Results	Fiscal 2022 Results
Consolidated core business gross profit	¥90.4 billion	¥89.5 billion
Profit attributable to owners of parent	¥26.4 billion	¥27.8 billion
Consolidated ROE (shareholders' equity basis)	5.34%	5.40%
Consolidated core OHR	57.05%	58.80%
Consolidated common stock Tier 1 ratio	14.28%	15.00%
Core business gross profit of Group companies (excluding the Bank)	¥8.4 billion	¥8.2 billion

Fiscal 2023 Results	Initial Targets
¥98.7 billion	¥86.0 billion
¥39.4 billion	¥23.0 billion
7.28%	4.0% or higher
55.90%	Approx. 60.0%
16.04%	Approx. 15.0%
¥9.0 billion	¥9.0 billion

Intentions of the Fiscal 2024 Medium-Term Management Plan (new medium-term plan)

Pursuing higher corporate value and the generation of social impact through business activities originating from materiality

In past medium-term plans, we have formulated strategies based on the needs and issues of customers and local communities, but in creating our new medium-term plan we used a new approach: we identified such needs and issues as materiality (important items that have a large impact on the Group's value creation).

We selected materiality candidates from the two standpoints of the impact of environmental and social issues on the Group and the impact of the Group on environmental and social issues, then, following an evaluation of the degree of their importance by outside directors and independent experts, we identified five materiality items: "Climate change and environmental burdens," "Population decline and aging

population with low birthrate," "Sustainable development of local economies and industries," "Improvement in human capital," and "Pursuit of integrity." The new medium-term plan advocates for the practice of sustainability management through executing strategies and measures based on the these five materiality items.

It must be said though that lowering the Group's earnings power or capital efficiency in exchange for a positive impact on the environment and society is not tolerated. Sustainability management involves raising the earnings power of the Group by solving social issues on the assumption of economic viability and "trade-ons" and thereby contributing to the sustainability of stakeholders and the Group.

Through business activities originating from materiality, we will aim to simultaneously realize higher corporate value and creation of social impact, and in the new medium-term plan, we set two management indicators: economic impact

Fiscal 2024 Medium-Term Management Plan Impact Indicators (Management Indicators)

		Conten	nts of impact	Impact indicator	FY23	FY26	Target level
pact	Trontability is crisared through appropriate		Consolidated ROE (Net asset basis)	4.92%	Mid 4%	7% or higher	
Econornic impact	Profitability		gement, in addition to t of sales divisions	Profit attributable to owners of parent	¥39.4 billion	¥35.0 billion	
5	Efficiency		cost control is implemented through line and further promotion of BPR	Consolidated core OHR	55.90%	Approx. 55%	
Ţ	Growth	Speedy grow of business fi	rth is pursued toward expansion ields	Growth investment (Organic/Inorganic)	_	¥10.0 billion	
	N	/lateriality/c	ontents of impact	Impact indicator	FY23	FY26	Target level
	Climate ch	ange and ntal burdens	Reductions in CO ₂ emissions of the Group	The Group's CO ₂ emission reduction rate (Scope 1 and 2)	(44.0)% (Compared to FY13)	(50)% (Compared to FY13)	Achieving carbon neutral*1
		ecline and aging ith low birthrate	Increases in assets held by customers	Index of total asset balance per customer	100.0	108.0	121.0*2
שרו		evelopment of ies and industries	Improvements in customers' profitability	Index of cash flow per business company	100.0	109.0	131.0*2
<u></u>	Improvem	ent in human	Improvements in employees' engagement	Employee engagement score	70	72	76 *²
social impact	capital		Improvements in employees' productivity	Customer operating profit per employee	¥4.4 million	¥5.6 million	¥13.8 million*2
			Improvements in customer experience value (CX)	Customer CX indicator*3	6.85	7.10	Maintain 7.10 or higher*2
	Pursuit of	integrity	Enhancement of transparency	Number of dialogues with stakeholders	82 times	100 or more times	Retain 100 or more time every fiscal year
			of information disclosure	Score of ESG evaluation organizations	_	Raise score	Raise and maintain score

^{*1} Fiscal 2030 *2 Fiscal 2032 *3 The CX indicator is measured in accordance with Nomura Research Institute, Ltd.'s CXMM® (trademark of Nomura Research Institute, Ltd.)

(financial indicators) and social impact (non-financial

As mentioned above, social impact involves aiming to create a social impact through business activities originating from materiality. It includes items such as reducing the Group's CO₂ emissions, an index of cash flow per business company, and customer operating profit per employee.

Economic impact involves raising earnings power through sustainability management to pursue the normal items of an operating company, items like profit attributable to owners of parent, consolidated ROE (net asset basis), and consolidated core OHR as well as growth investment for expanding our business domain now and in the future.

Measures for management aware of capital costs and the stock price

Providing optimal solutions to all stakeholders through soundness, growth potential, and dividends/shareholder returns policy

As social infrastructure for the region, regional financial institutions must have social utility but also must consistently generate revenue as a for-profit company and work to raise its corporate value in a sustained manner. Regarding the necessity of management aware of PBR as proof, the Group strongly recognizes this, and to raise corporate value, we think it is necessary to secure ROE above capital costs.

Our recent capital costs ratio is around 6-7%. So based on the fact that ROE needs to be above this, the new mediumterm plan puts ROE at 7% or higher as its target, and we will seek to achieve this level of ROE through raising returns by executing various strategies and measures, pursuing capital efficiency that considers the required capital the Group needs to secure, and ROE management by each business division.

Regarding capital policy for raising capital efficiency, while striking a balance between soundness, growth potential, and dividends/shareholder returns policy, we will consider the optimal solution to meet the expectations of shareholders, investors and other stakeholders and thereby seek to increase corporate value.

From a soundness standpoint, the Group has a distinctive portfolio of ship finance and securities management, and this contains market risk and credit concentration risk. For this reason, based on the damage amount in a stress test that

incorporates a forward looking perspective, we take the initiative to calculate additional required capital for market risk, and we think it is necessary to secure soundness rooted in sustained growth through securing this. Based on this perspective, the consolidated CET1 ratio that we need to secure as a Group is set at around 14% based on Basel III fully loaded, and we intend to work to enhance shareholder returns by conducting risk taking and strategic investment for sustained growth while taking this level into account.

From a growth perspective, we continue working to reduce the balance of cross-shareholdings from the standpoint of pursuing capital efficiency to raise ROE. Regarding all the stock issues we hold, we are making reductions through verification by the Board of Directors that it is rational to hold them, and under the new medium-term plan, we are planning a reduction of ¥25.0 billion, which is 35% of the remaining book value. In addition, while also sufficiently considering profitability, we are planning to increase the average balance of loans by around ¥400.0 billion and invest around ¥280.0 billion in securities throughout the period of the plan. We will work to raise profit levels using these assets and make aggressive growth investments, which are also set forth as economic impact by the plan, as we make more effective use of capital to achieve medium- to long-term growth.

Regarding our dividends and returns policy, we plan to fully meet the expectations of our stakeholders. In fiscal 2023, we set the annual per-share dividend at ¥30 (up ¥13 from the previous year) and conduct share buybacks totaling ¥9.3

shareholder returns policy in the new medium-term plan is a total payout ratio of 50% or higher by fiscal 2026, and in fiscal 2024 we plan to pay an annual per-share dividend of ¥40. Going forward, we aim to proactively enhance shareholder returns while maintaining a balance between soundness and growth potential.

billion for a total payout ratio of 46.8%. In addition, the

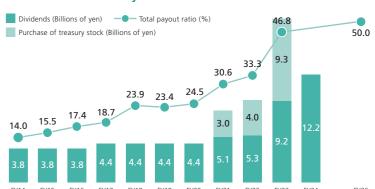
We recognize that the Group's recent PBR of 1x falls

significantly short and is an issue to be resolved going forward. We plan to firmly raise ROE by increasing profitability and pursuing capital efficiency through execution of the mediumterm plan's strategies. Additionally, we will not rely solely on returns or posting profits. We will have the Group's growth strategy well understood and show a path toward sustained growth to meet the expectations of all our stakeholders while working to raise corporate value.

Reduction in Cross-Shareholdings



Shareholder Return Policy



Approach to human capital management and HR strategy

Promoting measures to maximize HR value based on the thinking that one can never invest too much in HR development

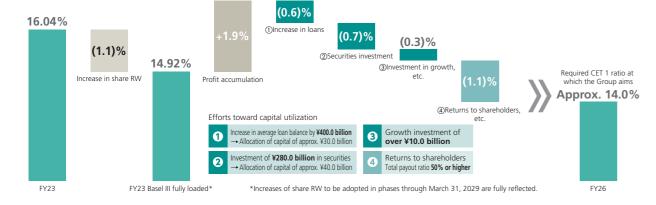
Human capital management has been growing in importance recently. Human resources, a form of non-financial capital, lead to future financial value. In this regard, as mentioned previously, in the new medium-term plan, we have set "Customer operating profit per employee" as an impact indicator. With regard to customer operating profit per employee, we recognize it as a major issue of the Group.

We believe this indicator will create a positive cycle, where

employees take proactive actions and work with high productivity, leading to increased value provided to customers and ultimately higher earnings, so we consider it is necessary to manage alongside the engagement score. The target is set at an very challenging level and is calculated by dividing customer operating income aimed for by the Group by the number of consolidated employees.

Working with a focus on earnings per individual employee we believe will lead to financial value in the future, the realization of our long-term vision, and increased corporate value for the Group.

Optimum Capital Allocation



Message to stakeholders

Would like a deeper understanding of the Group through proactive, in-depth dialogue

The Group has focused on investor relations activities, starting with IR for institutional investors and individual investors. Going forward, while exploring more efficient ways of sharing information and improving communication, we would like investors to gain a deeper understanding of the Group through in-depth dialogues with them.

This is also a social impact in the new medium-term plan.

We are enhancing the transparency of information disclosure and have set targets for the number of dialogues with stakeholders and evaluation scores from ESG evaluation organizations. Toward their achievement, we plan to proactively establish opportunities for dialogue.

The Group is a corporate group with a regional financial institution at its core. As such, we achieve sustained growth with the region and as a result this maximizes the long-term interests of stakeholders, so we would appreciate your continuing support.

Roundtable Discussion with Outside Directors



Accomplishments and issues from switching to a holding company structure

Further pursuit of synergies for the issue of promoting young human resources to management positions at Group companies



Two years have passed since switching to a holding company structure. What sorts of changes have taken place? Please discuss the accomplishments and issues from a broad perspective.

Joko My impression is that progress has been made in promoting young human resources to management positions at Group companies. Previously, people of a fairly advanced age were assigned to executive positions like the president, directors and division managers at Group companies, but since establishing the holding company structure, younger employees around 50 are starting to be promoted.

Among them, some may be transferred to a different Group company or some may become involved in the management of lyogin Holdings. I highly commend the Group for allocating human resources with priority on future management.

Even among Group companies, lyogin Computer Service (ICS), a system developer, various things have changed, including recruiting practices. Formally and substantively, it is breaking away from being a subsidiary of Iyo Bank and starting to function as an independent company. Noma It is just getting started, and issues going forward are substantial, but working toward realizing the Group Corporate Credo of "Creating a bright and prosperous future for the region," I think a holding company structure was necessary in order to develop activities to contribute to this aim.

It can't be denied that Iyo Bank is still at the center, but as Director Joko has pointed out, there have been positive changes, like progress in personnel exchange and hiring at ICS.

In changing to a holding company structure, Group companies are not subject to the restrictions of the Banking Act and so may now more freely conduct business activities. Capitalizing on this merit, I want to see a new pillar be established alongside Iyo Bank.

Tanaka I served as an outside director of Iyo Bank last fiscal year, but since then I've felt that we could generate even more synergies with Group companies in the financial area.

For example, in the domain of equity investment, there are affinities between Iyo Bank and the venture capital firm Iyogin Capital (ICC). Through human capital management networks, Group companies, including ICS, are using each other's IT systems, and with lyogin Holdings offering leadership it will be necessary to raise Group synergies.

In light of the recent information sharing problem, having a strong awareness of legal compliance goes without saying, but, at the same time, it is very important to aim to raise the corporate value of the Group as a whole while Group companies draw on each other's strengths.



The main purpose of switching to a holding company structure is to expand the business domain, so what new businesses are you expecting?

Joko One must not forget the perspective of why the business domain is to be expanded. New business is for the purpose of establishing a pillar for future earnings, because acquiring know-how and knowledge is nothing more than a

The idea of a new business to support the region has significance in itself. At the same time, it is necessary to carefully verify whether or not it will increase the lyogin Group's profitability.

As far as companies go, lyogin Digital Solutions (IDS), an DX consulting company, was launched and advertising services and personnel referrals have emerged as new businesses, but as of now there hasn't been any good proposals to follow these. There are ideas that leverage existing areas, like decarbonization, LBO finance, and aircraft finance, but more in-depth discussions are needed.

Noma For example, the field of ship finance is a characteristic initiative of the lyogin Group and the contribution to earnings is large, but ideas for new businesses can come out of such existing areas, too.

I want to see the Company take on the challenge now, when earnings are being generated, of creating a business that will become a pillar 10 or 20 years from now. Even if it fails, it makes sense to think that the lessons learned from it will lead to the creation of other businesses.

Tanaka Already, as a new business, lyogin Digital Solutions (IDS) is involved in DX support for customers, but as one idea, the business would be deepened by supporting the backoffice operations of small and medium-sized enterprises

With company owners and executives aging nationwide, not only in Ehime Prefecture, it is steadily becoming difficult for the president and his or her family to continue to handle back-office operations. Financial institutions in various regions are taking this on the companies' behalf and consolidating and raising efficiency using the power of digital technologies, which has major significance for regional economies.

If the company supports DX promotion in the region using back-office operations as a foothold, limitless business expansion can be expected and a path will be established to the world of fee-based business. Moreover, projects can be expected to be obtained in the finance field, including loans.

Participation of outside directors in formulating management policy

A good opportunity to learn the necessity of continued discussions on initiatives for regional issues through the process of identifying materiality



How did you as outside directors participate in formulating the Fiscal 2024 Medium-Term Management Plan (hereinafter, new mediumterm plan) and in identifying materiality?

Noma In considering the new medium-term plan and materiality, the participation of outside directors began last year in June. It started with understanding the background to identifying materiality. Members of the secretariat analyzed the management environment using various methods, including SWOT analysis and Five Forces analysis, and carefully compiled the information into prep materials.

Not just with the new medium-term plan and materiality, we have dedicated people in the Audit and Supervisory Committee Office who always prepare thorough documents, which is a great help.

Around once a month I exchange information with the outside directors of nine regional banks or their holding companies, including the Company. Each company has various characteristics, but a strong point of the Company is that it allows outside directors to freely and openly participate in various company meetings and if we have a question, we are quickly and conscientiously provided with information. I feel like a foundation has been established for the appropriate functioning of outside directors.

A company, ultimately, is a collection of people. For each and every person there to clearly recognize what they are working for and also to raise motivation, it is extremely important that the company's meaning of existence, long-term vision, and materiality be established. This time, I personally was inspired to think deeply about integrity.

Roundtable Discussion with Outside Directors

Tanaka In formulating the new medium-term plan, President Miyoshi talked about creating a plan as phase 1 of looking 10 years ahead. In the process of identifying materiality, we looked ahead 10 years or more at changes in society, and a major lesson for me was recognizing the necessity of continuing to discuss how to engage in solutions to issues surrounding the lyogin Group and the region.

Materiality is communicated to stakeholders as well, so I requested to look from the perspectives of whether the contents could be explained concretely in an easy-tounderstand manner and whether the future direction and vision were being conveyed clearly.

The process was ultimately consolidated into five materiality items, but these were not placed side by side; rather, centering on "Sustainable development of local economies and industries" their relationships were linked and expressed in a loop, the infinity symbol, which I think made them easier for employees to understand.

Regarding the medium-term plan as well, rather than the company's unique direction, I strongly pushed for ease of understanding from the perspective of investors and general consumers and think I was able to contribute to this. Joko Given my background in government, I feel a strong sense of crisis regarding regional issues like population trends and worker shortages. This time, "Population decline and aging population with low birthrate" was set forth as a materiality item and starting from it I have high expectations that various measures will be developed.

At the same time, with the population declining, low birthrate, aging, and number of businesses declining, thinking about 10 years from now, the extremely stark reality is a fact, so superficial measures will not be effective. For example, the relocation measures being carried out by the government have to be done, but you are just competing for the same domestic pie, so this will not lead to a substantive solution. Letting in foreign workers would be an effective means, but just how far the government and other entities are willing to go to establish systems remains a question.

There is no doubt that this is a major issue that cannot be solved by regional financial institutions alone, but taking a long-term perspective, it will be necessary to develop measures that are highly feasible while at the same time closely coordinating with stakeholders.



"Improvement in human capital" is one of the materiality items. How do you view the lyogin **Group's HR and organizational development?**

Noma As a part of diversity, I think the management team and rest of the Company is highly aware of the issue of promoting women.

Why promote women? Without women, it would be an organization dominated by men of the same age range and similar backgrounds. When an organization becomes homogenized, it inevitably stagnates, so in this sense as well, vitalizing this requires the presence of different types of people. It is important to actively recruit human resources with diverse backgrounds, including not just women, but also

Tanaka The lyogin Group's corporate culture is not topdown; it is one of free and open debate. Based on this, I think there is a culture of firmly incorporating this into daily measures. Further, examining this more closely, I would want to see the power of each individual fully demonstrated in various forms.



Regarding the problem of gender and diversity, the Company truly is currently actively addressing it, but to further promote diversity, I would want the Company to become a progressive corporate group in the area of DE&I. Joko In terms of personnel development, including training systems and promotion systems, etc., I think the Company is extremely progressive. However, there seems to be room for improvement in the optimal placement of human resources once they are trained and in establishing an environment that allows human resources to fully excel.

Roles required of outside directors

Supervising the executive side as a representative of shareholders, business partners, employees, and third-parties Voicing an opinion on the company's intended directions and strategies



With management strongly required to be aware of capital costs and the stock price, what is the role of outside directors? How are you participating in management based on your own career background and areas of specialty?

Tanaka Of the five general principles of Corporate Governance Code, the fourth is "Responsibilities of the Board." I think it is very important to be fully aware of the contents of this principle and to apply it. Of all that is written there, I have particular sympathy with the stated need for outside directors to be actively involved in debate on the direction the company is aiming to go and specific strategies.

Also, as a company with an Audit and Supervisory Committee, we, Audit and Supervisory Committee members, and the Board of Directors have a responsibility to supervise the executive side, and I think it is necessary to further raise awareness of this and fulfill this responsibility. Of course the executive side and the Board of Directors do not stand in opposition to each other, but every day I acutely perceive the importance of thinking based on a strategic direction after making information transparent and sharing it while sufficiently working to communicate.

Noma As an outside director, from an outside perspective not limited to the organization, I strive to judge whether or not there is anything strange or off about the direction the company is heading and its strategies based on the standpoint of shareholders, business partners, non-executive employees and other unrelated third parties.



In particular, in my case, my background is in law, so I function more as a brake than an accelerator and feel I'm required to contribute to risk management.

But then, I don't deny that there is risk. To all employees, I want to see them steadily take on new challenges and not miss out on opportunities. For this reason as well, I intend to voice opinions on Ehime Prefecture when viewed from outside the region and provide information in specialized fields to the extent possible.

Joko I'm an outside director, so it is important for me express my opinion while leveraging my experience and knowledge from a non-financial institution perspective.

I'm repeating myself here, but given my background in government, I personally think it is necessary to put focus on fostering companies, which is the original role of regional financial institutions in particular, in order to make the regional economy stronger.

Looking at GDP and other data, the Ehime economy is often called a "1% economy." It is only 1%, so it is necessary to develop companies so that it becomes 2% or 3%, but industries and companies to shoulder the region have a hard time being developed. If things are left as they are, there's a chance the region stays at 1% or becomes an 0.5% economy, which would be a fatal problem for the lyogin Group. I think my role is to instill in the Company a healthy sense of crisis from this type of macro or long-term perspective.



Results were good in fiscal 2023, but looking five or 10 years ahead, striving for an even higher level is important in my view.

Joko Recently, the management situation has been very good and even among regional financial institutions there is no doubt that the Company occupies an advantageous position. Going forward, the question is where to invest the earnings that have been generated.

Toward achievement of the targets of the new mediumterm plan and realization of materiality, or creation of new businesses, support for growth companies, and HR development—among the various options, where to put the focus? If that produces good results, further advancement can be expected, so we as outside directors intend to actively give

There are still things that the lyogin Group can do for its customers. That potential is unchanged. Director Noma mentioned how prep materials are carefully compiled, but I would like the Company to not take so much time with in-house documents, etc., and rather turn the abilities of employees toward the outside for the sake of customers. This would lead to raising customer operating profit per employee, as stated in the new medium-term plan, and in turn lead to increasing corporate value. I plan to continue making active proposals for what I think is good for the Iyogin Group without mincing words.



lyo 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 lyogin 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.

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 lyogin Leasing)"
- 1975 Established "Iyo Computer Service (currently lyogin Computer Service)"
- 1978 Established "Iyo Credit Guaranty (currently lyogin Credit Guaranty)"
- 1979 Established "The lyogin 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

Pursuing customer-oriented 2005- 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 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'

Toward the Next 10 Years

Structural Reform of "Sales × Human Resources"

-Elevation of DHD model-

Utilizing digital services as a "weapon," we will polish human "individual abilities" and "attack" on a "Group-wide basis"

2015

the "DHD model," that leverages the advantages of both people and digital technology

2021-

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

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
- 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)

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 CO₂ emission Announced the policies on investments and loans for specified
 - Introduced "wevox," an engagement detection tool Introduced "AGENT" banking app Introduced a life plan simulation tool "LIFE PALETTE"

Newly established micro branches "lyogin SMART"

- 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
- Participated in the Poseidon Principles
- 2024 Identified materiality Formulated Basic Policy on Sustainability Formulated Human Rights Policy

lyogin Holdings Integrated Report 2024 lyogin Holdings Integrated Report 2024

Sources of Competitive Advantages (Strengths)

Diverse Industrial Structures

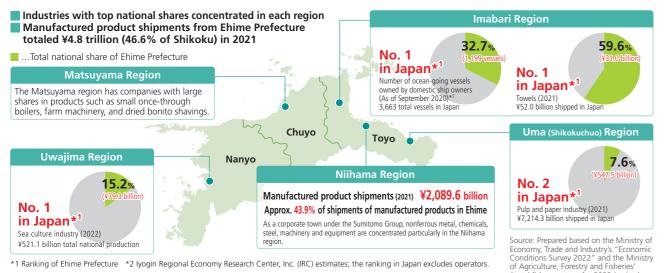
Ehime Prefecture can be roughly divided into three regions: Toyo, Chuyo, and Nanyo. Each region has its distinctive industries, together building a balanced portfolio of the primary, secondary, and tertiary industries in Ehime. For this reason, the prefecture is often called a microcosm of Japan. Aside from its diverse industries, Ehime Prefecture is known for its "1% economy," which means that the prefecture's gross prefectural product accounts for 1% of Japan's gross domestic product.

The Group has supported these industries since their infancy and grown with local communities, building the economic foundation for Ehime Prefecture with various stakeholders. This is one of the strengths of the Group.

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 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.



*1 Ranking of Ehime Prefecture *2 Iyogin Regional Economy Research Center, Inc. (IRC) estimates; the ranking in Japan excludes operators.

Aggressive Digital Adoption

The Group's ongoing DHD model started with a simple concept: "To be the bank with the simplest administrative procedures in Japan." By shifting the manpower and time created by digitalization to operations that contribute to value provision for customers, we have refined our human resource capabilities by "increasing the role that humans ought to play."

In particular, in pursuit of digital touch points and digital operations, we have designated the AGENT banking app as a primary channel, along with our branches, and introduced and expanded digital services, including the HOME housing loan app and the SAFETY card loan app. These are our efforts to build next-generation infrastructure that supports our sustainable growth.

Going forward, we will advance a hybrid channel that combines digital and real tools, and by making the utmost use of the extra time created, we will provide consulting services that are only available through real channels



Iyo Bank on Your Palm





"total fishery output for 2022 (revised

House Purchasing Plan with a Smartphone P.46





P.46

New Card Loan Service That Issues Notifications on Insufficient Amount

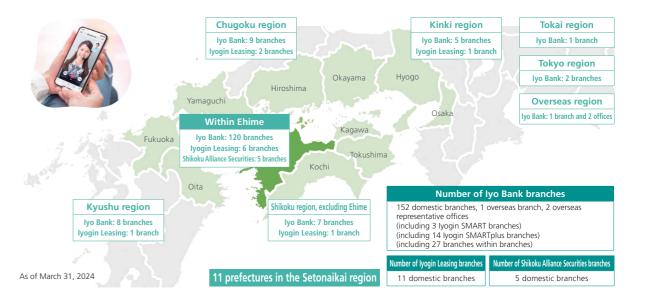


Strong Operating Base and Broad Regional Coverage

lyo Bank, which is the core corporation of the Group, boasts the top amount of funds among regional banks in Shikoku. Headquartered in Ehime Prefecture, where the Bank has a 35% share in loans and over a 52% share in deposits, 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.



Diverse Human Resources with Expertise

Since the past, the Group has considered that human resources capabilities as one of the sources of competitive edge, based on the understanding that there is no excessive investment in human resource development. Accordingly, we aim to realize the five elements of Well-Being (career, social, financial, physical, and community) for all Group employees. We are also 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 improve their area of expertise and fully demonstrate their capabilities.

Holders of official qualifications (As of March 31, 2024)

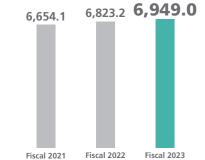
182
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lyogin Holdings Integrated Report 2024 lyogin Holdings Integrated Report 2024 **20**

Financial and Non-Financial Highlights of the Group

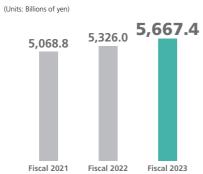
/ Financial Highlights

(Units: Billions of yen)

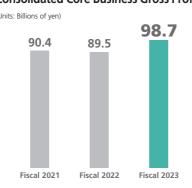


Against the backdrop of deepening relations with customers, balance of deposits, etc. continued to increase steadily, increasing by ¥125.8 billion (1.8%) year-on-year.

Balance of Deposits, etc. (Bank Nonconsolidated) Balance of Loans (Bank Nonconsolidated) Consolidated Core Business Gross Profit



As a result of proactive efforts to increase the balance of loans mainly in the Setouchi region, which is the base of the Group, the balance of loans increased steadily by ¥341.4 billion (6.4%) year-on-year.

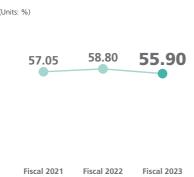


Consolidated core business gross profit increased year on year in the Group's overall non-interest revenue, including from derivatives, along with an increase in interest and dividend income due to the strengthening of loans and securities initiatives.



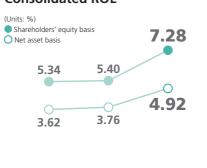
Profit attributable to owners of parent reached a record high. This was due to an increase in profit as a result of an increase in gain (loss) related to securities a high level of core business gross profit

Consolidated Core OHR



Although expenses increased due to aggressive strategic investments, consolidated core OHR decreased compared to the previous fiscal year mainly due to a recording of a high level of core business gross profit, maintained high profitability

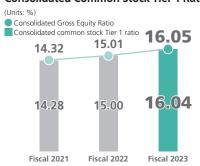
Consolidated ROE



Consolidated ROE on both a shareholders' equity and net asset basis increased significantly compared to the previous fiscal year, mainly due to the recording of a high level of profit attributable to owners of parent.

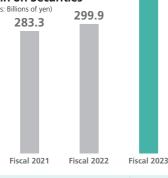
Fiscal 2022 Fiscal 2023

Consolidated Gross Equity Ratio and Consolidated Common Stock Tier 1 Ratio



Consolidated Gross Equity Ratio and Consolidated Common Stock Tier 1 Ratio remains at a high level. This is due to the continued enhancement of equity by accumulating profits the implementation of the Basel III finalization.

Consolidated Evaluation 366.9 **Gain on Securities**



Despite the continued high volatility of the market vironment, we continued to maintain consolidated aluation gain on securities at a top-class level among capture market trends and rising domestic stock prices.

Credit Ratings

Fiscal 2021

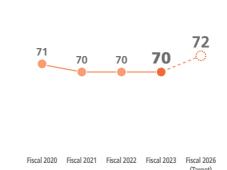
Iyogin Holdings

, ,	J	
JCR	R&I	S&P
AA	A +	_
lyo Bank		
JCR	R&I	S&P
AA	A+	A-

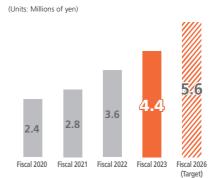
lyogin Holdings and Iyo bank have been highly evaluated for their safety and credibility, including the acquisition of AA from Japan Credit Rating

/ Non-financial Highlights

Employee Engagement Score



While the level above the financial industry average of 68 has been maintained, we will continue to work to enhance employe increase engagement.



In order to increase our "earning power" with a view to the next 10 years, we will work to improve employees' productivity by implementing structural reform of "Sales × Human Resources."

Customer Operating Profit per Employee Independent Outside Directors Ratio



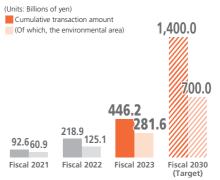
The ratio of independent directors among the directors is high at 37.5%, ensuring management transparency.

CO₂ Emissions Reduction Rate



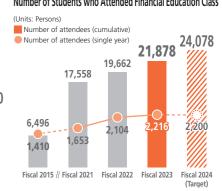
We are working to gradually reduce CO₂ emissions by implementing various measures, with the aim of achieving net zero CO₂ emissions by fiscal

Sustainable Finance



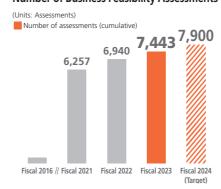
We have set a target of cumulative transaction amount to contribute to the realization of sustainable local society through finance that helps resolve environmental/social issues.

Number of Students who Attended Financial Education Class



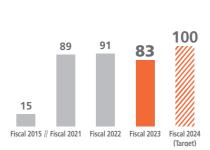
With asset formation and investment education now required in high school home economics classes and the government positioning financial education as a national strategy, financial education is receiving increasing attention, and the number of participants in kids' seminars and visiting classes is increasing.

Number of Business Feasibility Assessments Number of Cases for Business



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.

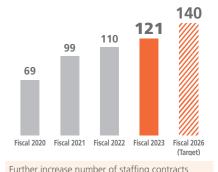
Succession and M&As Contracts



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.

Number of Staffing Contracts Supported





supported through our established structure. which can meet needs of both job seekers and

Sustainability Management System

Operation 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.

Supervision Group Sustainability Committee (Chairperson: President) Secretariat: Corporate Planning Division Instruction Reporting Reporting Reporting Reporting Reporting Reporting Reporting Reporting Reporting CSR Promotion Subcommittees

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 2023

<Number of meetings held>

20 times

<General issues>

- Status of consideration on the identification of materiality for the practice of sustainability management
- Identification of materiality and formulation of a Basic Policy on Sustainability

<Environmental issues>

- ullet Reporting on actual results related to the targets to reduce CO_2 emissions in fiscal 2022
- Reporting on actual results related to the sustainable finance targets in fiscal 2022
- Signature participation in the Poseidon Principles
- Reporting on results of the analysis of transition risks for the ocean transport sector related to response to the TCFD
- Review of CO₂ emission reduction targets

<Social issues>

- Reporting on health management
 Formulation of the Commitment to Diversity, Equity, and Inclusion (DE&I)
- Initiatives to start the new business creation program for companies in Ehime Prefecture

Formulation of Basic Policy on Sustainability

We formulated a Basic Policy on Sustainability by resolution of the Board of Directors as the Group's basic management policy in order to clearly communicate its basic approach to sustainability internally and externally and to drive associated initiatives.

Background

The Group's stance on sustainability is articulated in the Group Corporate Credo, which defines "creating a bright and prosperous future for the region" as the Meaning of Existence, and has been preserved.

We are also aware of ever-increasing attention to the sustainability of enterprises in light of environmental and social issues. Against this background, we formulated a Basic Sustainability Policy, which stipulates the Group's basic management policy and allows the Group to clearly communicate internally and externally its basic approach to sustainability and to drive associated initiatives.

Composition

The Basic Policy on Sustainability consists of the basic approach to sustainability, definition of materiality, and materiality details (including the basic policy and relevant topics).



Basic Approach

In its Corporate Credo, the Group defines "creating a bright and prosperous future for the region" as its Meaning of Existence. We believe that the development of communities in the Setouchi region, especially in Ehime Prefecture as the home for the Group, will drive our growth.

Communities are being affected by environmental and social changes, and addressing challenges caused by them is essential for maintaining and enhancing the sustainability of communities.

In light of these changes faced by communities, the Group identifies important items with a major impact on its value creation as materiality and works on them by a cross-functional approach through both business and social contribution activities. By doing so, the Group aims to contribute to maintaining and enhancing the sustainability of communities and increase its corporate value over the medium to long term.

HICS HI

Human Rights Policy

"Respect for human rights" is one of our goals related to "improvements in human capital," which is our materiality. Recognizing the need to further strengthen the Group's commitment to human rights in the implementation of materiality-driven business activities, the Group has formulated a Human Rights Policy.

Going forward, we will advance our action and information disclosure in the human rights field by conducting human rights due diligence to clarify the issues to be addressed by the Group. (Our Human Rights Policy is posted on our website [available in Japanese only].)



▲ Human Rights Policy

Materiality

Positioning and Definition of Materiality

Materiality is a commonly used term in the sustainability field, but there is no single definition of materiality harmonized across different guidelines and frameworks. To allow the Group's employees and officers to deal with this challenge with shared awareness, the Group has defined materiality as follows:

Important items that have a major impact on the Group's value creation in light of changes in local communities and the needs of stakeholders.

The expression "important items" is used because we believe that materiality does not always refer to "issues" that have negative impacts.

Identification of Materiality

We selected materiality candidates in consideration of not only impacts of environmental and social issues on the Group but also impacts of the Group on environmental and social issues. These items were then evaluated for importance by internal and external officers and external experts before they were sorted out and integrated.

Materiality from the perspective of investors

Impacts of environmental and social issues on the Group

• Implementation of evaluation analysis by an ESG evaluation body and identification of eight items as materiality candidates from the perspective of investors

Materiality from the perspective of multi-stakeholders

Impacts of the Group on environmental and social issues

- Identification of 109 impact candidate items through value chain analysis
- Identification of 118 social issues with reference to UN Impact Radar, Ehime Prefecture's long-term plan, etc.
- Implementation mainly by the secretariat of the evaluation of the degree of impact of over 200 impact items of the Group on each stakeholder, and identification of 114 materiality candidates from the perspective of multi-stakeholders

human capita

Pursuit of

integrity

Selection and evaluation of the degree of importance of materiality candidates

- Selection of materiality candidates for the Group which cover both the above two perspectives (25 items)
- Implementation of evaluation of the degree of importance by internal and external officers, and external experts, etc.



Identification of materiality

- Sorting out and integrating materiality candidates
- Discussion and resolution by the Board of Directors



Formulation of the Fiscal 2024 Medium-Term Management Plan

Basic Policy and Relevant Themes

For each materiality, we have set a basic policy that directs our strategy and identified relevant themes. This shows how the materiality is connected to the Group's business activities and other operations.

Basic policy on materiality and relevant themes

Basic policy Basic policy The Group will enhance the The Group will contribute to engagement of staff members, who preserving the rich global are key to the Group's competitive environment and natural capital by conducting environmentally advantages, respect diverse individuality, and develop human conscious business activities and resources that can deliver new value supporting customers' climate action and decarbonization efforts in both to communities and customers. financial and non-financial aspects. Relevant themes Human resource development • Business activities in care of the environment Human resource acquisition and retention Mitigation of environmental burdens • DE&I • Respect for human rights through our investments and loans Employees' health and safety Climate Sustainable

development of

Population decline and aging population with low birthrate local economies and industries

in human capital

Basic policy

change and

environmenta

burdens

The Group will enhance the productivity of the region by offering support that takes full advantage of digital technology, and contribute to the creation of a society where people in any generation can live with peace of mind through the provision of high value-added products and services, and activities for financial education.

Relevant themes

- DX
- Job creation and increased income in the region
- Increase in the non-resident population and inbound tourists
- Preparation for an era of 100-year life expectancy
- Financial inclusion (access to finance)

Basic policy

The Group will work to transform its business model and contribute to the development of local economies and industries by encouraging new challenges and value creation by customers, thus generating earning power for the region.

Relevant theme

- New value creation in the sustainability field
- Promotion of local industriesBusiness succession
- Creation of new industries and
- innovationsEnhancement of financial and information literacy in the region
- Formation of an ecosystem in collaboration with local companies, partners, and governments
- Revitalization of local communities through local infrastructure building

Basic policy

The Group will foster an open organizational culture where all of its officers and employees act correctly in an autonomous way in accordance with social ethics and deal with their duties faithfully. Through fair business practices and transparent information disclosure, the Group will build a solid relationship of trust with its stakeholders.

Relevant themes

- Customer-oriented
- Quality of products and services
- Compliance

Pursuit of

integrity

- Risk management
- Corporate governance
- Dialogue with stakeholders

Value Creation Process

Input

Financial Capital (Fiscal 2023)

- Stable fund raising Balance of deposits: ¥6,949.0 billion
- Healthy amount of loan assets Balance of loans: ¥5,667.4 billion Ratio of disclosed non-performing loans: 1.63%
- Sturdy level of equity Consolidated gross equity ratio: 16.05%
- **■** Evaluation gain on securities: ¥366.9 billion

Human Capital (Fiscal 2023)

- Number of employees: 3,019
- Diverse human resources with expertise 1st grade Certified Skilled Professional of Financial Planning: 182 CFP: 20

Small and Medium-sized Enterprise Consultants: 78 MBAs: 6

Securities Analysts: 73 Real Estate Notaries: 213 Fundamental Information Technology Engineers: 91 Applied Information Technology

Engineers: 42

■ An established brand and trust from the local community cultivated over 140 years of history

Intellectual Capital (Fiscal 2023)

- Comprehensive ability of the entire Group
- Aggressive digital adoption
- Ship finance and market investment know-how

Social and Relational Capital (Fiscal 2023)

■ Operating base

Share of deposits in Ehime Prefecture 52.3% (No. 1) Share of loans in Ehime Prefecture 35.2% (No. 1)

- Highly convenient face-to-face and non face-to-face channels
- Network with the broadest regional coverage among regional banks: 13 prefectures
- Diverse industrial structures of the region
- **■** Expanding into Singapore, one of the world's prominent maritime cities

External Environment

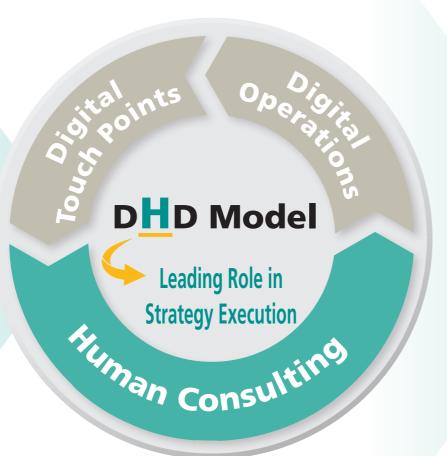
Opportunities

- Increased public and private-sector investments toward digitalization and decarbonization
- Turn to the rising interest rate environment End of deflation
- Vitalization of movement of goods associated with rising global population

Threats

- Outflow of deposits to major cities from inheritance
- Businesses and assets become obsolete due to acceleration of environmental regulations
- Aging trend among small and medium-sized enterprise owners and an increase in business suspensions and closures
- Workforce shortages (shortage of workers for local industries)

Business Model



Enhancement Channels



Management foundation that supports value creation

Nurture human resources in order to become a consulting group

IT governance for maintaining a secure, stable, and safe banking system

Corporate governance

Compliance

Risk management

Output

Growth

- Management support through consultation by the entire Group
- Accompanying and provision of support according to life stages
- Investment support and risk consulting for the growth and development of the maritime industry
- Earnings from managing securities with an emphasis on liquidity

Adaptation

- Support of decarbonization of local communities and customers
- Support of regional revitalization centered around tourism industry
- Support of DX of local companies
- Optimal personnel matching in line with management issues

Resilience

- Development of co-creation human resources and specialized human resources
- Securing and utilizing optimum human resources
- Arranging the environment where everybody can actively work regardless of age, gender, etc.
- Arranging a workplace environment that is easy to work at and provides job satisfaction

Improvements

- Simplifying administration by expanding use of digital technologies
- Optimizing branch placement and functions
- Improving and promoting AGENT app Developing and improving generative
- Al and data utilization system

Outcome

Customers

- Resolution of management issues through diverse and
- specialized consulting Improvement of regional earning
- power and productivity
- Provision of comfortable and convenient lifestyles
- Creating enriched lives by eliminating anxiety for each customer's life event

Shareholders and Investors

- Enhancement of medium- to long-term corporate value
- Stable profit returns
- Proactive dialogues

Employees

- Arranging an environment with high productivity and job satisfaction
- Enhancing engagement
 Realizing the five elements of

Well-Being

Local Communities and

Global Environment

Regional revitalization by resolving social issues

Reduction of CO2 emissions

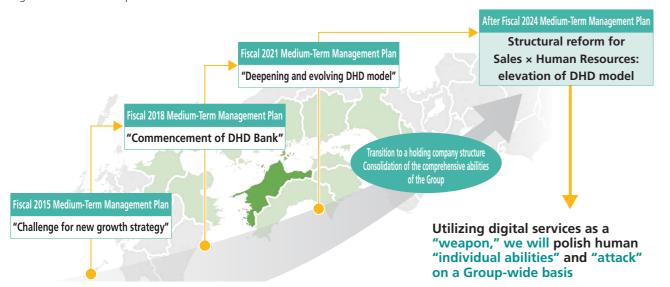
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Toward the Next 10 Years

Structural Reform for Sales × Human Resources: Elevation of DHD Model

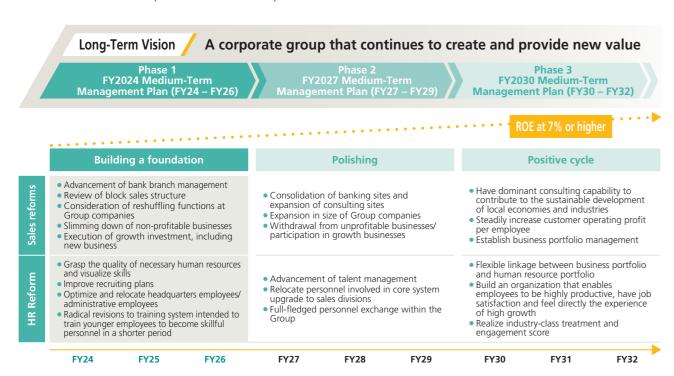
Within a management environment undergoing great change, the Group will capture new business opportunities associated with this change. Since the Fiscal 2015 Medium-Term Management Plan, the Group has built a unique business model, the DHD model, developed and released various digital services, and consolidated the Group's overall strength with the transition to a holding

Over the next ten years, the Group will elevate the DHD model based on the past three medium-term management plans by executing structural reforms of Sales × Human Resources to polish individual abilities and attack on a Group-wide basis while utilizing digital services as a weapon.



Toward the Group's realization of the company-wide long-term vision, "a corporate group that continues to create and provide new value," in order to increase earning power for the next 10 years, under the Fiscal 2024 Medium-Term Management Plan and two subsequent medium-term plans, we will execute structural reforms of Sales × Human Resources. The Fiscal 2024 Medium-Term Management Plan is positioned as Phase 1, "Building a foundation," the Fiscal 2027 Medium-Term Management Plan will be Phase 2, "Polishing," and the Fiscal 2030 Medium-Term Management Plan will be Phase 3, "Positive cycle."

Executing these structural reforms will make it possible to consistently provide value to customers, realize our long-term vision, and in turn serve to raise the corporate value of the Group.



Restructuring Our Business Portfolio

In considering rebuilding our business portfolio, we grasped the current state of each business on the two axes of future potential, an indicator for evaluating market growth potential and competitive advantage, and profitability, an indicator for evaluating the return on investment, and set a direction for the next 10 years.

As a result, we intend to more actively invest resources into corporate loans and corporate solutions, which have been growth drivers up to the present and which can be expected to see further customer development and a stronger competitive advantage.

In addition, for personal loans and assets in custody, we will work to improve the top line through various measures, including strengthening promotions, and by utilizing digital technologies, etc. we will build an effective and efficient sales system.

Furthermore, along with these businesses, in order to build a second or third earnings pillar with a view to 10 years ahead, we will create new businesses that start with social issues such as regional revitalization and green transformation, and also consider inorganic investment that is not constrained by the conventional wisdom for investments and M&A.

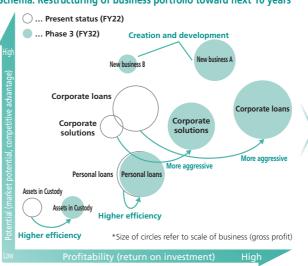
Direction of each business Corporate loans (excluding for ships) Corporate solutions



Increasing fees and commissions centered on high finance business succession M&As wealth advisory, and leases Promoting housing loans focusing on customers with whom we can expand fundamenta

- Personal loans transactions such as payroll transfers Expanding consumer loans through measures such as enhanced promotions
 - Focusing on responses to inheritance related Reducing customer management costs by fully
- utilizing digital technologies Creating and monetizing new businesses, originating from social issues such as regional revitalization and green transformation New business
 - Begin full consideration of inorganic investments (ex. M&As) toward speedy growth

Schema: Restructuring of business portfolio toward next 10 years

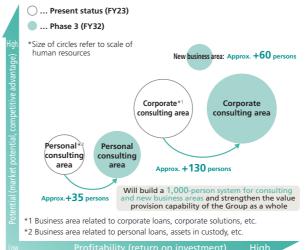


Restructuring Human Resource Portfolio

To build a human resource portfolio linked to the above business portfolio, we will execute personnel placement and generation with a focus on enhancing sales consultant personnel.

Specifically, to build a 1,000-person system in the consulting and new business areas, we will internally train and relocate through changing placements from administrative and middle- and back-office areas, and increase the quantity of human resources by enhancing recruitment, collaborating with outside human resources and conducting other external recruiting and alliances while also continuing to focus on HR development to raise the quality of our human resources.

Schema: Restructuring of human resource portfolio toward next 10 years



Number of staff members

Assets in

Custody

	As is	To be
Corporate consulting area	466 persons	Approx. 600 persons
Personal consulting area	305 persons	Approx. 340 persons
New business area	0 persons	Approx. 60 persons

New business area	0 ре	ersons 阶	Approx. 60 persons
Personnel generation	1		
Internal development and r	location	External recr	uitment and alliances
Training and developing human and providing reskilling Relocation from administrative a headquarters middle back areas areas necessary to improve profi	reas, and other	human res	on with external ources uman resources

Review of the Previous Medium-Term Management Plan

In the previous Medium-Term Management Plan, we set forth "Deepening and evolving DHD model" as a major theme and carried out measures pivoting on six business strategies and four plans, progressing according to plan on over 90% of the measures. Overall, we were able to steadily accomplish our plans. However, among personal related strategies, in housing loans and assets in custody, we did not meet our targets due to intensified competition and rapid changes in the external environment, and this is a point of critical reflection.

Regarding major numerical targets, interest and dividend income increased by enhancing loans and gain on securities management, and both the top line and profits greatly exceeded the targets. In particular, profit attributable to owners of parent set a new record high, which was a major accomplishment in the history of the Company.

Review of the Previous Medium-Term Management Plan Major Numerical Targets

Major Numerical Targets	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2023 Plans	Evaluation
Consolidated core business gross profit	¥86.6 billion	¥90.4 billion	¥89.5 billion	¥98.7 billion	¥ 86.0 billion	Secured a high level thanks to increasing interest and dividend income from enhancing loans and securities management
Profit attributable to owners of parent	¥18.0 billion	¥26.4 billion	¥27.8 billion	¥39.4 billion	¥23.0 billion	Recorded a new record high from increases in core business gross profit and gain (loss) related to securities
Consolidated ROE (shareholders' equity basis)	3.82%	5.34%	5.40%	7.28%	4.0% or higher	Secured a high level for ROE as well thanks to posting record high profit attributable to owners of parent
Consolidated core OHR	60.19%	57.05%	58.80%	55.90%	Approx. 60.0 %	OHR declined mainly from the increase in core business gross profit, and high profitability was secured
Consolidated common stock Tier 1 ratio	14.58%	14.28%	15.00%	16.04%	Approx. 15.0 %	Achieved targets while enhancing shareholder returns thanks to recording stable profit
Core business gross profit of Group companies (excluding the Bank)	¥8.5 billion	¥8.4 billion	¥8.2 billion	¥9.0 billion	¥9.0 billion	Achieved increased profit levels at Group companies through expanding the business domain

Impact indicators aimed for under the new Medium-Term Management Plan

The management indicators in the new Medium-Term Management Plan are made up of the economic impact of the Group (financial indicators) and social impact for each materiality item (non-financial indicators).

Regarding economic impact, we have set various targets from the standpoint of profitability, efficiency, and growth potential, and as proof we are raising corporate value, to correct our low PBR, we are aiming for ROE of 7% or higher, a level of ROE that exceeds the Company's capital cost ratio.

Regarding social impact, we have set impact indicators related to each of the five materiality items, and through business activities originating from materiality, we will create social impact.

Impact Indicator (Management Indicator)/Economic Impact

	Contents of impact		Impact indicator	Fiscal 2023 results	Fiscal 2026 targets	Target level
	Drofitobility	Profitability is ensured through appropriate capital	Consolidated ROE (Net asset basis)	4.92%	Mid 4 %	7 % or higher
act	Profitability	management, in addition to enhancement of sales divisions	Profit attributable to owners of parent	¥39.4 billion	¥35.0 billion	
Economic impact	Efficiency	Well-balanced cost control is implemented through increase in top line and further promotion of BPR	Consolidated core OHR	55.90%	Approx. 55%	Set upon considering the progress of each
ECC	Growth	Speedy growth is pursued toward expansion of business fields	Growth investment (Organic/Inorganic)	_	¥10.0 billion	phase

Overview of the Fiscal 2024 Medium-Term Management Plan

Materiality was identified alongside formulating the new Medium-Term Management Plan, and by crafting strategies originating from the identified materiality items that include "growth," "adaptation," "resilience," and "upgrade" as keywords and implementing sustainability management to further strengthen the business foundation and management foundation, we will enhance the "earning power" of the Group and sustainability of local communities.

Framework of Strategy of Fiscal 2024 Medium-Term Management Plan

Enhance "earning power"

by implementing sustainability management

"Grow" with stakeholders through sustainable development of local economies and industries

Sustainable development of local economies and industries

Growth strategy

Improvement in human capital

Population decline and aging population with low birthrate

Climate change and environmental

burdens

"Adapt" to local issues that significantly affect the Group and its stakeholders such as climate change and population decline

Create "resilient" human resources and organization by improving human capital and conducting business activities with integrity

Pursuit of integrity



Adaptation strategy

"Upgrade" infrastructure, mechanisms, etc. to higher levels by further promoting BPR, improving

face-to-face and non-face-to-face channels, and constructing a next-generation core system

Resilience strategy

Initiation of supporting business activities originating from materiality



Upgrade strategy

Impact Indicator (Management Indicator)/Social Impact

	Materiality/contents of impact		Impact indicator	Fiscal 2023 results	Fiscal 2026 targets	Target level
	Climate change and environmental burdens	Reductions in CO ₂ emissions of the Group	The Group's CO ₂ emission reduction rate (Scope 1 and 2)	(44)% (compared to fiscal13)	(50)% (compared to fiscal 13)	Achieving carbon neutral*1
	Population decline and aging population with low birthrate	Increases in assets held by customers	Index of total asset balance per customer	100.0	108.0	121.0 *²
pact	Sustainable development of local economies and industries	Improvements in customers' profitability	Index of cash flow per business company	100.0	109.0	131.0 *²
Social impact	Improvements	Improvements in employees' engagement	Employee engagement score	70	72	76* ²
Š	in human capital	Improvements in employees' productivity	Customer operating profit per employee	¥4.4 million	¥5.6 million	¥13.8 million*2
		Improvements in customer experience value (CX)	Customer CX indicator*3	6.85	7.10	Maintain 7.10 or higher* ²
	Pursuit of integrity	Enhancement of transparency	Number of dialogues with stakeholders	82 times	100 or more times	Retain 100 or more times every fiscal year
		of information disclosure	Score of ESG evaluation organizations	_	Raise score	Raise and maintain score

*1 Fiscal 2030 *2 Fiscal 2032 *3 The CX indicator is measured in accordance with Nomura Research Institute, Ltd.'s CXMM® (trademark of Nomura Research Institute, Ltd.'s

Corporate Related



Growth Strategy -Growth-

"Grow" with stakeholders through sustainable development of local economies and industries

Recognized environment

Aging trend among small and medium-sized enterprise owners and an increase in business suspensions and closures, among others, are causing shrinking of local economies.

Customers' management issues and needs are increasingly sophisticated and diversified as the environment surrounding the local economies and industries becomes even more challenging. As such, in our view, it is necessary for us as a Group to strengthen our consulting capabilities.

Strengths and opportunities

- Trustworthiness in the local communities
- Diverse industrial structures of the region
- A wide-area branch network boasting the No. 1 rank among regional banks
- Diverse human resources with expertise
- Comprehensive ability of the Group
- Extensive solution menu

Weaknesses and threats

- Shrinking local economies due to declining population and a decrease in the number of business offices
- Aging trend among small and medium-sized enterprise owners and an increase in business suspensions and closures
- A decrease in workforce following the decline in working-age population

Ideal state

As a regional financial institution, with the aim of realizing sustainable development of local economies and industries, we will take flexible actions as a Group to provide comprehensive support, including non-financial support, not to mention financial support.

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Finance revenue	¥1,620 million	¥1,920 million
Revenue related to business succession and M&As	¥671 million	¥1,050 million
Balance of lease receivables	¥42.9 billion (fiscal 2023-end)	¥60.0 billion (fiscal 2026-end)
Amount invested in the business succession and growth fund	¥2.0 billion (cumulative*)	¥3.0 billion (cumulative for three years)

^{*}Cumulative for the period from the establishment of the fund in February 2023 to the end of fiscal 2023

Priority items

- Identify customers' management issues and needs that are increasingly sophisticated and diversified by utilizing information and data together as a Group
- Take a deep dive into customers' management issues by utilizing business feasibility assessment
- Conduct consulting business together as a Group responding to the identified and deepened management issues and needs

Consulting Utilizing Comprehensive Ability of the Group

The "CRM Group Dashboard" was introduced (excluding Shikoku Alliance Securities), which enabled sharing among the entire Group of corporate information possessed by each Group company. The number of referrals to new customers among Group companies has been steadily increasing as the Group-wide relations have been strengthened and the system to provide optimal solutions has been established. We conduct consulting sales utilizing the comprehensive ability of the Group.

Issues faced by each customer vary. Iyogin Digital Solutions (IDS) provides consulting support for consultations related to productivity improvement and digitalization, Iyogin Regional Economy Research Center (IRC) provides consulting support for consultations related to personnel systems, and Iyo Bank and Iyogin Leasing (ILC) offer collaborative support for consultations related to capital investment. As exemplified by above, we are promoting the enhancement of our system to provide consulting transcending company boundaries.



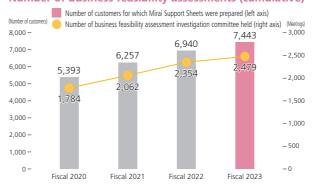
Initiatives Based on Business Feasibility Assessment

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.

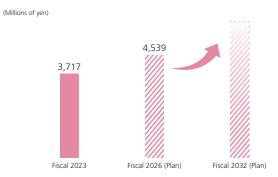
For customers that have undergone business feasibility assessments and are considered particularly important by bank branches, we prepare Mirai Support Sheets and hold business feasibility assessment investigation committees. Our headquarters and branches thus align their views on business partners'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

We will continue sharing the future ideal state of customers and management issues to that end, and work together with customers to solve such issues.

Number of business feasibility assessments (cumulative)



Consulting revenue



lyogin Holdings Integrated Report 2024

Syogin Holdings Integrated Report 2024

Corporate Related

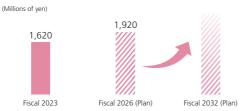


Extensive solution menu

Finance

We accurately identify customers' issues and needs through business feasibility assessments from ESG/SDGs perspectives, and provide funds as necessary during the course of proposing concrete solutions. In addition to new capital investment projects and loans related to business succession and M&As, we will promote structured finance such as LBO finance and aircraft finance in particular, which are new business domains, to increase revenue.

Finance revenue



Business Succession and Wealth Advisors

lyo Bank have six business succession consultants who support business succession of corporate customers and seven wealth advisors who support inheritance measures and inheritance arrangements of individual customers. The Bank responds to diversifying customer needs related to business succession and inheritance with one of the largest systems among regional banks by providing one-stop service to address customers' issues through mutual collaboration of highly professional human resources who accumulated knowledge through secondment to external institutions and other experience.

While issues related to business succession and inheritance are unique to each one of customers and the measures are custom-made in principle, the Bank ascertains the current situation of each customer, identifies issues, and proposes and implements measures. The Bank works to provide consulting services optimal for each customer by, for example, collaborating with M&A teams according to customer needs, and supporting growth by utilizing the "Business Succession and Growth Support Fund" when hands-on support is necessary.

M&As

Business succession of companies is becoming an increasingly important management issue against the backdrop of absence of successors and shortage of workforce. In response to consultations that increase year by year, Iyo Bank supports succession of business and capital through the M&A advisory operations. In addition, the Bank conducts matching arrangements leveraging its wide-area branch network.

Business Succession and Growth Support Fund

In order to support realization of business partners' business succession and growth strategies, we established the "Iyogin Business Succession and Growth Support Fund" in February 2023 and the "Fund No. 2" in February 2024. We are working to enhance customers' corporate value by providing business partners with funds for growth as well as hands-on support, etc. that goes one step further than before.

Iyogin Group Business Innovation 2023

We held an intragroup business plan competition for the first time with the aim of creating new businesses that strike a balance between solving local issues and improving the Group's earnings power, and received 149 submissions without the boundaries of affiliations and operations in charge.

We challenge ourselves to foster a culture that enhances people's ability to solve problems and embrace challenges by experiencing firsthand a series of thought processes in which people grapple with local issues, identify solutions, and turn those solutions into business.



Support Local Medical Services

The environment surrounding the medical services industry is increasingly severe, as exemplified by the shrinking population and shortage in medical resources. The Group provides management support from both perspectives of "point" and "aspect" to realize sustainable local medical services.

- <Point-based support> Provide support to solve management issues of individual medical institutions, etc.
- <Aspect-based support> Provide support to solve local issues by collaborating with administrative bodies, regional medical associations, etc. in each medical area

Support for Overseas Business Development

Employees of the International Division who have experience as expatriates as well as employees who are dispatched to the three overseas bases (Singapore, Hong Kong, and Shanghai) and alliance partners (Thailand and Vietnam) work closely to provide support for overseas business development of customers. In addition, we have strengthened collaboration with public institutions such as JETRO and JICA, overseas alliance banks, and enterprises to respond to more sophisticated customer needs, and are working to enhance our support services menu.

Manufacturer Support

Elimination of the workforce shortage and productivity improvement have become key management issues for local companies due in part to changes in socio-economic environment in the post-COVID-19 era. Iyo Bank established the "Manufacturer Support Team," the total eight members of which include six talents who have worked for major manufacturers, etc. before and possess a wealth of know-how. The Bank provides support for the deepening of existing businesses and creation of new businesses from the technical aspect through plant tours, etc.

Lease

The Group makes a united effort to support customers who are willing to make capital investment by, for example, proposing a combination of loans by Iyo Bank and leasing by Iyogin Leasing in response to customers' capital investment plans.

Number of leasing contract cases and amount (Contracts) Contract Amount (Millions of yen) 4,000 - 3,373 -25,000 3,000 - 2,654 2,711 2,746 21,169 -20,000 2,000 - 15,000 1,000 - 12,458 13,258 14,438 -10,000 -5,000 -5,000 0 - Fiscal 2020 Fiscal 2021 Fiscal 2022 Fiscal 2023

Voice of the Key Person

-As a new branch manager of Iyogin Leasing (ILC)-

While banks and leasing companies provide different services, there is no difference between the two in terms of facing customers' issues and providing solutions. I have 18 years of experience as a bank employee, proposing solutions by formulating hypotheses to issues faced by customers, which I think I have been able to leverage at ILC as well. In addition, now that I have become able to observe financial statements from a different angle than before, I feel that my skills have been enhanced through leasing operations.

I would like to continue working on my tasks leveraging my experience at ILC, so that I can be an asset capable of being of help to customers even more.

Mitsutaka Nagata (40 years old) lyogin Leasing General Manager, the Niihama Branch



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Personal Related



Growth Strategy -Growth-

Recognized environment

The points of contact with customers are diversifying due to the rapid advancement of digitalization. Under such circumstances, competition with other banks and companies including online banks and securities companies have been intensifying year by year.

On the other hand, as a regional financial institution, we believe that we need to further improve our consulting capabilities utilizing our strength of being able to accompany and support customers toward increasingly sophisticated and diversified customers' goals through united efforts of the Group.

Strengths and opportunities

- Comprehensive ability of the entire Group
- Top deposit share in Éhime Prefecture
- Doubling asset-based income plan, making NISA permanent
- Growing momentum toward asset management caused by commodity price increases, etc.
- Heightened interest in financial literacy and education
- Aggressive digital adoption

Weaknesses and threats

- Intensifying competition with other banks and companies
- Population decline and aging population with low birthrate
- Diversifying points of contact with customers
- Diversifying lifestyles due to longer life

Ideal state

We will elevate the DHD model, fully leveraging digital technologies (D) and improving the consulting capabilities of humans (H), and thereby work to provide warm-hearted services that are unique to us as a regional financial institution.

In addition, the entire Group will work as a whole to provide close support to life stages of each and every customer, and provide consulting services in an appropriate and timely manner. By so doing, we will strive to improve CX and enhance the revenue base, and thereby strengthen our "earning power."

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Assets in custody balance	¥735.2 billion	¥868.5 billion
Number of level premium insurance customers	34,761	40,500
Number of housing loans executed	1,495	6,200 (cumulative for three years)
Number of card loan contracts	4,804	22,000 (cumulative for three years)

Priority items

- Productivity improvement through consolidation of contact centers and advancement of hybrid channels through the use of chat and web-based interviews
- Provision of consulting services centered around customers' goals
- Pursuit of the "best interest" of customers
- Enhancement of the transaction base of assets in custody centered around long-term diversified installment-type investments

Proposals Aligned to Customers' Desire and Needs

The entire Group will work as a whole to improve CX by providing comprehensive consulting services in response to various issues and needs faced by customers in their respective life stages.

In addition, to deliver optimal value to each customer, we offer contact points in all channels and provide the most appropriate service at the best timing.

/ Improved Experience Value Across Channels

In the digital area, we will utilize non-face-to-face channels such as apps and websites to increase contact points with customers, and thereby offer convenient and useful services that are available anytime, anywhere.

Going forward, we will advance a hybrid channel that combines digital and real tools. By making the utmost use of the extra time created through the foregoing, we will provide consulting services that are only available by humans (H) through real channels to improve CX.



Accompanying and Provision of Support According to Life Stages

In the age of the 100-year life, we support long-term asset formation in a planned manner based on life plans to realize customers'

We will provide high-level consulting services in response to increasingly sophisticated and diversified asset management needs through close collaboration between Iyo Bank and Shikoku Alliance Securities, continuing to pursue the best interest of customers, and thereby grow together with customers.

Voice of the Key Person



Sachina Shioya Iyo Bank Insurance Plaza Kume

-As a person in charge at the insurance plaza who accompanies customers' lives-

I was in charge of service counter operations at a bank branch before, and then assigned to the insurance plaza in February 2019. Insurance is a product that accompanies lives of customers, and as such, I am more conscious about "knowing" customers than before. Many insurance consultations are referrals from bank branches, and therefore, it is crucial that more bank employees understand the importance of insurance. Consequently, I am making trial-and-error efforts on a daily basis such as planning various types of study sessions.

A customer suffered a serious illness after purchasing insurance and subsequently contacted us to say, "I was able to file a claim with peace of mind." A few years later, the customer visited our branch as a couple to convey words of gratitude to us, and asked to discuss their future insurance coverage again. This event left a lasting impression. I will continue striving for insurance operations that support lives of customers as a person in charge of consulting services.

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N

Medium-Term Management Plan

Ship Related



Growth Strategy -Growth-

Recognized environment

Maritime-related industries are key local industries for which stable growth is expected benefiting from global economic growth. On the other hand, management issues of ship owners have become more diversified day to day, including environment responses and requirements for more sophisticated ship management. As such, financial institutions are also required to take actions and provide advice appropriately based on timely information gathering.

Strengths and opportunities

- Imabari is one of the top maritime industrial clusters in the whole world
- Strong tie with leading maritime-related business operators
- We are able to gather fresh information from not only Imabari but also the Tokyo Desk and Singapore Branch.
- Accumulated ship finance know-how

Weaknesses and threats

- Diversification of management issues of ship owners such as countermeasures against climate change, requirements for sophistication of ship management, etc.
- Intensified competition with overseas shipbuilding yards and ship owners
- Emergence of geopolitical risks

Ideal state

It is our policy to "provide full support for optimum investments toward growth and development of maritime-related business operators."

While the environment surrounding maritime-related industries is rapidly changing, we will support growth and development of local communities and customers through provision of fresh information through information exchange and strengthened alliances with a wide variety of maritime-related business operators mainly in Imabari, Tokyo, and Singapore.

In addition, we will accumulate know-how related to maritime-related industries through secondment of employees to major trading companies, etc. and thereby work to improve employees' ship finance abilities, enhance the support system through the effective use of resources, contribute to maritime industries by developing new business areas, and create profit-making opportunities.

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Effective information gathering through information exchange with major maritime industry-related companies	200 cases	200 cases
Origination of syndicated loans, etc. to large ships and environmentally-friendly ships	3 cases	4 cases
Number of visits where the Ship Finance Division accompanied bank branches	_*	60 cases
Number of cases examined for creation of new maritime-related businesses	2 cases	2 cases

^{*}Calculation started from the new Medium-Term Management Plan

Priority items

- Sharing information and strengthening alliances with a wide variety of maritime-related business operators
- Examination of new maritime-related businesses
- Improvement of employees' ship finance abilities

Information Gathering from Maritime-related Business Operators

We have established the Ship Finance Division in Imabari, which is one of the top maritime cities in the whole world, and the Ship Finance Desk in Tokyo, and we also have a branch in Singapore. Through them, we exchange information with a wide variety of maritime-related business operators in Japan and overseas. We will examine and implement measures that contribute to solution of customers' issues based on information obtained and data accumulated.

Examination of New Maritime-related Businesses

We will consider new businesses that contribute to development of local communities and maritime industries by leveraging our ties with the maritime clusters and know-how accumulated thus far, in view also of collaboration with external business operators.

Improvement of Employees' Ship Finance Abilities

We will take a bottom-up approach to improve ship finance abilities by improving language and other levels of employees who are involved in ship finance, and enhancing the support system through the strengthened collaboration between the Ship Finance Division and bank branches.

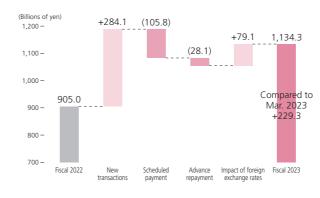
We intend to introduce an English learning program in 2024 ahead of other business areas in collaboration with an external party to improve the language level of employees who are involved in ship finance, with the aim of supporting growth and development of customers.

Strengthen Ship Finance through a Consistent Loan Stance

lyo Bank has worked to accumulate loan assets that have strong advantages in risk fluctuations by making multifaceted loan judgments which place emphasis on the comprehensive strength of ship owners, without being bound by market condition fluctuations of the time. As a result of these and other efforts, the balance of loans for the maritime industry at the end of fiscal 2023 increased to ¥1,485.0 billion (up ¥271.0 billion year on year).

Domestic shipbuilding yards have been steadily receiving orders, and we expect that the loan balance will continue to increase stably in the future against the backdrop of their robust financing demand.

Breakdown of changes in balance for domestic ocean transport in fiscal 2023



Loan Balance for the Maritime Industry



Market Investment Related



Growth Strategy -Growth-

Recognized environment

As the prolonged negative interest rate policy has come to end, "the world with interest rate" resurged. As such, it is expected that investment opportunities for yen-denominated bonds will occur in the future. In addition, the trend toward investment from savings is expected to provide a tailwind for risk assets such as stocks.

On the other hand, there is a concern over materialization of "distortions" during the course of normalization of the financial policy. Excess liquidity in particular might diminish the effectiveness of the financial policy, and as such, there is also a concern that exchange rates and inflation may become more difficult to control. In situations such as excessive depreciation of the yen, it is expected that sudden change of the financial policy be inevitably required.

Moreover, we recognize the possibility in which the yen-fund procurement environment changes during the course of elimination of the excess liquidity, in response to factors such as the interest rate hike and the shift from savings to investment as well as from Japan to overseas.

Strengths and opportunities

- Accumulated market investment know-how
- Diverse human resources with expertise
- Ample unrealized gains on securities
- Trend toward investment from savings
- Turn to the rising interest rate environment

Weaknesses and threats

- Low recognition in the global market
- Concerns over enhancement of the human resource base
- Emergence of geopolitical risks
- Changes in the fund-raising environment

Ideal state

As for securities management, we have stably secured interest and dividend income of over ¥20.0 billion so far, and we aim to further expand it in the future to the level exceeding ¥25.0 billion. In addition, we plan to further promote reduction of cross-shareholdings in the new Medium-Term Management Plan, and aim to achieve realized profit/loss of over ¥30.0 billion for each fiscal year, including profits and losses from the sale of cross-held shares.

We also aim to achieve overall profit and loss of over ¥100.0 billion during the period of the new Medium-Term Management Plan by not only realizing unrealized gains but also creating valuation gains and losses exceeding the realized profits.

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Realized profit/loss (= interest and dividend income + related gains/losses)	¥39.0 billion	Over ¥30.0 billion
Overall profit and loss (total for the period of the new Medium-Term Management Plan)	¥132.1 billion	Over ¥100.0 billion
Reduced amount of cross-shareholdings (on a listing and book-value basis)	¥12.9 billion (cumulative for three years)	¥25.0 billion (cumulative for three years)
Market-oriented loans (average balance)	¥140.7 billion	¥170.0 billion

Priority items

- Formulation of investment plans that contribute to improvement of returns to risks
- Building of portfolios focused on liquidity
- Thoughtful dialogues with business partners toward reduction of cross-shareholdings
- Initiatives toward sustainable finance that contributes to realization of a sustainable society

Building of Portfolios According to Situations

lyo Bank manages securities portfolios by risk category. It is our policy to maintain a certain balance for yen-denominated bonds and foreign bonds (with forex hedges), out of the portfolios, as assets that have inverse correlation with risk in stocks.

Thus far, we have made a gradual shift to foreign bonds (with forex hedges) as we believed that, even if we made new investments in yendenominated bonds, we could not expect profits, and also that we could not expect diversifying effects into stocks as the interest rate fluctuations would be limited due to the introduction of negative interest rate and yield curve control.

However, since fiscal 2021, we strived to reduce the balance and shorten the duration of foreign bonds (with forex hedges) as well, in anticipation of future interest rate hikes against the backdrop of the globally growing inflation. On the other hand, we are gradually increasing the balance of foreign bonds (without forex hedges), and have generated significant profits as the interest rate difference between Japan and the U.S. widened and the yen weakened.

We will continue to build portfolios in response to the situations to cope with exchange rate fluctuations.

Fair Value Composition Ratios by Risk Category Alternatives, etc. Domestic and overseas stocks (without hedges) Foreign bonds (with hedges) Yen-denominated bonds 100% 105.6 142.8 146.7 117.8 297.9 408 8 374.2 396.3 80% 192.7 70% 295.6 300.2 60% 252.5 50% 40% 30% 20%

Fiscal 2021

(Billions of ven) 1.716.3 1.894.7 1.690.1 1.479.3 2.063.0

Fiscal 2022

*Including money held in trust, etc.

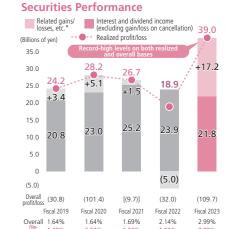
Fiscal 2020

Management Conscious of Overall Profit and Loss That Lead to Future Profits

It is our basic policy to "be conscious of overall profit and loss that lead to stable profit and future profit and diversify investments with a focus on liquidity" in securities management.

lyo Bank aims to secure stable profits on the interest and dividend income (excluding gain/loss from cancellation of funds) basis, such as interest on bonds and share dividends. In fiscal 2023, we faced an impact of an increase in foreign currency procurement costs, which was offset by other assets, and maintained the level of over "¥20.0 billion" for the portfolios as a whole

In addition, as a result of our operation aligned with market fluctuations, related gains and losses, etc. significantly increased due to the recording of gains on sales of foreign bonds (without forex hedges) and cross-held shares, which led to the record-high related gains and losses on a realized profit/loss basis, that include interest and dividend income. While related gains and losses are dependent on the market, we plan to further promote reduction of cross-shareholdings in the new Medium-Term Management Plan, and thus expect certain gains on sales in the future as well. However, we intend to further expand valuation gains and losses by not only simply recording unrealized gains as realized profits but also being conscious of overall profit and loss.



*Gain (loss) related to securities + gain (loss) related to derivatives + gain (loss) on fund cancellation

3.20%

4.13%

1.94%

1.85%

(Foreign currencyrenominated) 2.32%

Expanding Stable Revenue by Taking up New Projects in Leveled Approach

While aiming to expand stable revenue through ongoing initiatives such as corporate finance for foreign companies and structured finance (project finance, aircraft finance, etc.) in Japan and overseas, we are committed to contributing to realization of a sustainable society through proactive initiatives for sustainable finance.



Corporate Related



Adaptation Strategy -Adaptation-

"Adapt" to local issues that significantly affect the Group and its stakeholders such as climate change and population decline

Recognized environment

Local issues which have a significant impact on the Group and its stakeholders, such as climate change and shrinking population, have materialized. As such, we believe that it is necessary to support creation of sustainable towns by providing solutions that contribute to decarbonization, regional revitalization, and digital transformation (DX).

Strengths and opportunities

- Trustworthiness in the local communities
- Diverse human resources with expertise
- Comprehensive ability of the Group
- Diverse industrial structures of the region
- A wide-area branch network boasting the No. 1 rank among regional banks
- Increased public and private-sector investments toward digitalization and decarbonization

Weaknesses and threats

- Business areas dependent on local economies
- Lack of a sense of crisis regarding response to decarbonization
- Outflow of personnel associated with human resource mobility
- Workforce shortages

Ideal state

As a regional financial institution, we are aiming to reinforce the sustainability of the region by strengthening our consulting functions for issues such as response to decarbonization and elimination of workforce shortages that would be threats to customers' business and management bases.

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Number of consultations accepted and cases where information was provided in relation to decarbonization, etc.	15	20
Number of staffing contracts	121	140
DX consulting related revenue	¥66 million	¥200 million (cumulative for three years)
Number of training sessions provided for employees of each company	30	60
Number of comprehensive employee education proposals	12	18

Priority items

- Support of decarbonization of local communities and customers
- Support of personnel matching in response to customers' human resource issues
- Support of regional revitalization centered around tourism industry
- Support of operational efficiency improvement and digitalization of local companies

Support of Decarbonization of Local Communities and Customers

We will accelerate initiatives with partner companies toward visualization and reductions in GHG emissions of local communities and customers, while promptly capturing changes in decarbonization trends in and outside of Japan.









Support of Personnel Matching

We provide matching support by either or both of career advisors and recruiting advisors, as well as for part-time human resources, in line with customers' management issues. Since the start of the service in April 2020, we have provided a cumulative total of 399 support cases as of March 2024.

Support of Regional Revitalization Centered Around Tourism Industry

The Group is working to improve the appeal of local sightseeing spots and establish an environment to accept tourists in collaboration with administrative bodies, tourism business operators, etc.



<Case 1> Ozu City, Ehime Prefecture

We participated in creation of tourism town by utilizing historic resources, which received high international acclaim for sustainable tourism town creation.



<Case 2> Imabari City, Ehime Prefecture (Nibukawa hot springs)

We provide support for planning and realization of the grand design of the region, working to revitalize the region as a sightseeing spot leveraging its high-quality hot springs.

Support of DX of Local Companies

To address workforce shortages, etc., lyogin Digital Solutions is working to solve various issues of customers by, for example, sorting out operations and providing instillation follow-ups toward utilization of digital technologies.

dentification of details of business and issues Follow-up for taking root Development of DX plans Support introduction of tools

Support for Human Resource Development

The number of workforce in the local communities is getting smaller due to the shrinking population. In order to solve this issue, it is inevitable to enhance abilities and shift skills of each and every employee.

The lyogin Regional Economy Research Center (IRC) supports human resource development of companies through a variety of seminars that include new leader seminars to foster next-generation business managers, executive employee seminars, and business seminars by theme and job rank

Number of participants in IRC seminars



Personal Related



Adaptation Strategy -Adaptation-

Recognized environment

Amid the social issue of the shrinking local economies due to the aging population with low birthrate, we believe that aggressive promotion of initiatives toward realization of the doubling asset-based income plan advocated by the government will lead to vitalization of local economies.

Strengths and opportunities

- Doubling asset-based income plan, making NISA permanent
- Operational base rooted in local communities
- Highly convenient apps (DHD services)
- Aggressive digital adoption

Weaknesses and threats

- Shrinking markets due to the aging population with low birthrate
- Shrinking local economies
- Shortages of financial knowledge among local communities

Ideal state

As shortages of financial knowledge are being pointed out, interest in financial and economic education is increasing. The Group will strive to realize financial inclusion through workplace seminars and other seminars by leveraging its local operational base, and aim to expand and strengthen the operational base further with a long-term perspective.

In addition, for customers who are too busy every day and do not have time to visit bank branches, we will continue to be their closest partner anytime and anywhere by utilizing various DHD services that embody comfortable and easy-to-use digital services, under the slogan "we will change the shape of the bank to fit each person."

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Actual number of recipients of activities contributing to enhancement of financial literacy*1	_*²	25,000 (cumulative for three years)
Number of NISA accounts	51,429	65,000

- *1 Total number of seminar participants and number of those who received a proposal with LIFE PALETTE
- *2 Calculation started from the new Medium-Term Management Plan

Priority items

- Strengthening of asset formation proposals that utilize life plan simulation (LIFE PALETTE) and promotion of various seminars (planned for workplaces and by headquarters)
- Promotion of various initiatives to realize the doubling asset-based income plan such as widespread use of NISA
- Provision of comprehensive support for the period before death to occurrence of inheritance in response to inheritance needs that have become more diversified and complex due to the aging of the population
- Increasing deposit stickiness through improvement of CX
- Enhancement of the transaction base utilizing DHD services



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 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.

PALETTE





House Purchasing Plan with a Smartphone

This is a new housing loan service that was born out of our philosophy that "customers should never regret their once-in-a-lifetime purchase."

Customers can check the estimated amount they can borrow in a few minutes on their smartphone, which was previously not known until applying for a housing loan at a bank counter. Through this service, we support customers build homes that suit their own lifestyles. Customers do not need to visit any of our bank branches throughout the process encompassing everything from the application to contract procedure.

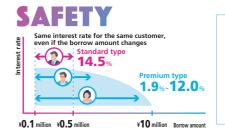
New Card Loan Service That Issues Notifications on Insufficient Amount

"SAFETY" is an app that allows customers one-tap borrowing and repaying around the clock, notifies customers of the estimated shortage in the balance, and is equipped with a function to allow customers to borrow the amount that is short. We offer two types: the "Standard type," and the "Premium type" (interest rates are set based on the "screening results" instead of the "borrow amount").

HOME









Ship Related



Adaptation Strategy -Adaptation-

Recognized environment

The International Maritime Organization (IMO) has moved forward the target date for achieving net zero total GHG emissions to around 2050 and set a stricter target to achieve net zero including fuel manufacturing process. Accordingly, we anticipate tightening of regulations for GHG emissions, etc. and an acceleration of development of new fuel vessels.

Workforce in maritime-related industries is aging and its shortage is advancing. Countermeasures against these issues are required for the sustainable development of the maritime industry in the future.

Strengths and opportunities

- Accelerated moves toward decarbonization
- Increased demand for replacement to ships designed with environmental initiative in mind
- Digitalization of inboard operations and development of an inboard communication environment

Weaknesses and threats

- Soaring prices of ships due to environmental responses
- Increased operation costs due to responses to new fuels and technologies
- Workforce shortage in maritime-related industries due in part to the aging population

Ideal state

Under the policy of "provide full support for customers to respond to any changes by appropriately capturing changes in business environments in maritime-related industries," we will strive to provide optimal solutions by ascertaining developments in GHG reductions required of maritime-related industries, secure maritime-related workforce, and management support utilizing DX.

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Number of financing cases for ships designed with environmental initiative in mind, among others	8	10

Priority items

- Financing to ships designed with environmental initiative in mind
- Contribution to increased awareness of the environment among maritime-related industries
- Strengthening of business matching for the purpose of promoting DX of maritime-related business operators
- Strengthening of relationships with maritime-related business operators

Voice of the Key Person



Tomoya Yamada (35 years old) Iyo Bank Ship Finance Division

-Drawing on my experience in secondment to a major trading company-

I was seconded to a ship division of a major trading company for two years. I have accumulated experiences that I could not have at Iyo Bank, including agency and intermediary work for selling ships newly manufactured at domestic shipbuilding yards to overseas ship owners. I feel that my experience has helped me make credit judgments, etc. in ship finance.

While I was seconded, I was involved in the maritime industry from a perspective of a trading company; this experience allowed me to be aware of the significance of "Imabari" as a maritime city once again and solidly feel rapid changes in the business environment. I believe that the maritime industry as global business will grow as long as the global economy grows. However, in order for the industry to bring global economic growth to the region, I have felt that it is necessary for the maritime cluster including Iyo Bank to respond quickly and flexibly without being constrained by the past.

I, myself, would like to continue contributing to growth and development of the maritime industry from a global perspective, while accumulating various types of insights.

Financing to Ships Designed With Environmental Initiative in Mind

We will appropriately work on financing ships designed with environmental initiative in mind such as new fuel vessels by promoting information gathering and research of new fuels and technologies and thereby striving to improve our credit judgment abilities in ship finance.

Ratio of ships designed with environmental initiative in mind in loan decisions

EEDI Phase 3*

Dual-fuels (I.N.G., I.P.G., and I.

Dual-fuels (LNG, LPG, and Methanol)
Others

37.5% 50.3%

*It refers to the Energy Efficiency Design Index (EEDI), which aims to improve the energy efficiency performance of newly-built ships (CO₂ emissions per transportation unit) as compared with the average of the period between 1999 and 2008. The regulations will be tighter in a phased manner, and the calculation is made for ships which have achieved the Phase 3, which will be adopted starting from 2025 (30% improvement as compared with the reference value), ahead of the schedule.

Contribution to Increased Awareness of the Environment Among Maritime-related Industries

We gather CO₂ emissions data of vessels subject to loans and disclose the trends based on the Poseidon Principles. We will closely exchange information with business operators which offer energy-saving devices and environment-related products and services, and strengthen initiatives such as business matching by referring them to business partners. In this way, we will contribute to promoting environmental awareness among maritime-related industries.



POSEIDON PRINCIPLES In October 2023, the Iyo Bank became the first regional bank to sign and participate in the Poseidon Principles. The Principles were established by 11 financial institutions in Europe and the U.S. in 2019 to support the achievement of targets set by the IMO from the financial aspect, and 35 financial institutions worldwide have joined the Principles (as of the end of April 2024). Participating banks are required to calculate the degree of climate change compatibility of the entire ship financing portfolio based on the annual CO₂ emissions data of the vessels they finance and to publish them annually.

Strengthening of Business Matching for the Purpose of Promoting DX of Maritime-Related Business Operators

We will closely exchange information with business operators which offer DX-related products and services that lead to improvement of management and operation efficiency and sophistication of ship management, and refer them to business partners.

Strengthening of relationships with maritime-related business operators

We hosted a maritime event and provided opportunities for meaningful information exchange and customer networking. In addition to organizing events, we will continue to closely exchange information and collaborate with maritime-related business operators and identify increasingly sophisticated and diversified issues and needs. At the same time, we will work to solve and respond to such issues and needs, thereby contributing to development of maritime-related industries.





The "Iyogin Group Presents Maritime Industry Forum in Imabari" which we held in October 2023 was attended by about 300 customers and related partie

Human Capital Related



Resilience Strategy -Resilience-

Create "resilient" human resources and organization by improving human capital and conducting business activities with integrity

Recognized environment

We have identified "improvement in human capital" as one of the important items (materiality) that greatly affect the value creation of the Group and are working on human capital management.

Strengths and opportunities

- Diverse human resources with expertise
- High-level investment amount in human resource development
- Comfortable internal environment
- Favorable labor-management relations

Weaknesses and threats

- Profit-making amount per employee
- Outflow of personnel associated with employment
- Changes in the recruitment environment
- Control-type human resources management

Ideal state

The Group has enhanced the engagement of its human resources, who are the source of the Group's competitive advantages, respected diverse individuality, and developed human resources that can deliver new value to communities and customers. In this way, we aim to improve "customer operating profit per employee" and "employee engagement score." Moreover, we will not only secure the "quantity" of human resources who provide value to customers but also improve their "quality," and thereby work to improve our "earning power" with an eye on next 10 years.

Targeted indicator	Fiscal 2023 results	Fiscal 2026 targets
Customer operating profit per employee	¥4.4 million	¥5.6 million
Employee engagement score	70	72

Priority items

Initiatives on human resource development

- Human resource development (co-creative human resources and specialists)
- Securing and utilizing human resources (recruiting, deployment, and evaluation)

Initiatives on arranging the internal environment

- Work style reforms
- Diversity, equity, and inclusion
- Health management



Message from General Manager, the Personnel Planning Division

At the important milestone when the new medium-term plan started, 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.

Aim for a Virtuous Cycle of Realizing Well-Being and Enhancement of Corporate Value

Thus far, the Group has proactively invested in human resource development under the basic principle that "there is no excessive investment in human resource development." We will never cease to follow the principle, and contribute to realization of Well-Being of all employees of the Group by investing in humans as a capital more proactively than before, while making the practice of human capital management a major pillar in the new medium-term plan. We believe that Well-Being refers to a physically, mentally, and socially favorable state, or more simply put, a "happy" state. Accordingly, we intend to enhance our corporate value by realizing a virtuous cycle in which employees' "happiness" results in increased value generated by employees.



Improvement of Earning Power through Structural Reform of "Sales × Human Resources"

At the start of the new medium-term plan, we discussed the "desired future image in 10 years" and created the strategies from a perspective that makes a back-calculation from the "discontinuous future image." In order for the Group to continue to be "a corporate group that continues to create and provide new value," we believe that it is essential to improve our "earning power" as the key theme, and that it is necessary to carry out a bold structural reform of sales and human resources to realize this

To comprehensively evaluate initiatives of human resources divisions under the new medium-term plan, we use "employee engagement score" and "customer operating profit per employee" as the impact indicators. The "employee engagement score" is set as an indicator to measure the value improvement of humans, while the "customer operating profit per employee" is set as an indicator to measure the productivity of humans. We intend to create a resilient organization by promoting the structural reform of sales and human resources.

Toward "Career Autonomy"

In the personnel system revision in 2022, we have introduced a new concept of "career fields," and aim to realize "career autonomy" by encouraging employees to autonomously improve their abilities and skills in the fields that they have chosen. Establishing an organizational culture in which employees proactively choose their own career and grow autonomously is an essential element as a driver of the human resources structural reform that we are going to undertake.

We are committed to continuing to drive employees' Career Well-Being through the implementation of various measures and the evaluation and review of the status of penetration of such measures, such as strengthening of training for each career field and enhancement of an environment where employees can learn autonomously, thereby establishing an environment where human resources can demonstrate their abilities to the maximum extent possible by putting the right person in the right place or finding the right person for the right place through career autonomy.

For a Bright and Prosperous Future for the Region

Since I assumed the position of General Manager, I have made the most of the fact that I am a woman to foster an organizational climate that acknowledges the diverse range of individualities more than ever and deepens mutual understanding. In this way, I have aimed to achieve genuine participation of women and DE&I. As General Manager of the Human Resources Division, I am keenly aware that many students do not look at finding employment in the local area when I get involved in recruitment activities inside and outside of our prefecture.

The Group is a company that can exist thanks to the local community. Therefore, I would like to contribute to enhancement of the appeal of the local community by realizing DE&I in the Group and allowing the impact to spread in the local community as well.

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Human Capital Related



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					
	Core issue (theme)	Key action			
Human resource development policy	Human resource development (Co-creative human resources) (Specialists)	 Raising the level of human resource capabilities through the implementation of diverse means and measures such as training Providing diverse learning opportunities such as establishment and enhancement of an environment where employees can learn autonomously Increasing the number of holders of advanced qualifications through expansion of various encouraging systems and learning contents Improvement of IT literacy by promoting qualifications acquisition Allowing employees to acquire skills, knowledge, and experience required in each area and field by dispatching them to external parties 			
Hum	Securing and utilizing human resources (Recruiting, deployment, evaluation)	 Deploying motivated employees and realizing right person for the right place by, for example, expanding in-house recruitment systems Strengthening of mid-career recruitment (alumni, referrals, graduates with work experience within three years, etc.) 			
nvironment	Work style reforms	 Initiative for work style reforms –Smart Working Challenge– Review of the defined contribution (DC) limit amount and visualization of the retirement benefit plan Provision of financial seminars Raising the monetary incentives for the stock ownership plans and establishment of new monetary incentives for long-term holding Considering introducing a stock-based remuneration system and performance-based compensation system 			
ging the internal environment	DE&I	 Awareness raising for unconscious bias Improving training program of female candidates for managerial positions Strengthening of initiatives toward female health issues Establishment and strengthening of systems to support males to take childcare leave Job function development and recruitment activities toward promotion of employment of persons with disabilities 			
Policy for arrangi	Health management	 Strengthening of a system for Group-wide health management Subsidizing costs for health checkups Holding health seminars and events Encouraging participation in secondary checkups Implementation of health guidance and face-to-face guidance 			

Well-Being at the lyogin Group

Better work, better life.

Well-Belling Well	Out	put		Outcome
Investment amount of HR development (per employee training-related costs) Holders of advanced qualifications 579 - 750 or more Of which, corporation/individual/ship/ planning Of which, corporation/individual/ship/ planning Of which, technology/planning (digital business) Holders of information Technology Passport Number of employees dispatched for oxideral training, etc. Number of employees saigned through in-house recruitment system Number of mid-career hires 21 - 40 or more Number of mid-career hires 21 - 40 or more Overtime work hours 4.7 hours - 5 hours or less Paid leave utilization rate 88.2% - 90% or more Utilization rate of corporation DC Employee stock ownership participation rate 88.2% - 90% or more Precreatage of females with managerial positions Difference in average years of service of female and male employees Acquisition rate of childcare leave of men 103.1% - 100% or more Employment rate of persons with disabilities Customer operating profit per employee Fiscal 2023-end Fiscal 2026-end \$4.4 million \$4.5.6 million \$4.5.6 million \$4.4 million \$4.5.6 million \$4.4 million \$4.5.6 million \$4.4 million \$4.5.6 million \$4.4 million \$4.4 million \$4.5.6 million \$4.4 mil	Key result indicator (KPIs)	Fiscal 2023-end → Fiscal 20		Impact indicator
Of which, corporation/individual/ship/ planning Of which, market Of which, technology/planning (digital business) Holders of Information Technology Passport Number of employees dispatched for sternal training, etc. Number of employees assigned Router of mid-career hires 21 → 40 or more Povertime work hours Paid leave utilization rate 88.2% → 90% or more Porcentage of females with managerial positions 19.0% → 23% or more Precentage of females with managerial positions 19.0% → 23% or more Precentage of females with managerial positions 19.0% → 23% or more 103.1% → 100% or more Precentage of females with managerial positions 19.0% → 27% or more 103.1% → 100% or more 2.20% → 2.70% or more 3.50% → 33.5% or less 2.20% → 2.70% or more 2.20% → 2.70% or more 3.50% → 33.5% or less 2.20% → 2.70% or more 2.20% → 2.70% or more 3.50% → 33.5% or less 3.50% → 1.1 days or less 3.50% → 1.1 days or less	Investment amount of HR development (per employee training-related costs)	¥218,000 → ¥230,000	Well-Being	
Of which, corporation/individual/ship/ planning Of which, market Of which, market Of which, technology/planning (digital business) Holders of Information Technology Passport Number of employees dispatched for external training, etc. Number of employees assigned through in-house recruitment system Number of mid-career hires Overtime work hours 4.7 hours → 5 hours or less Paid leave utilization rate 80.6% → 80% or more Percentage of females with managerial positions Difference in average years of service of female and male employees Acquisition rate of persons with Difference in average years of service of female and male employees Employment rate of persons with 2.20% → 2.70% or more Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Employment indicator (absenteeism) 1.4 days → 1.1 days or less Employment indicator (absenteeism)	Holders of advanced qualifications	579 → 750 c	or more	
Of which, technology/planning (digital business) Holders of Information Technology Passport Number of employees dispatched for external training, etc. Number of employees assigned through in-house recruitment system Number of indicareer hires 21 - 40 or more Number of mid-career hires 21 - 40 or more Overtime work hours 4.7 hours - 5 hours or less Paid leave utilization rate 80.6% - 80% or more Employee stock ownership participation rate 88.2% - 90% or more Employees tock ownership participation rate 19.0% - 23% or more Physical positions 19.0% - 23% or more Too more Too more To more Community Improving productivity of employees Customer operating profit per employee Fiscal 2023-end Fiscal 2026-end Fiscal 2026-end Fiscal 2023-end Fiscal 2026-end Fi	Of which, corporation/individual/ship/ planning	469 → 600 c	or more Career	Employee engagement
Community Comm	Of which, market			Fiscal 2023-end Fiscal 2026-end
Passport Number of employees dispatched for external training, etc. Number of employees assigned 8 → 30 or more Athrough in-house recruitment system Number of mid-career hires 21 → 40 or more 22 → 5 hours or less Paid leave utilization rate 80.6% → 80% or more 23 → 90% or more 24.7 hours → 5 hours or less 25 → 90% or more 26 → 80% or more 27 → 77% or more 27 → 77% or more 28 → 77% or more 29 → 77% or more 20 → 77% or more 20 → 77% or more 21 → 40 or more 22 → 40 or more 33 → 75 or less 24 → 40 or more 47 → 40 or more 48 → 80% or more 48 → 80% or more 49 → 100% or more 40 → 77% or more 40 → 77% or more 41 → 40 → 77% or more 42 → 100% or more 43 → 75 or less 44 → 75 or less 45 → 75 or less 46 → 75 or less 47 → 75 or less 48 → 30 or more 47 → 100% or more 48 → 11 → 75 or less 48 → 30 or more 49 → 11 → 100% or more 40 → 100% or more 40 → 100% or more 41 → 100% or more 41 → 100% or more 42 → 100% or more 43 → 100% or more 44 → 100% or more 44 → 100% or more 45 → 100% or more 46 → 100% or more Community 50 ← 100	Of which, technology/planning (digital business)	27 → 50 c	or more	70 🥒 72
Number of employees assigned through in-house recruitment system Number of mid-career hires 21 → 40 or more 21 → 40 or more 21 → 40 or more 30 or more 4.7 hours → 5 hours or less 21 → 80% or more 22 butilization rate of corporation DC 23 butilization rate of corporation DC 24 butilization rate of corporation DC 25 butilization rate of corporation DC 26 butilization rate of corporation DC 27 butilization rate of corporation DC 28 butilization rate of corporation DC 20 butilization rate of corporation DC 21 butilization rate of corporation DC 22 butilization rate of corporation DC 23 butilization rate of corporation DC 23 butilization rate of corporation DC 24 butilization rate of corporation DC 25 butilization rate of corporation DC 26 butilization rate of corporation DC 27 butilization rate of corporation DC 28 butilization rate of corporation DC 29 butilization rate of corporation DC 20 butilization rate of corporation DC 21 butilization rate of corporation DC 22 butilization rate of corporation DC 22 butilization rate of corporation DC 23 butilization rate of corporation DC 21 butilization rate of corporation DC 22 butilization rate of corporation DC 22 butilization rate of corporation DC 23 butilization rate of corporation DC 24 butilization rate of corporation DC 25 butilization rate of corporation DC 26 butilization rate of corporation PC 27 butilization rate of corporation PC 28 butilization rate of corporation PC 29 butilization rate of corporation PC 20 butilization rate of corporation PC 20 butilization rate of corporation PC 27	Holders of Information Technology Passport	778 → 1,000 d	or more Social	
Acquisition rate of childcare leave of men loss of female and male employees and male employees of female and male employees of fem	Number of employees dispatched for external training, etc.	142 → 150 c	or more	LID
Overtime work hours 4.7 hours → 5 hours or less 80.6% → 80% or more 85.8% → 80% or more Employee stock ownership participation rate Percentage of females with managerial positions Difference in average years of service of female and male employees Acquisition rate of childcare leave of men Employment rate of persons with disabilities Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Emotional indicator (stress checks) 81 → 75 or less Employment indicator (absenteeism) Financial	Number of employees assigned through in-house recruitment system	8 → 30 0	or more	HK
Overtime work hours 4.7 hours → 5 hours or less 80.6% → 80% or more 85.8% → 80% or more 85.8% → 80% or more 88.2% → 90% or more Percentage of females with managerial positions Difference in average years of service of female and male employees Acquisition rate of childcare leave of men 103.1% → 100% or more 2.20% → 2.70% or more Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Employment indicator (stress checks) 81 → 75 or less Employment indicator (absenteeism) 4.7 hours → 5 hours or less 80% or more 82.3% → 80% or more 83.8% → 80% or more 83.8% → 90% or more 75.0% → 77% or more 103.1% → 100% or more 2.20% → 2.70% or more Community Community Fiscal 2023-end Fiscal 2026-end years of service of employees Fiscal 2023-end Fiscal 2026-end years of service of employees Fiscal 2023-end Fiscal 2026-end years of service of employee Fiscal 2023-end Fiscal 2026-end years of service of employee of employees Fiscal 2023-end Fiscal 2026-end years of explosion of employee of employee of employee Fiscal 2023-end Fiscal 2026-end years of explosion of employee of employee of employees Fiscal 2023-end Fiscal 2026-end years of explosion of employee of employee of employee of employee of employees Fiscal 2023-end Fiscal 2026-end years of explosion of employees of employees of employees Fiscal 2023-end Fiscal 2026-end years of employees of employee	Number of mid-career hires	21 → 40 €		
Utilization rate of corporation DC Employee stock ownership participation rate Percentage of females with managerial positions Difference in average years of service of female and male employees Acquisition rate of childcare leave of men Employment rate of persons with disabilities Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Employment indicator (absenteeism) 85.8% → 80% or more 90% or more 75.0% → 77% or more 19.0% → 77% or more 103.1% → 100% or more 2.20% → 2.70% or more 2.20% → 2.70% or more 35.0% → 33.5% or less 1.4 days → 1.1 days or less Employment indicator (absenteeism)	Overtime work hours	4.7 hours → 5 hours		
Employee stock ownership participation rate 88.2% → 90% or more Percentage of females with managerial positions Difference in average years of service of female and male employees Acquisition rate of childcare leave of men Employment rate of persons with disabilities Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Emotional indicator (stress checks) 81 → 75 or less Employment indicator (absenteeism) 88.2% → 90% or more Physical Physical Physical Improving productivity of employees Customer operating profit per employee Fiscal 2023-end Fiscal 2026-end ¥4.4 million ¥5.6 million	Paid leave utilization rate	80.6% → 80% o	or more	
Percentage of females with managerial positions Difference in average years of service of female and male employees Acquisition rate of childcare leave of men Employment rate of persons with disabilities Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Emotional indicator (absenteeism) 19.0% → 23% or more 75.0% → 77% or more 103.1% → 100% or more 2.20% → 2.70% or more Community Community Improving productivity of employees Customer operating profit per employee Fiscal 2023-end Fiscal 2026-end ¥4.4 million ¥5.6 million 1.4 days → 1.1 days or less Employment indicator (absenteeism)	Utilization rate of corporation DC	85.8% → 80% 6	or more	Sales
managerial positions Difference in average years of service of female and male employees Acquisition rate of childcare leave of men Employment rate of persons with disabilities Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Emotional indicator (stress checks) Employment indicator (absenteeism) 19.0% → 23% of more 75.0% → 77% or more 103.1% → 100% or more 2.20% → 2.70% or more 2.20% → 2.70% or more 35.0% → 33.5% or less To or less 1.4 days → 1.1 days or less 1.4 days → 1.1 days or less	Employee stock ownership participation rate	88.2% → 90% c	or more Physical	
of female and male employees Acquisition rate of childcare leave of men Employment rate of persons with disabilities Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Employment indicator (stress checks) Employment indicator (absenteeism) 73.0% → 77% of more 103.1% → 100% or more 2.20% → 2.70% or more 2.20% → 2.70% or more 35.0% → 33.5% or less Fiscal 2023-end Fiscal 2026-end ¥4.4 million ¥5.6 million 1.4 days → 1.1 days or less	Percentage of females with managerial positions	19.0% → 23% (or more	
Employment rate of persons with disabilities 2.20% → 2.70% or more 2.20% → 2.70% or more Customer operating profit per employee Fiscal 2023-end Fiscal 2026-end Fiscal 202	Difference in average years of service of female and male employees	75.0% → 77% 6	or more	
Employment rate of persons with 2.20% → 2.70% or more 2.20% → 2.70% or more 2.20% → 2.70% or more Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Emotional indicator (stress checks) 81 → 75 or less Employment indicator (absenteeism) 2.20% → 2.70% or more Fiscal 2023-end Fiscal 2026-end ¥4.4 million ¥5.6 million 1.4 days → 1.1 days or less	Acquisition rate of childcare leave of men	103.1% → 100% o	or more	
Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level) Emotional indicator (stress checks) 81 → 75 or less Employment indicator (absenteeism) 1.4 days → 1.1 days or less	Employment rate of persons with disabilities	2.20% → 2.70% o	or more Community	profit per employee
Employment indicator (absenteeism) 1.4 days → 1.1 days or less	Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level)	35.0% → 33.5%	5 or less	
	Emotional indicator (stress checks)	81 → 75	5 or less	
Employment indicator (presenteeism) 22% → 15% or less	Employment indicator (absenteeism)	1.4 days → 1.1 days	s or less	
	Employment indicator (presenteeism)	22% → 15 %	or less	

Human Capital Related



Resilience Strategy -Resilience-

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.

Human Resource Development (Co-creative Human Resources and Specialists)

We have been working on initiatives toward human resource development based on the philosophy and organizational culture that "there is no excessive investment in human resource development."

KPls	Additional notes	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2026 targets
Investment amount of HR development	Per employee training-related costs*1	¥174,000	¥200,000	¥189,000	¥218,000	¥230,000 or more

*1 Only applicable to employees of Iyo 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; excluding training and seminars voluntarily attended by employees)

Items to be assessed	Additional notes	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results
Hours of HR development training	Per employee training hours*2	46.3 hours	56.1 hours	52.6 hours	44.0 hours

*2 Only applicable to employees of Ivo 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; excluding training and seminars voluntarily attended by employees)

Co-creative Human Resources with Advanced Expertise (Improving Base Skills)

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 each and every employee 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 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.

KPIs	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2026 targets
olders of Information Technology assport	420	540	674	778	1,000 or more
umber of employees dispatched for kternal training, etc.	36	98	112	142	150 or more

Items to be assessed	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2026 targets
Number of participants in the Digital Business Basic Training	24	80	140	180 (cumulative since fiscal 2024)

Create an environment where employees can learn at anytime, anywhere to support "autonomous learning"

A new function "ELTMAP" was added to the home learning support system (I-Campus) which we have utilized as an external e-learning system. This function has improved searchability, operability, and listability, which have been issues to date, and allowed us to implement effective video learning.

In addition, we have introduced an online learning platform (Udemy Business) and subsidized a part of learning fees to support employees who work on "autonomous learning."

We will continue to build an environment where employee can learn anytime, anywhere.



Specialists by Fields (Improving Special Skills)

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, 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.

KPIs	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2026 targets
Holders of advanced qualifications	466	504	540	579	750 or more
Of which, corporation/individual/ship/planning*1	377	409	434	469	600 or more
Of which, market*2	74	79	83	83	100 or more
Of which, technology/planning (digital business)*3	15	16	23	27	50 or more

*1 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)

*2 Number of employees with "advanced qualifications" of securities analysts and Certified International Investment Analysts
*3 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

Items to be assessed	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2026 targets
Number of participants in the Digital Business Practical Training* ⁴	40	34	45 (cumulative since fiscal 2024)

*4 Commenced training sessions since fiscal 2022

Securing and Utilizing Human Resources (Recruiting, Deployment, and Evaluation) Career

We strive to realize deployment of motivated employees and right person for the right place by expanding in-house recruitment systems under which employees raise their hands and take on the challenge of being assigned to the department of their choice, and at the same time, foster an organizational culture where autonomous career formation, etc. is supported and employees undertake initiatives independently.

Furthermore, in 2022, we not only established a new professional course but also founded systems for re-employment of retirees (come-back hiring) and referral hiring. By so doing, we are strengthening mid-career recruitment of the Group as a whole to reinforce our consulting capabilities and expand business fields.

KPIs	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2026 targets
Number of employees assigned through in-house recruitment system	22	18	13	8	30 or more
Number of mid-career hires	14	12	12	21	40 or more

Number of mid-career hires in fiscal 2023	21
System engineers	9
Bank branches	5
Securities business	2
Real estate-related	2
Property and casualty insurance	1
First-class architect	1
PE fund	1

Of which.



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Human Capital Related



Resilience Strategy -Resilience-







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

Community Physical

Arranging a Workplace Environment Providing "Comfort" and "Job Satisfaction"

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 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."







Realization of Financial Well-Being for Employees

Financial

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 strengthening efforts to support employees' asset formation.

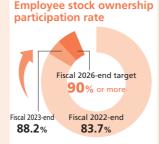
In fiscal 2023, we revised the matching contribution-type defined contribution (DC) plan to a salary selection-type plan and took other measures to enhance options for employees, which resulted in the DC **Employee stock ownership** utilization rate (investment trust allocation rate) at the end of fiscal 2023 came to 85.8%

(up 8.3% as compared with the end of the previous fiscal year). In addition, in fiscal 2024, we raised the base salary for two consecutive years in light of the social circumstances including rising prices, and also made human capital investment such as the enhancement of the employee stock ownership plan and the introduction of a restricted share incentive plan for the employees stock ownership (stock ownership RS).

- Raising monetary incentives (from 5% to 10%)
- for long-term holding (10% at maximum)

ntroduction of the stock ownership RS

Granting restricted shares (RS) of the Company to employees in the managerial and professional



DE&I (Diversity, Equity, and Inclusion)

Arranging the Environment Where Everybody Can Actively Work Regardless of Age, Gender, etc.

lyogin Group's Commitment to DE&

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.

Diversity

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.

Equity

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.

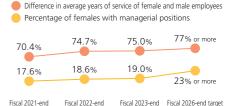
nclusion

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.

Actively Promoting Women's Participation

In the Group's workplaces, more than half of officers and employees are female, and we are working to promote women's participation as a major pillar of our DE&I promotion. Based on the recognition that it is important to encourage men's active participation in child rearing in order to be a company where women can work comfortably, 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 Iyo 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

lyogin 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 crafts.



Revised the Personnel System in Fiscal 2024 to Further Promote Work Style Reforms and DE&I

- Extended flexible working hour system eligibility to re-hired employees after mandatory retirement to provide opportunities for more active participation by senior employees
- Established a new "Life Course Support Leave System" which allows employees to take leave due to such reasons as transfer of spouse, fertility treatment, and gender-affirming surgery
- Added family members in relationships such as common-law marriage or same-sex partnerships to the scope of "spouse," "children" and "marriage" for various wage and leave systems

Health Management

Physical

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, lyo Bank has been certified as one of the top enterprises (large enterprise category) in the "Certified Health & Productivity Management Outstanding Organizations Recognition Program."

Ite	ms to be assessed	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results
	Sleep	23.4%	24.3%	23.6%	25.3%
	Meals	15.5%	16.9%	17.7%	18.6%
Incompany and in	Regular exercise	76.6%	75.3%	74.9%	74.5%
Improvement in lifestyle habits	Drinking	3.5%	3.1%	3.3%	3.3%
mestyle nabits	Health guidance implementation rate	100%	95.0%	98.2%	97.4%
	Specific health guidance implementation rate	31.4%	35.2%	35.5%	52.6%
	Rate of participation in walking events	22.2%	17.5%	14.6%	12.1%
	Participation rate of periodic health checkups	100%	100%	100%	100%
	Participation rate of medical examination	62.3%	65.8%	70.0%	72.5%
Improving	Participation rate of detailed examinations	80.6%	79.3%	78.4%	77.4%
participation rates of	Response rate of stress checks	94.0%	94.7%	95.4%	95.7%
various checkups	Ratio of high-stress individuals	5.4%	5.1%	5.6%	5.5%
	Response rate of wevox	_	65.1%	70.7%	69.3%
	Ratio of wevox responses viewed by supervisors	_	49.2%	53.7%	59.5%
Prevention of	Number of employees who worked overtime for more than 70 hours	34	18	23	28
occupational accidents	Health and face-to-face guidance implementation rate	100%	100%	100%	100%

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BPR/IT Related



Upgrade Strategy -Upgrade-

"Upgrade" infrastructure, mechanisms, etc. to higher levels by further promoting BPR, improving face-to-face and non-face-to-face channels, and constructing a next-generation core system

Recognized environment

Since the Fiscal 2015 Medium-Term Management Plan, we have positioned the productivity improvement as a key issue, and worked to advance human resource development through aggressive digital adoption and reskilling and promote optimization of IT investments through enhancement of IT governance.

Taking into account the workforce shortage that is becoming apparent and the long-term trend of rising costs, we believe that it is necessary to address various issues in the future by, for example, refining collaboration among Group companies following the shift to a holding company structure and sophisticating various BPR measures.

Strengths and opportunities

- Up-front aggressive digital adoption
- Development of diverse human resources with expertise
- Increased public and private-sector investments toward digitalization

Weaknesses and threats

- Workforce shortage that is becoming apparent
- Insufficient collaboration among Group companies
- Long-term trend of rising costs

Ideal state

We are working to create structure that supports business activities originating from materiality in crossorganizational manner by generating management resources through improvement of productivity of entire Group, which will be achieved by further refining various BPR measures we have worked on so far and horizontally applying knowledge accumulated by Iyo Bank to the Group.

Moreover, we will continue working to develop and improve data utilization system and enhance IT governance, in addition to construction of safe, stable, and secure next-generation core system.

Items	Fiscal 2026 targets
Reduction in administrative workload [staff members in charge of operations] at Iyo Bank branches	-65% (as compared with fiscal 2017-end)
Reduction in administrative workload [staff members in charge of loans] at Iyo Bank branches	-30% (as compared with fiscal 2019-end)
Reduction in working hours at Iyo Bank headquarters/Group companies	-300 thousand hours (as compared with December 31, 2017)
CO ₂ emission reduction (Scope 1 and 2)*	-6,800 t (as compared with fiscal 2013)
*Common targets with Channel Related	

Common targets with Charmer Related

Priority items

- Reconstructing a framework in response to updates, upgrades, or other changes in each system and deepening various BPR measures
- Improving productivity of the entire Group by minimizing routine and clerical work and shifting to paperless operations
- Developing data utilization system/enhancing IT governance/expanding system-development resources
- Utilizing new technologies such as generative AI and implementing work style reforms with an eye on relocation to the new head office building

Initiatives at Iyo Bank Branches

In addition to the new bank branch system that went into full operation in 2023, we are promoting updates and upgrades of various systems. By reconstructing a framework according to such changes and utilization of new functions, we aim to further accelerate the simplification of administrative work and the headquarters-centralized framework.

Moreover, we will go one step further to reduce the administrative workload by refining and firmly establishing the frameworks of "cashless processing," "digitization/simplification of administrative workflow," and "headquarters-centralized" which we have established thus far.

Initiatives at Bank Headquarters/Group Companies Other Than the Bank

We will work on the inventory-taking and fundamental review of headquarters operations without any exceptions, and strive to reduce headquarters operation volume by 300 thousand hours per year through the increased use of new digital technologies such as generative AI.

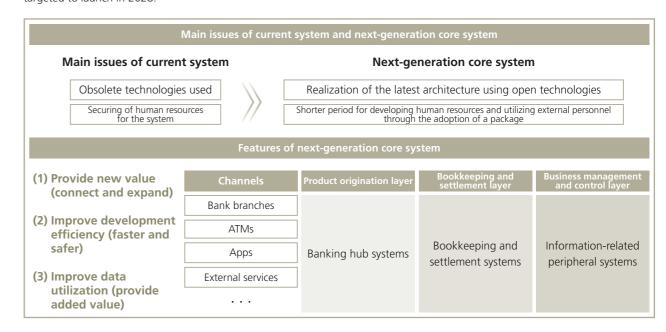
In addition, we will seek to improve productivity of the entire Group by horizontally applying various BPR measures, and aim to realize new work style by implementing work style reform-related measures, taking relocation to the new head office building as an important opportunity.

Utilizing New Technologies, etc.

We see generative AI as a new technology that drives operational efficiency and productivity improvement, and are promoting the use of it. Iyo Bank has fully introduced generative AI for headquarters employees in July 2024 after implementing it for six months as demonstration experiment, and other Group companies are also currently considering how to make use of it.

Building the Next-generation Core System

We have reached a basic agreement with Hitachi, Ltd. about the building of a next-generation core system based on "OpenStage," which is the open core banking package offered by Hitachi, Ltd., and are working on a project with its operation targeted to launch in 2028.



Channel Related



Upgrade Strategy -Upgrade-

Recognized environment

Since the Fiscal 2015 Medium-Term Management Plan, we have aimed to diversify customer touch points and thus promoted rebuilding of channels, mainly branches.

The environment surrounding the Company has changed drastically, including changes in the social structure such as the shrinking population and the aging population with low birthrate, on top of diversification of lifestyles after the spread of COVID-19. As such, we believe it necessary in the future to review and sophisticate our channels to meet the needs of each and every customer.

Strengths and opportunities

- Wide-area branch network in the Setouchi region
- Organizational restructuring in step with the reconstruction of the head office building
- Aggressive digital adoption

Weaknesses and threats

- Workforce shortage that is becoming apparent
- Shrinking local economies due to declining population and a decrease in the number of business offices

Ideal state

Under the new Medium-Term Management Plan, we will expand various digital services (non-face-to-face channels) including "AGENT," which is a banking app themed "Iyo Bank on Your Palm," and at the same time, promote review of deployment and functions of branches (face-to-face channels) based on local characteristics. By so doing, we will enhance and optimize the touch points to connect with our customers.

Items	Fiscal 2026 targets
Number of branches with changed functions or deployment	Cumulative number of 20 branches
Number of customers contacted*1	359 thousand persons (fiscal 2026-end)
CO ₂ emission reduction (Scope 1 and 2)*2	-6,800 t (as compared with fiscal 2013)

^{*1} Number of persons contacted (1) through customers' branch visits, (2) through our customer visits, (3) by phones, (4) via personal internet banking, (5) via AGENT

Priority items

- Optimization of branch deployment and functions in line with lifestyles and needs of customers
- Effective use of the property owned (branches) to create community liveliness
- Consolidation and sophistication of non-face-to-face channel divisions by newly establishing a contact center
- Establishing a non-face-to-face loan consultation system by newly establishing a business support desk (tentative
- Improving and promoting "AGENT," a banking app for individuals
- Improving and promoting "Iyogin Business Portal," a non-face-to-face channel for corporations

Real (Face-to-face)

Since the Fiscal 2015 Medium-Term Management Plan, we have been reviewing our branch network and operation structure taking into consideration the declines in the population and the number of offices in the areas where branches operate. We will continue reviewing deployment and functions of branches according to local characteristics, such as shift of functions to "Iyogin SMART" which is branches without an accounting system in place and are open every other day, and "lyogin SMARTplus" which is branches specialized in transaction processing with limited operations accepted, with the aim of optimizing touch points.

In addition, we will also promote creation of community liveliness and effective use of branch property by considering how we can generate profits at the time of branch reconstruction and utilizing unused space of existing branches.

Hybrid

We combine real (face-to-face) and digital (non-face-to-face) operations and provide services through channels that suit best to each customer such as accepting consultation via telephone, chat, and online interview, thereby working to improve CX.

Moreover, we will consolidate the bases of manned non-face-to-face channels divisions within the headquarters at the time of the reconstruction of a new head office building to strive for productivity improvement, and work on initiatives to maintain and enhance customer contact points through strengthening of consulting functions and approaches to mass retail customers.

Digital (Non-face-to-face)

We are working to further improve convenience by continuously adding and improving functions to "AGENT," a banking app for individuals that provides functions for various banking procedures and "lyogin Business Portal" for corporations.

"AGENT," in particular, aims to realize "customer-friendly digital technology" from a customers' viewpoint, and has been developed as a service which enables "connection from anywhere" and "procedures on customers' palm."

Customers can complete various banking procedures such as opening an account by themselves. In addition, customers can connect with our employees through video call, who will enter the necessary information on customers' behalf based on conversation, so that customers with disabilities, those who have difficulty in visiting a branch, and those who are not familiar with smartphone, can complete procedures with peace of mind.

Moreover, the app is equipped with more than 30 functions for banking procedures, and the number of functions will increase in the future. We aim to achieve a ratio of 50% or more* of procedures performed through the app to those performed over the counter. Furthermore, we will strive to enhance customer contact points by strengthening interactive communications utilizing chat functions, etc.

*Number of cases in which the app is used / (Number of cases in which customers' visits are accepted through tablets + Number of cases in which the app is used)

Branches that have in-house rental space for third parties



<Nagova Branch> Completed in June 2024



<Fukuoka Branch> Completed in July 2024

Digital services







*Comprehensive website for business operators

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^{*2} Common targets with BPR/IT Related

Response to Climate Change:

Initiatives for TCFD Recommendations

In February 2021, Iyo 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, the Group will strengthen information disclosure related to climate change as shown below, based on the framework of the 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.

With "climate change and environmental burdens" defined as one of our materiality items, the Group will contribute to preserving the rich global environment and natural capital by conducting environmentally conscious business activities and supporting customers' responses to climate change and decarbonization efforts in both financial and non-financial aspects.



▲ Environmental Policy

<Structure>

While being a risk to the Group, 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, the risk management divisions, etc.

Matters to be discussed are submitted and reported to the Group Sustainability Committee chaired by the President. 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.



▲ Management System

2 Strategies

<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. It is required to take measures for both direct impacts on the Group'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. The "electricity and gas" and the "ocean transport" sectors have been selected as the target sectors 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 portfolio (credit amount).

Physical Risks

Assumed physical risks include an increase in our 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 our head office, branches, and other holdings, and increases in costs arising from countermeasures and restoration are assumed.

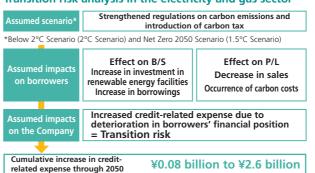
<Scenario Analysis>

Transition Risks

In relation to transition risks, for our 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.

We also added the "ocean transport" sector to the list of sectors subject to analysis and analyzed transition risks associated with a shift to ships designed with environmental initiative in mind. Analysis results indicate that a shift to ships designed with environmental initiative in mind will have no adverse impact on the financial positions of ship owners, and our current recognition is that there will be no increase in credit-related expense for the sector.

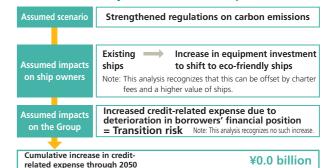
Transition risk analysis in the electricity and gas sector



Physical Risks

In relation to physical risks, for our 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 Intergovernmental Panel on Climate Change (IPCC).

Transition risk analysis in the ocean transport sector



Physical risk analysis



<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 "47.3%" (as of the end of fiscal 2023). For your information, the ratio of the "energy" sector to loans, etc. was "4.0%" (as of the end of fiscal 2023).

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," and "agriculture, food and forestry products" sectors.

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 Group's business activities, financial positions, etc. Going forward, we will comprehend and analyze impacts related to these 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



Investments

Policies on investments and loans by sector

Sector	Policy
Coal-fired power generation business	Compared to other power generation methods, 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 established items about environmental consideration (business status in consideration of management conscious of climate change and environment) as assessment items in the "business feasibility assessment," into which we have put efforts.

Benchmark and Targets

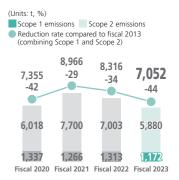
As targets related to climate change, the Group has set targets for the reduction in its own CO2 emissions and for sustainable finance for customers.

<CO₂ emission reduction targets and results>

Reduction targets: By fiscal 2026, reducing the Group's CO₂ emissions by 50% compared to the level in fiscal 2013 Reducing the Group's CO₂ emissions to net zero by fiscal 2030

Results of emissions and reduction (Iyo Bank)

	Fiscal 2013	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Scope 1 (Direct emission)	_	1,337 t	1,266 t	1,313 t	1,172 t
Scope 2 (Indirect emission)	_	6,018 t	7,700 t	7,003 t	5,880 t
Total	12,592 t	7,355 t	8,966 t	8,316 t	7,052 t
Results of reduction (compared to fiscal 2013)	_	(41.6)%	(28.8)%	(34.0)%	(44.0)%



Calculation of Scope 3 (Iyo Bank)

Scope 3	Fiscal 2013	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023
Business travel (Category 6)	_	225 t	189 t	308 t	396 t
Employee commuting (Category 7)	_	1,351 t	1,319 t	1,296 t	1,282 t
Investments (Category 15)	_	_	_	_	15,078,286 t

Status of Response to Scope 3, Category 15 (Investments)

For the calculation of CO₂ emissions (financed emissions) of the investee portfolio classified into Category 15 (Investments) of Scope 3, we obtained estimations by the top-down approach using the formula below. Going forward, we will analyze the calculation results and consider efforts for such purposes as sophisticating the calculation method and setting reduction targets.

Formula (for the calculation of the total for each of our business investees)

Investee's sales × Emissions coefficient by industry (set by the Ministry of the Environment) × Amount of our investment to the investee / (Investee's total liabilities + Investee's total net assets)

For investees with negative net assets, we used (Investee's total liabilities + Investee's capital) instead of (Investee's total liabilities + Investee's total net assets).

Roadmap to Decarbonization

We have charted a roadmap to decarbonization to ensure methodical reduction of emissions from our operations and emissions through our investments.



▲ Roadmap

<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

Cumulated transaction amount through the end of fiscal 2023: ¥446.2 billion (including ¥281.6 billion in the environmental area)

CSR Initiatives

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
lyo Bank Evergreen Forest in Ozu	6.58ha
lyo Bank Evergreen Forest in Toon	25.83ha
lyo Bank Evergreen Forest in Toyo	6.37ha
lyo Bank Evergreen Forest in Matsuyama	1.69ha





- Activities to foster forests by the Group's officers, employees, and their families (volunteer)
- Planting approx. 3,250 trees in total (contributing to approx. 85 t increase in carbon sink)
- Periodical weeding Holding forest school
- Donation to forest creation activities, etc. (¥1 million every fiscal year)
- Disseminating information on details of activities

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. ¥73 million to 206 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				



Uwajima SDGs Social Education Corporation a grantee in fiscal 2023

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. By the end of fiscal 2023, 96 companies and groups have joined the society, and approx. 55,000 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.







to visit the website.

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 over 45 years.

Granting scholarships to high school students in single or no parent families (A total of ¥538 million to 1,037 students

Employment subsidies for children living in child welfare institutions, etc. (A total of ¥29 million to 1,653 students)

Iyo Bank Social Welfare Fund

Donation of social welfare equipmen to social welfare institutions, etc. (A total of ¥192 million to 385 institutions Donation of subsidies for buying books to high schools, etc. (¥0.67 million every year to 16 schools)

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 traditional culture specific to each area.

In 2018, we started to provide special subsidies to organizations affected by the heavy rain in July 2018, and the total subsidies so far amounted to ¥258 million for 1,335 organizations.



Tennis Club/Women's Softball Club

Our tennis club aims to become a champion in the Tennis Japan league, Japan's top tennis league for competition among corporate teams. The team mainly consists of amateur players, unlike many professional teams in the league. To compete against them, club members are training as hard as professional players both in terms of quality and quantity and participating in many tournaments, including international

Our women's softball club, Iyo Bank Vertz, belongs to JD.LEAGUE, the top league for women's softball in the world, and seeks to advance to post-season.

In addition to playing in the leagues, both clubs work to improve regional competitive abilities in sport by holding sports classes for children with major players who are active in domestic top leagues, and promote regional advancement and revitalization through sports by participating in a local event called "Matsuyama Baseball-Dance Festival" and various volunteer activities.



Financial Education Class

Since 2007, Iyo Bank has 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 2024, a total of approx. 22,000 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. Iyo Bank is committed to financial education of junior-high and high school students, in addition to the conventional program mainly targeting elementary school children. In an effort to enhance its financial education programs, the Bank added content for junior-high and high school students to its website in June 2024.

These programs are custom-built, ensuring that they can provide financial education tailored to the needs of participants. We have the capacity to offer wide-ranging programs, including a program on asset formation jointly developed with Shikoku Alliance Securities and a program to prevent financial troubles build in collaboration with companies in other sectors.

Iyo Bank's original financial education game, "Bank & Building Game," was upgraded in April 2024 to include local characteristics of the four prefectures in Shikoku, such as their industries and specialties, as part of collaboration under the framework of the Shikoku Alliance. The game is offered to help children develop their understanding of Shikoku, while learning finance with fun.









Website of Iyogin Financial Education Class

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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.

"Meaning of Existence"

Creating a bright and prosperous future for the region "Management Stance"

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

Rendering our best service with gratitude in our hearts

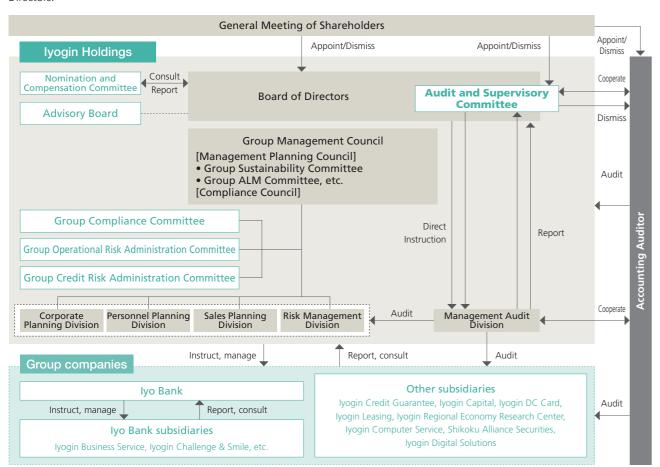
Corporate Governance Guideline
Please refer to our website.
(available in Japanese only)



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 lyo 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.

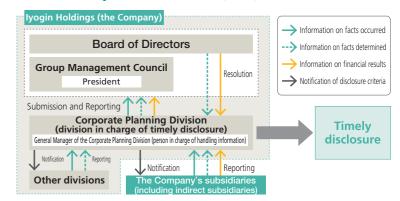


Timely Disclosure Structure

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 and 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	•	•	•	•	•		•	•	
Hirohisa Senba	Director and Managing Executive Officer	•	•		•	•	•	•		
Masamichi Ito	Director (Audit and Supervisory Committee Member)	•	•				•			
Keiji Joko	Director (Audit and Supervisory Committee Member) (Outside/Independent)	•		•	•		•			
Yoriko Noma	Director (Audit and Supervisory Committee Member) (Outside/Independent)				•					•
Takuji Tanaka	Director (Audit and Supervisory Committee Member) (Outside/Independent)	•	•	•	•	•			•	

- * 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.
- Nao 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), AJIS Co., Ltd.; Director (Audit & Supervisory Board Member) (Outside), AXIS Consulting Corporation; Director (Outside), Wellco Holdings Co., Ltd

Major agendas, matters discussed, etc. of the Board of Directors in fiscal 2023

- Identification of materiality and formulation of the Basic Policy on Sustainability
- Formulation of the Fiscal 2024 Medium-Term Management Plan
- Matters concerning policies for shareholder returns including dividend policy and purchase of treasury stock
- Disclosure concerning the Corporate Governance Code
- Discussion on the direction of quantitative targets for the reduction of cross-shareholdings and shareholder returns
- Revision of personnel systems and response to the spring wage negotiations
- Appointment of Directors and selection of Representative Directors at Group companies
- Appointment of new and promoted Directors, etc. at Group companies
- Audit and Supervisory Committee members for the next fiscal year
- Standards of Conduct expected of Directors and Executive Officers, successor planning, total compensation for Directors, revision of the compensation system for officers

Strong Management Foundation (Governance)

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four members: one full-time member and three Outside Directors. Those who have abundant knowledge and experience are selected as candidates for Directors serving as Audit and Supervisory Committee Members from various areas, such as corporate management, legal affairs, finance, risk management, and academic knowledge, in a well-

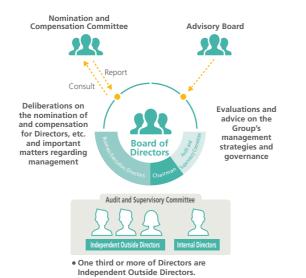
In accordance with the law, Articles of Incorporation, and Audit and Supervisory Committee Regulations, the Audit and Supervisory Committee provides a supervisory function together with the Board of Directors and the Chairman. The Committee also verifies the status of establishment and implementation of internal control systems through directions to the internal audit division and in cooperation with the accounting auditor, to audit the proper execution of duties by Directors, including in Group companies.

Nomination and Compensation Committee

We have established the Nomination and Compensation 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.



Appointment of female Directors

Enhancing audit and supervisory functions and revitalizing the Board of Directors

Reasons for Appointment of Outside Directors

List of Outside Directors

Outside Directors	Significant concurrent positions	Reasons for appointment
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 Company has appointed him as an Outside Director 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 Company 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.
Takuji Tanaka	_	Mr. Takuji Tanaka held important positions, including Director General of Kanto Local Finance Bureau and Executive Director for Japan of the International Monetary Fund (IMF), and has a wealth of experience, high-level insight, and advanced expertise in organizational management and overall international finance. For the reason above, the Company has appointed him as an Outside Director in the expectation that his appropriate supervision and instructive advice from the perspective of a stronger governance structure and international finance 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 Independent Officers

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 2023, 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 (currently the Nomination and Compensation Committee, a voluntary committee to deliberate on the nomination of and compensation 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. For creating survey questionnaires, we regularly hire external institutions.

The survey results were reported to the Board of Directors meeting held in April 2024 for analysis and evaluation. As an overall evaluation, we have confirmed that the Board of Directors functions well in general. Improvements have been made in areas such as discussions with awareness of capital efficiency and feedback of dialogue with investors to the Board of Directors, which were pointed out in the previous evaluation of the Board of Directors. However, we recognized room for further improvement in areas such as discussions in view of human capital management and the revitalization of discussions at Board of Directors meetings. We have also confirmed that the Management Deliberation Committee (currently the Nomination and Compensation Committee) functions well in general.

Based on the above results, we have decided to take action, such as improving the matters for deliberation toward the implementation of the management plan and allowing time for free discussion during Board of Directors meetings. 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 Compensation, Etc. by Segment of Director, and Total Amount of Compensation, Etc. by Type (Fiscal 2023)

Segment of Director	Number of persons	Total amou	Ratio of performance-			
segment of Director			Base pay	Performance-based compensation	Non-monetary compensation	based portion
Directors (excluding Directors serving as Audit and Supervisory Committee Members)	5 persons	104	63	14	26	18.1%
Directors (Audit and Supervisory Committee Members)	4 persons	42	42	_	_	_

Performance-based Compensation

We have established the Nomination and Compensation 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, and 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.

The compensation system for Directors (excluding Directors serving as Audit and Supervisory Committee Members) was revised in June 2024 by the Board of Directors after deliberation by the Nomination and Compensation Committee. Under the revised compensation system, compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) consists mainly of monetary compensation, which is comprised of fixed compensation and variable compensation, and non-monetary compensation

Variable compensation consists of a short-term incentive based on the Group's performance; dividend-based compensation linked to the dividends paid by the Company; process evaluation-based compensation, which is linked to the qualitative assessment of the effort that each Director (excluding Director serving as Audit and Supervisory Committee Member) has made to enhance corporate value; and ESG evaluation-based additions, which are linked to the ESG evaluation indicator determined through third-party surveys.

Internal Audit Structure

The Group has established the Management Audit Division, which is responsible for internal audits and independent of audited divisions. The Management Audit Division performs internal audits under the direction of the Audit and Supervisory Committee and the President, in accordance with the Internal Audit Regulations and the Internal Audit Plans, both approved by the Board of Directors. During an internal audit, auditors verify and evaluate the internal control situation in all companies and divisions of the Group for adequacy and effectiveness, and present recommendations for improvement, as necessary. Internal audit results are reported to the Audit and Supervisory Committee, President, and Board of Directors every month.

To maintain and enhance the quality of internal audits, we receive third-party assessments and regularly perform self-evaluation. This demonstrates our commitment to continuously improving our internal audit system. To establish an internal audit system that can adapt to changes in internal and external environments and contribute to sustainability management, we make efforts such as conducting thematic audits focused on the management strategy or other topics, promoting the effective use of IT tools and data, and nurturing and securing specialized professionals, in accordance with a Medium-Term Internal Audit Plan approved by the Board of Directors.

^{*} 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 2ND ANNUAL GENERAL MEETING OF SHAREHOLDERS on our website. https://www.iyogin-hd.co.jp/english/

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

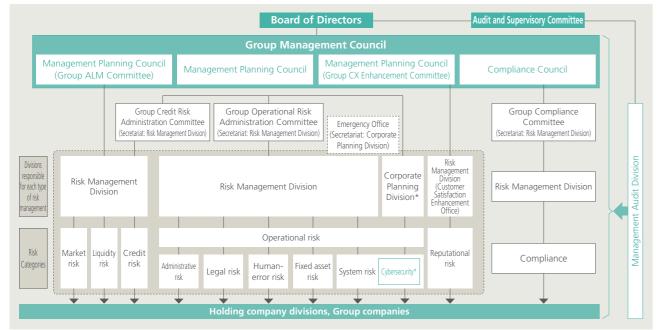
The Group's risk management framework has the following four main pillars: 1. legal observance under the Compliance Council; 2. managing revenue-generating risk assets under the Group ALM Committee; 3. risk management that focuses on curbing credit risk by the Group Credit Risk Administration Committee; 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.

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

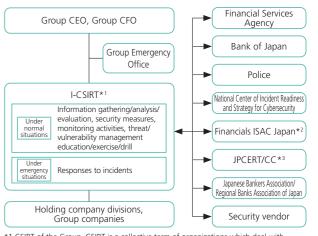
Risk Category

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
- *2 Organization which shares and analyzes information related to cybersecurity among
- *3 Organization which receives reports on domestic computer security incidents arising 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 CFO 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.

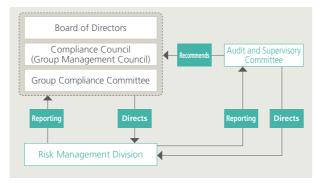
Strong Management Foundation (Governance)

Compliance Structure

To improve the compliance structure, we formulate a Group compliance program for each fiscal year.

The 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 implementing compliance and pursuing integrity as a means to complement it, lectures on compliance are held at all level-based workshops to allow employees to learn independently and autonomously, and compliance training sessions are also held at each workplace on a regular basis.



Integrity

The Group defines integrity as acting correctly in an autonomous way in accordance with social ethics, and recognizes it as an important concept complimenting compliance. With this awareness in mind, we strive to develop human resources and organizations committed to both integrity and compliance.

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. We also conduct a survey of all Group employees every fiscal year and use the results to improve the effectiveness of the system. The Group sincerely responds to reports from stakeholders, including customers and suppliers and thoroughly keep the secret and prohibit disadvantageous treatment.



Customer Protection (Management of customer protection, etc.)

In order to provide customers with a safe transaction environment and better convenience, we continuously verify and improve 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, Terrorism Funding, Proliferation Financing, and Other Violations of Sanctions

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

Establishment of Centralized Control Structure

With personnel and supervising divisions designated as responsible for countermeasures against money laundering, terrorism funding, proliferation financing, and other violations of sanctions, 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.

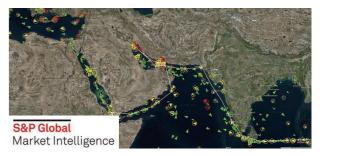
Measures for Overseas Loans

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.

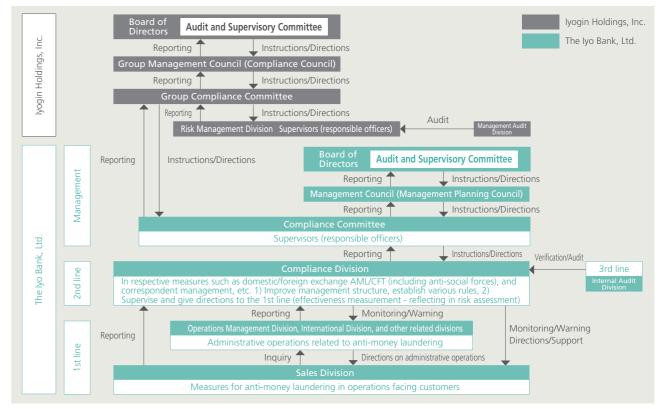
/ Transaction Filtering/Monitoring

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 has been appropriately operating it.



Organizational structure for anti-money laundering



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Strong Management Foundation (Governance) (as of June 27, 2024)

Directors



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

June 2007 Director, General Manager, the Human Resources Division, the Bank Director, General Manager, the Head Office, Business Department, June 2008 Managing Director, General Manager, the Branch Banking Group, Senior Managing Director (Representative Director), the Bank President (Representative Director), the Bank Chairman (Representative Director), the Bank Chairman, the Bank (current position)

October 2022 Chairman, the Company (current position)

Hiroshi Nagata **Director and Senior Managing Executive** Officer (Representative Director) (Concurrently Senior Managing ector, the Iyo Bank, Ltd.)

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



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

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



Hirohisa Senba **Director and Managing Executive** (Concurrently Managing Director, the Iyo Bank, Ltd.)

April 1988	Joined the Iyo Bank
June 2019	Executive Officer, General Manager, the Tokyo Branch; General
	Manager, the Financial Market Business Office, the Bank
June 2020	Managing Executive Officer, General Manager, the Tokyo Branch;
	General Manager, the Financial Market Business Office, the Bank
June 2021	Managing Director, General Manager, the Branch Banking Group
	the Bank
June 2022	Managing Director, General Manager, the Corporate Banking
	Group, the Bank
October 2022	Managing Executive Officer, the Company
June 2023	Managing Director, the Iyo Bank (current position)
June 2024	Director and Managing Executive Officer, the Company (current position)

Group Chief Officers	Scope of Duties
Group Chief Executive Officer (Group CEO)	Decisions on management strategies and execution of the entire Group
Group Chief Financial Officer (Group CFO)	Overseeing management strategies for the entire Group
Group Chief Operating Officer (Group COO)	Overseeing sales execution for the entire Group
Group Chief Information Officer (Group CIO)	Overseeing system and administrative operations for the entire Group

* 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 the business under their administrative jurisdiction in order to promote unified and strategic initiatives across the Group, thereby building an integrated Group management control structure. Group Chief Officers that have been assigned currently are listed on the left.

Directors Serving as Audit and Supervisory Committee Members



Masamichi Ito Director (Audit and Supervisory Committee Member

Executive Officer, General Manager, the Hiroshima Branch, the Bank Managing Executive Officer, General Manager, the Ship Finance June 2017 Division the Bank Managing Director, the Bank October 2022 Managing Executive Officer, the Company
June 2023 Director and Managing Executive Officer, the Company

Director (Audit and Supervisory Committee Member), the Company



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

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



Yoriko Noma Director (Audit and Supervisory Committee Member)

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 Director, Japan Intellectual Property Arbitration Center September 2020 Audit & Supervisory Board Member, AXIS Consulting Corporation

June 2021 Director (Audit and Supervisory Committee Member), the Iyo Bank June 2021 Auditor & Supervisory Board Member, AJIS Co., Ltd. (current position) September 2021 Director (Audit & Supervisory Board Member), AXIS Consulting

Corporation (current position)

January 2022 Director, Wellco Holdings Co., Ltd. (current position)

October 2022 Director (Audit and Supervisory Committee Member), the Company

(current position)



Takuji Tanaka Director (Audit and Supervisor) Committee Member)

September 2003 Secretary to Minister of Finance Visiting Professor, Hitotsubashi Graduate School for International Corporate Strategy Deputy Director-General for International Tax Policy, Tax Bureau, the Ministry of Finance Co-COO, Innovation Network Corporation of Japan Deputy Director-General for International Tax Policy, Tax Bureau, the Ministry of Finance Deputy Director-General (International Bureau, Minister's Secretariat), the Ministry of Finance; Head of Japanese delegation of FATF July 2017 Deputy Vice-Minister of Finance for International Affairs, the Ministry of Finance; Head of Japanese delegation of FATF Director General, Kanto Local Finance Bureau Executive Director for Japan, the International Monetary Fund (IMF) October 2022 Director, PCI Solutions INC. (current position) December 2022 Director, Rakuten Securities Holdings, Inc. (current position) March 2023 Member of Executive Committee, Japan Football Association (current April 2023 Visiting Professor, Faculty of Economics, Doshisha University (current

> Director (Audit and Supervisory Committee Member), the Ivo Bank Director (Audit and Supervisory Committee Member), the Company

Executive Officers

Koichi Kihara

Managing Executive Officer (Concurrently Managing Director, the Iyo Bank, Ltd.)

Takashi Tokunaga Managing Executive Officer,

(Concurrently Managing Director, the Ivo Bank, Ltd.)

Takashi Sagayama

Managing Executive Officer, (Concurrently Managing Director, the Iyo Bank, Ltd.)

(current position)

Naoaki Fujita

Executive Officer (Concurrently Director, the Iyo Bank, Ltd.)

Business Results for Fiscal 2023

In fiscal 2023, the business environment surrounding the lyogin Group was highly uncertain, with high volatility of the market due mainly to rising interest rates driven by fast-paced inflation in Japan and overseas and to the falling value of the yen. Even 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 according to changes in the market 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 ¥82.9 billion, up ¥7.6 billion year on year. Non-interest revenue also increased year on year through the provision of consultation by the entire Group, including derivatives, resulting in a year-on-year increase of ¥9.2 billion in consolidated core business gross profit to ¥98.7 billion. We have successfully continued to secure a high level of top-line profit.

Although expenses and credit costs increased year on year, we secured a high level of consolidated core business gross profit and recorded gain (loss) related to securities from foreign bonds, etc. in a manner aligned with market trends. As a result, ordinary income amounted to ¥58.5 billion, up ¥16.1 billion year on year, and profit attributable to owners of parent amounted to ¥39.4 billion, up ¥11.6 billion year on year. We continued to secure a high level of profit at each profit level, resulting in record high profit attributable to owners of parent.

(Units:	Billions	of ve	en)
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	(Units: Billions of yer			ons of yen)
	ne Company onsolidated)	Fiscal 2022	Fiscal 2023	YoY
Cor	nsolidated core business gross profit	89.5	98.7	+9.2
	Of which, interest and dividend income	75.3	82.9	+7.6
	Of which, fees and commissions	9.6	10.5	+0.9
	Of which, other operating income	4.5	5.2	+0.7
	Expenses (-)	52.6	55.1	+2.5
Cor	nsolidated core business net income	36.8	43.5	+6.7
	Credit costs (-)	(2.5)	2.7	+5.2
	Gain (loss) related to securities	0.0	14.9	+14.9
	Ordinary income	42.4	58.5	+16.1
	Profit attributable to owners of parent	27.8	39.4	+11.6
Reference: Iyo Bank (non-consolidated)				
Со	re business gross profit	84.1	92.8	+8.7
	Expenses (-)	50.3	52.7	+2.4
Со	re business net income	33.7	40.1	+6.4
	Credit costs (-)	(2.8)	2.2	+5.0
•	Gain (loss) related to securities	(0.4)	15.0	+15.4

39.2

26.3

1970

56.1

37.8

+16.9

+11.5

Ordinary income

Net income

1960

Business Performance Forecasts for Fiscal 2024

In fiscal 2024, high global inflation will continue to pose a risk of economic deterioration, and there may be major changes in monetary policy trends in Japan and overseas. Accordingly, it is expected that we will have to steer the business in more difficult circumstances than ever.

Even under such circumstances, a steady growth of consolidated core business gross profit is forecast to continue, as we intend to continuously increase our balance of loans and deposits, anticipate higher profitability of loans due to a likely modest rise in yen interest rates, and expect that the increased procurement cost burden due to higher foreign interest rates will peak out.

Despite the forecast for a steady increase in consolidated core business gross profit, we expect an increase in expenses due to aggressive strategic investments, an increase in credit costs due to a rise in bankruptcy filings, etc., and a reactionary decrease in gain (loss) related to securities from high levels recorded in the previous fiscal year. Accordingly, profit attributable to owners of parent is expected to decrease by ¥7.4 billion year on year to ¥32.0 billion. Although this decrease in profit from the previous fiscal year's record high is predicted to be unavoidable, our plan is still aimed at securing high levels of profit.

(Units: Billions of yen)

(consolidated)	Fiscal 2024 forecasts	YoY
Consolidated core business gross profit	102.0	+3.3
Expenses (-)	58.0	+2.9
Consolidated core business net income	44.0	+0.5
Credit costs (-)	5.5	+2.8
Gain (loss) related to securities	4.5	(10.4)
Ordinary income	46.0	(12.5)
Profit attributable to owners of parent	32.0	(7.4)
Reference: Iyo Bank (non-consolidated)		
Core business gross profit	95.5	+2.7
Expenses (-)	55.0	+2.3
Core business net income	40.5	+0.4

Ordinary income

Net income

43.5

30.5

6,949.0

(12.6)

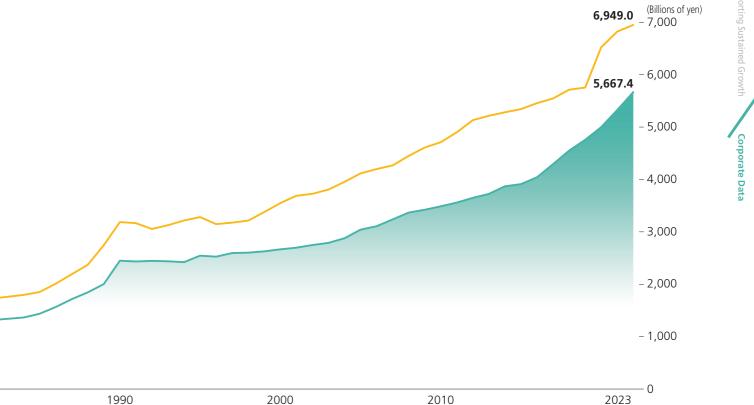
(7.3)

Balance of Loans and Deposits

1950

1943

Balance of Deposits, etc.
 Loan Balance of Loans



lyogin Holdings Integrated Report 2024 lyogin Holdings Integrated Report 2024 **78**

1980

Consolidated Balance Sheet

lyogin Holdings, Inc. and its Consolidated Subsidiaries March 31, 2024

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
ASSETS			
Cash and due from banks	¥1,169,948	¥1,367,081	\$ 7,764,969
Call loans and bills bought	8,478	· · · —	56,268
Cash collateral provided for securities borrowed	_	50,085	_
Monetary claims purchased	4,599	5,606	30,523
Trading account securities	232	492	1,539
Money held in trust	6,416	6,647	42,583
Securities (Notes 2-1, 2-3, 2-5 and 2-9)	2,073,496	1,493,078	13,761,837
Loans and bills discounted (Notes 2-3, 2-4, 2-5 and 2-6)	5,645,392	5,304,319	37,468,586
Reserve for loan losses	(35,370)	(35,302)	(234,751)
Foreign exchange (Note 2-3)	7,281	40,407	48,324
Lease receivables and investment assets	31,527	29,391	209,245
Other assets (Notes 2-3 and 2-5)	164,827	132,971	1,093,960
Tangible fixed assets (Note 2-8)	74,832	71,400	496,661
Intangible fixed assets	14,835	11,775	98,460
Net defined benefit asset	51,538	41,859	342,058
Deferred tax assets	279	268	1,851
Customers' liabilities for acceptances and guarantees	40,068	30,696	265,932
Total assets	¥9,258,385	¥8,550,778	\$61,448,098
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits (Note 2-5)	¥6,925,082	¥6,796,340	\$45,961,916
Call money and bills sold	5,299	_	35,169
Payables under repurchase agreements (Note 2-5)	91,460	_	607,021
Payables under securities lending transactions (Note 2-5)	327,936	77,501	2,176,518
Borrowed money (Note 2-5)	757,237	684,070	5,025,798
Foreign exchange	332	3,680	2,203
Borrowed money from trust account	1,205	1,045	7,997
Other liabilities	137,519	92,636	912,716
Accrued employees' bonuses	1,793	1,793	11,900
Net defined benefit liability	8,761	10,146	58,146
Reserve for losses on repayment of dormant bank accounts	592	845	3,929
Reserve for contingent losses	1,209	1,100	8,024
Reverse for share-based payments	514	430	3,411
Provision for dismantling costs of fixed assets	818	885	5,429
Reserve under the special laws	6	4	39
Deferred tax liabilities	106,158	80,291	704,572
Deferred taxes on revaluation excess (Note 2-7)	9,361	9,472	62,129
Acceptances and guarantees	40,068	30,696	265,932
Total liabilities	8,415,357	7,790,940	55,852,903
Net assets			
Common stock			
Authorized — 600,000,000 shares			
Issued — 313,408,831 shares	20,000	20,000	132,740
Capital surplus	27,700	27,698	183,845
Retained earnings	516,974	483,166	3,431,167
Treasury stock	(8,900)	(3,792)	(59,069)
Total stockholders' equity	555,773	527,072	3,688,677
Valuation difference on available-for-sale securities	250,412	202,105	1,661,989
Net deferred gains (losses) on derivatives under hedge accounting	2,664	1,611	17,681
Land revaluation excess (Note 2-7)	18,765	18,977	124,543
Remeasurements of defined benefit plans	15,002	9,612	99,568
Total accumulated other comprehensive income	286,845	232,307	1,903,796
Stock acquisition rights	119	149	789
Non-controlling interests	289	309	1,918
Total net assets	843,027	759,838	5,595,188
Total liabilities and net assets	¥9,258,385	¥8,550,778	\$61,448,098

See Notes to Consolidated Financial Statements.

Consolidated Statement of Income

lyogin Holdings, Inc. and its Consolidated Subsidiaries For the year ended March 31, 2024

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
INCOME			
Interest and dividend income:			
Interest on loans and discounts	¥ 89,782	¥ 66,395	\$ 595,885
Interest and dividends on securities	40,950	27,123	271,786
Interest on receivables under resale agreements	(0)	_	(0)
Other interest income	3,129	2,639	20,767
Fees and commissions	15,718	14,537	104,320
Other operating income	35,576	54,044	236,118
Other income	7,649	8,220	50,766
Total income	192,806	172,960	1,279,657
EXPENSES			
Interest expense:			
Interest on deposits	12,466	5.423	82.737
Interest on borrowings and rediscounts	10,095	4.030	67,000
Interest on payables under repurchase agreements	2,142	382	14,216
Interest on payables under securities lending transactions	6,887	1,771	45,709
Other interest expense	19,325	9,214	128,260
Fees and commissions	5,141	4,852	34,120
Other operating expenses	20,792	46,619	137,996
General and administrative expenses (Note 3-1)	52,848	50,546	350,753
Other expenses (Notes 3-2)	5,037	9,621	33,430
Total expenses	134,737	132,462	894,252
Income before income taxes	58,069	40,497	385,405
Income taxes		,	
Current	14,610	11,332	96,966
Deferred	4,019	839	26,674
Total taxes	18,630	12,171	123,647
Profit	39,438	28,326	261,750
Profit (loss) attributable to noncontrolling interests	(25)	426	(165)
Profit attributable to owners of parent	¥ 39,464	¥ 27,899	\$ 261,923

Per share of common stock (yen and U.S. dollars):	Yen	Yen	U.S. dollars (Note 1-1)
Basic net income	¥128.91	¥89.13	\$0.85
Diluted net income	128.84	89.08	0.85
Dividends	30.00	9.00	0.19

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

lyogin Holdings, Inc. and its Consolidated Subsidiaries For the year ended March 31, 2024

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Profit	¥ 39,438	¥ 28,326	\$ 261,750
Other comprehensive income (Note 4-1)	54,750	12,723	363,376
Valuation difference on available-for-sale securities	48,307	11,625	320,614
Net deferred gains (losses) on derivatives under hedge accounting	1,053	458	6,988
Remeasurements of defined benefit plans	5,389	639	35,766
Comprehensive income	¥ 94,189	¥ 41,050	\$ 625,134
Comprehensive income attributable to:			
Owners of parent	¥ 94,215	¥ 40,671	\$ 625,306
Noncontrolling interests	(25)	378	(165)

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets lyogin Holdings, Inc. and its Consolidated Subsidiaries For the year ended March 31, 2024

			Millions of yen		
		Sto	ockholders' equi	ty	
For the year ended March 31, 2024	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period Changes during the accounting period	¥20,000	¥27,698	¥483,166	¥(3,792)	¥527,072
Dividends Profit attributable to owners of parent			(5,868) 39,464	(F. 226)	(5,868) 39,464
Purchase of treasury stock Disposal of treasury stock Reversal of land revaluation excess Changes in items other than		1	212	(5,226) 117	(5,226) 119 212
stockholders' equity, net Total changes during	_	1	22.000	(5.400)	20 704
the accounting period Balance at the end of the accounting period	¥20,000	¥27,700	33,808 ¥516,974	(5,108) ¥(8,900)	28,701 ¥555,773
	,	•	s of U.S. dollars (. , ,	
-			ockholders' equi		
-		30	ockilolders equi	Ly	Total
For the year ended March 31, 2024	Common stock	Capital surplus	Retained earnings	Treasury stock	stockholders equity
Balance at the beginning of the accounting period Changes during the accounting period	\$132,740	\$183,832	\$3,206,783	\$(25,167)	\$3,498,188
Dividends Profit attributable to owners of parent Purchase of treasury stock			(38,946) 261,923	(34.685)	(38,946 261,923 (34,685
Disposal of treasury stock Reversal of land revaluation excess Changes in items other than		6	1,407	776	789 1,407
stockȟolders' equity, net Total changes during the accounting period	_	6	224,384	(33,901)	190,489
Balance at the end of the accounting period	\$132,740	\$183,845	\$3,431,167	\$(59,069)	\$3,688,677

				Million	s of yen			
		Accumulated of	other compreh	ensive income				
For the year ended March 31, 2024	Valuation difference on available-for- sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasure- ments of defined benefit plans	Total accumu- lated other comprehen- sive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at the beginning of	V202.40F	V4 C44	V40.077	V0.642	V222 207	V4.40	1/200	V750 020
the accounting period Changes during the accounting period Dividends Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Reversal of land revaluation excess	¥202,105	¥1,611	¥18,977	¥9,612	¥232,307	¥149	¥309	¥759,838 (5,868) 39,464 (5,226) 119 212
Changes in items other than stockholders' equity, net	48,307	1,053	(212)	5,389	54,538	(30)) (20)	54,487
Total changes during the accounting period	48,307	1,053	(212)	5,389	54,538	(30)	(20)	83,189
Balance at the end of the accounting period	¥250,412	¥2,664	¥18,765	¥15,002	¥286,845	¥119	¥289	¥843,027
			The	ousands of U.S	. dollars (Note 1	-1)		
		Accumulated of	other compreh	ensive income				
For the year ended March 31, 2024	Valuation difference on available-for- sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasure- ments of defined benefit plans	Total accumu- lated other comprehen- sive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at the beginning of the accounting period Changes during the accounting period	\$1,341,375	\$10,692	\$125,950	\$63,795	\$1,541,826	\$ 988	\$2,050	\$5,043,060
Dividends Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Reversal of land revaluation excess								(38,946) 261,923 (34,685) 789 1,407
Changes in items other than stockholders' equity, net	320,614	6,988	(1,407)	35,766	361,969	(199)	(132)	361,631
Total changes during the accounting period	320,614	6,988	(1,407)	35,766	361,969	(199)	(132)	552,127
Balance at the end of the accounting period	\$1,661,989	\$17,681	\$124,543	\$99,568	\$1,903,796	\$ 789	\$1,918	\$5,595,188

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Millions of yen					
	Sto	ckholders' equit	ty		
Common	Capital	Retained	Treasury	Total stockholders'	
SLUCK	surpius	earriirigs	SLOCK	equity	
¥20,948	¥20,289	¥468,487	¥(4,871)	¥504,854	
(948)	948			_	
		(5,051)		(5,051)	
		27,899		27,899	
			(6,098)	(6,098)	
	11		135	147	
	(7,335)		7,041	(293)	
	8 251	(8 251)		_	
	0,231	. , ,		80	
		00		00	
	5,533			5,533	
(948)	7,408	14,678	1,078	22,217	
¥20,000	¥27,698	¥483,166	¥(3,792)	¥527,072	
	stock ¥20,948 (948)	Sto Common Capital surplus \$\frac{1}{5\text{tock}} = \frac{1}{5\text{tock}} = \frac{1}	Stockholders' equitous Stock Stockholders' equitous Stock Surplus Retained earnings #20,948 #20,289 #468,487 (948) 948 (5,051) 27,899 11 (7,335) 8,251 (8,251) 80 5,533	Stockholders' equity Common stock Capital surplus Retained earnings Treasury stock ¥20,948 ¥20,289 ¥468,487 ¥(4,871) (948) 948 (5,051) 27,899 (6,098) 11 135 (7,335) 7,041 8,251 (8,251) 80 5,533 5,533 14,678 1,078	

				Million	s of yen			
		Accumulated of	other compreh	ensive income				
For the year ended March 31, 2023	Valuation difference on available-for- sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasure- ments of defined benefit plans	Total accumu- lated other comprehen- sive income	Stock acquisition rights	Noncontrolling interests	Total net assets
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) 27,899
Profit attributable to owners of parent 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
·								

Consolidated Statement of Cash Flows

lyogin Holdings, Inc. and its Consolidated Subsidiaries For the year ended March 31, 2024

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Cash flows from operating activities	2021	2023	2021
Income before income taxes	¥ 58,069	¥ 40,497	\$ 385,405
Depreciation	6,379	6,141	42,337
Impairment losses	182	699	1,207
Increase (decrease) in reserve for loan losses	68	(2,298)	451
Increase (decrease) in accrued employees' bonuses	(0)	11	(0
Decrease (increase) in net defined benefit asset	(9,679)	(4,016)	(64,239
Increase (decrease) in net defined benefit liability	(1,384)	(566)	(9,185
Increase (decrease) in reserve for losses on repayment of dormant bank accounts	(252)	(330)	(1,672
Increase (decrease) in reserve for contingent losses	109	218	723
Increase (decrease) in reserve for share-based payments	83	16	550
Increase (decrease) in provision for dismantling costs of fixed assets	(67)	885	(444
Increase (decrease) in reserve under special laws	1	1	6
Interest and dividend income	(133,862)	(96,158)	(888,444
Interest expense	50,917	20,822	337,937
Securities losses (gains), net	(14,952)	37	(99,236
Money in trust losses (gains), net	76	43	504
Foreign exchange losses (gains), net	(24,594)	(28,137)	(163,230
Losses (gains) on disposal of tangible fixed assets, net	325	331	2,157
Net changes in loans and bills discounted	(341,072)	(257,322)	(2,263,702
Net changes in deposits	128,741	170,214	854,456
Net changes in borrowed money (excluding subordinated borrowings)	73,167	(66,232)	485,610
Net changes in due from banks	996	224	6,610
Net changes in call loans	(7,472)	602	(49,591
Net decrease (increase) in cash collateral provided for securities borrowed	50,085	(50,085)	332,415
Net changes in call money	96,759	(81,575)	642,191
Net changes in payables under securities lending transactions	250,435	(62,397)	1,662,142
Net changes in foreign exchange assets	33,125	(29,096)	219,851
Net changes in foreign exchange liabilities	(3,348)	1,843	(22,220
Net changes in lease receivables and investment assets	(2,135)	600	(14,170
Net increase (decrease) in borrowed money from trust account	160	490	1,061
Interest income received	130,433	97,924	865,686
Interest income received	(46,821)	(16,781)	(310,751
Other	13,552	(4,647)	89,944
Subtotal	308,027	(358,037)	2,044,381
Income taxes paid	(11,654)	(10,715)	(77,347
let cash provided by (used in) operating activities	296,372	(368,753)	1,967,027
, , , , , ,			
Cash flows from investing activities			
Purchases of securities	(2,557,770)	(1,524,202)	(16,975,973
Proceeds from sales of securities	2,011,547	1,711,722	13,350,680
Proceeds from maturities of securities	77,235	55,726	512,610
Increase in money held in trust	(30)	(857)	(199
Decrease in money held in trust	370	60	2,455
Purchases of tangible fixed assets	(6,269)	(2,691)	(41,607
Proceeds from sales of tangible fixed assets	433	28	2,873
Purchases of intangible fixed assets	(6,953)	(5,715)	(46,147
et cash provided by (used in) investing activities	(481,437)	234,070	(3,195,307
ash flows from financing activities	_	27	
Proceeds from share issuance to noncontrolling stockholders	5	97	33
Repayments to noncontrolling shareholders	— (= a a a a)	(50)	-
Cash dividends paid	(5,868)	(5,051)	(38,946
Cash dividends paid to noncontrolling stockholders		(2)	
Purchases of treasury stock	(5,226)	(6,098)	(34,685
Proceeds from sales of treasury stock	0	0	C
Payments from changes in ownership interests in subsidiaries that	_	(1,699)	_
do not result in change in scope of consolidation let cash provided by (used in) financing activities	(11,089)	(12,804)	(73,597
et cash provided by (used iii) illianting activities	(11,009)	(12,004)	(73,397
		32	112
oreign currency translation adjustments	17	32	
	17 (196,136)	(147,455)	
Foreign currency translation adjustments Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of year			(1,301,758 9,058,233

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

lyogin Holdings, Inc. and its Consolidated Subsidiaries For the year ended March 31, 2024

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 lyogin 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, 2024, which was ¥150.67 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

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 18 consolidated subsidiaries (the "Group").

- The Iyo Bank, Ltd.
- The Iyogin Credit Guaranty Company Limited
- lyogin Capital Company Limited
- Iyogin Regional Economy Research Center, INC.

- lyogin DC Card CO., LTD.
- Iyogin Leasing Company Limited
- lyogin Computer Service Company Limited
- Shikoku Alliance Securities Co., Ltd.
- Ivogin Digital Solutions Co., Ltd.
- The Iyogin Business Service Company Limited
- Iyogin Challenge & Smile Co., Ltd.
- Iyogin Venture Fund Corporation Limited IV
- Iyoqin 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
- Iyo Evergreen Agriculture Support Fund II Investment Business Limited
- Iyo Evergreen Business Succession Support Fund Investment Business Limited Partnership

(Change in Scope of Consolidation)

In accordance with establishment of Iyogin Digital Solutions Co., Ltd., it was and will be included in the scope of consolidation from the current consolidated fiscal year.

(2) The consolidated financial statements exclude 5 subsidiaries.

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.

(3) The consolidated financial statements exclude 4 companies, despite the Company and its subsidiaries owning a majority of voting rights (executive authority).

The stocks of these companies are owned by non-consolidated subsidiaries engaged in investment activities as part of their operational transactions, with the aim of investment development and acquiring capital gains. The Company and its subsidiaries do not have the intention to treat these companies as subsidiaries, and therefore they are excluded from being considered subsidiaries in the consolidated financial

2 Affiliated companies not accounted for by the equity method

The consolidated financial statements exclude 3 affiliated companies. 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.

- 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.

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, 2024 and 2023, the estimated unrecoverable amounts were ¥14,311 million (\$94,982 thousand) and ¥14,023 million, respectively.

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

(8) Reserve for contingent losses

based on historical reimbursement experience.

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

(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 etc. of our subsidiary

(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
- 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

- 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 Industryspecific 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 ¥35,370 million (\$234,751 thousand) and ¥35,302 million at March 31,2024 and 2023, respectively.
- 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.
- (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 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.

(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, 2024 and 2023 was ¥604 million (\$4,008 thousand) and ¥693 million, respectively.
- ③ The number of shares of the Company held by the Trust at March 31, 2024 and 2023 was 917 thousand shares and 1,052 thousand, respectively.

(Notes to Consolidated Balance Sheet)

2-1. STOCKS AND INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Stocks in unconsolidated subsidiaries and affiliates amounted to ¥50 million (\$331 thousand) and ¥100 million at March 31, 2024 and 2023,

Investments in unconsolidated subsidiaries and affiliates amounted to ¥3,339 million (\$22,161 thousand) and ¥1,548 million at March 31, 2024 and 2023, respectively.

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 nil and ¥49,902 million at March 31, 2024 and 2023, respectively.

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 ye	n	U.	ousands of S. dollars lote 1-1)
		2024	2	2023		2024
Bankrupt and quasi- bankrupt loans	¥	3,891	¥	3,311	\$	25,824
Doubtful loans		73,118		69,878		485,285
Substandard loans		20,629		25,027		136,915
Loans overdue three months or more		2,338		2,603		15,517
Restructured loans		18,290		22,423		121,391
Subtotal		97,639		98,218		648,032
Normal loans	5,	,876,740	5,	504,880	39	0,004,048
Total	¥5,	,974,379	¥5,	603,098	\$39	,652,080

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 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

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 ¥12,719 million (\$84,416 thousand) and ¥13,312 million at March 31, 2024 and 2023, respectively.

2-5. ASSETS PLEDGED

Assets pledged as collateral were as follows:

	Millions	of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Securities	863,381	464,677	5,730,278
Loans	660,145	706,408	4,381,396
Total	¥1,523,526	¥1,171,086	\$10,111,674

The above pledged assets secure the following liabilities:

	Millions	of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Deposits	¥ 6,766	¥ 25,880	\$ 44,906
Payables under repurchase			
agreements	91,460	_	607,021
Payables under securities			
lending transactions	327,936	77,501	2,176,518
Borrowed money	745,494	671,241	4,947,859

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)
	2024	2023	2024
Securities	¥ 393	¥ 403	\$ 2,608
Other assets	35,000	35,000	232,295

Other assets above mentioned were as follows:

	Millions	Thousands of U.S. dollars (Note 1-1)	
	2024	2023	2024
Initial margins of futures markets	¥ 5,733	¥ 6,508	\$ 38,050
Cash collateral paid for financial instruments	38,767	28,568	257,297
Guarantees	70	69	464
Security deposits	337	330	2,236

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, 2024 and 2023 amounted to ¥1,256,709 million (\$8,340,804 thousand) and ¥1,302,850 million, respectively. Of these amounts, ¥1,061,853 million (\$7,047,540 thousand) and ¥1,134,197 million as of March 31, 2024 and 2023, respectively, 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

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 ¥12,231 million (\$81,177 thousand) and ¥12,680 million at March 31, 2024 and 2023, respectively.

2-8. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets at March 31, 2024 and 2023 amounted to ¥54,663 million (\$362,799 thousand) and ¥56,828 million, respectively. The amounts that were directly offset against acquisition costs as of March 31, 2024 and 2023 were ¥8,143 million (\$54,045 thousand) and ¥8,186 million, respectively.

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 ¥51,899 million (\$344,454 thousand) and ¥57,505 million at March 31, 2024 and 2023, respectively.

2-10. MONEY TRUSTS TO BE INDEMNIFIED

The principal amount of money trusts to be indemnified by the Company and its consolidated subsidiaries was ¥1,205 million (\$7,997 thousand) and ¥1,045 million at March 31, 2024 and 2023, respectively.

(Notes to Consolidated Statement of Income) 3-1. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses included salaries and allowances in the amount of ¥21,554 million (\$143,054 thousand) and ¥21,293 million at March 31, 2024 and 2023, respectively.

3-2. OTHER EXPENSES

Other expenses consisted of the following:

	Millions	s of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Loans written off	¥ 20	¥ 19	\$132
Securities written off	148	4,110	982

(Notes to Consolidated Statement of Comprehensive Income) 4-1. RECLASSIFICATION ADJUSTMENTS AND THE RELATED TAX EFFECTS CONCERNING OTHER COMPREHENSIVE INCOME

	Millions	Thousands of U.S. dollars (Note 1-1)	
	2024	2023	2024
Valuation difference on available-for-sale securities			
Incurred during the period	¥ 83,135	¥16,298	\$ 551,768
Reclassification adjustments	(15,930)	446	(105,727)
Before tax effect adjustments Tax effect	67,205 (18,897)	16,745 (5,119)	446,041 (125,419)
Valuation difference on available-for-sale securities	48,307	11,625	320,614
Net deferred gains (losses) on derivatives under hedge accounting	,	,	520,511
Incurred during the period	(16,407)	(8,071)	(108,893)
Reclassification adjustments	17,923	8,731	118,955
Before tax effect adjustments	1,515	659	10,055
Tax effect Net deferred gains (losses) on derivatives	(462)	(201)	(3,066)
under hedge accounting	1,053	458	6,988
Remeasurements of defined benefit plans			
Incurred during the period	10,294	3,239	68,321
Reclassification adjustments	(2,538)	(2,319)	(16,844)
Before tax effect adjustments Tax effect	7,755 (2,365)	920 (280)	51,470 (15,696)
Remeasurements of defined benefit plans	5,389	639	35,766
The total amount of other comprehensive income	¥ 54,750	¥12,723	\$ 363,376

(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, 2024 and 2023 were as follows:

		(Thou	sands)	
		20	24	
	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	313,408	_	_	313,408
Total	313,408	_	_	313,408
Treasury stock				
Common stock	4,971	5,694	171	10,495
Total	4,971	5,694	171	10,495

- 1 The increase in number of shares of treasury stock was due to the purchase of treasury stock by market (5,693 thousand shares) and the purchase of fractional shares (1 thousand shares).
- 2 The decrease in number of shares of treasury stock was due to the delivery of shares of the Company through the Trust (135 thousand shares) and the exercise of stock acquisition rights (36 thousand shares).
- 3 The number of shares of treasury stock at the beginning of the current fiscal year and 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 and 917 thousand shares, respectively).

		(Thou	isands)	
		20)23	
	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, 2024 and 2023 were as follows:

				2024				
			Number	of shares subject	to stock acquisi	tion rights	Closing	g balance
Division	Details of stock acquisition rights	Type of shares to be issued	Beginning balance	Increase	Decrease	Closing balance	Millions of yen	Thousands of U.S dollars (Note 1-1)
The Company	Stock acquisition rights as stock options			_			119	789
Total	·			_			119	789
			2023					
			Number (of shares subject	to stock acquisi	tion rights	Closing balance	
Division	Details of stock acquisition rights	Type of shares to be issued	Beginning balance	Increase	Decrease	Closing balance	Millions of yen	
The Company	Stock acquisition rights as stock options			_			149	
Total	·			_			149	

5-3. Dividends

The following dividends were paid in the year ended March 31, 2024 and March 31, 2023, respectively.

			2024				
		Amount	of dividends	Cash divide	ends per share		
Date of resolution	Type of shares	Millions of yen	Thousands of U.S. dollars (Note 1-1)	Yen	U.S. dollars (Note 1-1)	Record date	Effective date
Directors' meeting held on May 12, 2023	Common stock	¥2,785	\$18,484	¥ 9.00	\$0.05	March 31, 2023	June 8, 2023
Directors' meeting held on November 10, 2023	Common stock	¥3,083	\$20,461	¥10.00	\$0.06	September 30, 2023	December 8, 2023

- 1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 12, 2023 includes ¥9 million (\$59 thousand) in dividends to the Company'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 10, 2023 includes ¥9 million (\$59 thousand) in dividends to the Company's shares held by the Trust for the share-based payment system.

Dividends whose record date is attributable to the year ended March 31, 2024 but which became effective after March 31, 2024

		Amount	of dividends		Cash divide	ends per share		
Date of resolution	Type of shares	Millions of yen	Thousands of U.S. dollars (Note 1-1)	Source of dividends	Yen	U.S. dollars (Note 1-1)	Record date	Effective date
Directors' meeting held on May 10, 2024	Common stock	¥6,076	\$40,326	Retained earnings	¥20.00	\$0.13	March 31, 2024	June 6, 2024

The total amount of dividends on common stock includes ¥18 million (\$119 thousand) in dividends to the Company's shares held by the Trust for the share-based payment system.

		2023			
		Amount of dividends	Cash dividends per share		
Date of resolution	Type of shares	Millions of yen	Yen	Record date	Effective date
Directors' meeting of the Iyo Bank held on May 13, 2022	Common stock of the Iyo Bank	¥2,543	¥8.00	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	¥8.00	September 30, 2022	December 9, 2022

- 1. The Company was established through a solo share transfer on October 3, 2022. The above dividends were resolved by the Directors' meeting of the Iyo Bank, a wholly owned subsidiary.
- 2. The total amount of dividends on common stock resolved at the Directors' meeting held on May 13, 2022 includes ¥9 million in dividends to the Bank's shares held by the Trust for the share-based payment system.
- 3. The total amount of dividends on common stock resolved at the Directors' meeting held on November 11, 2022 includes ¥8 million 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

		Amount of dividends		Cash dividends per share		
Date of resolution	Type of shares	Millions of yen	Source of dividends	Yen	Record date	Effective date
Directors' meeting held on May 12, 2023	Common stock	¥2,785	Retained earnings	¥9.00	March 31, 2023	June 8, 2023

The total amount of dividends on common stock includes ¥9 million 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)
	2024	2023	2024
Cash and due from banks in the balance sheets	¥1,169,948	¥1,367,081	\$7,764,969
Due from banks, except for deposits with the Bank of Japan	(1,280)	(2,276)	(8,495)
Cash and cash equivalents in the statements of cash flows	¥1,168,668	¥1,364,804	\$7,756,474

(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	s of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Due within one year	¥155	¥115	\$1,028
Due after one year	300	154	1,991
Total	¥455	¥270	\$3,019
As lessor			

73 163301				
	Millions	s of yen	Thousands of U.S. dollars (Note 1-1)	
	2024	2023	2024	
Due within one year	¥28	¥31	\$185	
Due after one year	35	56	232	
Total	¥63	¥87	\$418	

(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' 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 variancecovariance 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, 2024 and 2023, the quantity of market risk (expected loss), which included equity risk and interest rate risk, amounted to ¥224.3 billion (\$1,488 million) and ¥180.5 billion, respectively.

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

(3) Liquidity risk management

The liquidity risk management of the Group is conducted through assetliability management (ALM) and the duration of funds procured with consideration for the market environment.

(4) Supplementary explanation of matters related to fair values of financial instruments and others

As the fair values of financial instruments are estimated on certain assumptions, the values may differ when other assumptions are applied.

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)
		2024			2024	
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Monetary claims purchased	¥ 4,599	¥ 4,599	¥ —	\$ 30,523	\$ 30,523	\$ —
(2) Trading account securities						
Trading securities	232	232	_	1,539	1,539	_
(3) Money held in trust	6,416	6,416	_	42,583	42,583	_
(4) Securities (*1)						
Available-for-sale securities	2,049,726	2,049,726	_	13,604,075	13,604,075	_
(5) Loans and bills discounted	5,645,392	5,532,381		37,468,586	36,718,530	
Reserve for loan losses (*2)	(33,904)		(225,021)		
	5,611,487	5,532,381	(79,105)	37,243,558	36,718,530	(525,021
Total Assets	¥7,672,462	¥7,593,356	¥(79,105)	\$50,922,293	\$50,397,265	\$(525,021
(1) Deposits	¥6,482,018	¥6,478,997	¥ (3,021)	\$43,021,291	\$43,001,241	\$ (20,050
(2) Negotiable certificates of deposit	443,063	443,063	_	2,940,618	2,940,618	_
(3) Borrowed money	757,237	749,752	(7,485)	5,025,798	4,976,119	(49,678
Total Liabilities	¥7,682,319	¥7,671,813	¥(10,506)	\$50,987,714	\$50,917,986	\$ (69,728
Derivative Transactions (*3)						
Derivative transactions to which hedge accounting is not applied	¥ 6,874	¥ 6,874	¥ —	\$ 45,622	\$ 45,622	\$ —
Derivative transactions to which hedge accounting is applied (*4)	(36,775) (36,775)	_	(244,076)	(244,076)	_
Total Derivative Transactions	¥ (29,900	. , ,	¥ —	\$ (198,446) \$		\$ —

- (*1) Securities include investment trusts for which the market value is deemed to be the base value pussuant 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.

			Milli	ons of yen		
				2023		
	Во	ok value	Fa	ir value	Differe	ence
(1) Monetary claims purchased	¥	5,606	¥	5,606	¥	_
(2) Trading account securities						
Trading securities		492		492		_
(3) Money held in trust		6,647		6,647		_
(4) Securities (*1)						
Available-for-sale securities	1	,471,020	1	,471,020		_
(5) Loans and bills discounted	5	,304,319	5	,199,004		
Reserve for loan losses (*2)		(33,841)				
	5	,270,478	5	,199,004	(7	1,474)
Total Assets	¥6	,754,244	¥6	,682,770	¥(7	1,474)
(1) Deposits	¥6	,167,148	¥6	,165,845	¥ (1,303)
(2) Negotiable certificates of deposit		629,191		629,191		_
(3) Borrowed money		684,070		681,787	(2,282)
Total Liabilities	¥7	,480,410	¥7	,476,824	¥ (3,585)
Derivative Transactions (*3)						
Derivative transactions to which hedge accounting is not applied	¥	(1,179)	¥	(1,179)	¥	_
Derivative transactions to which hedge accounting is applied (*4)		(24,008)		(24,008)		_
Total Derivative Transactions	¥	(25,188)	¥	(25,188)	¥	_

- (*1) Securities include investment trusts for which the market value is deemed to be the base value pussuant 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.

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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)
	2024	2023	2024
Equity and other securities without fair market value (*1) (*2)	¥13,746	¥13,748	\$91,232
Investments in partnerships, etc. (*3)	10,023	8,310	66,522

- (*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) The impairment loss of unlisted stocks was ¥163 million (\$1,081 thousand) and ¥148 million at March 31, 2024 and 2023, respectively.
- (*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		
			202	24		
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥1,117,802	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	8,478	_	_	_	_	_
Monetary claims purchased	3,723	_	_	_	_	880
Securities	89,601	492,519	145,213	145,876	124,152	475,245
Held-to-maturity debt securities	_	_	_	_	_	_
Securities with maturities	89,601	492,519	145,213	145,876	124,152	475,245
Japanese government bonds	9,500	107,500	10,000	_	16,000	_
Municipal bonds	17,137	64,707	65,034	64,823	56,460	35,034
Corporate bonds	22,536	28,046	9,702	1,575	480	1,200
Loans and bills discounted (*)	1,293,843	1,052,112	859,226	596,926	659,069	1,082,294
Total	¥2,513,449	¥1,544,632	¥1,004,440	¥742,806	¥783,221	¥1,558,419

			Millions	of yen		
			202	!3		
	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

		Th	ousands of U.S.	dollars (Note 1-	1)	
			20	24		
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	\$ 7,418,875	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills bought	56,268	_	_	_	_	_
Monetary claims purchased	24,709	_	_	_	_	5,840
Securities	594,683	3,268,859	963,781	968,182	823,999	3,154,211
Held-to-maturity debt securities	_	_	_	_	_	_
Securities with maturities	594,683	3,268,859	963,781	968,182	823,999	3,154,211
Japanese government bonds	63,051	713,479	66,370	_	106,192	_
Municipal bonds	113,738	429,461	431,632	430,231	374,726	232,521
Corporate bonds	149,571	186,141	64,392	10,453	3,185	7,964
Loans and bills discounted (*)	8,587,263	6,982,889	5,702,701	3,961,810	4,374,254	7,183,208
Total	\$16,681,814	\$10,251,755	\$6,666,489	\$4,930,019	\$5,198,254	\$10,343,260

^(*) 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 ¥76,634 million (\$508,621 thousand) and ¥72,249 million at March 31, 2024 and 2023, respectively, and loans and bills with no maturities amounted to ¥25,282 million (\$167,797 thousand) and ¥27,729 million at March 31, 2024 and 2023, respectively.

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

			Millions	of yen		
			202	24		
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥6,144,310	¥288,046	¥ 41,777	¥1,141	¥6,742	¥ —
Negotiable certificates of deposit	443,063	_	_	_	_	_
Call money and bills sold	5,299	_	_	_	_	_
Payables under repurchase agreements	91,460	_	_	_	_	_
Payables under securities lending transactions	327,936	_	_	_	_	_
Borrowed money	183,653	189,226	381,880	654	732	1,090
Total	¥7,195,723	¥477,272	¥423,658	¥1,795	¥7,475	¥1,090
			Millions	of ven		

			Millions	of yen		
			202	3		
	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)					
	2024					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	\$40,779,916	\$1,911,767	\$ 277,274	\$ 7,572	\$44,746	\$ —
Negotiable certificates of deposit	2,940,618	_	_	_	_	_
Call money and bills sold	35,169	_	_	_	_	_
Payables under repurchase agreements	607,021	_	_	_	_	_
Payables under securities lending transactions	2,176,518	_	_	_	_	_
Borrowed money	1,218,908	1,255,896	2,534,545	4,340	4,858	7,234
Total	\$47,758,166	\$3,167,664	\$2,811,827	\$11,913	\$49,611	\$7,234

^(*) 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

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.

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(1) Financial instruments measured at fair value

		Millions o	f yen		Th	ousands of U.S. d	ollars (Note 1-	1)
		2024				2024	1	
		Fair val	ue			Fair va	lue	
Classification	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ —	¥ 901	¥ 901	\$ —	\$ —	\$ 5,979	\$ 5,979
Trading account securities								
Trading securities								
Japanese government								
bonds	232	_	_	232	1,539	_	_	1,539
Money held in trust	_	_	1,885	1,885	_	_	12,510	12,510
Securities:								
Available-for-sale securities								
Japanese government								
bonds	87,254	86,272	_	173,526	579,106	572,589	_	1,151,695
Municipal bonds	_	298,865	_	298,865	_	1,983,573	_	1,983,573
Corporate bonds	_	28,072	52,466	80,539	_	186,314	348,217	534,539
Equity securities	415,597	_	_	415,597	2,758,326	_	_	2,758,326
Others	747,237	332,861	980	1,081,080	4,959,427	2,209,205	6,504	7,175,150
Total Assets	¥1,250,322	¥746,072	¥56,235	¥2,052,629	\$8,298,413	\$4,951,695	\$373,232	\$13,623,342
Derivative transactions								
Interest rate-related								
derivatives	¥ 29	¥ 8,342	¥ —	¥ 8,372	\$ 192	\$ 55,366	\$ —	\$ 55,565
Currency-related derivatives	_	(38,298)	_	(38,298)	_	(254, 184)	_	(254,184)
Bond-related derivatives	25	_	_	25	165	_	_	165
Total Derivative Transactions	¥ 54	¥ (29,955)	¥ —	¥ (29,900)	\$ 358	\$ (198,811)	\$ —	\$ (198,446)

^(*) Securities do not include investment trusts for which the market value is deemed to be the base value pussuant 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 nil, and the amount for which Article 24-9 was applied was 117 million yen.

				Millions o	f ven			
_			'	2023				
_				Fair val				
Classification	Level	1	Leve		Level	3		Total
Monetary claims purchased	¥	_	¥	_	¥ 1	,484	¥	1,484
Trading account securities								
Trading securities								
Japanese government								
bonds		492		_		_		492
Money held in trust		_		_	1	,746		1,746
Securities:								
Available-for-sale securities								
Japanese government	4-	7.746		4 600				102 240
bonds	17	7,716		4,602		_		102,319
Municipal bonds		_		6,454				296,454
Corporate bonds		_	4.	3,503	58	3,084		101,587
Equity securities		2,371		172		_		372,543
Others		3,681		8,118		976		597,776
Total Assets	¥799	9,262	¥61	2,851	¥62	2,292	¥1	,474,406
Derivative transactions								
Interest rate-related				c 40c	.,			c 10c
derivatives	¥	_		6,486	¥	_	¥	6,486
Currency-related derivatives		_	(3	1,676)		_		(31,676)
Bond-related derivatives		_		_		_		_
Others), (-		.,	1		1
Total Derivative Transactions	¥		¥ (2	5,189)	¥	1	¥	(25,188)

^(*) Securities do not include investment trusts for which the market value is deemed to be the base value pussuant 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

		Millions	of yen		Thousands of U.S. dollars (Note 1-1)				
		202	24		2024				
		Fair v	alue		Fair value				
Classification	Level 1	Level 2	Level 3	Total	Level 1 Level 2 Level 3 Total				
Monetary claims purchased	¥—	¥ —	¥ 3,698	¥ 3,698	\$— \$				
Money held in trust	_	_	4,530	4,530	— — 30,065 30,065				
Loans	_	_	5,532,381	5,532,381	— — 36,718,530 36,718,530				
Total Assets	¥—	¥ —	¥5,540,610	¥5,540,610	\$— \$				
Deposits	¥—	¥6,478,997	¥ —	¥6,478,997	\$— \$43,001,241 \$				
Negotiable certificates of deposit	_	443,063	_	443,063	— 2,940,618 — 2,940,618				
Borrowed money	_	749,752	_	749,752	— 4,976,119				
Total Derivative Transactions	¥—	¥7,671,813	¥ —	¥7,671,813	\$— \$50,917,986 \$				

	Millions of yen								
	2023								
		Fair v	alue						
Classification	Level 1	Level 2	Level 3	Total					
Monetary claims purchased	¥—	¥ —	¥ 4,121	¥ 4,121					
Money held in trust	_	_	4,900	4,900					
Loans	_	_	5,199,004	5,199,004					
Total Assets	¥—	¥ —	¥5,208,026	¥5,208,026					
Deposits	¥—	¥6,165,845	¥ —	¥6,165,845					
Negotiable certificates of									
deposit	_	629,191	_	629,191					
Borrowed money	_	681,787	_	681,787					
Total Derivative Transactions	¥—	¥7,476,824	¥ —	¥7,476,824					

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

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 hills 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, 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. These Level 1 derivative transactions include mainly bond futures and interest rate 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

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

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%	0.4%

AS 01 IVIdICI1 3 1,2023				
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, 2024)

				Millions	of yen			
		comprehens	oss or other ive income for period					Gains or losses on valuation of financial assets
	Beginning balance	Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)	Purchases, sales, issuances, and settlements (net)	Transfer into Level 3	Transfer out of Level 3	Ending balance	and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)
Monetary claims purchased	¥ 1,484	¥ —	¥ (0)	¥ (582)	¥—	¥—	¥901	¥ —
Money held in trust	1,746	(100)	209	30	_	_	1,885	(100)
Securities: Available-for-sale securities								
Corporate bonds	58,084	130	(44)	(5,703)	_	_	52,466	_
Others	976	_	4	_	_	_	980	_
Total Derivative Transactions								
Others	1	(1)	_	_	_	_	_	_

			Tho	usands of U.S.	dollars (Note 1	-1)		
		comprehens	oss or other ive income for period					Gains or losses on valuation of financial assets
	Beginning balance	Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)	Purchases, sales, issuances, and settlements (net)	Transfer into Level 3	Transfer out of Level 3	Ending balance	and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)
Monetary claims purchased	\$ 9,849	\$ —	\$ (0)	\$ (3,862)	\$—	\$—	\$ 5,979	\$ —
Money held in trust	11,588	(663)	1,387	199	_	_	12,510	(663)
Securities: Available-for-sale securities								
Corporate bonds	385,504	862	(292)	(37,850)	_	_	348,217	_
Others	6,477	_	26	_	_	_	6,504	_
Total Derivative Transactions								
Others	6	(6)	_	_	_	_	_	_

(*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.

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

				Millions	of yen			
		comprehens	oss or other live income for period		-			Gains or losses on valuation of financial assets
	Beginning balance	Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)	Purchases, sales, issuances, and settlements (net)	Transfer into Level 3	Transfer out of Level 3	Ending balance	and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)
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)

(*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.

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(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:

	Millions	of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Unrealized gains (losses) included in profit and loss for the fiscal year	¥(22)	¥(25)	\$(146)

2 Held-to-maturity debt securities:

None

3 Available-for-sale securities:

		Millions of yen			Millions of yen		Thousands o	of U.S. dollars	Note 1—1)
		2024			2023		2024		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with unrealized gains									
Equity securities	¥ 412,938	¥ 82,594	¥330,344	¥ 357,707	¥ 70,979	¥286,727	\$ 2,740,678	\$ 548,178	\$2,192,500
Bonds	224,436	217,803	6,632	215,406	207,319	8,086	1,489,586	1,445,563	44,016
Japanese government bonds	153,529	148,515	5,013	102,319	96,702	5,616	1,018,975	985,697	33,271
Municipal bonds	49,241	47,823	1,417	71,375	69,400	1,974	326,813	317,402	9,404
Corporate bonds	21,666	21,463	202	41,711	41,216	494	143,797	142,450	1,340
Other	598,602	556,021	42,581	366,823	346,396	20,427	3,972,934	3,690,323	282,611
Total	¥1,235,977	¥ 856,419	¥379,558	¥ 939,937	¥ 624,696	¥315,240	\$ 8,203,205	\$ 5,684,071	\$2,519,134
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with unrealized losses									
Equity securities	¥ 2,658	¥ 2,952	¥ (293)	¥ 14,836	¥ 16,113	¥ (1,277)	\$ 17,641	\$ 19,592	\$ (1,944)
Bonds	328,495	334,720	(6,225)	284,955	289,231	(4,276)	2,180,228	2,221,543	(41,315)
Japanese government bonds	19,997	20,009	(11)	_	_	_	132,720	132,800	(73)
Municipal bonds	249,624	255,436	(5,812)	225,079	228,883	(3,804)	1,656,759	1,695,334	(38,574)
Corporate bonds	58,872	59,274	(402)	59,876	60,347	(471)	390,734	393,402	(2,668)
Other	483,496	489,624	(6,128)	232,775	242,530	(9,755)	3,208,973	3,249,644	(40,671
Total	814,650	827,298	(12,647)	532,567	547,876	(15,309)	5,406,849	5,490,794	(83,938)
Total	¥2,050,628	¥1,683,717	¥366,910	¥1,472,504	¥1,172,573	¥299,931	\$13,610,061	\$11,174,865	\$2,435,189

4 Available-for-sale securities sold:

		М	illions of yen		N	1illions of yen		Thousands of U.S. dollars (Note 1-1)			
			2024		2023			2024			
	Amo	Amount sold Gains Losses			Amount sold	Gains	Losses	Amount sold	Gains	Losses	
Equity securities	¥	8,610	¥ 5,936	¥ 294	¥ 7,064	¥ 2,663	¥ 1,267	\$ 57,144	\$ 39,397	\$ 1,951	
Bonds		9,279	56	_	281	0	_	61,584	371	_	
Corporate bonds		9,279	56	_	281	0	_	61,584	371	_	
Other	1,9	967,327	14,692	5,322	1,676,464	31,951	29,205	13,057,191	97,511	35,322	
Total	¥1,9	985,217	¥20,685	¥5,616	¥1,683,809	¥34,615	¥30,472	\$13,175,927	\$137,286	\$37,273	

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 ¥97 million (\$643 thousand), including ¥97 million (\$643 thousand) of bonds at March 31, 2024, and ¥4,016 million, including ¥3,946 million of equity securities and ¥ 70million 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	Thousands of U.S. dollars (Note 1-1)		
	2024	2024		
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) Acquisition cost	6,416 5,673	6,647 6,114	42,583 37,651	
Difference	742	532	4,924	
Unrealized gains Unrealized losses	742	532	4,924 —	

(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)
	2024	2023	2024
Valuation gains			
Available-for-sale securities	¥ 366,976	¥299,981	\$2,435,627
Other money held in trust	742	532	4,924
Deferred tax liabilities	(110,944)	(92,046)	(736,337)
Valuation difference on available-for-sale securities (before adjustment for minority interests)	256,774	208,467	1,704,214
, ,		,	
Noncontrolling interests	(6,361)	(6,361)	(42,218)
Valuation difference on available-for-sale securities	¥ 250,412	¥202,105	\$1,661,989

(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-forsale securities of Valuation gains.

(Notes to Derivative Transactions)

At March 31, 2024

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)					
		202	24		2024					
_	Contract	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract	Portion maturing over one year	Fair value	Recognized gains (losses)		
Listed transactions:		, , , , , , , , , , , , , , , , , , , ,		, , , , , , ,				(/		
Interest rate options:										
Sell	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —		
Buy	1,115	_	29	(10)	7,400	_	192	(66)		
Over-the-counter transactions:										
Swaps:										
Receive fixed rate and pay floating rate	203,698	182,501	(2,892)	(2,892)	1,351,947	1,211,263	(19,194)	(19,194)		
Receive floating rate and pay fixed rate	182,501	179,981	5,078	5,078	1,211,263	1,194,537	33,702	33,702		
Total	_	_	¥ 2,215	¥ 2,175	_	_	\$ 14,701	\$ 14,435		

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)				
		202	24			202	24		
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract	Portion maturing over one year	Fair value	Recognized gains (losses)	
Over-the-counter transactions:									
Currency swaps	¥595,201	¥495,867	¥ 210	¥ 210	\$3,950,361	\$3,291,079	\$ 1,393	\$ 1,393	
Forward exchange contracts:									
Sell	397,961	120,375	(20,969)	(20,969)	2,641,275	798,931	(139,171)	(139,171	
Buy	447,738	107,648	25,425	25,425	2,971,646	714,462	168,746	168,746	
Currency options:									
Sell	180,242	116,398	(5,659)	(457)	1,196,269	772,536	(37,558)	(3,033	
Buy	180,242	116,398	5,628	1,252	1,196,269	772,536	37,353	8,309	
Total			¥ 4,634	¥ 5,461	_		\$ 30,755	\$ 36,244	

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

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(3) Bond-related derivatives

		Millions	of yen		Thousands of U.S. dollars (Note 1-1)				
		202	4		2024				
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	
Listed transactions:									
Bond future:									
Sell	¥84,513	¥—	¥25	¥25	\$560,914	\$—	\$165	\$165	
Buy	_	_	_	_	_	_	_	_	
Total	_	_	¥25	¥25	_	_	\$165	\$165	

The above transactions are measured at fair value, and recognized gains (losses) are charged to the consolidated statements of income.

(4) Others

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
		202	4		2024			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:								
Earthquake derivatives								
Sell	¥1,420	¥—	¥(13)	¥—	\$9,424	\$—	\$(86)	\$
Buy	1,420	_	13	_	9,424	_	86	_
Total	_	_	¥ —	¥—	_	_	\$ —	\$—

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

				Millions of yen			Thousand	s of U.S. dollars (I	Note 1-1)
				2024				2024	
		Hedged	Contract	Portion maturing over		Hedged	Contract	Portion maturing over	
Method of hedg	e accounting	items	amount	one year	Fair value	items	amount	one year	Fair value
Deferral hedge method	Interest rate swaps Receive fixed rate and pay floating rate	Loans		·				·	
	Receive floating rate and pay fixed rate		¥543,939	¥543,825	¥6,157		\$3,610,134	±3,609,378	 \$40,864
Total			_	_	¥6,157	_	_	_	\$40,864

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

			Millions of yen		Thousand	s of U.S. dollars (Note 1-1)
			2024			2024	
Method of hedge accounting	Hedged items	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	¥497,857	¥359,663	¥(42,932)	\$3,304,287	\$2,387,090	\$(284,940)
Fund related swaps	monetary assets	_	_	_	_	_	_
Total		_	_	¥(42,932)	_		\$(284,940)

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."

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					
	2023					
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)		
Over-the-counter transactions:						
Swaps:						
Receive fixed rate and pay floating rate	¥127,538	¥125,394	¥(3,396)	¥(3,396)		
Receive floating rate and pay fixed rate	127,538	125,394	5,048	5,048		
Total		_	¥ 1,651	¥1,651		

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					
		202	23			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)		
Over-the-counter transactions:						
Currency swaps	¥453,647	¥441,630	¥ 214	¥ 214		
Forward exchange contracts:						
Sell	385,546	78,009	(7,724)	(7,724)		
Buy	280,275	77,857	5,141	5,141		
Currency options:						
Sell	212,112	155,841	(8,677)	(2,107)		
Buy	212,112	155,841	8,213	2,611		
Total	_	_	¥(2,832)	¥(1,864)		

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						
		2023					
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)			
Over-the-counter transactions:							
Earthquake derivatives							
Sell	¥1,950	¥—	¥(22)	¥			
Buy	2,150	_	23	_			
Total	_	_	¥ 1	¥—			

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

				Millions of yen	
				2023	
Method of hedge	accounting	Hedged items	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
Total			_	_	¥4,835

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

			Millions of yen	
			2023	
Method of hedge accounting	Hedged items	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method				
Currency swaps	Foreign currency	¥330,175	¥258,141	¥(28,843)
Fund related swaps	monetary assets	_	_	_
Total		_	_	¥(28,843)

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

	Millions	of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Retirement benefit obligations at the			
beginning of the period	¥63,592	¥67,936	\$422,061
Service cost	2,148	2,253	14,256
Interest cost	485	294	3,218
Actuarial differences incurred	(1,732)	(3,379)	(11,495)
Retirement benefits paid	(3,634)	(3,663)	(24,118)
Prior service cost	_	149	_
Retirement benefit obligations at the end of			
the period	60,859	63,592	403,922

(2) Reconciliation of pension assets between the beginning and the end of the period

	Millions	of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Pension assets at the beginning of the period	¥ 95,305	¥95,066	\$632,541
Expected return on pension assets	1,165	1,171	7,732
Actuarial differences incurred	8,562	10	56,826
Employer's contributions	1,070	1,477	7,101
Retirement benefits paid	(2,466)	(2,419)	(16,366)
Pension assets at the end of the period	103,637	95,305	687,840

(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

	Millions	of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Retirement benefit obligations of the savings	V 60.272	V 62 422	¢ 400 500
plan	¥ 60,372	¥ 63,122	\$ 400,690
Pension assets	(103,637)	(95,305)	(687,840)
	(43,264)	(32,183)	(287,144)
Retirement benefit obligations of the non-savings plan	487	470	3,232
Net liabilities and assets recorded on the consolidated balance sheets	(42,777)	(31,712)	(283,911)
Net defined benefit liability	8,761	10,146	58,146
Net defined benefit asset	(51,538)	(41,859)	(342,058)
Net liabilities and assets on the consolidated balance sheets	(42,777)	(31,712)	(283,911)

(Note) Pension assets include assets in the retirement benefit trust.

(4) Retirement benefit cost and its breakdown

	Millions	Thousands of U.S. dollars (Note 1-1)	
	2024	2023	2024
Service cost	¥ 1,953	¥ 2,060	\$ 12,962
Interest cost	485	294	3,218
Expected return on pension assets	(1,165)	(1,171)	(7,732)
Recognized actuarial differences	(1,997)	(1,729)	(13,254)
Amortization of prior service cost	(541)	(589)	(3,590)
	(1,265)	(1,134)	(8,395)

(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

(5) Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before applicable tax effects) was as follows:

	Millions	of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Prior service cost	¥ (541)	¥ (739)	\$ (3,590)
Actuarial differences	8,297	1,659	55,067
Total	7,755	920	51,470

(6) Remeasurements of defined benefit plans

The breakdown of items included in remeasurements of defined benefit plans (before applicable tax effects) was as follows:

	Millions	Thousands of U.S. dollars (Note 1-1)	
	2024	2023	2024
Unrecognized prior service cost	¥ (181)	¥ (723)	\$ (1,201)
Unrecognized actuarial differences	(21,405)	(13,108)	(142,065)
Total	(21,586)	(13,831)	(143,266)

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(7) Pension assets

Pension asset portfolio

	2024	2023
Bonds	45.6%	47.0%
Equity securities	49.6%	46.5%
Other	4.8%	6.5%
Total	100.0%	100.0%

(Note) 34.5% of the total pension assets as of March 31, 2024 (34.6% as of March 31, 2023) represent assets in the retirement benefit trust for the corporate pension fund, 4.5% of which as of March 31, 2024 (4.3% as of March 31, 2023) corresponds to the lump-sum grant system.

② Determination of the long-term expected rate of return on pension

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, 2024 and 2023 were as follows:

	2024	2023
Discount rates		
Retirement lump-sum grant system	0.70%	0.30%
Corporate pension fund plans	1.20%	0.90%
Long-term expected return on assets		
Pension assets of corporate pension fund	2.00%	2.00%
Retirement benefit trust (Retirement lump- sum grant system and		
corporate pension fund plans)	0.00%	0.00%

(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 ¥476 million (\$3,159 thousand) and ¥359 million at March 31, 2024 and 2023, respectively.

(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 Iyo Bank: 5 Executive Officers of the Iyo Bank: 2	Bank: 3 Executive Officers	Bank: 3 Executive Officers	Directors of the lyo Bank: 2	Directors of the lyo Bank: 1	Directors of the lyo Bank: 1	Directors of the lyo 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 Iyo Bank, Ltd. through a single share transfer, the Company has delivered new stock acquisition rights to the ones issued by the lyo Bank, Ltd.

(*2) Reported in terms of shares of stock

(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.

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
Before vesting							
Previous fiscal year-end	44,400	37,500	16,600	16,600 17,800 16,300		24,000	15,200
Granted	_	_	_	_	_	_	_
Forfeited	_	_	_	_	_	_	_
Vested	10,200	11,200	5,000	_	_	_	_
Outstanding	34,200	26,300	11,600	17,800	16,300	24,000	15,200
After vesting							
Previous fiscal year-end	4,500	5,600	_	_	_	_	_
Vested	10,200	11,200	5,000	_	_	_	_
Exercised	14,700	16,800	5,000	_	_	_	_
Forfeited	_	_	_	_	_	_	_
Exercisable	_	_	_	_	_	_	_

② Price information

O							
	7th	6th	5th	4th	3rd	2nd	1st
	Stock Options	Stock Options	Stock Options	Stock Options	Stock Options	Stock Options	Stock Options
	Yen (U.S. dollars)	Yen (U.S. dollars)	Yen (U.S. dollars)	Yen (U.S. dollars)	Yen (U.S. dollars)	Yen (U.S. dollars)	Yen (U.S. dollars)
Exercise price	¥ 1 (\$0)	¥ 1 (\$0)	¥ 1 (\$0)	¥ 1 (\$0)	¥ 1 (\$0)	¥ 1 (\$0)	¥ 1 (\$0)
	per share	per share	per share	per share	per share	per share	per share
Average exercise price	¥812 (\$5) per share	¥812 (\$5) per share	¥812 (\$5) per share	per share	per share	per share	per share
Fair value at the grant date	¥867 (\$5)	¥601 (\$3)	¥1,473 (\$9)	¥989 (\$6)	¥918 (\$6)	¥550 (\$3)	¥704 (\$4)
	per share	per share	per share	per share	per share	per share	per share

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.

^(*3) The grant date is the original grant date at The Iyo Bank, Ltd.

(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)			
	2024	2023	2024			
Deferred tax assets:						
Excess reserve for loan losses	¥ 13,103	¥ 14,460	\$ 86,964			
Impairment loss on land	717	733	4,758			
Accrued employees' bonuses	541	541	3,590			
Excess depreciation	528	645	3,504			
Other	3,844	4,821	25,512			
Valuation reserve	(965)	(1,103)	(6,404			
Total deferred tax assets	17,769	20,099	117,933			
Deferred tax liabilities:						
Valuation difference on available-for-sale securities	¥(110,944)	¥ (91,963)	\$(736,337			
Retirement benefit asset	(10,660)	(6,570)	(70,750			
Net deferred gains (losses) on derivatives under hedge						
accounting	(1,169)	(707)	(7,758			
Deferred gains on real property	(874)	(880)	(5,800			
Total deferred tax liabilities	(123,648)	(100,122)	(820,654			
Net deferred tax liabilities:	¥(105,879)	¥ (80,022)	\$(702,721			

2 A reconciliation of the statutory tax rate and effective tax rate for the years ended March 31, 2024 and 2023 were as follows:

	2024	2023
Statutory tax rate	30.5%	_
(Adjustments)		
Entertainment expenses and other expenses not deductible permanently for income tax purposes Dividend income and other income excluded	0.2%	_
permanetly for income	(0.00()	
tax purposes	(0.9%)	_
Valuation reserve	2.3%	_
Other	(0.0%)	_
Effective income tax rate	32.0%	_

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.

(Notes to Revenue Recognition)

Disaggregation of revenue from contracts with customers as of March 31, 2024 and 2023, were as follows:

		M	lillions of yer	1		Thousands of U.S. dollars (Note 1-1)							
			2024			2024							
	Repo	rtable segmer	nts			Repo							
	Commercial Banking			Total	Commercial Banking	Leasing	Total	Other businesses	Total				
Fees and commissions	_												
Deposit and loan services	¥ 3,962	¥ —	¥ 3,962	¥ —	¥ 3,962	\$ 26,295	\$ - \$	26,295	\$ - 5	26,295			
Foreign exchange services	2,928	_	2,928	_	2,928	19,433	_	19,433	_	19,433			
Securities-related services	830	_	830	1,503	2,333	5,508	_	5,508	9,975	15,484			
Other services	4,941	_	4,941	347	5,289	32,793	_	32,793	2,303	35,103			
Ordinary income from contracts with customers	12,662	_	12,662	1,850	14,513	84,037	_	84,037	12,278	96,323			
Ordinary income from other items above	161,140	16,613	177,753	491	178,245	1,069,489	110,260	1,179,750	3,258	1,183,015			
Ordinary income from external customers	¥173,802	¥16,613	¥190,415	¥2,342	¥192,758	\$1,153,527	\$110,260 \$	1,263,788	\$15,543 \$	1,279,338			

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.

				М	illion	s of yen							
		2023											
		Repo	rtable s										
		mercial nking	Leasii	ng	To	otal	Othe		Te	otal			
Fees and commissions													
Deposit and loan services	¥	3,899	¥	_	¥	3,899	¥	_	¥	3,899			
Foreign exchange services		2,942		_		2,942		_		2,942			
Securities-related services		807		_		807	1	,059		1,867			
Other services		4,439		_		4,439		270		4,709			
Ordinary income from contracts with customers		12,088		_		12,088	1	,329		13,418			
Ordinary income from other items above	1	42,791	16	,013	1	58,805		730	1	59,535			
Ordinary income from external customers	¥1	54,880	¥16	,013	¥1	70,893	¥2	,060	¥1	72,954			

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 18 consolidated subsidiaries (17 consolidated subsidiaries as of March 31, 2023) 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 lyogin 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 int 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, 2024 and 2023 were as follows:

							Millior	ns of yen						
							2	024						
		Rep	ortable :	segmen	nts									
		mmercial anking	Leasi	Leasing Total		Total	Other businesses		Total		Adjustments		Cor	nsolidated total
Ordinary income														
Customers	¥	173,802	¥16	5,613	¥	190,415	¥	2,342	¥	192,758	¥	_	¥	192,758
Intersegment		426		349		775		10,642		11,417	(1	11,417)		_
Total	¥	174,229	¥16	5,962	¥	191,191	¥	12,984	¥	204,176	¥ (1	11,417)	¥	192,758
Segment profit	¥	57,464	¥	801	¥	58,266	¥	7,015	¥	65,281	¥	(6,702)	¥	58,579
Segment assets	¥9,	220,186	¥58	3,407	¥9	,278,594	¥5	12,030	¥9	9,790,624	¥(53	32,238)	¥9	,258,385
Segment debt	¥8,	407,235	¥3!	5,768	¥8	,443,003	¥	7,980	¥8	3,450,983	¥ (3	35,625)	¥8	,415,357
Other items														
Depreciation	¥	6,369	¥	30	¥	6,400	¥	49	¥	6,450	¥	(71)	¥	6,379
Interest income received		133,789		155		133,945		6,710		140,655		(6,793)		133,862
Interest expense paid		50,906		97		51,003		1		51,005		(88)		50,917
Extraordinary income		48		_		48		_		48		_		48
Gain on disposal of noncurrent assets		(48)		_		(48)		_		(48)		_		(48)
Extraordinary losses		556		0		556		1		558		_		558
Losses on disposal of fixed assets		(373)		(0)		(373)		(0)		(373)		_		(373)
Impairment loss		(182)		_		(182)		_		(182)		_		(182)
Provision of reserve for financial products transaction liabilities		_		_		_		(1)		(1)		_		(1)
Tax expense Increase in tangible fixed assets		18,252		245		18,498		128		18,627		3		18,630
and intangible fixed assets		14,010		16		14,027		44		14,071		(76)		13,994

- 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.
- Adjustments are as below.
- (1) Adjustment of segment profit includes eliminations of intersegment transactions of negative ¥6,702 million (\$44,481 thousand).
- (2) Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥532,238 million (\$3,532,474 thousand)

Millions of yen 2023

Thousands of U.S dollars (Note 1-1) 2024

Total

¥— ¥699

\$— \$1,207

businesses

businesses

Reportable segments

Reportable segments

Commercial Banking

Commercial

\$1,207

¥699

Corporate Data

- (3) Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥35,625 million (\$236,443 thousand).
- (4)Eliminations of intersegment transactions intersegment transactions of negative ¥35,025 million (\$45,045 mousand).

 (4)Eliminations of intersegment transactions include adjustment of depreciation of negative ¥71 million (\$471 thousand), adjustment of interest income received of negative ¥6,793 million (\$45,085 thousand), adjustment of interest expense paid of negative ¥88 million (\$584 thousand), adjustment of the expense of ¥3 million (\$19 thousand) and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥76 million (\$504 thousand).

 4. Segment profit is adjusted to ordinary income in the consolidated statement of income.
- 5. lyogin Digital Solutions Co., Ltd. which was newly established on April 3, 2024, is included "Other businesses."

							Millior	ns of yen						
							2	023						
		Rep	ortable s	egmer	nts									
		mmercial anking	Leasir	ng		Total		ther nesses		Total	Adjus	stments	Cor	solidated 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	¥5	14,956	¥9	,084,053	¥(5	33,274)	¥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

- 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.
 (2) Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥533,274 million.
 (3) Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥36,660 million.
 (4) Eliminations of intersegment transactions include adjustment of depreciation of negative ¥73 million, adjustment of interest income received of negative ¥8,876 million, adjustment of interest expense paid of negative ¥87 million, adjustment of tax expense of ¥5 million and adjustment of increase in tangible fixed assets
- and intangible fixed assets of negative ¥54 million.

 4. Segment profit is adjusted to ordinary income in the consolidated statement of income.
- 5. The Company is included "Other businesses."

			·	(116 ' ''	/hl + 4 4\		
			Thousands	of U.S. dollars	(Note 1-1)		
	Pop	ortable segmen	htc	2024	-		
	Commercial	ortable segitier	ILS	Other			Consolidated
	Banking	Leasing	Total	businesses	Total	Adjustments	total
Ordinary income							
Customers	\$ 1,153,527	\$110,260	\$ 1,263,788	\$ 15,543	\$ 1,279,338	\$ —	\$ 1,279,338
Intersegment	2,827	2,316	5,143	70,631	75,774	(75,774)	
Total	\$ 1,156,361	\$112,577	\$ 1,268,938	\$ 86,175	\$ 1,355,120	\$ (75,774)	\$ 1,279,338
Segment profit	\$ 381,389	\$ 5,316	\$ 386,712	\$ 46,558	\$ 433,271	\$ (44,481)	\$ 388,790
Segment assets	\$61,194,570	\$387,648	\$61,582,226	\$3,398,354	\$64,980,580	\$(3,532,474)	\$61,448,098
Segment debt	\$55,798,997	\$237,392	\$56,036,390	\$ 52,963	\$56,089,354	\$ (236,443)	\$55,852,903
Other items							
Depreciation	\$ 42,271	\$ 199	\$ 42,476	\$ 325	\$ 42,808	\$ (471)	\$ 42,337
Interest income received	887,960	1,028	888,995	44,534	933,530	(45,085)	888,444
Interest expense paid	337,864	643	338,507	6	338,521	(584)	337,93
Extraordinary income	318	_	318	_	318		318
Gain on disposal of noncurrent assets	(318)	_	(318)	_	(318)	_	(31
Extraordinary losses	3,690	0	3,690	6	3,703	_	3,70
Losses on disposal of fixed assets	(2,475)	0	(2,475)	(0)		_	(2,47
Impairment loss	(1,207)	_	(1,207)	_	(1,207)		(1,20
Provision of reserve for financial product transaction liabilities		_	_	(6)		_	((
Tax expense	121,138	1,626	122,771	849	123,627	19	123,64
•			•				
Increase in tangible fixed assets							
and intangible fixed assets	92,984	106	93,097	292	93,389	(504)	92,878
and intangible fixed assets Related information	92,984	106	93,097	292	Millions of yen	(504)	92,878
and intangible fixed assets Related information	92,984	106	93,097				92,878
and intangible fixed assets Related information	92,984	106		Securities	Millions of yen 2024	Other	
and intangible fixed assets Related information Information by service	92,984	106	Loans	Securities investments	Millions of yen 2024 Lease		Total
and intangible fixed assets Related information Information by service	92,984	106		Securities	Millions of yen 2024	Other businesses	Total
Increase in tangible fixed assets and intangible fixed assets Related information information by service Ordinary income customers	92,984	106	Loans	Securities investments	Millions of yen 2024 Lease	Other businesses	Total
and intangible fixed assets Related information Information by service	92,984	106	Loans	Securities investments	Millions of yen 2024 Lease ¥16,613	Other businesses	Total
and intangible fixed assets Related information Information by service	92,984	106	Loans	Securities investments	Millions of yen 2024 Lease ¥16,613 Millions of yen	Other businesses	Total
and intangible fixed assets Related information Information by service	92,984	106	Loans ¥92,658	Securities investments ¥61,991	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease	Other businesses ¥21,495 Other businesses	Total ¥192,75 Total
and intangible fixed assets Related information Information by service Ordinary income customers	92,984	106	Loans ¥92,658	Securities investments ¥61,991	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease	Other businesses ¥21,495	Total ¥192,75 Total
and intangible fixed assets Related information Information by service Ordinary income customers	92,984	106	Loans ¥92,658	Securities investments ¥61,991 Securities investments ¥61,862	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease	Other businesses ¥21,495 Other businesses ¥22,608	Total ¥192,75
and intangible fixed assets Related information Information by service Ordinary income customers	92,984	106	Loans ¥92,658	Securities investments ¥61,991 Securities investments ¥61,862	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013	Other businesses ¥21,495 Other businesses ¥22,608	Total ¥192,75 Total
and intangible fixed assets Related information Information by service Ordinary income customers	92,984	106	Loans ¥92,658	Securities investments ¥61,991 Securities investments ¥61,862 Thousand	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013	Other businesses ¥21,495 Other businesses ¥22,608 (Note 1-1)	Total ¥192,75 Total
and intangible fixed assets Related information Information by service Ordinary income customers	92,984	106	Loans ¥92,658 Loans ¥72,470	Securities investments ¥61,991 Securities investments ¥61,862	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013 Is of U.S dollars 2024 Lease	Other businesses ¥21,495 Other businesses ¥22,608	Total ¥192,75 Total
and intangible fixed assets Related information Information by service Ordinary income customers Ordinary income customers	92,984	106	Loans ¥92,658 Loans ¥72,470	Securities investments ¥61,991 Securities investments ¥61,862 Thousand Securities	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013 Is of U.S dollars of 2024 Lease	Other businesses ¥21,495 Other businesses ¥22,608 (Note 1-1)	Total ¥192,75 Total ¥172,95
and intangible fixed assets Related information Information by service Ordinary income customers Ordinary income customers	92,984	106	Loans ¥92,658 Loans ¥72,470	Securities investments ¥61,991 Securities investments ¥61,862 Thousand Securities investments	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013 Is of U.S dollars 2024 Lease \$110,260 Millions of yen	Other businesses ¥21,495 Other businesses ¥22,608 (Note 1-1) Other businesses \$142,662	Total ¥192,75 Total ¥172,95
and intangible fixed assets Related information Information by service Ordinary income customers Ordinary income customers	92,984	106	Loans Loans ¥72,470 Loans \$614,973	Securities investments ¥61,991 Securities investments ¥61,862 Thousand Securities investments \$411,435	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013 Is of U.S dollars 2024 Lease \$110,260 Millions of yen 2024	Other businesses ¥21,495 Other businesses ¥22,608 (Note 1-1) Other businesses \$142,662	Total ¥192,75 Total ¥172,95
and intangible fixed assets Related information Information by service	92,984	106	Loans ¥92,658 Loans ¥72,470 Loans \$614,973	Securities investments ¥61,991 Securities investments ¥61,862 Thousand Securities investments	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013 Is of U.S dollars 2024 Lease \$110,260 Millions of yen 2024	Other businesses ¥21,495 Other businesses ¥22,608 (Note 1-1) Other businesses \$142,662	Total ¥192,75 Total ¥172,95
and intangible fixed assets Related information Information by service Ordinary income customers Ordinary income customers	92,984	106	Loans Loans ¥72,470 Loans \$614,973	Securities investments ¥61,991 Securities investments ¥61,862 Thousand Securities investments \$411,435	Millions of yen 2024 Lease ¥16,613 Millions of yen 2023 Lease ¥16,013 Is of U.S dollars 2024 Lease \$110,260 Millions of yen 2024	Other businesses ¥21,495 Other businesses ¥22,608 (Note 1-1) Other businesses \$142,662	Total ¥192,75 Total ¥172,95

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Impairment loss

Impairment loss

(Notes to Related Party Transactions)

For the year ended March 31, 2024

(1) Transactions between the Company and related parties.

(2) Transactions between consolidated subsidiaries of the Company and related parties.

Directors or major individual stockholders

Туре	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	Temporary staffing	¥21	Other liabilities	¥0
Туре	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	\$331	Temporary staffing	15.0% Direct holding		Temporary staffing	\$139	Other liabilities	\$0

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.

For the year ended March 31, 2023

(1) Transactions between the Company and related parties.

(2) Transactions between consolidated subsidiaries of the Company and related parties.

Directors or major individual stockholders

Туре	Name	Location	Capital (Millions of yen)	Business		rships of 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, I	nc Ehime	¥50	Temporary staffing	15.0%	Direct holding	Temporary staffing	Temporary staffing	¥27	Other liabilities	¥0

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:

	Millions	s of yen	Thousands of U.S. dollars (Note 1-1)
	2024	2023	2024
Borrowings from banks	¥757,237	¥684,070	\$5,025,798
Lease liabilities (due within one year)	466	347	3,092
Lease liabilities (due after one year)	1,644	1,298	10,911

The weighted average interest rates on the outstanding balances at March 31, 2024 and 2023 were as follows:

	2024	2023
Borrowings from banks	1.24%	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

(Significant Subsequent Events)

(Repurchase of Treasury Stock)

The Company resolved to repurchase its treasury stock in accordance with Article 156 of the Companies Act of Japan, which shall be interpreted and applied in accordance with the provisions of Article 165, paragraph 3, at its Board of Directors meeting held on May 10, 2024.

- 1. Class of Share: Common Stock
- 2. Total number of shares of common stock to be repurchased: Up to 6,000,000 shares
- 3. Total amount: Up to ¥5,000 million (\$33 million)
- 4. Repurchase method: Auction market on Tokyo Stock Exchange
- 5. Period: From May 13, 2024 to July 31, 2024

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NONCONSOLIDATED BALANCE SHEET

The Iyo Bank, Ltd. March 31,2024

	Millions	of yen	Thousands of U.S. dollars
	2024	2023	2024
ASSETS			
Cash and due from banks	¥1,169,668	¥1,365,848	\$ 7,763,111
Call loans	8,478	_	56,268
Cash collateral provided for securities borrowed	_	50,085	_
Monetary claims purchased	4,599	5,606	30,523
Trading account securities	232	492	1,539
Money held in trust	1,885	1,746	12,510
Securities	2,060,752	1,478,275	13,677,254
Loans and bills discounted	5,667,471	5,326,058	37,615,125
Reserve for loan losses	(31,524)	(31,606)	(209,225)
Foreign exchange	7,281	40,407	48,324
Other assets	145,020	113,877	962,500
Tangible fixed assets	73,860	70,397	490,210
Intangible fixed assets	14,673	11,684	97,385
Prepaid pension cost	32,920	30,135	218,490
Customers' liabilities for acceptances and guarantees	40,068	30,696	265,932
Total assets	¥9,195,389	¥8,493,705	\$61,029,992
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits	¥6,949,084	¥6,823,289	\$46,121,218
Call money	5,299	_	35,169
Payables under repurchase agreements	91,460	_	607,021
Payables under securities lending transactions	327,936	77,501	2,176,518
Borrowed money	753,277	678,847	4,999,515
Foreign exchange	332	3,680	2,203
Borrowed money from trust account	1,205	1,045	7,997
Other liabilities	122,804	82,595	815,052
Accrued employees' bonuses	1,564	1,566	10,380
Employees' severance and retirement benefits	11,242	11,782	74,613
Reserve for losses on repayment of dormant bank accounts	592	845	3,929
Reserve for contingent losses	1,209	1,100	8,024
Reserve for share-based payments	452	409	2,999
Provision for dismantling costs of fixed assets	818	885	5,429
Deferred tax liabilities	97,151	72,860	644,793
Deferred taxes on revaluation excess	9,361	9,472	62,129
Acceptances and guarantees	40,068	30,696	265,932
Total liabilities	8,413,862	7,796,578	55,842,981
Net assets			
Common stock			
Authorized — 600,000,000 shares	20.040	20.040	430.033
Issued — 313,408,831 shares	20,948	20,948	139,032
Capital surplus	10,480	10,480	69,555
Legal reserve	20,948	20,948	139,032
Other retained earnings	458,665	424,660	3,044,169
Valuation difference on available-for-sale securities	249,053	199,500	1,652,970
Net deferred gains (losses) on derivatives under hedge accounting	2,664	1,611	17,681
Land revaluation excess	18,765	18,977	124,543
Total net assets	781,526	697,127	5,187,004
Total liabilities and net assets	¥9,195,389	¥8,493,705	\$61,029,992

NONCONSOLIDATED STATEMENT OF INCOME

The Iyo Bank, Ltd. For the year ended March 31, 2024

	Millions o	f yen	Thousands of U.S. dollars
	2024	2023	2024
INCOME			
Interest and dividend income:			
Interest on loans and discounts	¥ 89,851	¥ 66,466	\$ 596,343
Interest and dividends on securities	40,694	26,773	270,086
Interest on receivables under resale agreements	(0)	_	(0)
Interest on receivables under securities lending transactions	0	0	0
Other interest income	3,125	2,634	20,740
Fees and commissions	13,202	12,746	87,621
Other operating income	18,306	37,231	121,497
Other income	7,785	7,925	51,669
Total income	172,965	153,777	1,147,972
EXPENSES			
Interest expense:			
Interest on deposits	12,471	5,425	82,770
Interest on borrowings and rediscounts	10,079	4,013	66,894
Interest on payables under repurchase agreements	2,142	382	14,216
Interest on payables under securities lending transactions	6,887	1,771	45,709
Other interest expense	19,324	9,213	128,253
Fees and commissions	6,568	6,281	43,591
Other operating expenses	5,263	31,772	34,930
General and administrative expenses	50,311	48,142	333,915
Other expenses	4,281	9,250	28,413
Total expenses	117,329	116,252	778,715
Income before income taxes	55,635	37,524	369,250
Income taxes:			
Current	13,604	10,359	90,290
Deferred	4,163	839	27,629
Net income	¥ 37,867	¥ 26,325	\$ 251,324

	Ye	en		U.S.	dollars	
Basic net income per share	¥ 120.82	¥	83.89	\$	0.80	
Diluted net income per share	_		_		_	

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NONCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

The Iyo Bank, Ltd. For the year ended March 31, 2024

For the year ended March 31, 2024						
		Millions	s of yen		-	
		Stockhold	ers' equity		_	
			Capital surplus		_	
For the year ended March 31, 2024	Common stock	CAPITAL RESERVE	Other capital surplus	Total capital surplus		
Balance at the beginning of the accounting period Changes during the accounting period Dividends Reversal of deferred gains on real property Net income Reversal of land revaluation excess Changes in items other than stockholders' equity, net	¥20,948	¥10,480	¥—	¥10,480		
Total changes during the accounting period Balance at the end of the accounting period	¥20,948	¥10,480	¥—	¥10,480		
		Thousands o	f U.S. dollars			
		Stockhold	ers' equity		_	
	_		Capital surplus		_	
For the year ended March 31, 2024	Common stock	Capital reserve	Other capital surplus	Total capital surplus		
Balance at the beginning of the accounting period Changes during the accounting period Dividends	\$139,032	\$69,555	\$—	\$69,555		
Reversal of deferred gains on real property Net income 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	\$139,032	\$69,555	\$—	\$69,555		
			Millions	of yen		
			Stockholde			
			letained earning			-
		Otne	er retained earn	Retained	-	
For the year ended March 31, 2024	Legal reserve	Deferred gains on real property	General reserve	earnings brought forward	Total retained earnings	Total stockholders' equity
Balance at the beginning of the accounting period	¥20,948	¥2,006	¥393,594	¥29,059	¥445,608	¥477,037
Changes during the accounting period Dividends Reversal of deferred gains on real property Net income Reversal of land revaluation excess		(13)		(4,074) 13 37,867 212	(4,074) — 37,867 212	(4,074) 37,867 212
Changes in items other than stockholders' equity, net		(42)		24.040	24.005	24.005
Total changes during the accounting period Balance at the end of the accounting period	¥20,948	(13) ¥1,993	¥393,594	34,019 ¥63,078	34,005 ¥479,614	34,005 ¥511,043
bullance at the end of the accounting period	+20,540	+1,555	Thousands of	f U.S. dollars	7475,014	+311,043
			Stockholde	- ' '		
			etained earning er retained earn			-
				Retained	-	
For the year ended March 31, 2024	Legal reserve	Deferred gains on real property	General reserve	earnings brought forward	Total retained earnings	Total stockholders' equity
Balance at the beginning of the accounting period	\$139,032	\$13,313	\$2,612,291	\$192,865	\$2,957,509	\$3,166,104
Changes during the accounting period Dividends		(00)		(27,039)	(27,039)	(27,039)
Reversal of deferred gains on real property Net income Reversal of land revaluation excess Changes in items other than stockholders' equity, net		(86)		86 251,324 1,407	251,324 1,407	251,324 1,407
Total changes during the accounting period Balance at the end of the accounting period	 \$139,032	(86) \$13,227	<u> </u>	225,784 \$418,650	225,691 \$3,183,208	225,691 \$3,391,803

			Millions of yen	1	
	Val	uation and trans	slation adjustm	ients	
For the year ended March 31, 2024		Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	
Balance at the beginning of the accounting period	¥199,500	¥1,611	¥18,977	¥220,090	¥697,127
Changes during the accounting period Dividends Reversal of deferred gains on real property	·	·	·	·	(4,074)
Net income Reversal of land revaluation excess					37,867 212
Changes in items other than stockholders' equity, net Total changes during the accounting period Balance at the end of the accounting period	49,552 49,552 ¥249,053	1,053 1,053 ¥2.664	(212) (212) ¥18,765		50,393 84,398 ¥781,526
balance at the end of the accounting period	+2+3,033	,	sands of U.S. o	-	+701,320
	Val	uation and trans			
For the year ended March 31, 2024	Valuation difference on	Net deferred gains (losses) on derivatives under hedge	Land revaluation excess	Total valuation	
Balance at the beginning of the accounting period	\$1,324,085	\$10,692	\$125.950	\$1,460,742	\$4.626.846
Changes during the accounting period Dividends Reversal of deferred gains on real property Net income Reversal of land revaluation excess					(27,039) 251,324 1,407
Changes in items other than stockholders' equity, net	328,877	6,988	(1,407)		334,459
Total changes during the accounting period Balance at the end of the accounting period	328,877 \$1,652,970	6,988 \$17,681	(1,407) \$124 543	334,459 \$1,795,201	560,151
balance at the end of the accounting period	\$1,032,970	-		\$1,733,201	\$3,167,004
		Millions	ers' equity		_
			Capital surplus	5	-
	Common	CAPITAL	Other capital	Total capital	-
For the year ended March 31, 2023	stock	RESERVE	surplus	surplus	_
Balance at the beginning of the accounting period Changes during the accounting period Dividends Reversal of deferred gains on real property Provision of general reserve Net income Purchase of treasury stock	¥20,948	¥10,480	¥ —	¥10,480	
Disposal of treasury stock Cancellation of treasury stock Transfer from retained earnings to capital surplus Reversal of land revaluation excess Changes in items other than stockholders' equity, net			1 (8,264) 8,262	1 (8,264) 8,262	
Total changes during the accounting period Balance at the end of the accounting period	¥20,948	¥10,480	¥ —	¥10,480	

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				Millions of yen			
			St	ockholders' equ	iity		
		Re	etained earning	gs	-		
		Othe	r retained earr	nings			
For the year ended March 31, 2023	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	Total stockholders' equity
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 Reversal of deferred gains on real property Provision of general reserve Net income Purchase of treasury stock Disposal of treasury stock		(28)	(17,000)	(31,865) 28 17,000 26,325	(31,865) — — 26,325	(3,000) 839	(31,865) 26,325 (3,000)
Cancellation of treasury stock Transfer from retained earnings to capital surplus Reversal of land revaluation excess Changes in items other than stockholders' equity, net				(8,262) 80	(8,262) 80	8,264	840 — — 80
Total changes during the accounting period Balance at the end of the accounting period	¥20,948	(28) ¥2,006	(17,000) ¥393,594	3,306 ¥29,059	(13,722) ¥445,608	6,103 ¥ —	(7,619) ¥477,037
			Million	s of yen			
	Val	uation and trans					•
For the year ended March 31, 2023	Valuation difference on	Net deferred gains (losses) on derivatives under hedge	Land	Total valuation and translation adjustments		Total net assets	
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 Reversal of deferred gains on real property Provision of general reserve						(31,865)	
Net income Purchase of treasury stock Disposal of treasury stock Cancellation of treasury stock						26,325 (3,000) 840	
Transfer from retained earnings to capital surplus 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	10,684 10,684 ¥199,500	458 458 ¥1,611	(80) (80) ¥18,977		(208) (208) ¥ —	80 10,854 3,235 ¥697,127	

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Corporate Profile (as of March 31, 2024)

Trade name	lyogin 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)	16.05%			
Consolidated subsidiaries	18 companies			
Consolidated employees (excluding temporary staff)	3,019 persons			

Composition of Shareholders (as of March 31, 2024)

		Status of shares (one unit represents 100 shares)								
Classification		National or		Financial		Foreign corporations, etc.		Individuals and others	Total	Status of odd stocks (number of shares)
	local governments of Japan	local Financial ernments institutions	instruments business operators	Other corporations	Shareholders other than individual shareholders	Individual shareholders				
Numb shareho (perso	olders	2	55	36	1,128	244	41	24,564	26,070	_
Number shares (in ur	held	8,019	998,289	88,395	889,392	504,191	339	642,294	3,130,919	316,931
i	Proportion (%)	0.25	31.88	2.82	28.40	16.10	0.01	20.54	100.00	_

^{*}Of the 9,577,816 shares of treasury shares, 95,778 units are included in "Individuals and others" and 16 shares are included in "Status of odd stocks."

Major Shareholders (as of March 31, 2024)

Name	Location	Shares held (thousands of shares)	Ratio of acquired shares to total number of issued shares (%)
The Master Trust Bank of Japan, Ltd.	1-8-1 Akasaka, Minato-ku, Tokyo, Japan AKASAKA INTERCITY AIR	30,863	10.15
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	25,400	8.36
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo, Japan	8,878	2.92
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	6,207	2.04
Daio Kaiun Co., Ltd.	7-35 Mishimakamiya-cho, Shikokuchuo, Ehime, Japan	6,000	1.97
IYOTETSU Group Co., Ltd.	4-4-1 Minatomachi, Matsuyama, Ehime, Japan	5,960	1.96
Sumitomo Forestry Co., Ltd.	1-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan	5,911	1.94
Sumitomo Life Insurance Company	2-2-1 Yaesu, Chuo-ku, Tokyo, Japan	5,415	1.78
Employee stock ownership of lyogin Group	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	4,474	1.47
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo, Japan)	4,043	1.33
Total	_	103,156	33.95

Outline of Group Companies (as of June 27, 2024)

	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Banking business	
The Iyo Bank, Ltd.	Representative	Kenji Miyoshi, President (Representative Director)	Capital	¥20,948 million	
	Establishment	September 1, 1941	Ownership of the Company	100%	
	Location	2-5-41 Otemachi, Matsuyama, Ehime, Japan	Description of business	Lease business, loan business	
lyogin Leasing Company Limited	Representative	Junji Kurihara, President and Representative Director	Capital	¥80 million	
Company Limited	Establishment	September 26, 1974	Ownership of the Company	100%	
lyogin Computer	Location	2-2-5 Takasagomachi, Matsuyama, Ehime, Japan	Description of business	Consigned information processing business, software development business	
Service Company	Representative	Jun Nitta, President and Representative Director	Capital	¥10 million	
Limited	Establishment	January 20, 1975	Ownership of the Company	100%	
The Iyogin Credit	Location	4-12-1 Sanbancho, Matsuyama, Ehime, Japan	Description of business	Credit guarantee business for housing loans and consumer loans	
Guaranty Company	Representative	Nobuyuki Sasaki, President and Representative Director	Capital	¥30 million	
Limited	Establishment	September 28, 1978	Ownership of the Company	100%	
The Iyogin Business Service Company	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Cash organization and inspection business, large collection busine maintenance and management business of automated cash facilit	
	Representative	Naoyuki Kii, President and Representative Director	Capital	¥10 million	
Limited	Establishment	December 24, 1979	Ownership of the Company	0% (100% ownership of The Iyo Bank, Ltd.)	
Iyogin Capital	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Investment business for stocks and corporate bonds, etc., management of investment funds	
Company Limited	Representative	Toshiki Hamaguchi, President and Representative Director	Capital	¥320 million	
	Establishment	August 1, 1985	Ownership of the Company	100%	
Iyogin Regional	Location	4-4-3 Minatomachi, Matsuyama, Ehime, Japan	Description of business	Investigation and research business regarding industry, economics, and finar management consultation service; and educational services such as training	
Economy Research	Representative	Kazushige Yano, President and Representative Director	Capital	¥30 million	
Center, Inc.	Establishment	April 1, 1988	Ownership of the Company	100%	
	Location	4-12-1 Sanbancho, Matsuyama, Ehime, Japan	Description of business	Credit card business, guarantee business	
Iyogin DC Card Co., Ltd.	Representative	Makoto Kaneko, President and Representative Director	Capital	¥50 million	
	Establishment	August 29, 1988	Ownership of the Company	100%	
	Location	9-41 Toiyacho, Matsuyama, Ehime, Japan	Description of business	Securities business	
Shikoku Alliance	Representative	Shuhei Kurita, President and Representative Director	Capital	¥3,000 million	
Securities Co., Ltd.	Establishment	February 2, 2012	Ownership of the Company	100%	
lyogin Challenge & Smile Co., Ltd.	Location	2-2-5 Takasagomachi, Matsuyama,	Description of	Manufacturing business for office supplies, etc.	
	Representative	Ehime, Japan Seiji Komoda, President and Representative	business Capital	¥10 million	
	Establishment	April 2, 2018	Ownership of the Company	0% (100% ownership of The Iyo Bank, Ltd.)	
	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Consulting business, development, sales and maintenance business of applications	
Iyogin Digital Solutions Co., Ltd.	Representative	Kazuya Ono, President and Representative Director	Capital	¥200 million	
		Director	Ownership of the		

⁽Notes) 1. The ratio of acquired shares to total number of issued shares is calculated by excluding treasury shares (9,577,816 shares).

2. The number of shares held by The Master Trust Bank of Japan, Ltd., associated with trust services is 30,863 thousand shares.

3. The number of the shares held by Custody Bank of Japan, Ltd., associated with trust services is 25,400 thousand shares are related to the trust business. The breakdown of which is 20,075 thousand shares in the trust account, 4,929 thousand shares in the retirement benefit trust account, 146 thousand shares in the pension trust account, and 248 thousand shares in the pension tokkin special pension account (a type of corporate investment fund managed by a trust bank).