

First Half of Fiscal 2023 Earnings Briefing Materials

(April 1, 2023 – September 30, 2023)



Iyogin Holdings

December 8, 2023

I. Summary of Earnings for the First Half of Fiscal 2023

II. Process for Enhancement of Corporate Value

III. Group Medium-Term Management Plan

III-1. Main Strategies and Progress of Medium-Term Management Plan

III-2. Efforts for Sustainability

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Profit and Loss Overview for the First Half of Fiscal 2023

Profit attributable to owners of parent marked a record high due to an increase in gain related to securities, in addition to securing a high level of consolidated core business gross profit

Holding Company Consolidated (Units: Millions of yen)	First half of fiscal 2023			First half of fiscal 2022
		YoY	Increase/ Decrease	
Consolidated core business gross profit	50,789	+ 5,820	+ 12.9%	44,969
Interest and dividend income	41,481	+ 3,754		37,727
Fees and commissions	5,538	+ 913		4,625
Other operating income (Excluding profit/loss related to bonds including JGBs, etc.)	3,768	+ 1,152		2,616
Expenses (-)	27,219	+ 1,062	+ 4.1%	26,157
Personnel expenses	15,011	+ 384		14,627
Nonpersonnel expenses	10,557	+ 567		9,990
Taxes	1,650	+ 110		1,540
Consolidated core business net income	23,570	+ 4,769	+ 25.3%	18,811
Credit costs (-) ①+②-③-④	1,512	+ 2,273		(761)
Provision of reserve for general loan losses ①	(227)	(227)		—
Amortization of non-performing loans ②	1,873	+ 1,561		312
Reversal of allowance for loan losses ③	—	(923)		923
Recoveries of written off claims ④	133	(17)		150
Gain (loss) related to securities	13,507	+ 5,987		7,520
Gain (loss) related to bonds including JGBs, etc.	10,273	+ 4,427		5,846
Gain (loss) related to stock, etc.	3,233	+ 1,560		1,673
Other temporary gain (loss)	1,841	+ 19		1,822
Ordinary income	37,406	+ 8,491	+ 29.4%	28,915
Extraordinary income (loss)	(128)	(6)		(122)
Income before income taxes	37,277	+ 8,484		28,793
Net income	24,731	+ 4,419	+ 21.8%	20,312
Profit attributable to owners of parent	24,733	+ 4,856	+ 24.4%	19,877
Ordinary Revenue	99,762	+ 13,550	+ 15.7%	86,212
Business net income	34,071	+ 9,413	+ 38.2%	24,658

Consolidated core business gross profit **Up ¥5,820 million YoY**

- Interest and dividend income increased, mainly due to an increase in gain on loan management as a result of boosting loan balance and an increase in gain on securities management as a result of improvement of gain (loss) on fund cancellation.
- Fees and commissions increased due to increases in revenue on corporate consulting and revenue on assets in custody by the Group as a whole.

Expenses (-) **Up ¥1,062 million YoY**

- Nonpersonnel expenses such as depreciation and administrative outsourcing expenses increased due to an increase in strategic investments. Also, personnel expenses increased due to the raised wage base, etc.

Credit costs (-) **Up ¥2,273 million YoY**

- Credit costs increased due to a decrease in reversal of provision of reserve for general loan losses as a result of a decrease in factors of reversal of provision for COVID-19 measures and an increase in the reserve ratio.

Gain (loss) related to securities **Up ¥5,987 million YoY**

- Gain (loss) related to bonds including JGBs, etc. increased due to the recording of a gain on sales of foreign bonds by capturing the market trend.
- Gain (loss) related to stock, etc. increased due to the increased gain on sales of cross-shareholdings.

Profit attributable to owners of parent **Up ¥4,856 million YoY**

Profit and Loss of Major Group Companies for the First Half of Fiscal 2023 [Group Companies]

Profit and Loss [Iyogin Bank Nonconsolidated]

- Mainly due to increases in core business gross profit and gain (loss) related to securities, net income increased and a high level of profit continued to be secured

(Units: Millions of yen)

	First half of fiscal 2023	YoY	Increase/Decrease	First half of fiscal 2022
Core business gross profit	48,064	+ 5,808	+ 13.7%	42,256
Interest and dividend income	41,449	+ 3,858		37,591
Fees and commissions	3,637	+ 591		3,046
Of which, revenue on assets in custody	853	+ 0		853
Other operating income (Excluding profit/loss related to bonds including JGBs, etc.)	2,977	+ 1,360		1,617
Expenses (-)	26,012	+ 1,147	+ 4.6%	24,865
Personnel expenses	12,533	(248)		12,781
Nonpersonnel expenses	11,863	+ 1,291		10,572
Taxes	1,614	+ 103		1,511
Core business net income	22,051	+ 4,660	+ 26.8%	17,391
Credit costs (-) ①+②-③-④	1,340	+ 2,210		(870)
Provision of reserve for general loan losses ①	(241)	(241)		—
Amortization of non-performing loans ②	1,714	+ 1,547		167
Reversal of allowance for loan losses ③	—	(888)		888
Recoveries of written off claims ④	132	(17)		149
Gain (loss) related to securities	13,583	+ 6,408		7,175
Gain (loss) related to bonds including JGBs, etc.	10,273	+ 4,427		5,846
Gain (loss) related to stock, etc.	3,309	+ 1,981		1,328
Other temporary gain (loss)	2,004	+ 114		1,890
Ordinary income	36,299	+ 8,972	+ 32.8%	27,327
Extraordinary income (loss)	(128)	(6)		(122)
Income before income taxes	36,170	+ 8,965		27,205
Net income	24,087	+ 4,903	+ 25.6%	19,184
Ordinary revenue	90,091	+ 13,861	+ 18.2%	76,230
Business net income	32,566	+ 9,329	+ 40.1%	23,237

Profit and Loss [Other Major Group Companies]

Iyogin Leasing

(Units: Millions of yen)

	First half of fiscal 2023	YoY
Core business gross profit	714	+ 37
Expenses (-)	387	+ 24
Core business net income	327	+ 13
Other profit (loss)	35	(70)
Ordinary income	362	(57)
Net income	241	(40)
Ordinary revenue	8,413	+ 54

Shikoku Alliance Securities

(Units: Millions of yen)

	First half of fiscal 2023	YoY
Core business gross profit	767	+ 45
Expenses (-)	770	(16)
Core business net income	(2)	+ 62
Other profit (loss)	0	+ 0
Ordinary income	(2)	+ 62
Net income	(5)	+ 62
Ordinary revenue	905	+ 2

Iyogin Credit Guarantee

(Units: Millions of yen)

	First half of fiscal 2023	YoY
Core business gross profit	1,064	+ 19
Expenses (-)	142	+ 39
Core business net income	922	(20)
Other profit (loss)	(256)	(47)
Ordinary income	666	(66)
Net income	443	(41)
Ordinary revenue	1,112	(30)

Iyogin Computer Service

(Units: Millions of yen)

	First half of fiscal 2023	YoY
Core business gross profit	725	+ 85
Expenses (-)	619	+ 19
Core business net income	105	+ 66
Other profit (loss)	(5)	(21)
Ordinary income	100	+ 45
Net income	66	+ 29
Ordinary revenue	1,446	+ 438

*The figures for profits and losses of each company are stated before inter-group elimination.

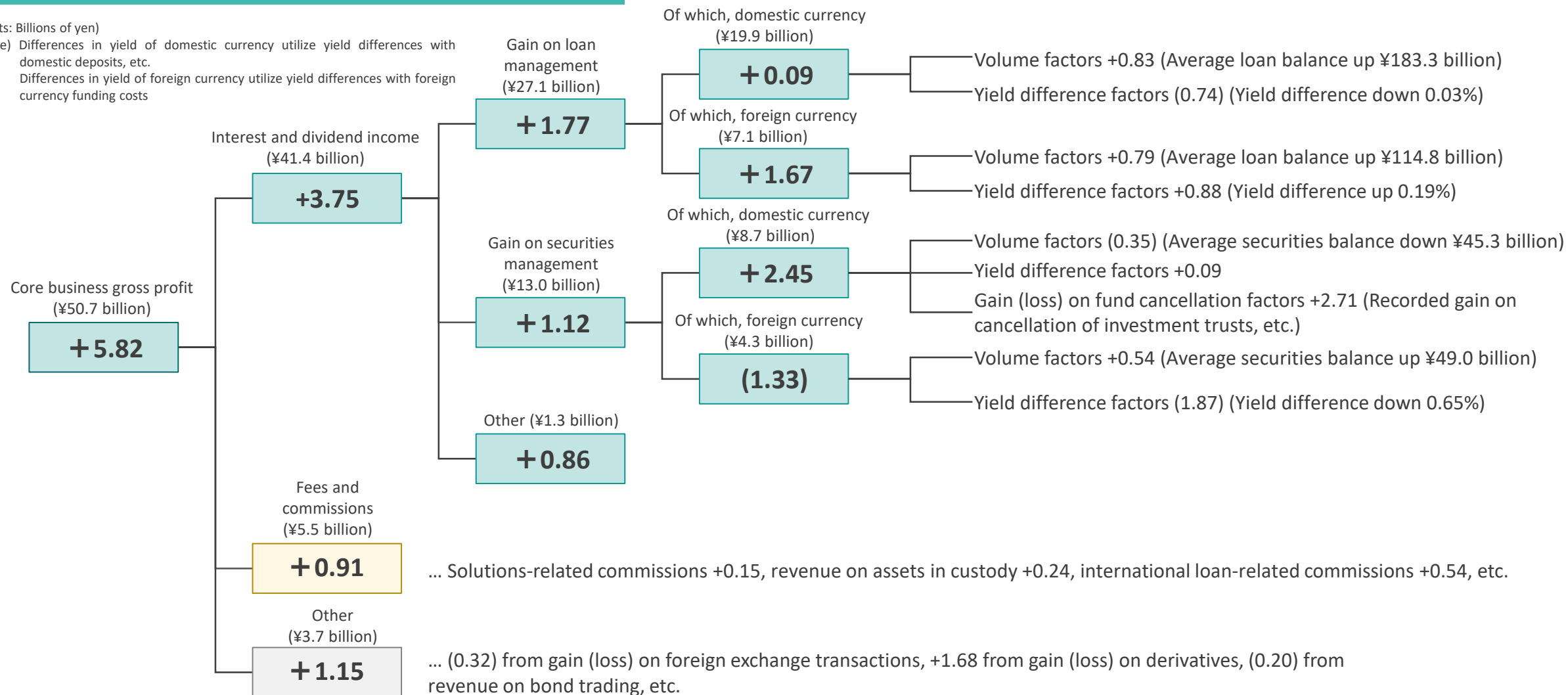
Factors in Increase / Decrease in Core Business Gross Profit for the First Half of Fiscal 2023

Core business gross profit still remained at a high level, increased year on year due to steady increases in both interest and dividend income and non-interest and dividend income

Year-on-year (First Half of Fiscal 2023 – First Half of Fiscal 2022)

(Units: Billions of yen)

(Note) Differences in yield of domestic currency utilize yield differences with domestic deposits, etc.
Differences in yield of foreign currency utilize yield differences with foreign currency funding costs



Loans, Deposits, and Assets in Custody for the First Half of Fiscal 2023

Deposits, etc. Deposits, etc. were up 2.5% year-on-year

Balance of deposits, etc. by region (Units: Billions of yen)

Region	Fist Half of Fiscal 2022	Fist Half of Fiscal 2023	YoY	
			YoY	Increase/Decrease
Within Ehime Prefecture	5,179.2	5,276.6	+97.4	+1.9%
Shikoku (excluding Ehime)	290.5	295.4	+4.9	+1.7%
Kyushu	186.5	197.1	+10.6	+5.7%
Chugoku	289.0	293.0	+4.0	+1.4%
Kinki	191.6	194.9	+3.3	+1.7%
Tokyo and Nagoya	422.0	444.6	+22.6	+5.4%
Singapore	81.8	120.4	+38.6	+47.2%
Offshore, etc.	28.8	14.7	(14.1)	(49.0)%
Total	6,669.7	6,837.0	+167.3	+2.5%

Assets in Custody Balance of assets in custody were up 12.7% year-on-year

Balance of assets in custody (Units: Billions of yen)

	Fist Half of Fiscal 2022	Fist Half of Fiscal 2023	YoY	
			YoY	Increase/Decrease
Assets in custody	611.9	689.6	+77.7	+12.7%
Balance at the Iyogin Bank	357.7	388.8	+31.1	+8.7%
Balance at Shikoku Alliance Securities	254.2	300.7	+46.5	+18.3%
Sales of assets in custody	64.6	76.9	+12.3	+19.0%
Sales at the Iyogin Bank	30.0	36.6	+6.5	+22.0%
Sales at Shikoku Alliance Securities	34.5	40.2	+5.7	+16.5%

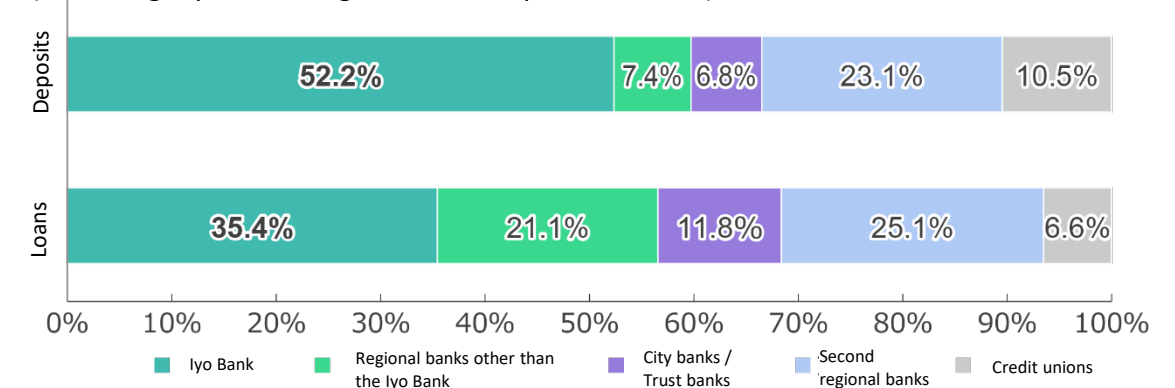
* Excludes foreign currency deposits

Loans Loans were up 5.4% year-on-year

Balance of loans by region (Units: Billions of yen)

Region	Fist Half of Fiscal 2022	Fist Half of Fiscal 2023	YoY	
			YoY	Increase/Decrease
Within Ehime Prefecture	2,675.8	2,770.1	+94.3	+3.5%
Shikoku (excluding Ehime)	343.5	359.7	+16.2	+4.7%
Kyushu	333.3	357.9	+24.6	+7.4%
Chugoku	482.5	505.2	+22.7	+4.7%
Kinki	380.4	413.4	+33.0	+8.7%
Tokyo and Nagoya	671.1	735.1	+64.0	+9.5%
Financial Market Business Office	135.8	143.5	+7.7	+5.7%
Total (domestic branches)	5,022.7	5,285.2	+262.5	+5.2%
Singapore	234.6	256.2	+21.6	+9.2%
Total	5,257.4	5,541.5	+284.1	+5.4%

Share within Ehime Prefecture as of September 30, 2023 (excluding Japan Post, agricultural cooperatives, etc.)



Credit Costs and Disclosed Non-performing Loans for the First Half of Fiscal 2023

Credit Costs

Credit costs by factor

(Units: Billions of yen)

	Fiscal 2021		Fiscal 2022		Fiscal 2023	
	First Half		First Half		First Half	YoY
Credit costs total	3.9	4.4	(0.7)	(2.6)	1.5	+2.2
Provision of reserve for general loan losses	0.3	(0.7)	(2.5)	(4.6)	(0.2)	+2.3
Amortization of non-performing loans	3.8	5.7	1.9	5.1	1.8	(0.1)
Bankruptcies	1.4	1.4	0.0	0.0	0.7	+0.7
Downgrades, etc.	3.4	6.5	3.3	8.4	2.5	(0.8)
Upgrades and collections	(1.5)	(2.8)	(1.6)	(3.8)	(1.5)	+0.1
Other Group companies	0.5	0.6	0.2	0.3	0.1	(0.1)
Recoveries of written off claims (-)	0.2	0.5	0.1	3.0	0.1	±0.0
[Reference] Credit management expense ratio (Nonconsolidated*)	0.14%	0.08%	(0.03)%	(0.05)%	0.05%	+0.08P

(*) Credit management expense ratio = Credit costs (Bank Nonconsolidated) / Average loan balance (Bank Nonconsolidated)

Credit costs were **up ¥2.2 billion year on year** mainly due to a decrease in reversal of provision of reserve for general loan losses as a result of a decrease in factors of reversal of provision for COVID-19 measures and an increase in the reserve ratio.

*For the first half of fiscal 2022, since the total amount of provision of reserve for general loan losses and provision of reserve for specific loan losses is negative, reversal of allowance for loan losses is recorded in the financial statements. However, it is not shown in the table on the left for the purpose of comparative analysis with the past results.

Ratio of Disclosed Non-Performing Loans

Amounts and ratios of disclosed non-performing loans under the Financial Reconstruction Act

(Units: Billions of yen)

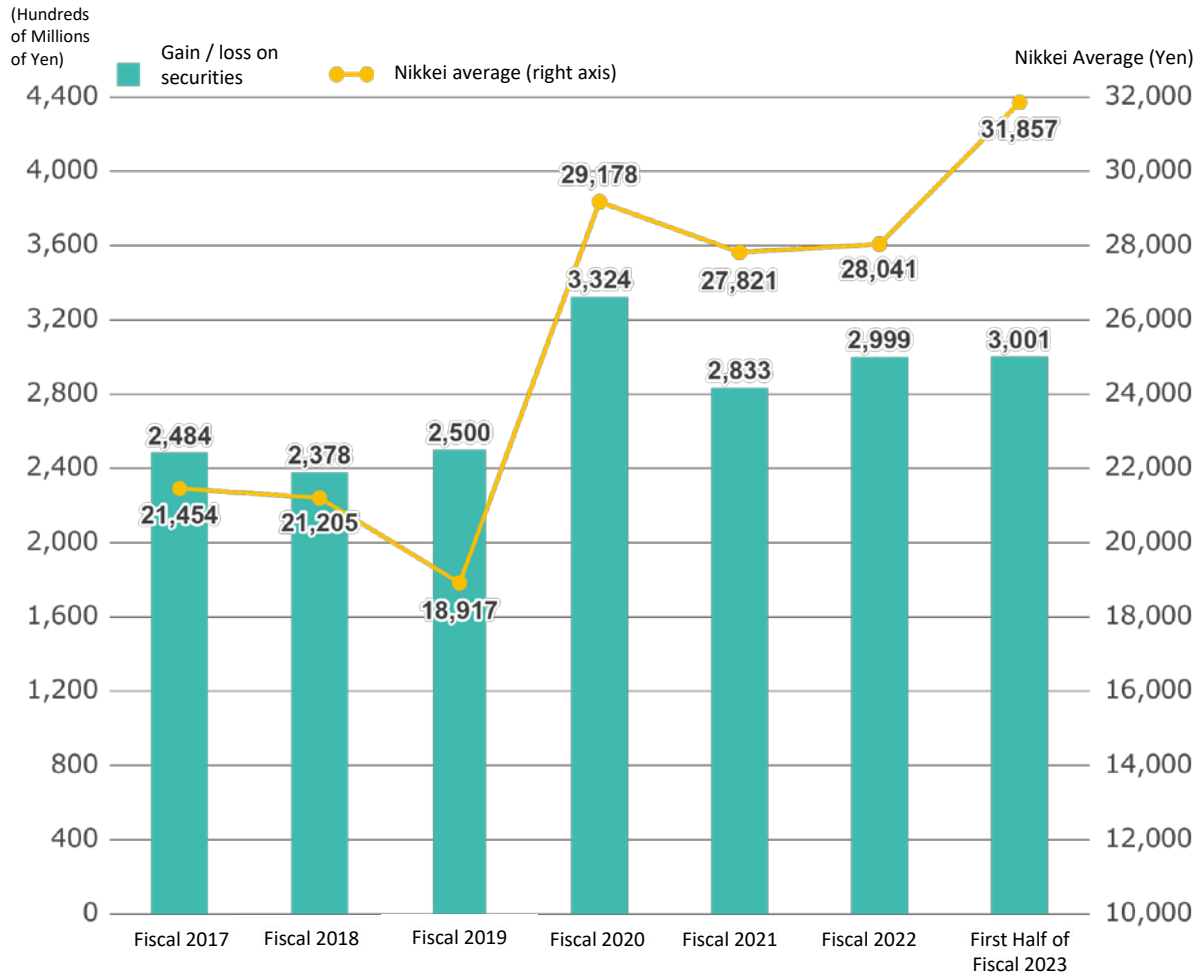
	Fiscal 2021		Fiscal 2022		Fiscal 2023	
		First Half			First Half	YoY
Loans to bankrupt or effectively bankrupt borrowers	1.9	1.7	3.3	3.1	+1.4	
Doubtful assets	63.3	66.3	69.8	72.0	+5.7	
Credit subject to specific risk management	23.7	24.3	25.0	22.9	(1.4)	
Total disclosed non-performing loans	89.1	92.4	98.2	98.1	+5.7	
Ratio of disclosed non-performing loans	1.66%	1.67%	1.75%	1.67%	±0.00P	

As bankruptcies and downgrades, etc. remained at a low level, ratio of non-performing loan continued at a low level of **1.67%**.

Evaluation Gain (Loss) on Securities and Equity Ratio for the First Half of Fiscal 2023

Evaluation Gain on Securities **¥300.1 billion**

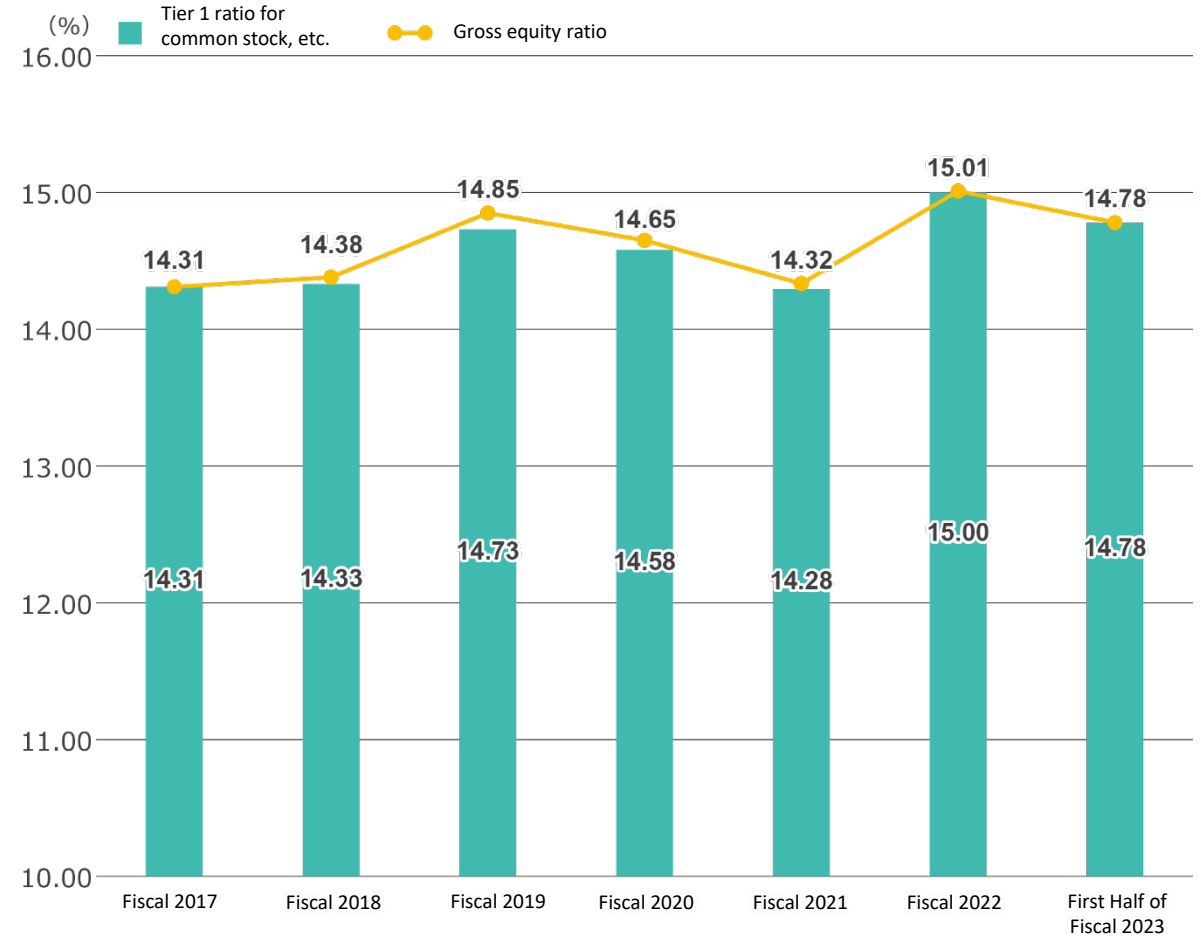
- Maintained a top level among regional banks by conducting operations responding to the market trend



(Note) Excludes evaluation gains / losses on money held in trust

Equity Ratio **14.78%**

- Secured high soundness, sufficiently exceeding required equity ratio



Major Numerical Targets I

- Currently, a profit level that exceeds the plan has been achieved, and the numerical targets are proceeding smoothly
- In addition to continuing to secure a high level of nonconsolidated profits by the Bank, we aim to achieve the main numerical targets for fiscal 2023 by increasing “core business gross profit of Group companies (excluding the Bank),” expanding business fields by the entire Group

Major Numerical Targets

Items	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023	
			Targets	Forecasts
Consolidated core business gross profit	¥90.4 billion	¥89.5 billion	¥86.0 billion	¥98.5 billion
Profit attributable to owners of parent	¥26.4 billion	¥27.8 billion	¥23.0 billion	¥32.0 billion
Consolidated ROE (shareholders' equity basis)	5.34%	5.40%	4.0% or more	5.9%
Consolidated core OHR	57.05%	58.80%	Approx. 60.0%	56.2%
Consolidated common stock Tier 1 ratio	14.28%	15.00%	Approx. 15.0%	Approx. 15.0%
Core business gross profit of Group companies (excluding the Bank)*	¥8.4 billion	¥8.2 billion	¥9.0 billion	¥8.7 billion

*Total core business gross profit of Group companies excluding the Bank before inter-group elimination


Major Numerical Targets II

Deposits, etc.  **Planning an average balance for fiscal 2023 totaling ¥6,915.0 billion** with an increase by approx. ¥730.0 billion for three years

Plans for average deposits, etc., balance and assets in custody balance

(Units: Billions of yen)

	Fiscal 2020	Fiscal 2021		Fiscal 2022		Fiscal 2023		
	Results	Results	YoY	Results	YoY	Plan	YoY	Increase/ decrease during the Plan
Average deposits, etc., balance	6,184.6	6,623.1	+438.5	6,758.3	+135.2	6,915.0	+156.7	+730.4
Of Which, individual deposits	3,658.3	3,807.9	+149.6	3,902.1	+94.2	3,951.0	+48.9	+292.7
Assets in custody balance	593.5	607.1	+13.6	647.8	+40.7	691.0	+43.2	+97.5
Of which, balance at the Iyo Bank	348.3	361.1	+12.8	372.7	+11.6	389.0	+16.3	+40.7
Of which, balance at Shikoku Alliance Securities	245.2	246.0	+0.8	275.0	+29.0	302.0	+27.0	+56.8

Loans  **Planning an average balance for fiscal 2023 totaling ¥5,525.0 billion** with an increase by approx. ¥630.0 billion for three years

Plans for average loan balance

(Units: Billions of yen)

	Fiscal 2020	Fiscal 2021		Fiscal 2022		Fiscal 2023		
	Results	Results	YoY	Results	YoY	Plan	YoY	Increase/ decrease during the Plan
Average loan balance	4,894.4	5,002.1	+107.7	5,208.6	+206.5	5,525.0	+316.4	+630.6
Corporate loans	3,246.8	3,303.7	+56.9	3,483.5	+179.8	3,773.0	+289.5	+526.2
Of which, within Ehime	1,438.6	1,492.5	+53.9	1,602.8	+110.3	1,747.0	+144.2	+308.4
Individual loans	1,130.7	1,157.3	+26.6	1,166.6	+9.3	1,164.0	(2.6)	+33.3
Municipal loans	232.2	213.1	(19.1)	199.9	(13.2)	194.0	(5.9)	(38.2)
Financial Market Business Office	116.3	115.6	(0.7)	131.0	+15.4	142.0	+11.0	+25.7
Singapore Branch	168.2	212.1	+43.9	227.4	+15.3	252.0	+24.6	+83.9

Response to Yen Interest Rate Risk

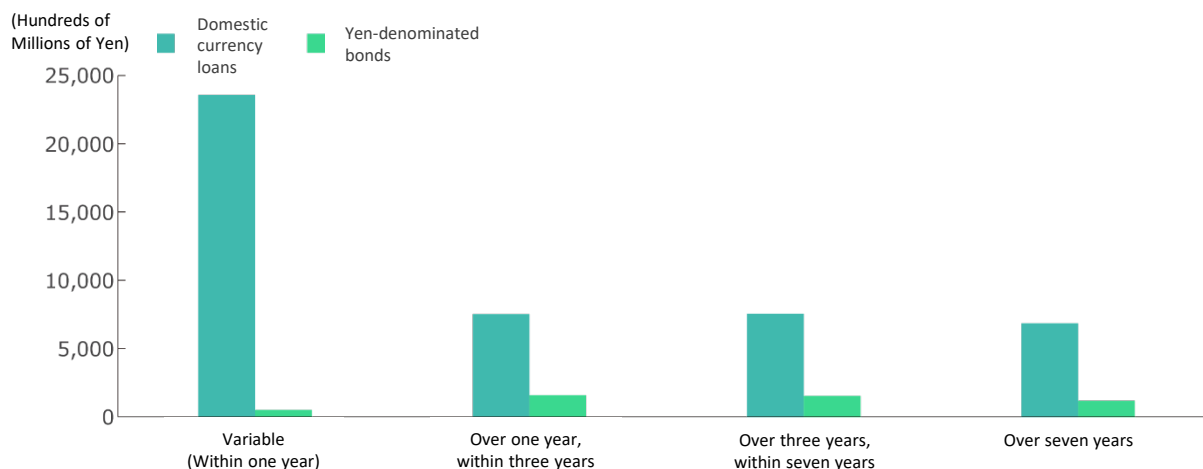
- We have adopted a policy to mitigate the yen interest rate risk for both loans and securities. It is assumed that a rise in yen interest rates positively affects the current portfolio as we have enough ability to withstand a rise in yen interest rates through stable procurement with deposits and utilization of a swap looking ahead to a future rise in interest rates

Interest Rate Sensitivity and Interest Rate Maturity Ladder of Domestic Currency Assets Under Management

- The majority of domestic currency loans are variable loans with the interest rate maturity within one year, etc.
- A mitigating policy for interest rate risk continues for yen-denominated bonds, preparing for a future rise in interest rates

(Units: Billions of yen)

		Variable (Within one year)	Over one year, within three years	Over three years, within seven years	Over seven years	Total
Domestic currency loans	Balance	2,362.5 (52%)	756.8 (17%)	759.0 (17%)	689.9 (15%)	4,568.2 (100%)
	Interest rate sensitivity (10bpv)	(0.7)	(1.8)	(3.4)	(8.2)	(14.1)
Yen- denomin ated bonds	Balance	54.5 (11%)	162.3 (33%)	157.8 (32%)	121.3 (24%)	495.8 (100%)
	Interest rate sensitivity (10bpv)	(0.1)	(0.4)	(0.8)	(1.0)	(2.3)



Effect on B/S and P/L from rising interest rates

- If the yield curve moves up in parallel by 10 bp, interest income on loans is expected to increase, while expansion of evaluation loss on securities is limited

Effect on interest income on loans	Effect on evaluation gain (loss) on securities*
Up approx. ¥1.5 billion a year	Down ¥1.0 billion

*After considering hedge effects of the yen swap

Status of Interest Rate Risk in the Banking Book (IRRBB)

- Although the outlier ratio has increased due to foreign currency interest rate risk-taking, yen interest rate risk is zero due to the mitigating policy taken for yen interest rates, and a portfolio preparing for rising interest rates continues to be established.

(Units: Billions of yen)

	March 2020	March 2021	March 2022	March 2023	September 2023
Employed scenario	Upward parallel	Upward parallel	Upward parallel	Downward parallel	Upward parallel
Interest rate risk	73.6	76.3	42.0	40.3	77.9
Yen interest rate risk	0.0	0.0	0.0	40.3	0.0
Foreign currency interest rate risk	73.6	76.3	42.0	0.0	77.9
Tier1	613.4	687.4	666.8	699.2	718.3
Outlier ratio	12.0%	11.1%	6.3%	5.7%	10.8%

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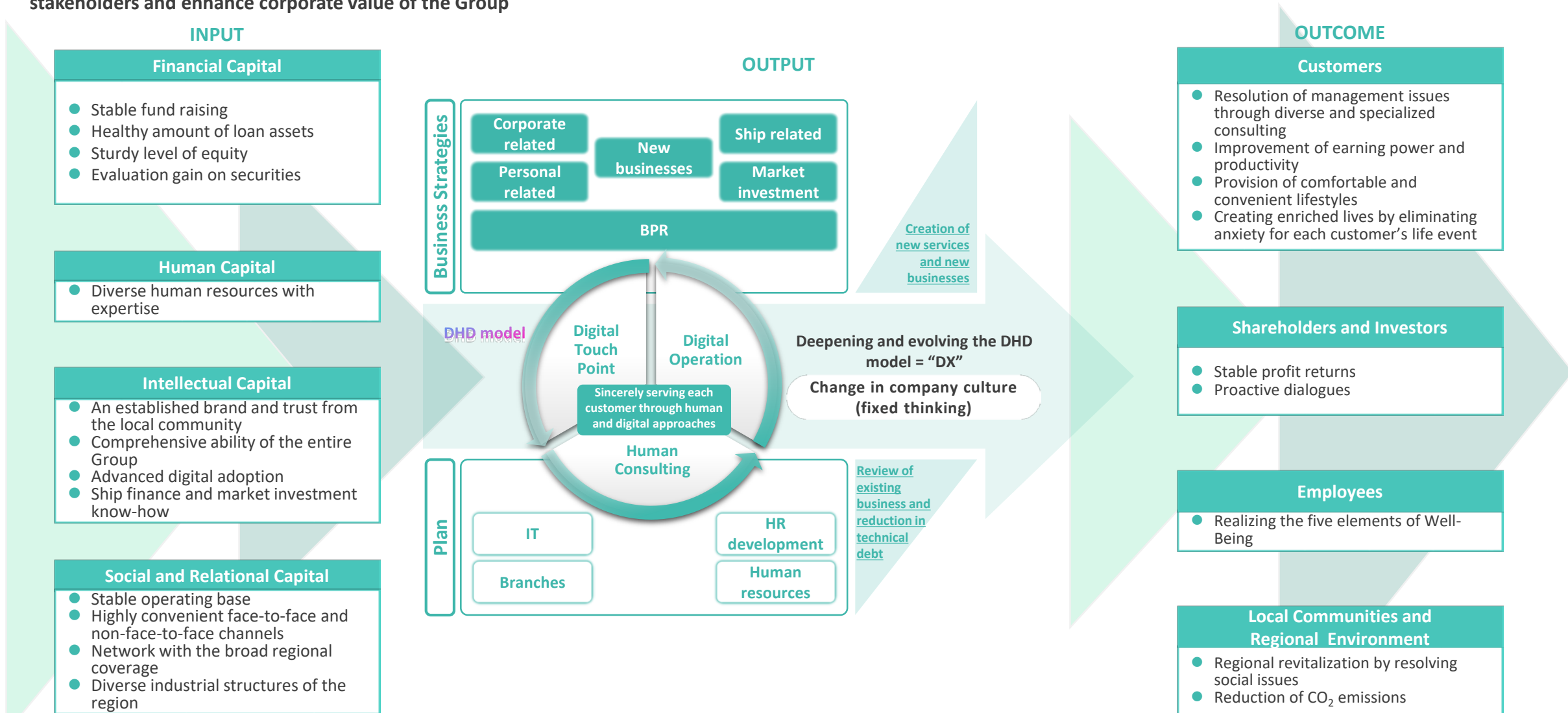
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Process for Enhancement of Corporate Value I

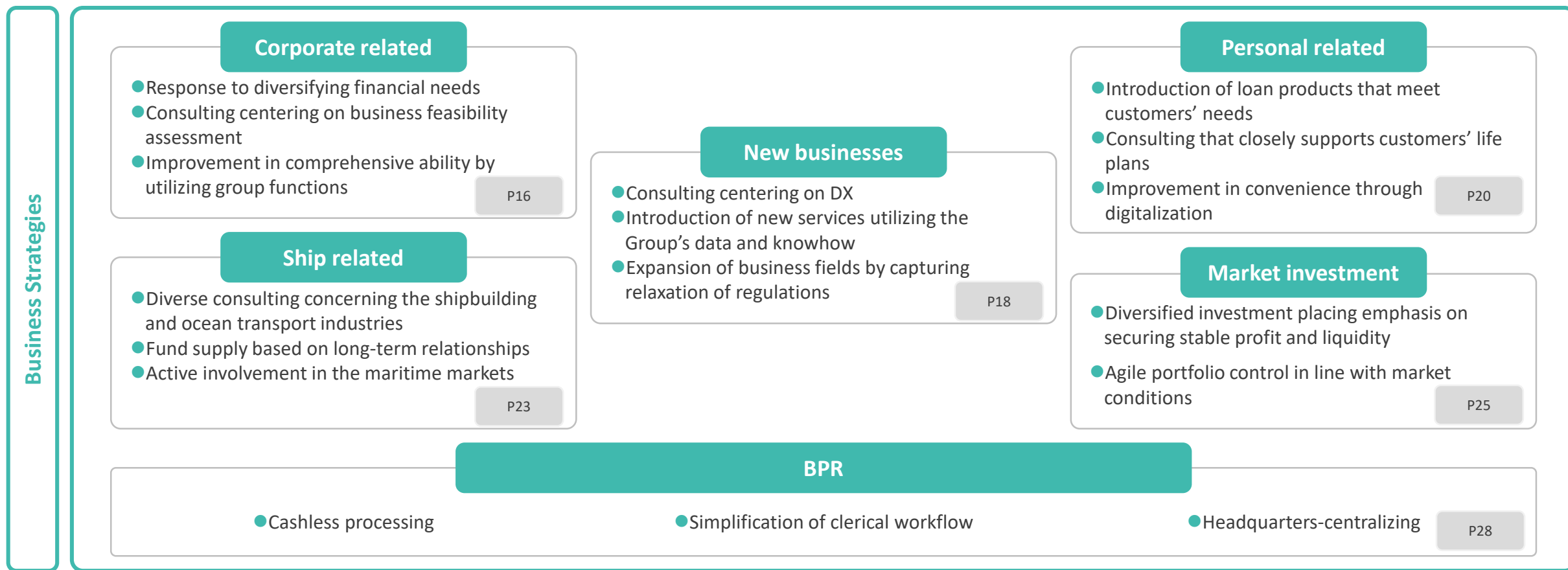
Process for Enhancement of Corporate Value

- By leveraging management capital of the entire Group and steadily implementing our Medium-Term Management Plan, we aim to meet the expectations of various stakeholders and enhance corporate value of the Group



Process for Enhancement of Corporate Value II

Summary of initiatives in the current Medium-Term Management Plan



Plan

Branches

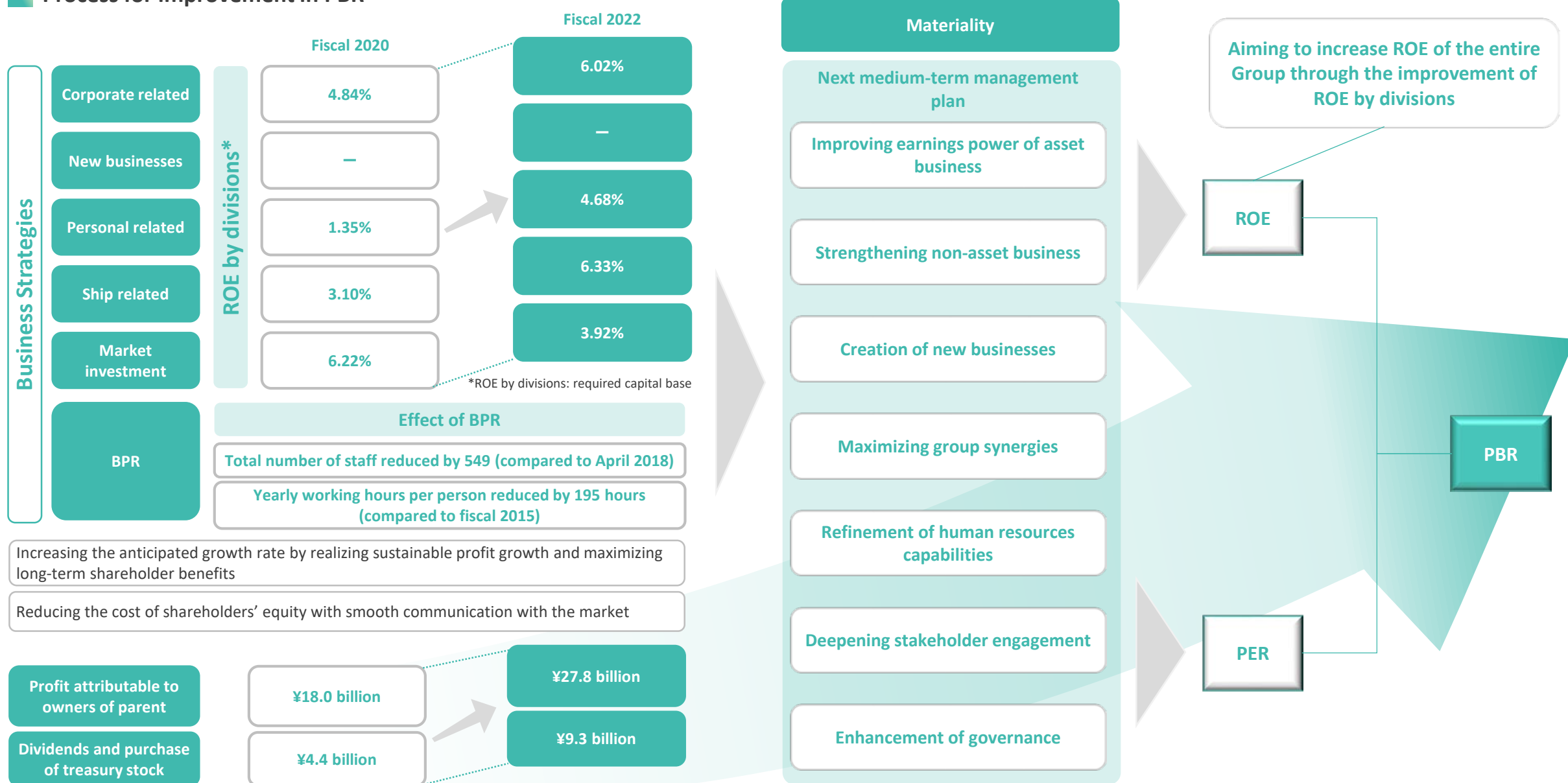
IT

HR development

Human resources

Process for Enhancement of Corporate Value III

Process for improvement in PBR



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Business Strategies _ Corporate Related I

Business Feasibility Assessment

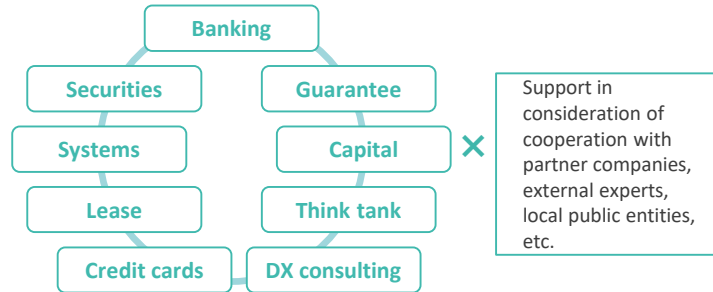
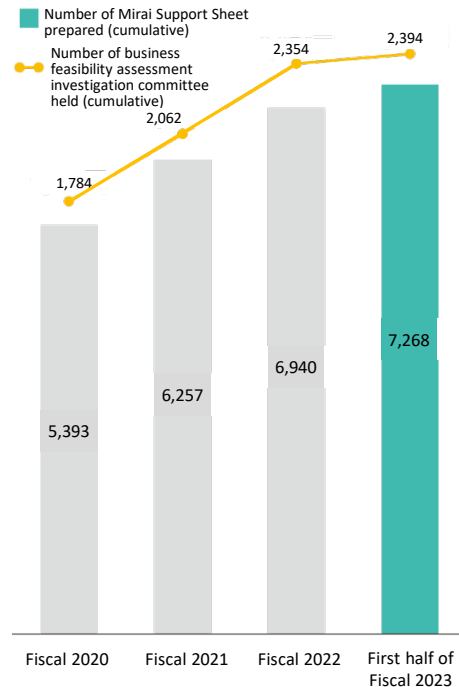
Customer issues and needs



(Various issues and needs in business stages and value chains)

Identifying and sharing of customers' management issues

Formulating concrete supporting measures for enhancement of customers' corporate value

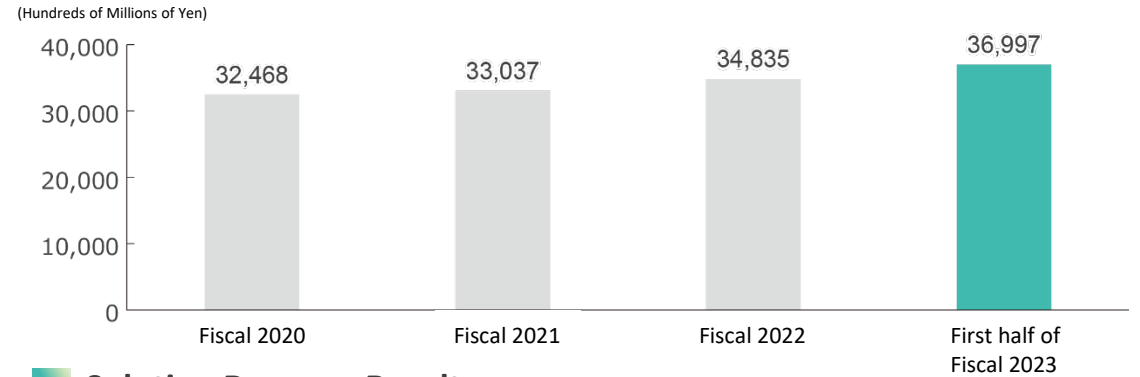


Diverse consulting lineup



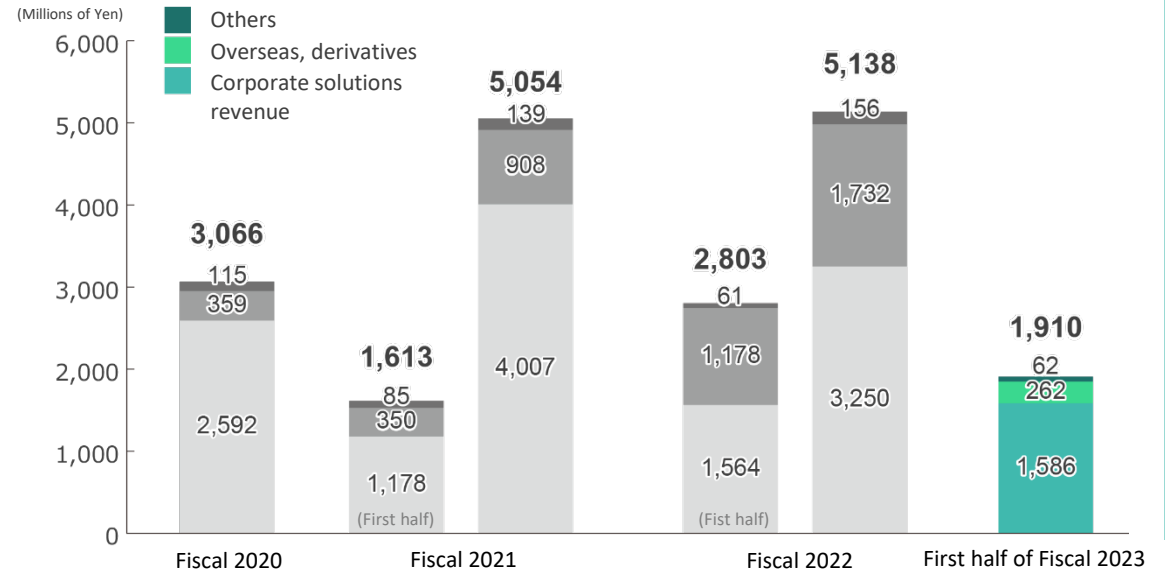
Average Corporate Loan Balance

• Average corporate loan balance increased due to increased demand for working capital, affected by soaring raw material and commodity prices



Solution Revenue Results

• Although overseas and derivatives revenues, which had been strong in the previous fiscal year, declined due to the rapid depreciation of the yen, corporate solutions revenue, mainly finance-related, business succession, and M&A, increased year-on-year

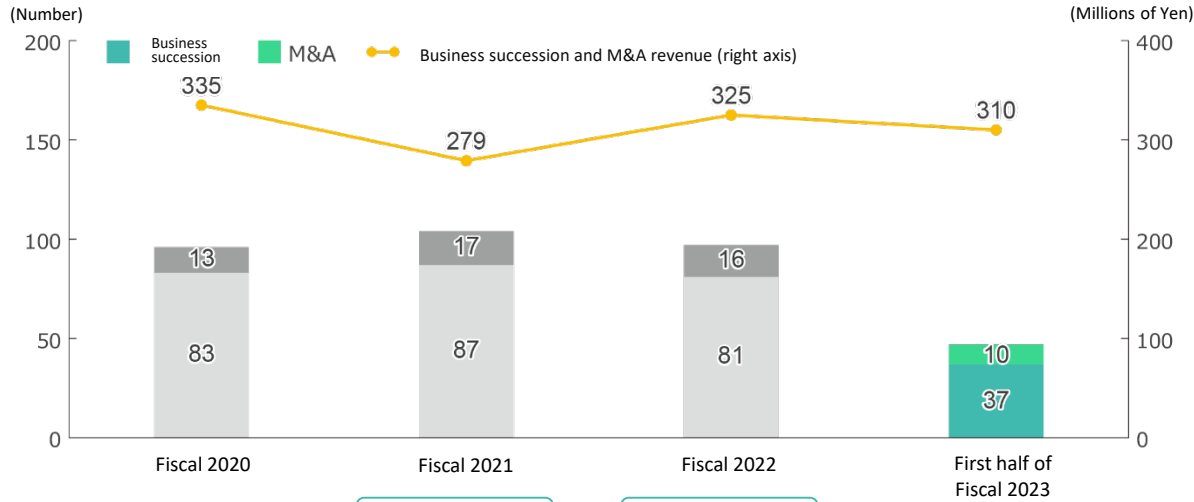


Business Strategies _ Corporate Related II

Number of cases for M&As and Business Succession

Banking × Capital

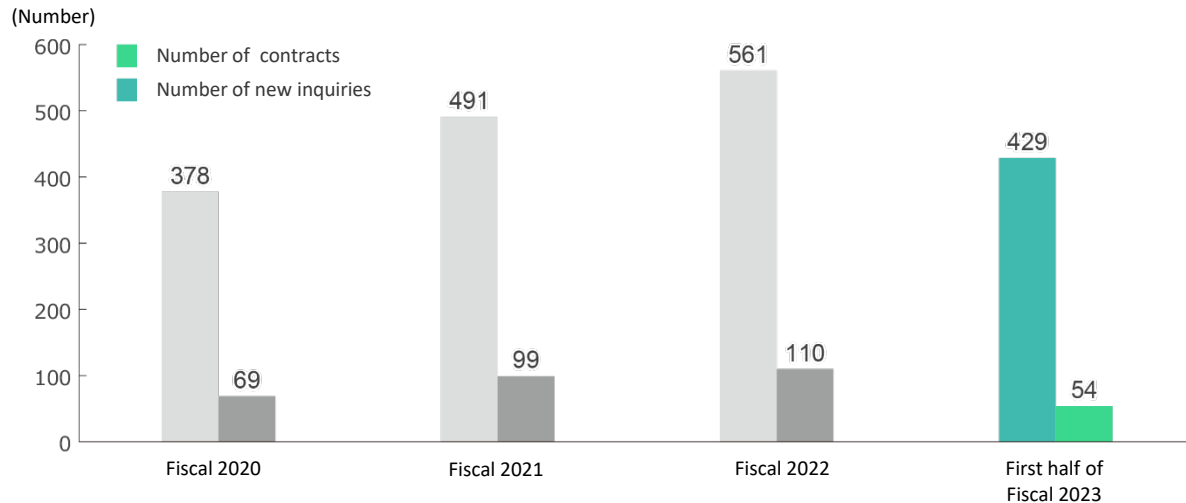
- Although the number of contracts did not reach the target, several projects are in progress, and the amount of revenue is expected to exceed the previous fiscal year's level



Staffing Business

Banking × Think tank

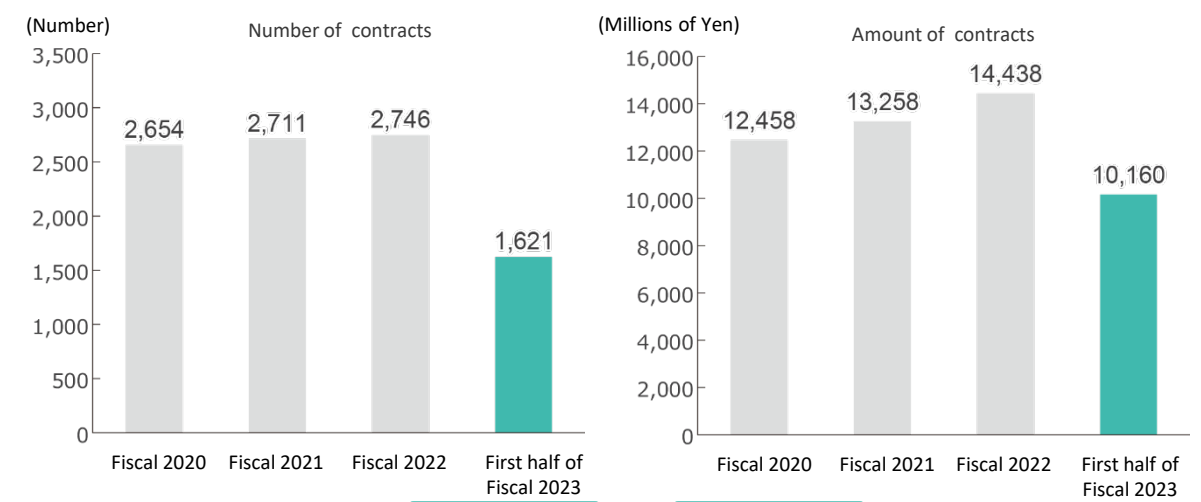
- Steadily increased to a total of 1,859 inquiries including 332 contracts since the service started in April 2020



Lease Business

Banking × Lease

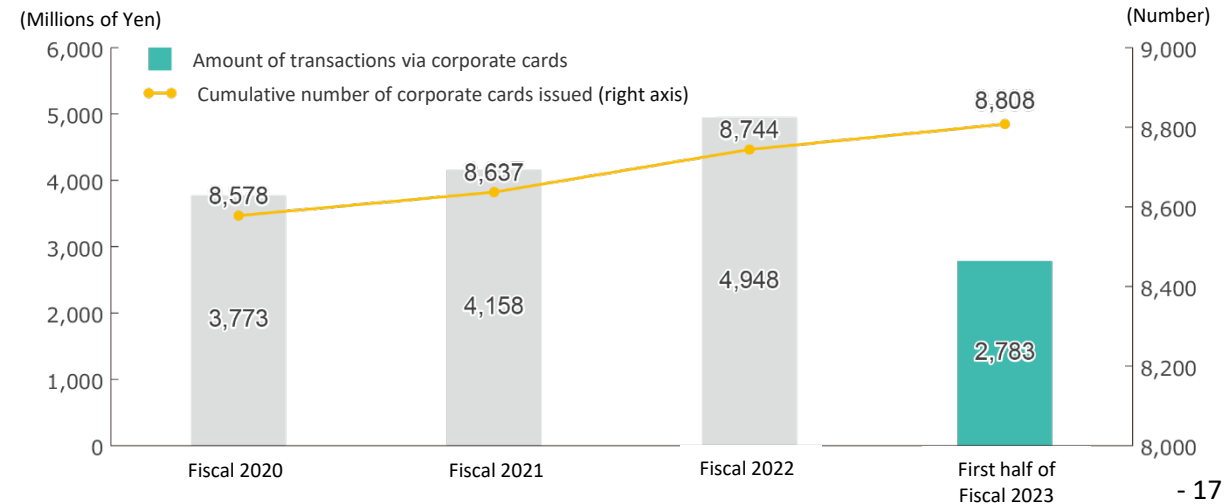
- Both the number and amount of contracts steadily increased, as the Bank and lease company collaborated to meet the diversified financial needs of customers



Credit Card Business

Banking × Credit cards

- Both the amount of transactions and number of cards issued steadily increased as a result of focusing on problem-solving proposals in response to the increasing cashless B2B transactions and the revised Electronic Bookkeeping Act

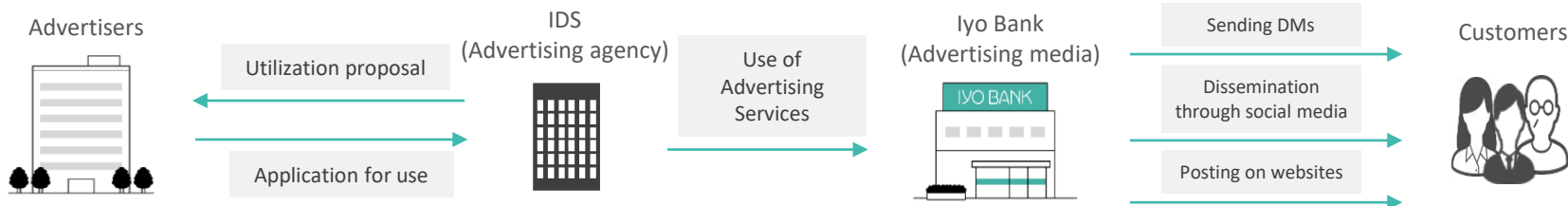


Business Strategies _ New Business 1

Launch of Iyogin Advertising Services

- New services unique to the Group aimed at providing marketing support to our local customers, utilizing the Group's advertising media and marketing and data analysis expertise
- Iyogin Digital Solutions (IDS) will be in charge of advertising agency business, aiming at synergies with DX consulting in terms of data utilization

➤ Handling scheme



Direct mails (DMs)

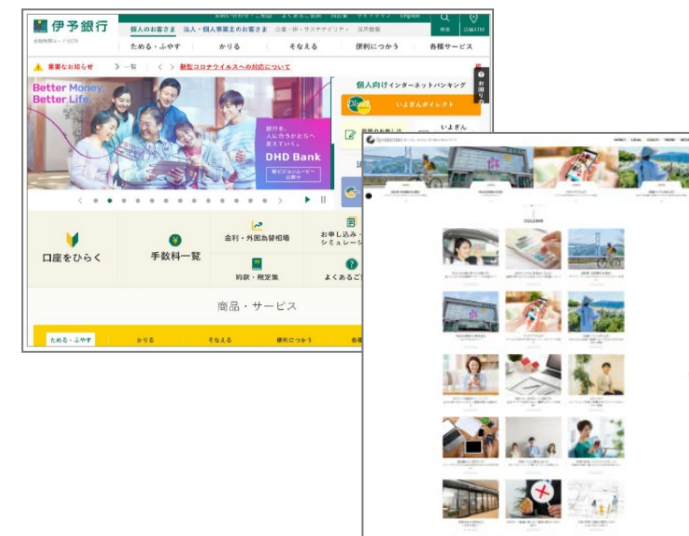
- Include advertisements about the advertisers' products and services in our DMs sent to customers

Social media

- Collaborate with our official X (formerly Twitter) account to conduct campaigns offering advertisers' products, discounts, and other special offers

Websites

- Post advertisers' banner ads and article ads on our website and column site "iyomemo"



Business Strategies _ New Business II

Status of Iyogin Digital Solutions

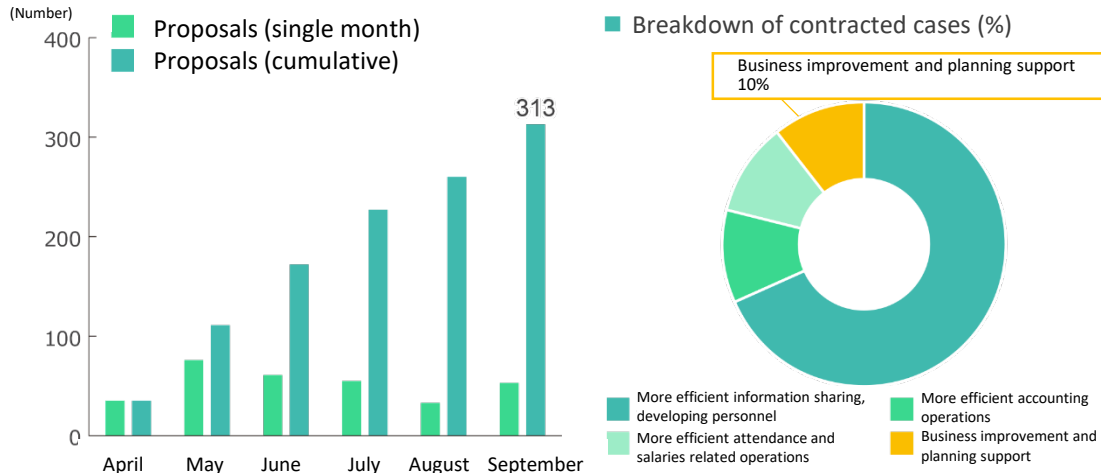
- Number of consultations exceeded 300, and individual support results increased steadily
- In October, IDS took on the responsibility of a new front operations role for advertising services, responding to a wider range of customer needs

Ideal State



Specific support menu

- Support for more efficient sharing of internal information
- Support for developing app creation personnel
- Support for more efficient back-office operations
- Support for more efficient attendance and salaries related operations, etc.
- Development and maintenance of applications
- Support for streamlining operations and introducing SaaS
- Advice toward overall improvement in operations, etc.
- Provision of advertising services



Iyogin Business Succession and Growth Support Fund

- The business domain of capital is expanded due to mitigation of requirements for investment in business succeeding companies, etc.

Total amount of fund	¥2,000 million
General partner (GP)	Iyogin Capital Company Limited
Limited partner (LP)	The Iyo Bank, Ltd.
Duration period	10 years

i. Issues of business succession



ii. Issues of growth strategy

iii. Issues of capital

<Example of investment>

- Location: Within Ehime Prefecture
- Industry: Manufacturing
- Purposes: Support for growth strategy and capital policy looking ahead to IPO

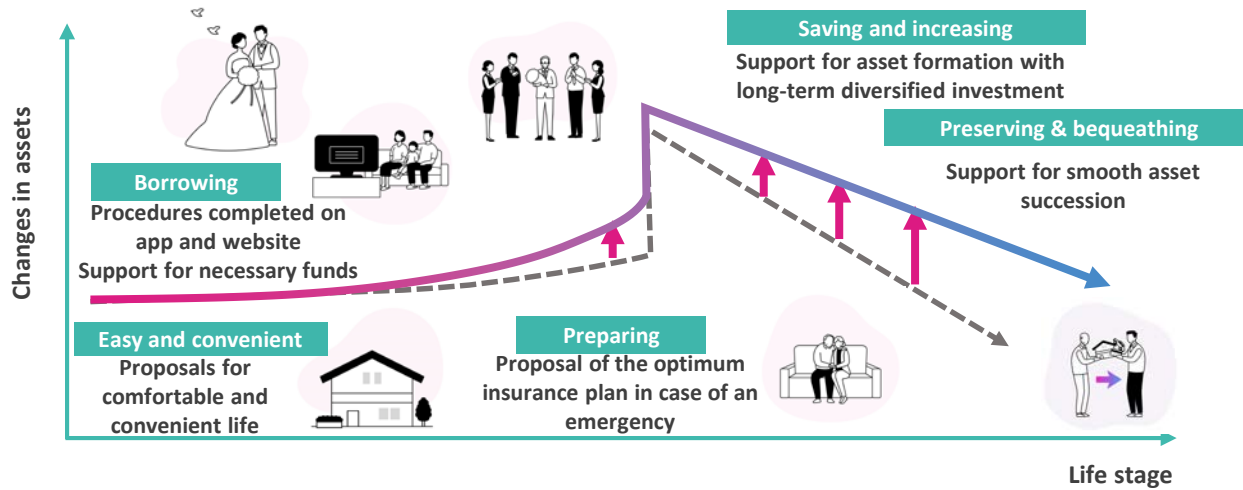
Holding of Intra-Group Business Plan Competition

- Discover new business ideas utilizing diverse knowhow and foster company culture of challenge

Name	Iyogin Group Business Innovation 2023
Participants	All employees and officers of the Group
Theme	New businesses that lead to solutions to regional issues
Schedule	Application deadline: December 22, 2023 First stage screening (document examination) results announcement: late January 2024 Second stage screening (presentation) : mid-July 2024

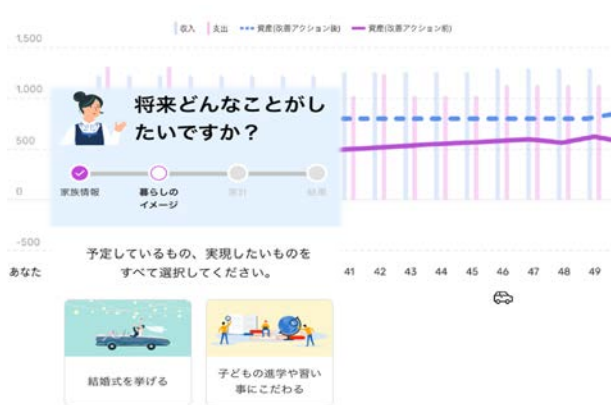
Business Strategies _ Personal Related I

Providing Timely Support According to Life Stages



LIFE PALETTE Simulation tool that allows customers to chart various future plans

- Enables the sharing of dreams that customers want to achieve and the visualization of changes in balance and assets to create life plans for each customer

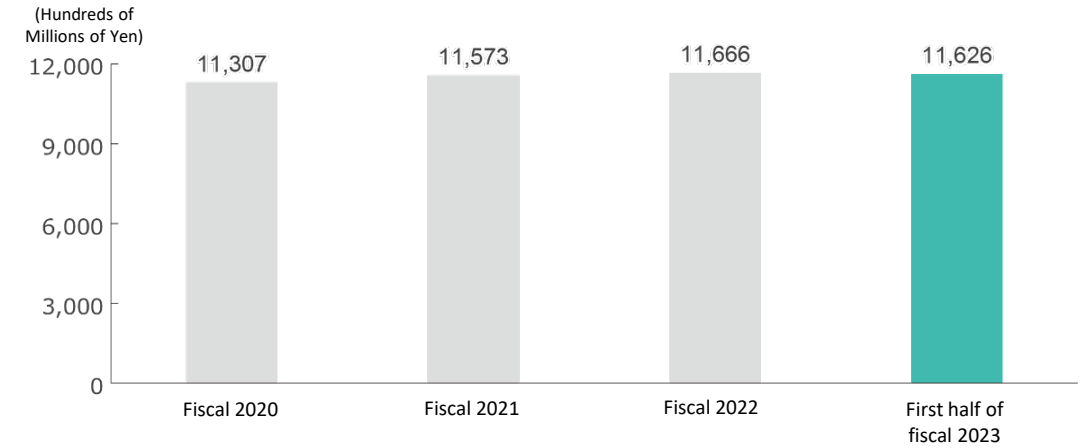


- Renewal in April 2023**
- Propose various financial improvement measures tailored to each customer based on input and diagnostic results.
- Simulations after improvement measures are implemented are also displayed on results screen



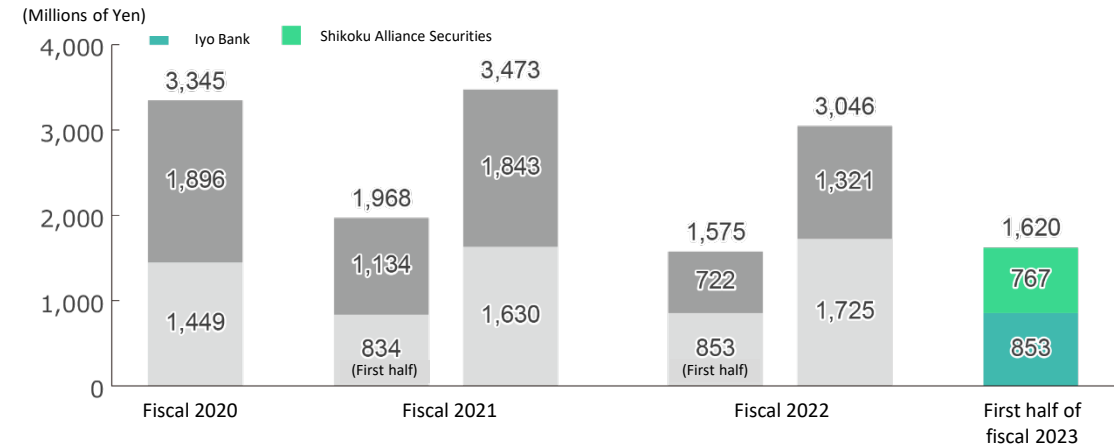
Average Individual Loan Balance

- Maintain average individual loan balance by revising mortgage loan products and implementing various campaigns



Actual Revenue on Assets in Custody

- Revenue on assets in custody increased slightly YoY due to provision of customer-oriented information and various consulting proposals



Easy and Convenient

AGENT A bank on your palm



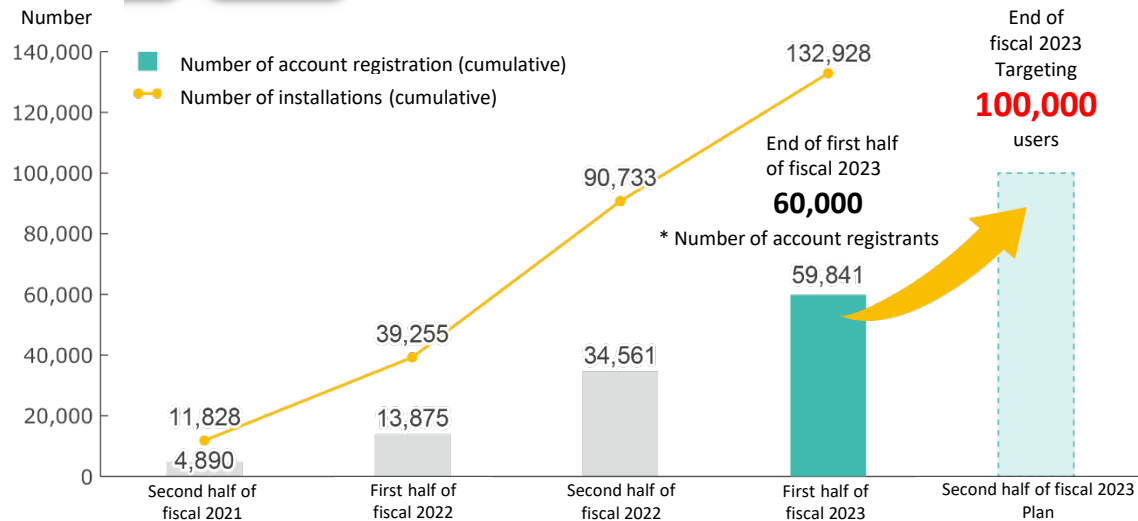
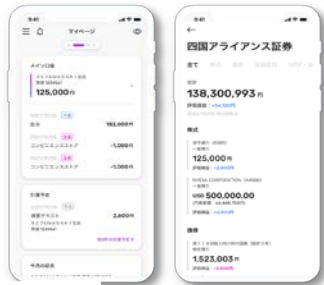
Making the app the most important channel along with branches

- The app allows from opening of account to performing various procedures on the app
- Time deposit special to AGENT app (higher interest rates than those displayed at branch)
- Transfer function and account registration function in opening of an account



Growing AGENT app (below includes scheduled implementation)

- January 2024: Opening of investment trust and NISA accounts, purchasing and cancelling functions of investment trusts, COIRA tax and public money payment function
- Spring 2024: Interactive communication function with customers

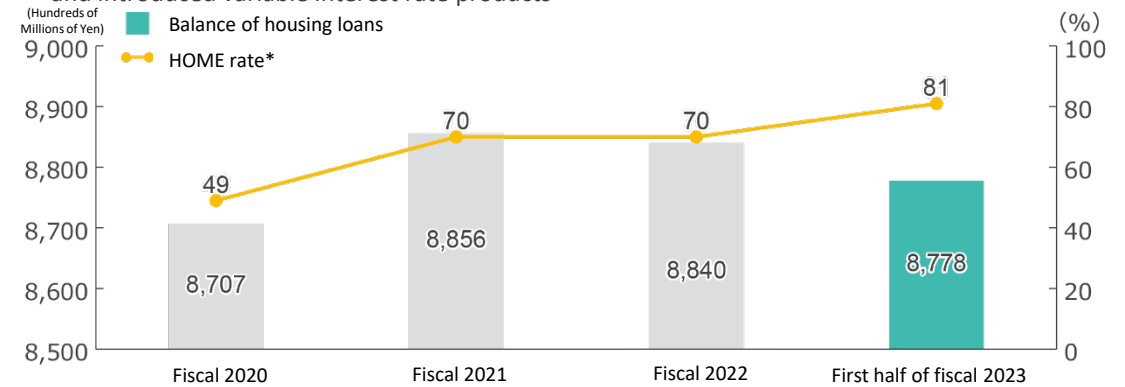


Borrowing

HOME House purchasing plan with a smartphone

Promotion of housing loans with HOME infrastructure

- HOME rate* in the first half of fiscal 2023 was 81%, keeping a high level
- Expanded the line-up of group credit life insurance, renewed step-up interest rate type products, and introduced variable interest rate products

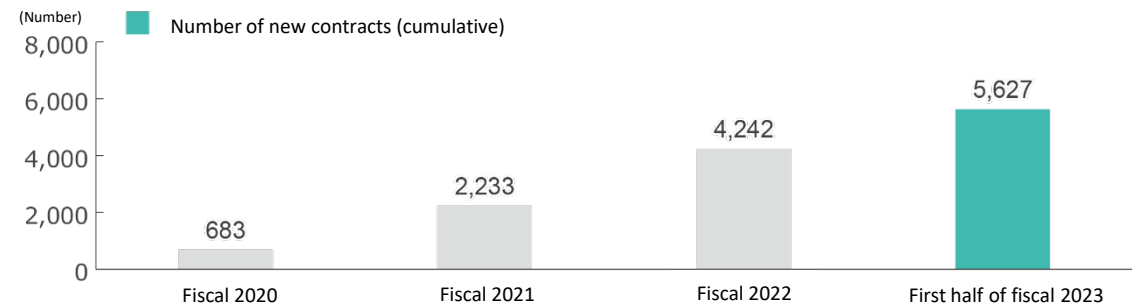


* Percentage of housing loan application using HOME

SAFETY New card loan service that issues notifications on insufficient amount

Promotion of card loans centering on SAFETY

- February 2022: The number of contracts steadily increased after "Premium Course"* was introduced
- Aiming for further expansion through enhanced promotion and campaigns, with the installed function for increasing the borrow amount



* Offers interest rates based on "risk ranking" instead of the "borrow amount"

Preparing

Tailored insurance consulting at every touchpoint

Branches in Ehime Prefecture

Placing 102 insurance consultants at 57 locations in Ehime Prefecture

Insurance plazas

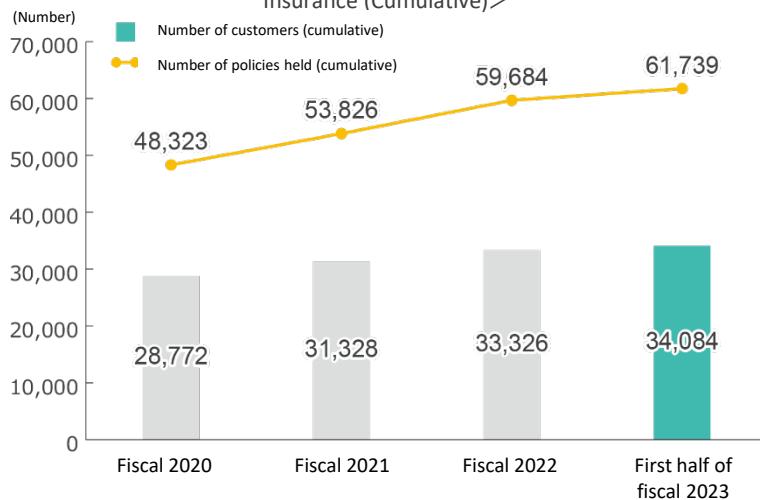
Placing 11 locations in Ehime Prefecture
Consulting available also on Saturdays, Sundays, and holidays

Online consultation

Possible to consult easily using a PC, tablet or other devices from home without going out



<Number of Customers and Number of Policies Held in Level Premium Insurance (Cumulative)>



Saving and Increasing

Sophisticated consulting services through cooperation between the bank and securities company

Iyo Bank

Providing support for long-term stable asset formation according to each customer's life plan

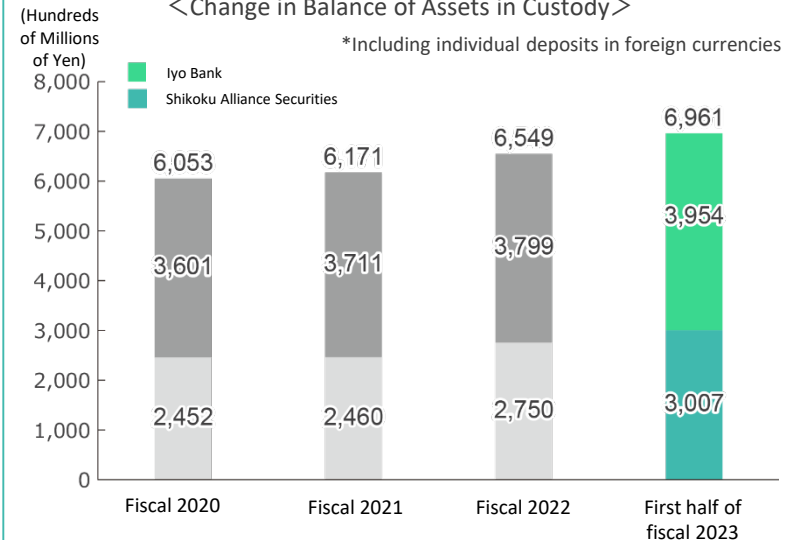


Shikoku Alliance Securities

Realizing consulting that utilizes a wider range of products for upper class and corporation owners, etc.



<Change in Balance of Assets in Custody>



Preserving and Bequeathing

Responding to diversified and enhanced needs for bequeathing by combined efforts of bank branches and headquarters

Bank branches

Providing financial services that utilize proper functions of insurance, after understanding customers' "wishes"

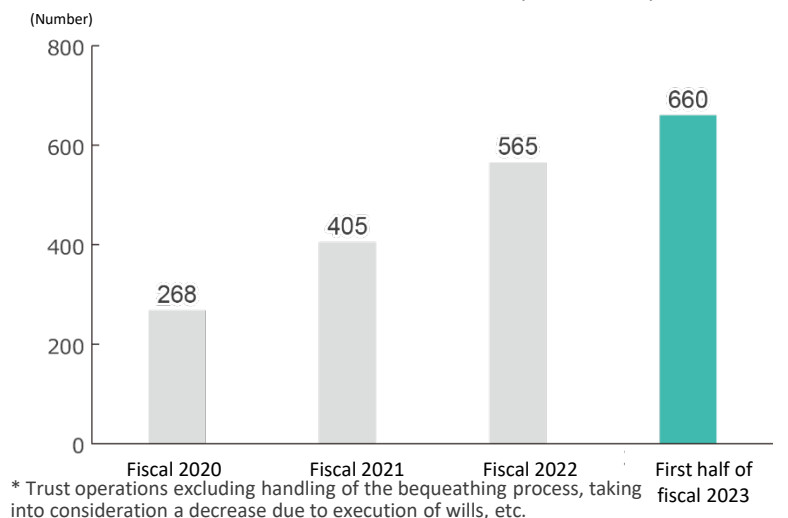


External relations division at the headquarters (wealth advisors)

Providing a higher level of value including non-financial services such as will writing toward realizing "wishes"



<Number of Trust-Related Contracts (Cumulative)>

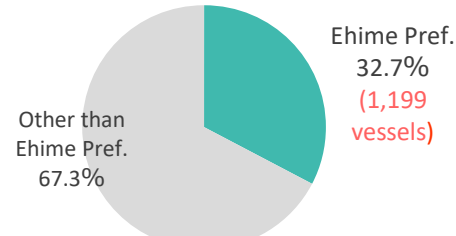


Business Strategies _ Ship Related I

Shipbuilding and Ocean Transport are Important Local Industries

- In Ehime Prefecture, there are approximately 80 offices of vessel owners, and they effectively own roughly 30% of the ocean-going vessels owned by Japanese companies
- Approximately 15% of all ships constructed in Japan are from Ehime Prefecture. The figure rises to roughly 30% if combined with the promotion of ships constructed in other prefectures by Ehime-headquartered shipbuilding yard groups.

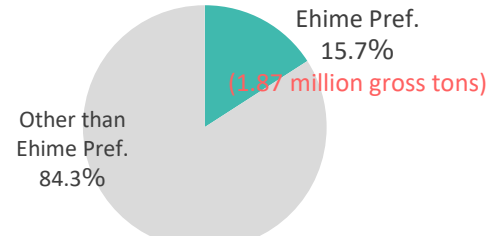
Number of ocean-going vessels owned by domestic shipowners (as of September 2020)



No. 1 in Japan

Total number of vessels in Japan: 3,663 (including operators)

New vessels constructed in Japan (Fiscal 2020)

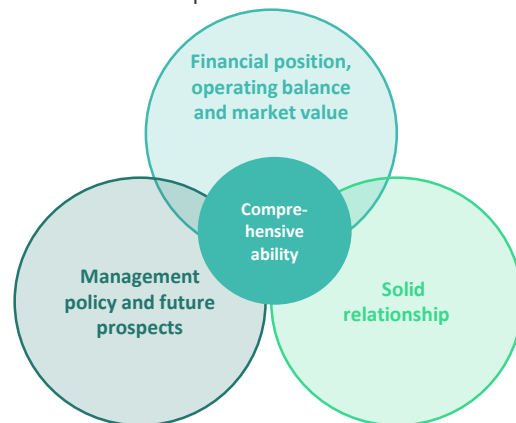


No. 1 in Japan

Nationwide new shipbuilding completed: 11.92 million gross tons

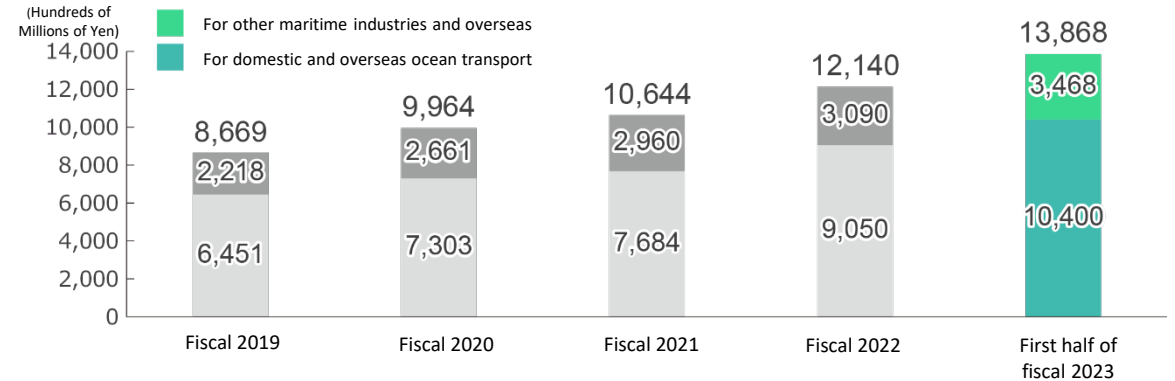
Coherent Investment and Loan Policy not Affected by Market Conditions

- Emphasis on a well-balanced portfolio not depending on specific projects and assets
- Emphasis on long-term relationships and judgements about customers' comprehensive ability in a multilateral manner
- Utilization of forecast of customers' future profit or loss calculated based on ship cost data accumulated over years



Loan Balance for the Maritime Industry

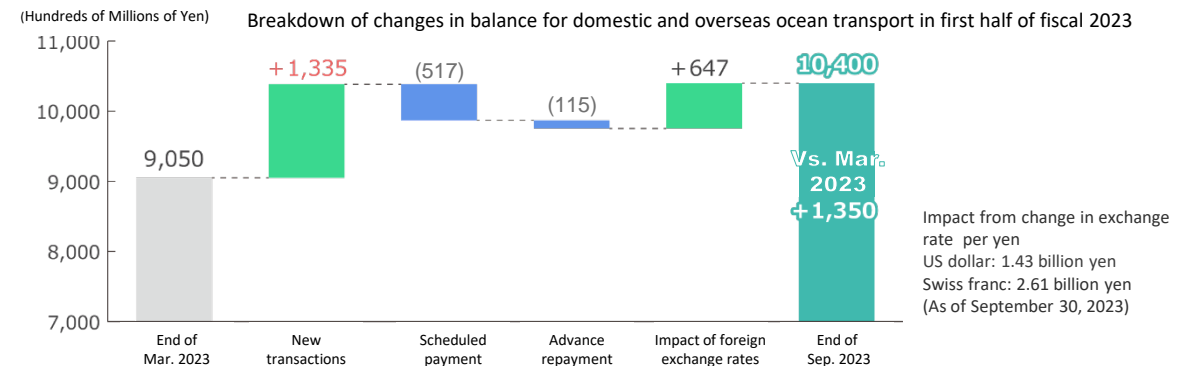
- Significantly increased by ¥172.8 billion compared to the end of the previous fiscal year, against the backdrop of an increase in large-scale overseas ocean transport projects and the weaker yen



Status of Balance Changes by Segment

For Domestic and Overseas Ocean Transport

- ✓ Advance repayment by selling ships decreased, and the number of large-scale projects executed increased.
- ✓ The substantial depreciation of the yen against the U.S. dollar and Swiss franc led to an increase in the amount of foreign currency-denominated loans translated into yen.



For Other Maritime Industries

- ✓ Modest increase from the end of the previous fiscal year mainly due to capital investment for shipbuilding and ship equipment related companies

For Overseas Offices

- ✓ While the balance of U.S. dollar-denominated loans remained stable, the amount converted into yen increased due to the significant depreciation of the yen

Business Strategies _ Ship Related II

Environment Surrounding Ship Owners

Severe investment environment

Market risk	Costs of producing new ships remain high, and charter periods are shortened
Interest rate and exchange risk	Rising U.S. dollar interest rate, risk of yen appreciation in the future
Regulatory risk	Tougher requirements about <u>measures against climate change, etc.</u>

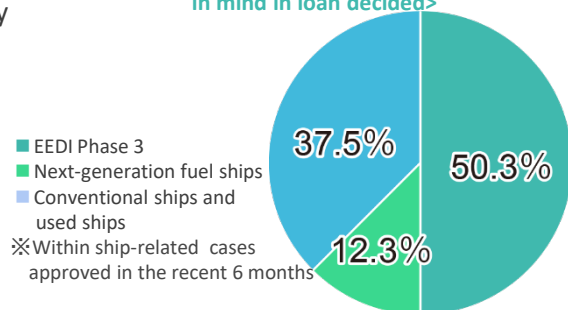
- IMO has tightened the goal of total GHG emissions reduction, including those in the fuel manufacturing process, to zero by around 2050 as compared to 2008 levels.



Efforts to Support Decarbonization in Ocean Transport

- Loans for ships manufactured by Japanese shipbuilding yards that have high fuel efficiency
- Loans for next-generation fuel ships
- Loans for ships following the future environmental regulations

<Ratio of ships designed with environmental initiative in mind in loan decided>



Signing the Poseidon Principles

In October 2023, the Iyo Bank became the first regional bank to sign and participate in the Poseidon Principles. The Principles are a framework to support the achievement of the IMO's targets from a financial perspective, and member 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.

Solutions the Group Aims to Provide

Improvement in Risk Consulting Capabilities Concerning the Shipbuilding and Ocean Transport Industries

- Providing methods to control risks for ship owners
- Group-wide efforts to solve issues marine equipment manufacturers we have business relationships with are facing

Improvement in Research and Analysis Capabilities Concerning the Maritime Industry in General

- Gathering of extensive information centered on Tokyo and Imabari
- More advanced case evaluation based on gathered data and market position analysis

Provision of Diverse Funding Sources

- Composition of syndicated loans based on the framework of the TSUBASA Alliance, etc.
- Loans for higher priced next-generation-fuel ships by sophistication of financing methods

Enrichment in Activities Connecting Domestic and Overseas Maritime Industries

- Aiming for business matching and case intermediation through a unique information network
- Holding exchange meetings to connect members of the maritime cluster

Iyogin Group Presents Maritime Industry Forum in Imabari

- Held on October 12, 2023 at Imabari Kokusai Hotel
- Lectures by the heads of major general trading companies and major Japanese shipping carriers on how to respond to the current changes in the environment
- A panel discussion with the top management of the local members of the maritime cluster discussing the future prospects of the local maritime industry
- A social gathering with approximately 360 participants provided an opportunity to exchange information



Business Strategies _ Market Investment I

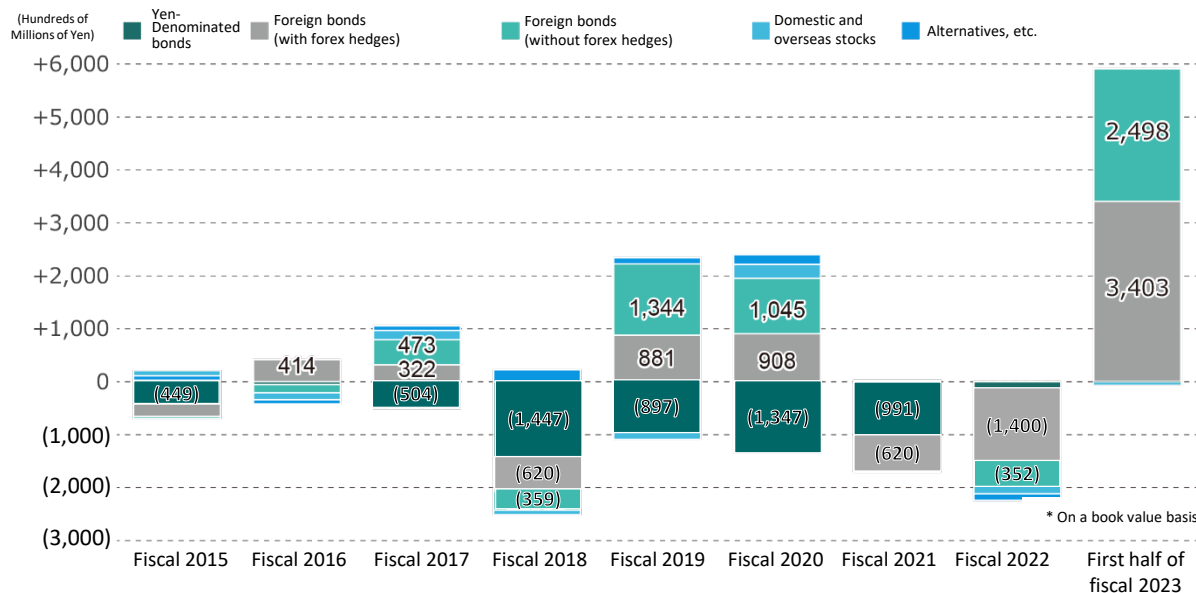
Investment Policy by Risk Category

- Making diversified investment placing emphasis on liquidity, considering total profit and loss leading to stable profit and future profit

(Risk Category)	(Direction)	(Policy for investment)
Yen-denominated bonds	Restrain new investments	<ul style="list-style-type: none"> Keep a certain balance as “bond unit,” an asset inversely correlated with stocks. Restrain new investment in yen bonds, and restructure portfolios to capture rising interest rates after monetary policy normalization.
Foreign bonds (with forex hedges)	Adjust balance	<ul style="list-style-type: none"> For foreign bonds (with forex hedges), the balance and duration will be adjusted based on the timing of future interest rate cuts and other factors.
Foreign bonds (without forex hedges)	Keep certain balance	<ul style="list-style-type: none"> Adjust the balance and implement strategic re-balancing according to the situation while keeping a certain amount to secure stable profit from carry trading.
Domestic and overseas stocks	Decrease	<ul style="list-style-type: none"> Sell off stocks held for strategic purposes if the necessity of holding is not recognized. Purchase stocks held solely for investment purposes of which growth is expected in the medium- to long-term view.
Alternatives, etc.	Not change	<ul style="list-style-type: none"> Consider investment to secure stable carrying and portfolio diversification.

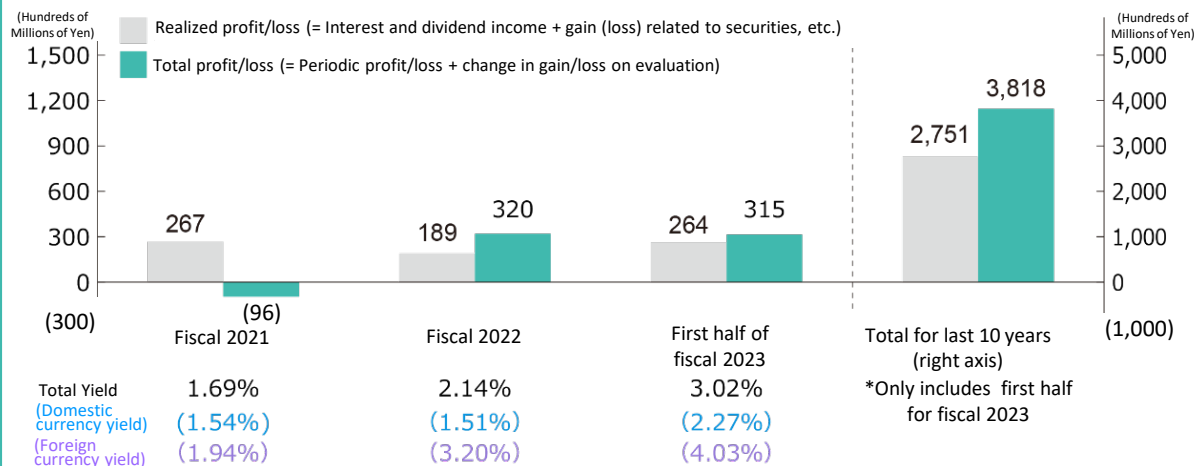
Increase/decrease in Balance of Securities by Risk Category

- After fiscal 2021, the balance of bonds was reduced, and the balance was restored in fiscal 2023, and the number of foreign bonds without forex hedges increased significantly.



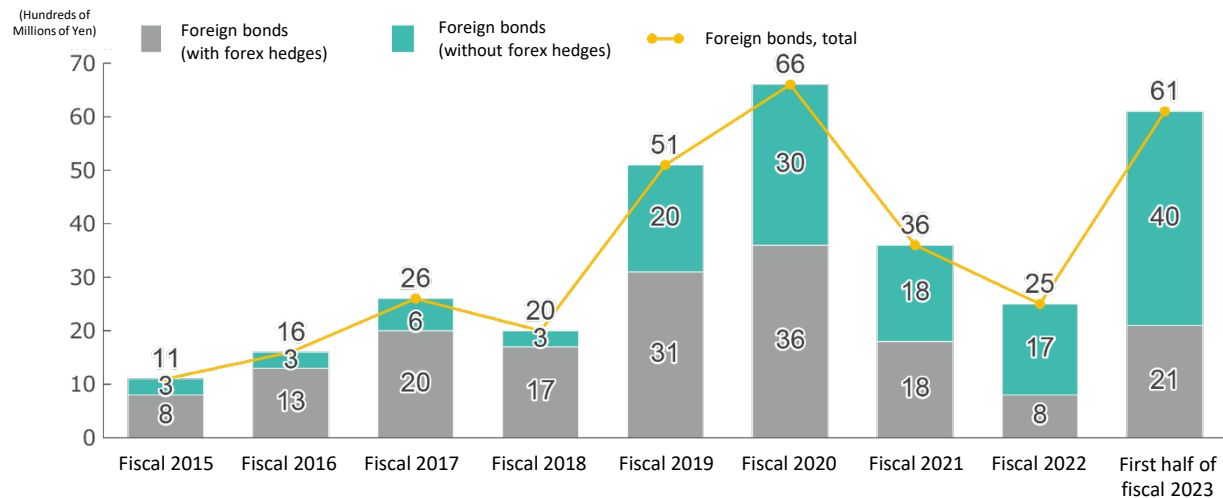
Securities Performance

- Aiming for stable gain on securities management and management in consideration of total profit or loss.



Changes in 10 BPV of Foreign Currencies

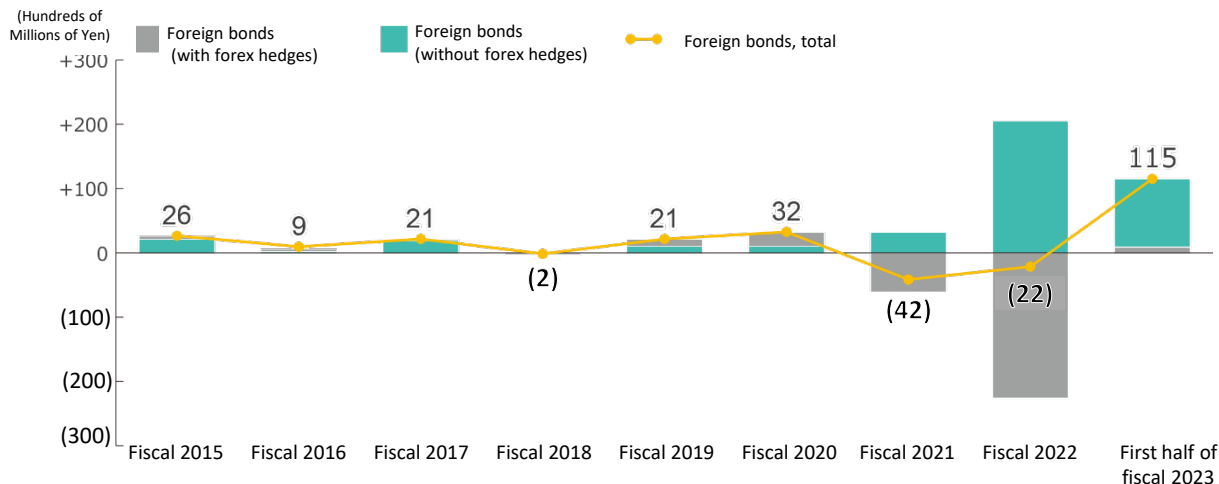
- Strategically take interest rate risk with foreign bonds without hedges (offsetting interest rate risk and foreign exchange risk)
- Somewhat cautious with foreign bonds with hedges, with risks controlled by determining the timing of future interest rate cuts



Business Strategies _ Market Investment II

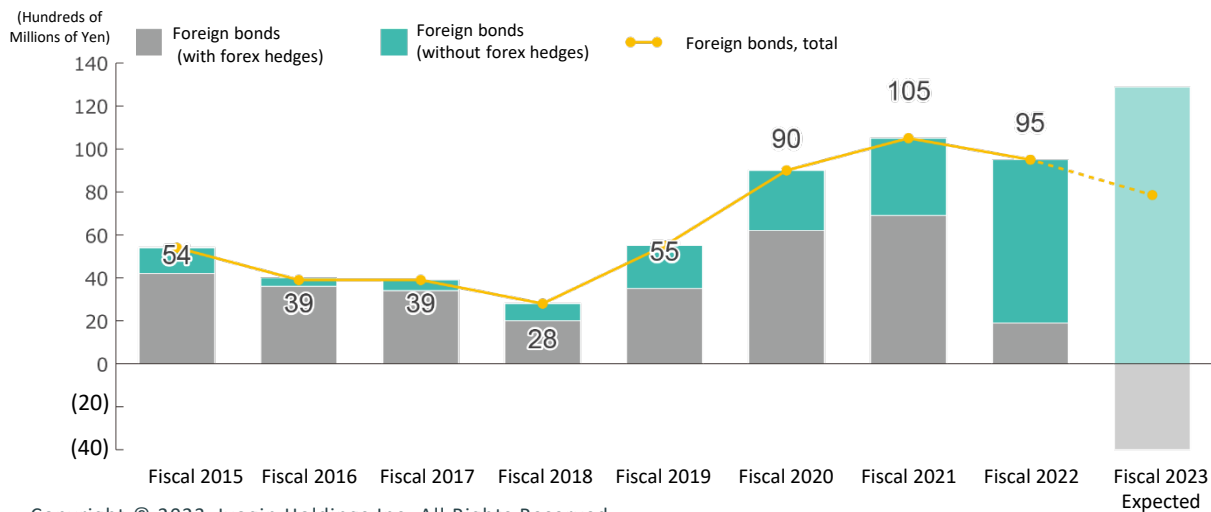
Change in Capital of Foreign Bonds

- The continuing weaker yen resulted in a gain on sale of foreign bonds without hedges, as in the previous fiscal year
- Also recorded a gain on sale of foreign bonds with hedges as a valuation loss was recorded in the previous fiscal year



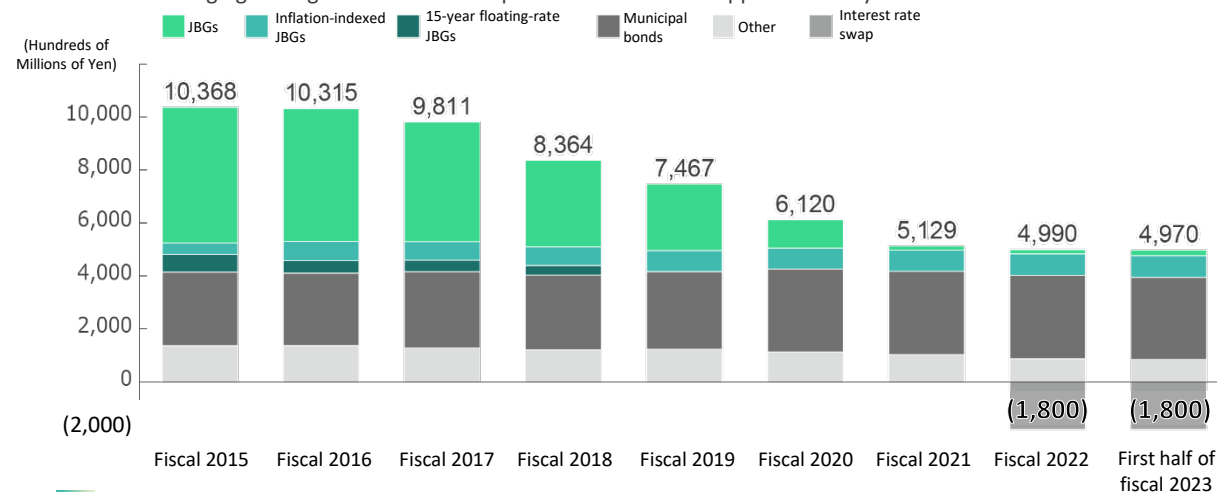
Profits From Foreign Bond Carry Trading

- Foreign bonds with hedges in fiscal 2023 are expected to have a negative spread
- Foreign bonds without hedges increase in carry levels due to rising interest rates, covering negative spread of foreign bonds with hedges



Changes in the Balance of Yen Bonds

- New investment consisting only of underwriting of municipal bonds, etc., and government bonds (mostly price-linked) contributing significantly to profits due to current inflation
- Started hedging through interest rate swaps in 2022 to further suppress risk of yen interest rates

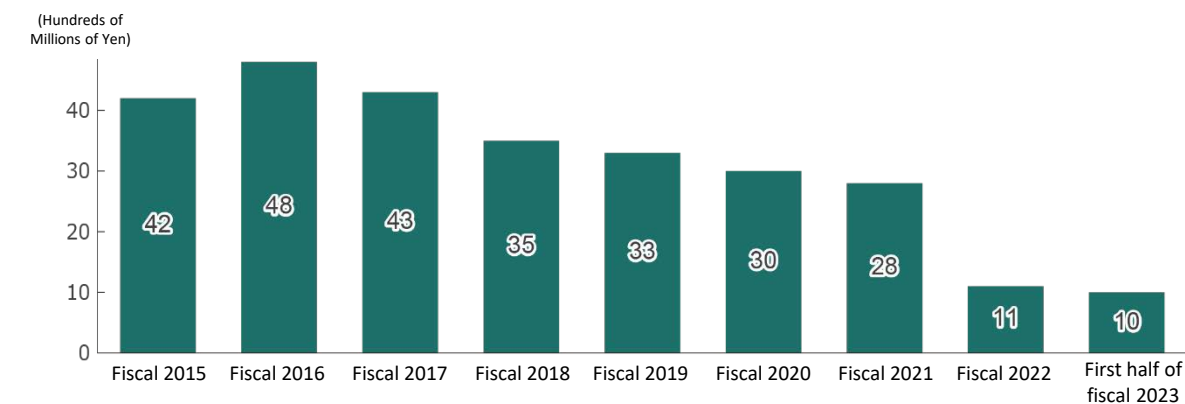


Portfolio Risk Sensitivity *After considering hedging

Portfolio risk sensitivity (As of September 30, 2023)

Duration ◎ Yen-denominated bonds*	2.05 years	◎ Foreign bonds (without forex hedges)	Exchange ¥10V ¥33.0 billion
◎ Foreign bonds (with forex hedges)	3.70 years	◎ Stock Nikkei Stock Average	¥1,000V ¥9.5 billion

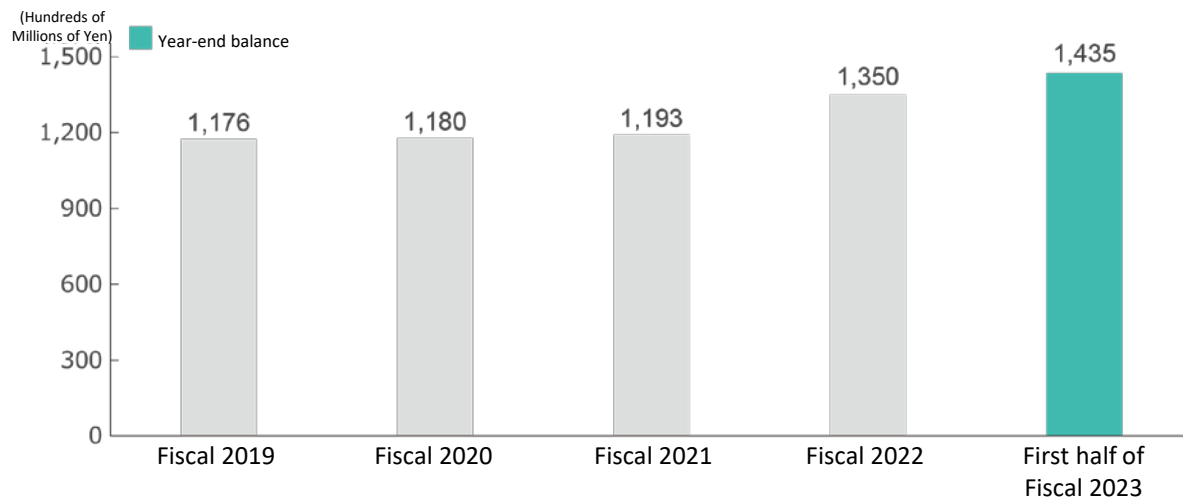
Changes in 10 BPV (Yen-denominated bonds)*



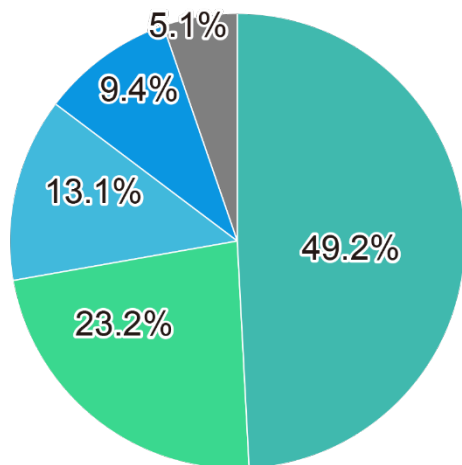
Business Strategies _ Market Investment III

Change in Loan Balance [Financial Market Business Office]

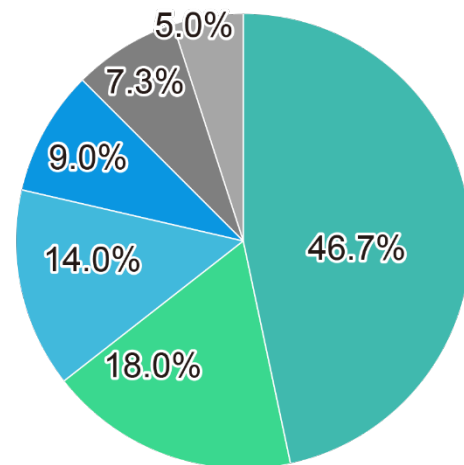
Loans in an increasing trend mainly for overseas corporate projects



Portfolio by Region and Industry [Financial Market Business Office]



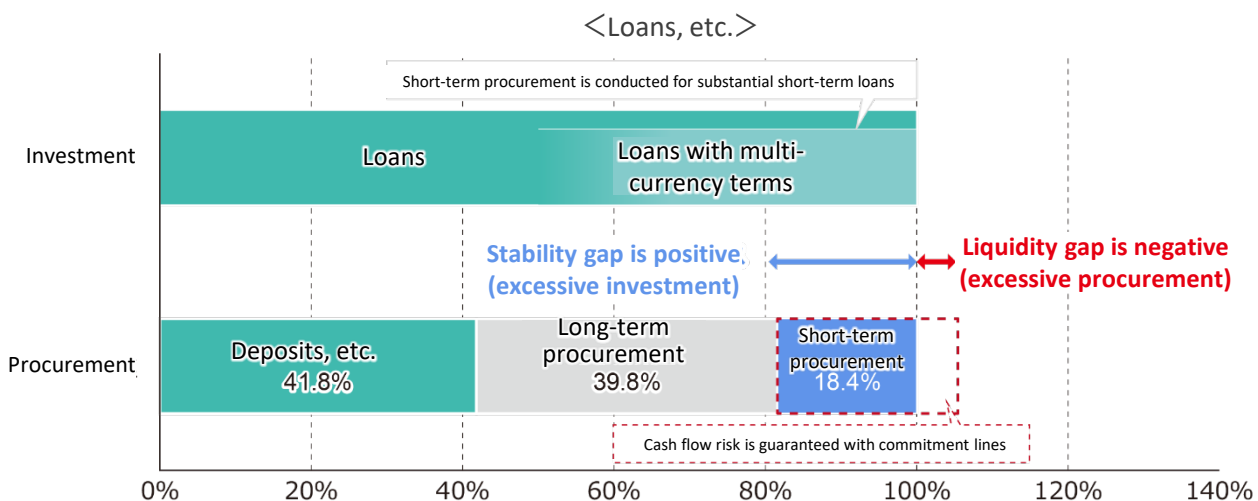
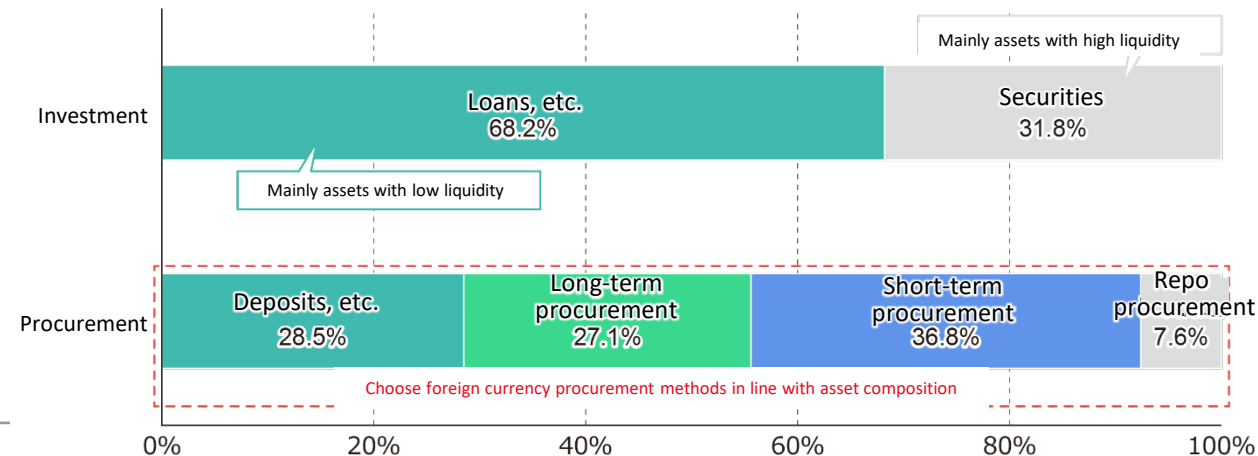
Japan North America Europe
Asia/Oceania Other



Electricity and gas Manufacturing Finance
Transportation Various services Other

Status of Foreign Currency Investment and Procurement [September 30, 2023]

<Loans + Market Investment (Securities)>



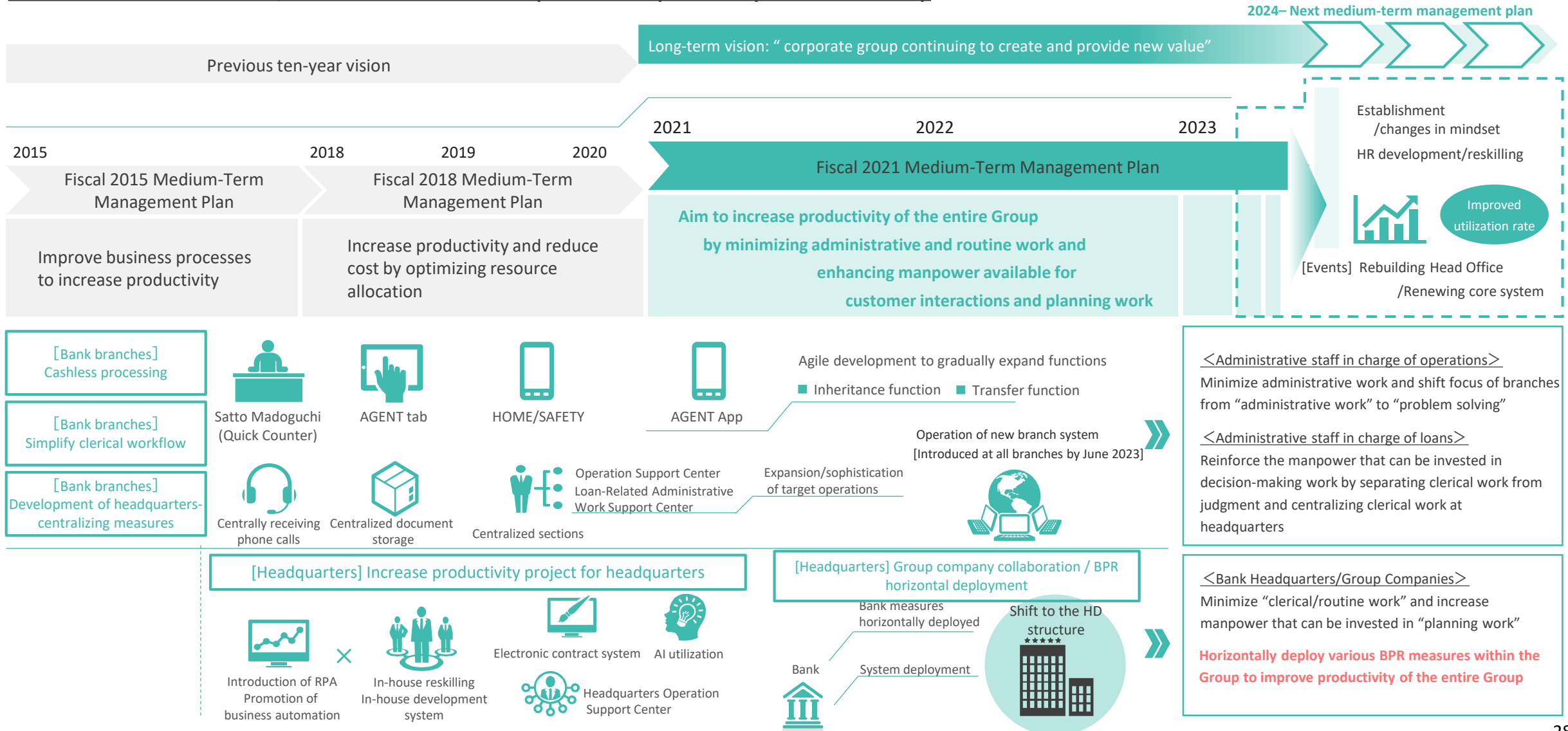
Stability gap: Loans, etc. - (Deposits, etc. + Long-term procurement)

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

Cross-Sectional Efforts Supporting Business Strategies _ BPR I

BPR Strategy Efforts

In preparation for the next medium-term management plan, we will further reduce the amount of administrative work emphasizing the establishment of BPR measures and the refinement of human resources, and further accelerate the improvement of productivity of the entire Group

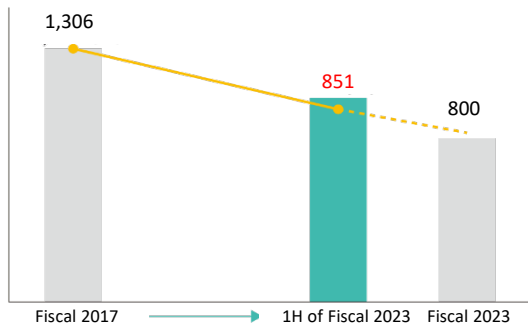


Cross-Sectional Efforts Supporting Business Strategies _ BPR II

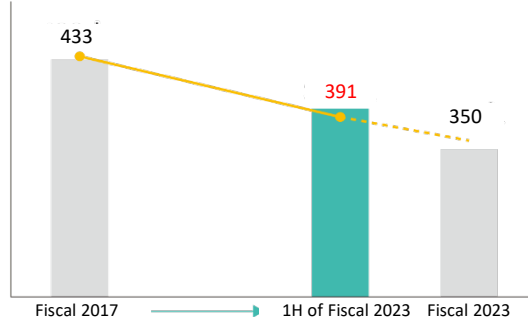
Reduction Effects of BPR Measures and Resource Shifting

Reducing costs by reducing overall number of employees, shifting resources of human resources and time generated by BPR, and reskilling employees to find mgmt. resources necessary for business strategy.

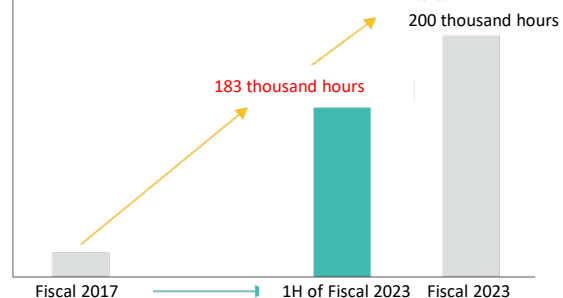
Number of administrative staff in charge of operations: **Minus 455 administrative staff**



Number of administrative staff in charge of loans: **Minus 42 administrative staff**

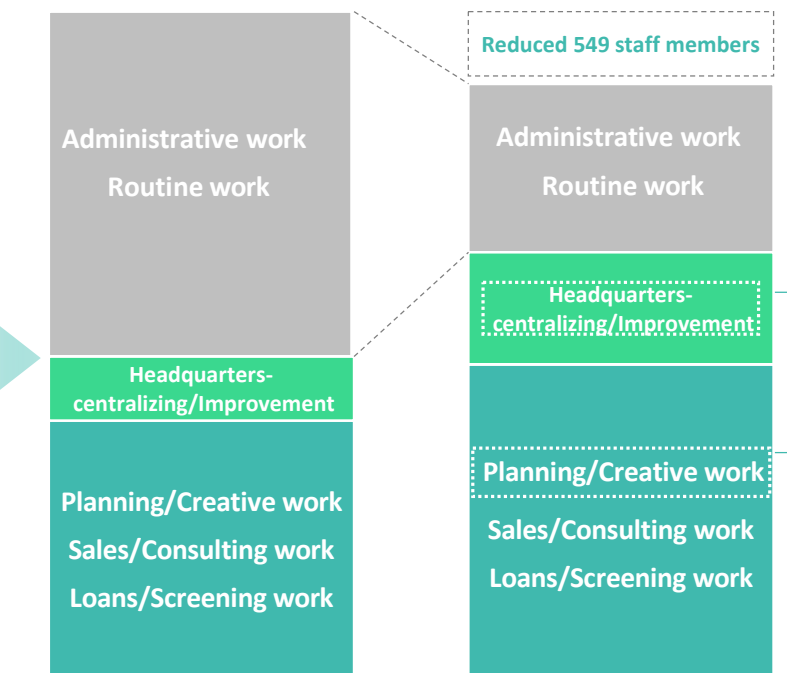


Headquarters workload reduction: **Minus 183 thousand hours/year**
(Headcount equivalent: Minus 93 administrative staff)



Surplus human resources and time generated by reduction are shifted to a higher level of operations

Ways of working also changed greatly



	[Apr. 2018]	[Sep. 2023]	
Generalists	2,350 persons	2,207 persons	Minus 143
Office/Staff	1,874 persons	1,468 persons	Minus 406
Total	4,224 persons	3,675 persons	Minus 549

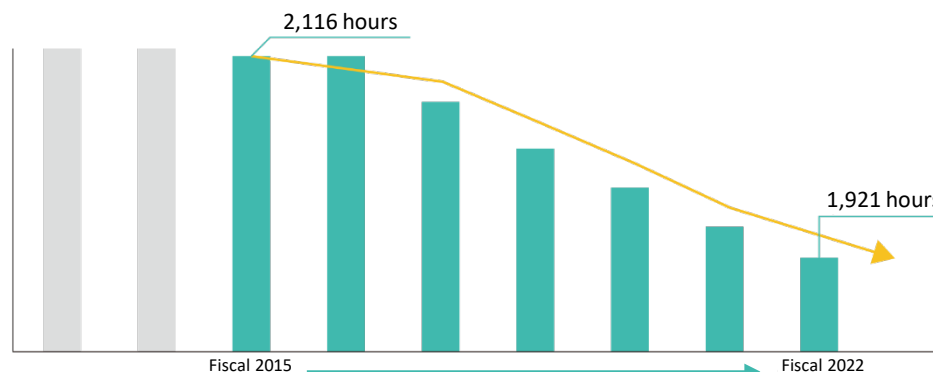
Shifting resources to further improvement of headquarters-centralizing measures

- Loan-Related Administrative Work Support Center: 18 persons
- Headquarters Operation Support Center: 9 persons
- In-house VC center/Telephone reception center: 14 persons, etc.

Shifting resources to planning and creative work at headquarters

- RPA/digital workflow development staff: 4 persons
- Enhancement of headquarters external relations and DHD-related measures: 82 persons
- Ship-related staff: 9 persons
- Enhancement of system development staff: 39 persons
- New company "Iyogin Digital Solutions Co., Ltd": 7 persons, etc

<Yearly working hours (per person): **Minus 195 hours** (compared to 2015)>



Cross-Sectional Efforts Supporting Business Strategies _ Branch Plan

Develop a system in which face-to-face and non-face-to-face channels and humans are interlinked and enhance customer convenience by enhancing each channel, with the aim of deepening and evolving the DHD model

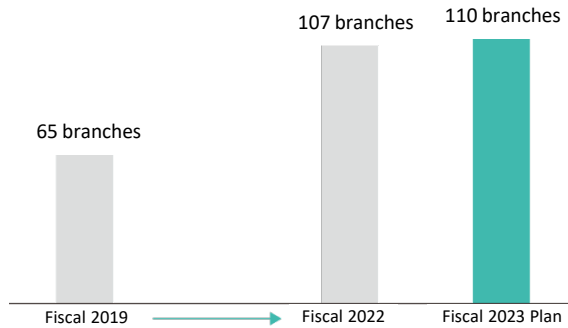
Review Branch Functions

Enhance branch functions

Shift focus from “administrative work” to “problem solving”

- Shift of all branches to a next-generation branch was completed in Ehime Prefecture.
- Extension of business hours: Introduced at 34 branches in Ehime Prefecture.

<Next-generation branches>

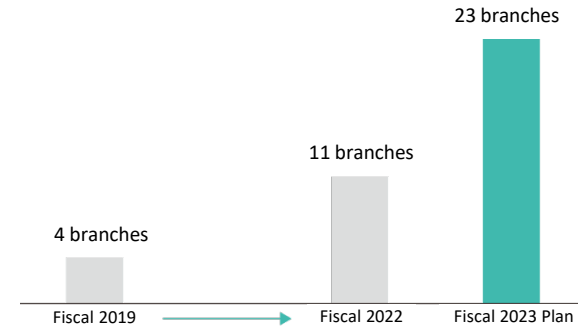


Maintain real touchpoints with customers

Develop labor-saving branches tailored to regional characteristics

- Transition to labor-saving branches: *16 (as of Sep. 2023)
- * Micro branches, branches specialized in transactions, and branches located in government offices

<Labor-saving branches*>



Digital Touch Points

More sophisticated banking apps

From “go”-to bank to “do”-at bank

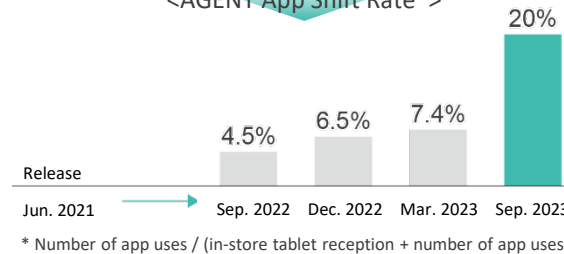
AGENT Iyo Bank on your palm

- Added functions **New**



- Money transfers
- Inquiries of housing loan balances and contract details
- Extended video chat hours (until 5 p.m.), etc.

<AGENT App Shift Rate*>



More touchpoints with more sophistication

Easier to use and more convenient

HOME House purchasing plan with a smartphone

SAFETY New card loan service that issues notifications on insufficient amount

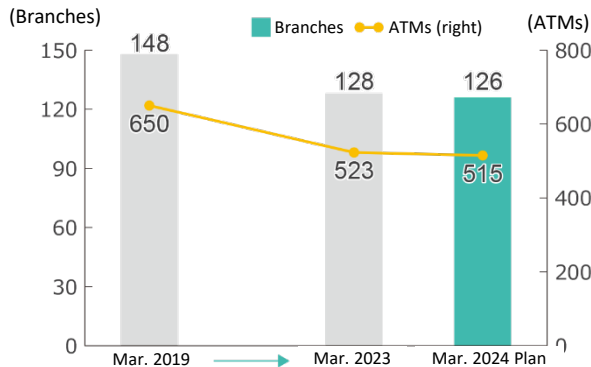
LIFE PALETTE Simulation tool that allows customers to chart various future plans



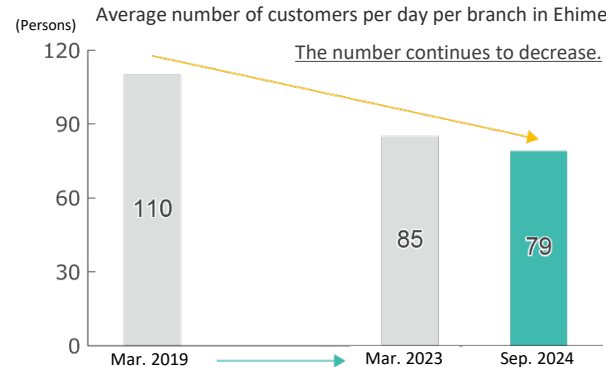
A portal site for corporations that integrates entrances to various digital services

Review of Branches and ATM Locations

< Number of branches/Number of ATMs>



< Number of branch visits>



Advanced Use of Branches and Environmental Friendliness



<Fukuoka Branch>



<Nagoya Branch>

Branches with rental spaces targeting at third parties

- Rebuild branches with rental space targeting at third parties for revitalization of the community based on community needs
- Both Fukuoka and Nagoya branches are completed in June 2024.

Environmental accommodation

- Implemented energy-saving measures such as LEDs at existing branches
- Considering energy creation measures such as installation of solar power generation equipment in branches

Cross-Sectional Efforts Supporting Business Strategies _ IT Plan

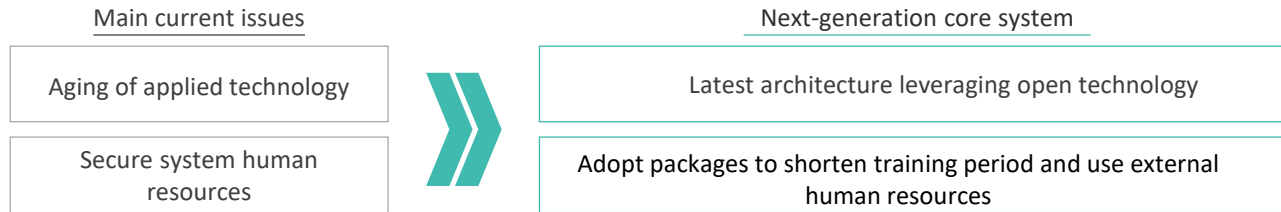
Establish IT governance that balances quick and flexible digital responses to the external environment and customer needs, and maintenance of a safe, stable, and secure banking system

Maintenance of a Safe, Stable, and Secure Banking System

Construction of a next-generation core system

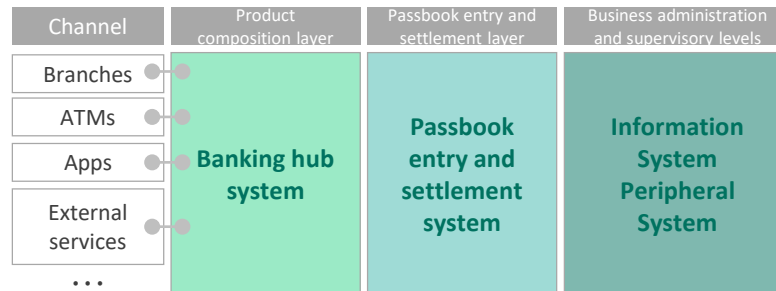
- A basic agreement was reached with Hitachi, Ltd. on the construction of the next-generation core system based on Hitachi's open core banking package OpenStage.

The Main Issues of the Current System and the Next-generation Core System



Features of Next-generation Core System

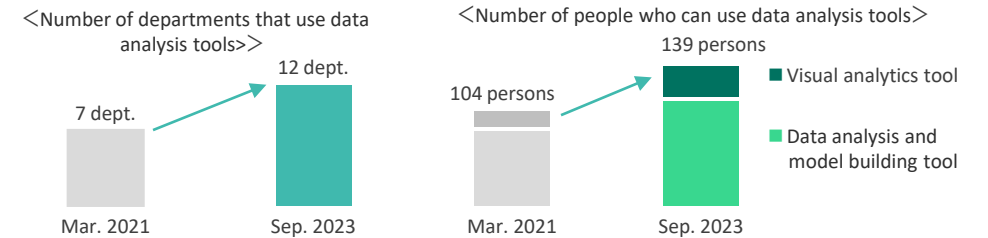
- Provide new values (connect and expand)
- Improve development efficiency (faster and safer)
- Enhance data utilization (provide added value)



Quick and Flexible Digital Responses to External Environment and Customer Needs

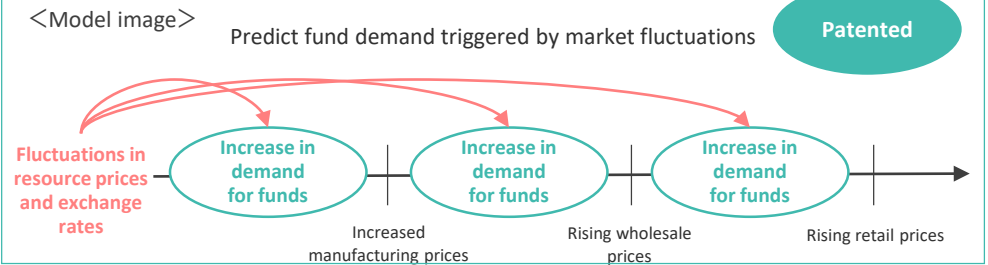
Improvement and sophistication of data utilization system

- 139 people in 12 departments can now use data analysis tools.



Develop Sophisticated Analysis Model

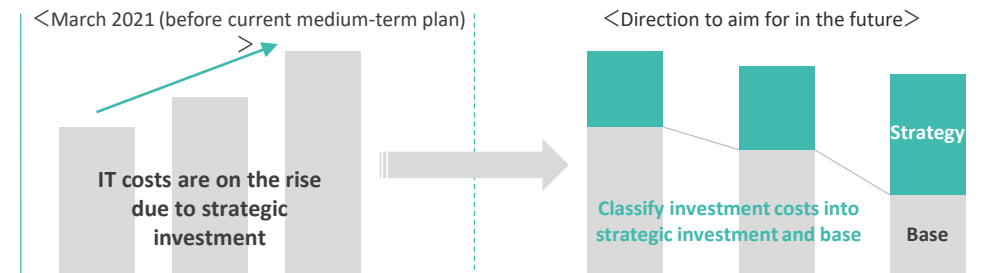
- Multiple divisions collaborated to develop a model to predict fluctuations in corporate finances based on resource prices and other factors.



Establish IT Governance

Optimization of IT Investment

Purposes	Implementation details
Proper control of IT costs	Refine long-term IT cost forecasts through formulation of long-term renewal plans
Secure strategic investment space	Reduce base cost of investment
IT investment for overall optimization	Review planning process and prioritize IT investment opportunities



Cross-Sectional Efforts Supporting Business Strategies _ Personnel Development Plan

Aim to be a group that can create and provide diverse values by developing human resources who can play an active role in their respective fields of expertise with “customer-oriented” as our basic philosophy

Co-creative Human Resources With Advanced Expertise

■ Implementing various measures based on three key points, in order for each employee to create their strength and improve their area of expertise

Personnel with an Area of Expertise

Career fields

- Corporation
- Individual
- Ship
- Market
- Technology
- Planning
- Risk management
- Support


Match rate with wishes of career fields* 93.8%

*Match rate between career fields of duties that employees are currently performing and those of duties that they wish to do (including their second choice)

■ Classify specialized skills into eight career fields with the purpose of specialization and improvement of operations

- Enhancement of short-term dispatch trainings, etc.
 - ✓ Expanding the scope to Regional Vitalization Division and Shikoku Alliance Securities and providing for employees of 8 divisions and companies, an opportunity to attend training, as well as autonomously consider their own career development
- Expansion of participants of level-based workshops
 - ✓ Jointly holding level-based workshops, etc., expanding the eligible employees into staff from the all Group companies (Number of trainees at Group companies (excluding the Bank): 85)

Establishment of an Environment Which Facilitates Autonomous Learning

- Expansion of online learning tools, etc.
- 
- Increase in shorter classes on demand
 - Continual use of training apps

Responses to Diversifying Careers

- Introducing training programs by business (field) open to all employees
- Expansion of eligible employees of training through dispatch to external institutions
- Promotion of challenges to advanced qualifications
- Continuation and expansion of qualification acquisition incentive system

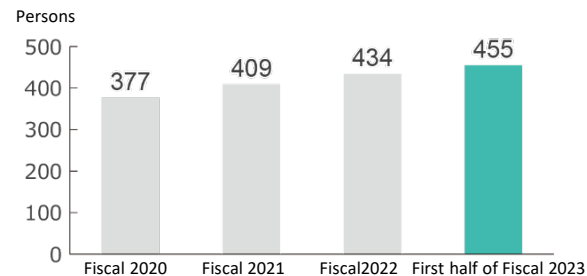


Specialists by Fields

- Development at specialized departments, dispatch to specialized institutions outside the Group, or other programs are conducted with four fields that require a high level of expertise and skills as pillars
- Determine “advanced qualifications” in each field to promote autonomous learning and qualification acquisition by employees

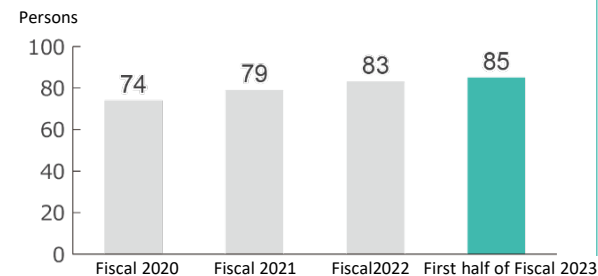
Corporation/Individual/Ship/Planning

- Number of employees holding qualifications of attorney, Certified Public Tax Accountant, MBA, Small and Medium Enterprise Management Consultant, 1st-grade CFP, TOEIC 700 points or higher, etc.



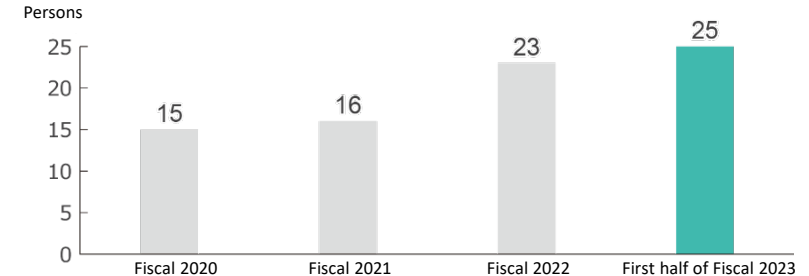
Market

- Number of employees holding qualifications of securities analyst, Certified International Investment Analyst



Technology

- *Number of employees holding qualifications of Information Technology Strategist, Systems Architect, Network Specialist, Database Specialist, Registered Information Security Specialist, etc.



Planning (Digital Business)

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I. Summary of Earnings for the First Half of Fiscal 2023

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III-1. Main Strategies and Progress of Medium-Term Management Plan

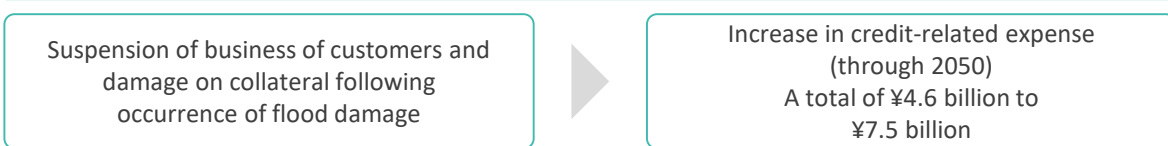
III-2. Efforts for Sustainability

III-3. Profit / Loss Forecasts and Capital Policy

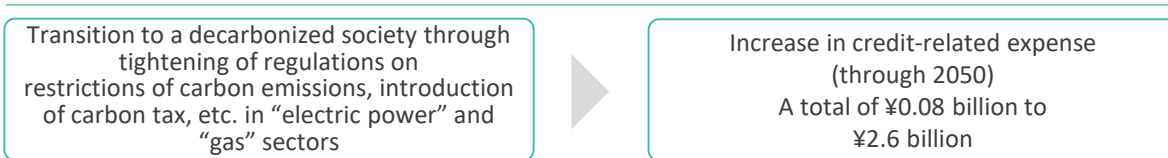
Efforts for Sustainability _ Efforts for TCFD Recommendations

Scenario Analysis

Physical Risks



Transition Risks



Expanding the scope of analysis

Transition Risks in Ocean Transport Sector

- ✓ Due to the nature of our portfolio, **shipowners** in the **ocean transport sector**, which has a large loan amount, will be selected as a new target for transition risk analysis, and the increase in credit-related expenses by 2050 will be calculated.
- ✓ In the transition to a decarbonized society, a scenario is being prepared for transition risks related to the “**shift to environmentally friendly vessels,**” which may affect shipowners, based on the assumption of the impact to the ocean transport sector as stated in the table below.

Contents	Assessment	In Scope
i. Shift to environmentally-friendly vessels	Investment costs are expected to increase when shifting from existing fuel vessels to environmentally friendly vessels.	○
ii. Changes in fuel composition	Changes in fuel costs are expected to occur due to changes in the fuel composition of ships.	—
iii. Occurrence of carbon costs	Carbon costs are expected to be incurred from the operation of existing fuel vessels.	—

Sustainable Finance

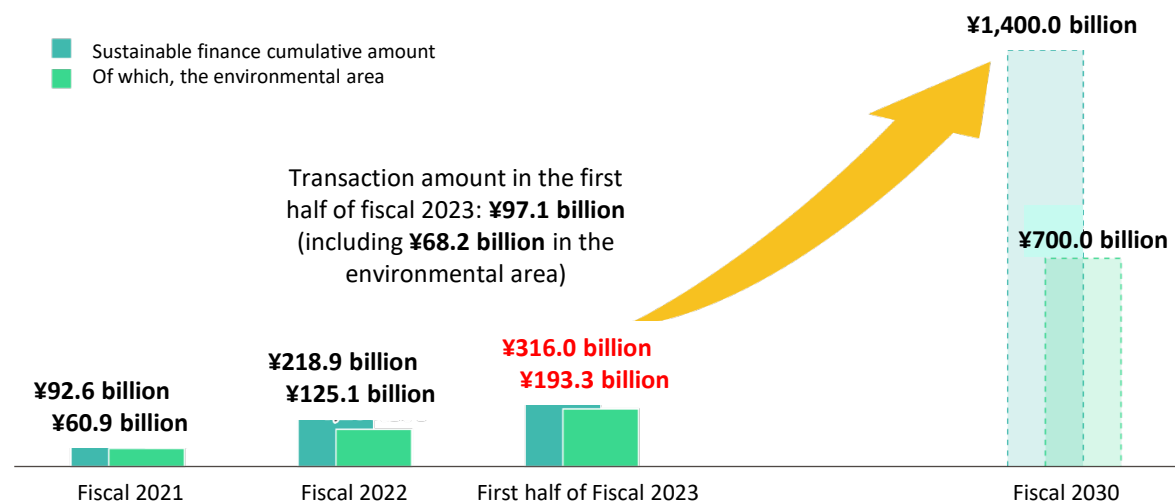
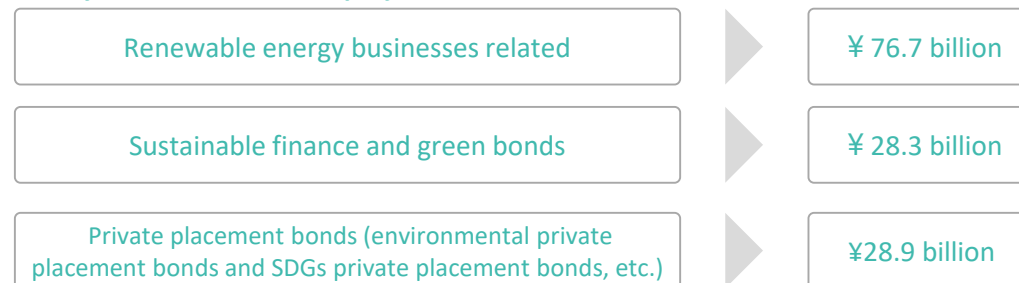
Goals

- Implement **¥1.4 trillion** (including **¥700.0 billion** in the environmental area) from fiscal 2021 through 2030
- Supporting customers’ efforts toward sustainable management, which is of increasing social interest

Results

- Cumulated transaction amount from fiscal 2021: **¥316.0 billion** (including **¥193.3 billion** in the environmental area)

Key sustainable finance projects



Efforts for Sustainability _ Efforts for Local Economy

Revitalization of the Region by Business Foundation Support

Number of Business Foundation Support

	Fiscal 2021	Fiscal 2022	First half of Fiscal 2023
Business foundation planning support	352	385	196
Of which, start-up loans (with/without Credit Guarantee Association)	217	228	70
Of which, referrals to government-affiliated financial institutions and start-up support organizations	19	36	1
Of which, venture companies registered for grants or investments	18	16	8

*Businesses within 3 years of establishment are counted

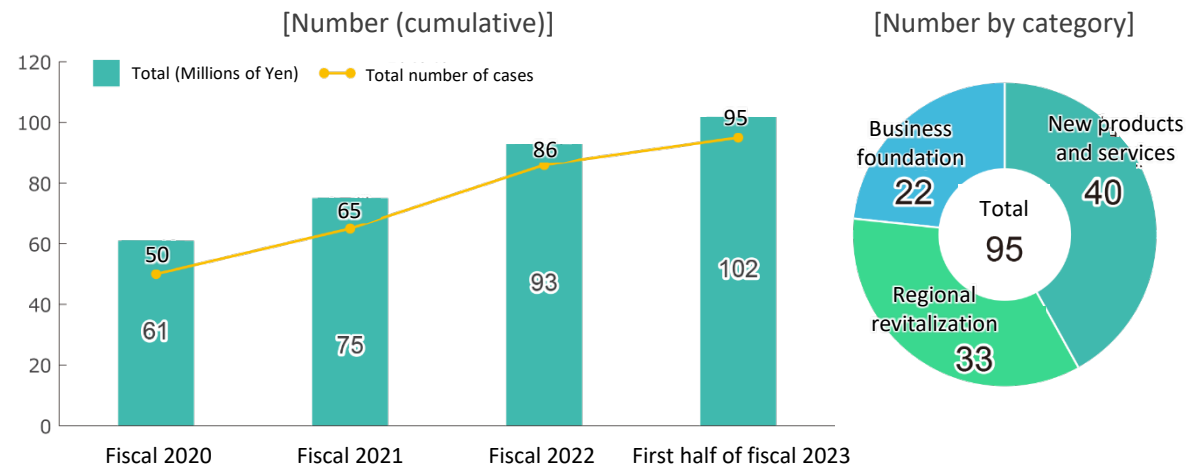
- Continuing from last year, the Bank supports the operationalization of customers during the start-up period, centering on “start-up loans”

Business Plan Competition

- “The 6th Shikoku Alliance Business Plan Competition” was held in November 2023
- There were 56 applications from the four prefectures of Shikoku, and eight businesses made presentations at the final screening meeting
- The Grand Prize was awarded to wead Co., Ltd., which presented the “Development and sales of unprecedented agricultural/livestock materials utilizing waste to both improve productivity and achieve sustainability”



Revitalization of Local Economy by Crowdfunding



- The Bank subsidizes part of the fees paid by customers to crowdfunding companies to support projects on starting business and regional revitalization in Ehime Prefecture

Collaboration with JGSDF Camp Matsuyama for regional revitalization

Signed a “Collaboration Agreement for the Implementation of Projects that Contribute to the Measures Concerning Population Decline and Regional Revitalization in Ehime Prefecture.”

- Consider/implement various projects related to population decline and regional revitalization, and work toward sustainable development of the region as partners in regional revitalization (first Japanese case where JGSDF and a private company have concluded a partnership agreement on population decline and regional revitalization)

Details of collaboration

- Mutual exchange of human resources
- Implementation/dissemination of the activities/projects conducted by the parties
- Development of human resources who contribute to regional revitalization through the dispatchment of staff to mutual seminars, etc.



Efforts for Sustainability _ Human Capital Management (Arranging Internal Environment)

Human Capital Management (Basic Policies)

The Group positions human resources as one of sources of competitive advantages, developing human resources and arranging the internal environment to realize five elements of Well-Being* for all employees

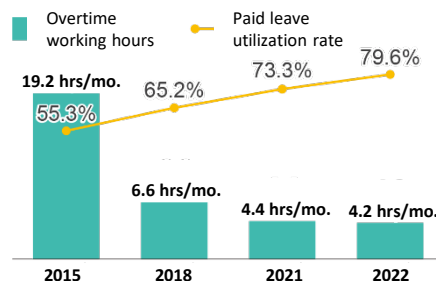
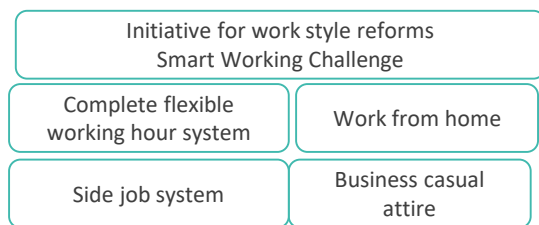
* Career, Social, Financial, Physical, Community

Iyogin Group Well-Being = Better Work, Better Life.

Arranging Internal Environment

Work Style Reforms

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

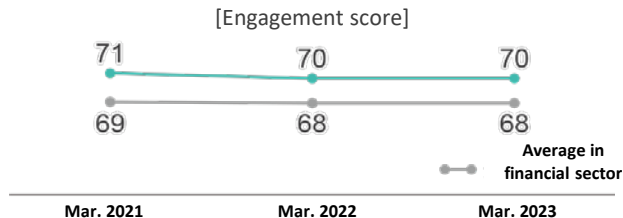


- Arranging a workplace environment providing “motivation” and “job satisfaction” (increasing engagement)

Conducting an engagement survey every month using an engagement detection tool (wevox)

PDCA cycle for improvement in engagement

Enhancement of organizational abilities and an improvement in business results



- Supporting Employees’ Financial Well-Being

- ✓ Increased base pay for the first time in 28 years since 1995
- ✓ Revised the matching contribution-type defined contribution pension plan to a salary selection system to expand employee options

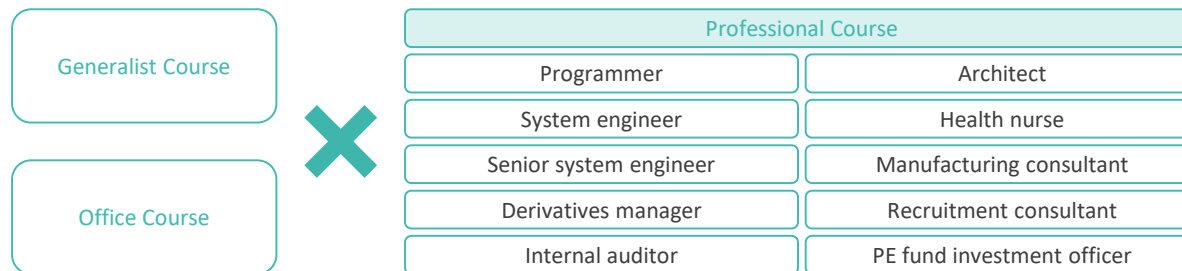
DE&I

- Iyogin Group Commitment to DE&I

Announced our Commitment to DE&I that clarifies the concept of "equity" from previous D&I (May 2023)

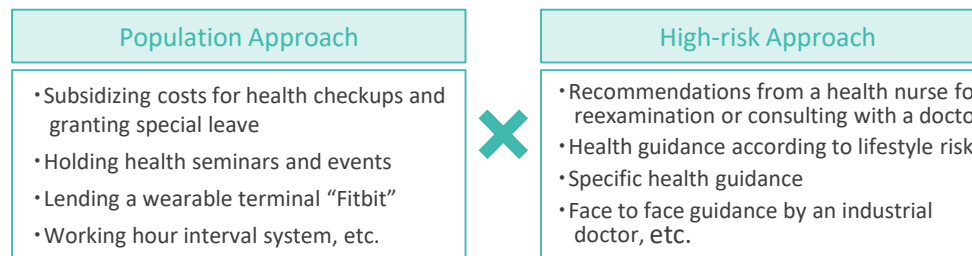
- Professional Course

Started the operation of the “Professional Course,” which was newly established in the revision of the personnel system in October 2022.



Health Management

- Taking both of a population approach and a high-risk approach



Efforts for Sustainability _ Social Contribution Activities

Environmental Protection



Iyo Bank Evergreen Forest

Established in 2008

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



Iyo Bank Evergreen Forest (Matsuyama City)

Iyo Bank Environment Foundation "Evergreen" (public trust)

Established in 2008

Applications are invited once every year from April to August

We support organizations and individuals who are engaging in environmental preservation activities in Ehime. To this day, we granted a total of ¥69 million to 192 recipients.



Fiscal 2022 "PLAGIRLS from the Science Club, Ehime University Senior High School"

Contribution to Local Communities



Iyo Bank Regional Cultural Activity Assistance Program

Established in 1992

Applications are invited twice a year from June to July and from December to January

We grant part of funds for activities of parties which carry out "grassroots" cultural activities in Ehime and granted a total of ¥256 million to 1,325 organizations. In addition, "special applications" targeting organizations damaged by the heavy rain in July 2018 are also invited.



The 63rd recipient "Nishida Lion Dance Preservation Society"

Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)

Established in 1976

We support improvement in social welfare and human resource development for the next generation in Ehime



Diversity



Iyogin Challenge & Smile

Established in 2018

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



SDGs Card Game

Started in 2021

Iyogin Regional Economy Research Center is conducting "2030 SDGs Card Game" training for local companies and organizations. Anyone can easily learn "why SDGs are needed" and "how SDGs are relevant to us" while experiencing in a game format.



Iyogin Financial Education Class

Started in 2007



Iyogin is supporting children

Seminar for kids

Seminars for learning about bank mechanisms and healthy financial literacy



Economics Koshien

Hosted the Ehime Tournament of the High School Students Financial and Economic Quiz Championship



Iyogin Junior Mirai Juku

Lesson program in line with school curriculum guidelines and financial literacy map



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Profit / Loss Forecasts for Fiscal 2023

- Mainly due to an increase in interest and dividend income, consolidated core business gross profit is projected to be ¥98.5 billion, an increase of ¥9.0 billion year on year
- Due to increases in consolidated core gross profit and gain related to securities, profit attributable to owners of parent is expected to increase by ¥4.2 billion year-on-year to ¥32.0 billion, remaining at a high level

(Units: Billions of yen)

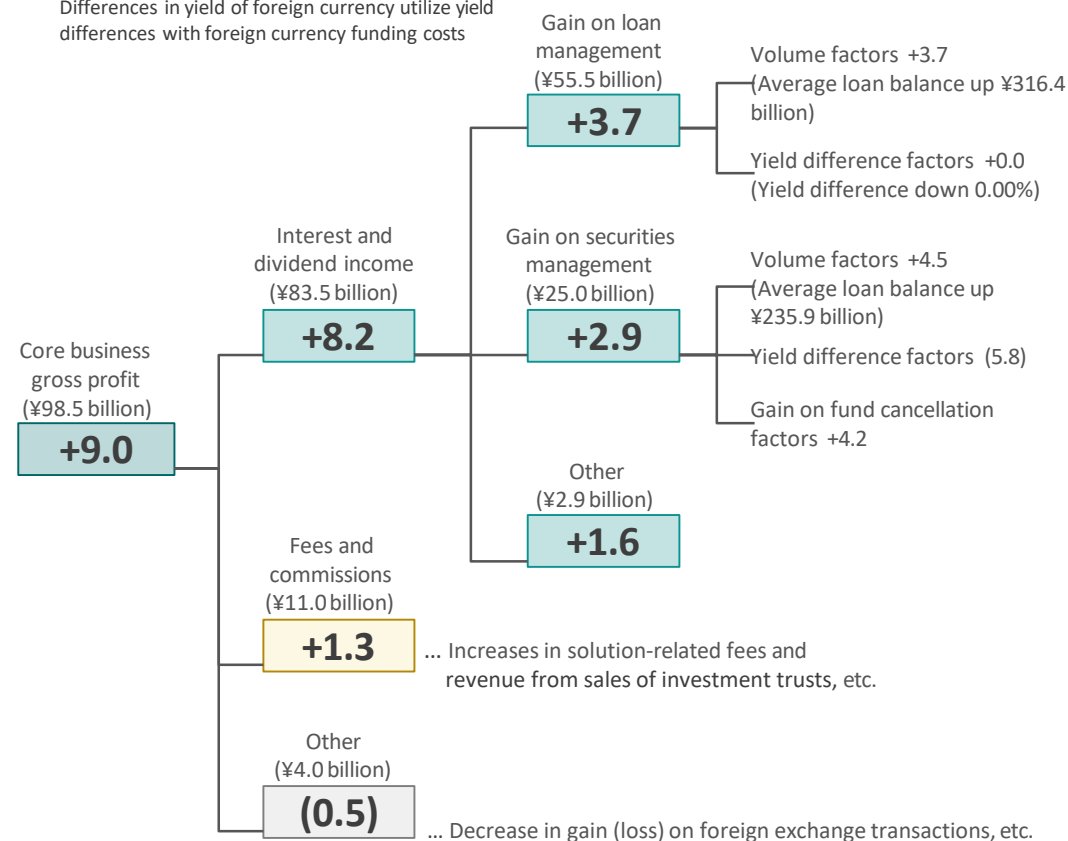
[Holding Company Consolidated]	Fiscal 2022 results		Fiscal 2023 forecast			
	Inter- mediate results		Inter- mediate results	YoY		YoY
Consolidated core business gross profit	44.9	89.5	50.7	+ 5.8	98.5	+ 9.0
Of which, interest and dividend income	37.7	75.3	41.4	+ 3.7	83.5	+ 8.2
Of which, non-interest and dividend Income	7.2	14.2	9.3	+ 2.1	15.0	+ 0.8
Expenses (-)	26.1	52.6	27.2	+ 1.1	55.5	+ 2.9
Consolidated core business net income	18.8	36.8	23.5	+ 4.7	43.0	+ 6.2
Credit costs (-)	(0.7)	(2.5)	1.5	+ 2.2	5.5	+ 8.0
Gain (loss) related to securities	7.5	0.0	13.5	+ 6.0	6.5	+ 6.5
Ordinary income	28.9	42.4	37.4	+ 8.5	47.5	+ 5.1
Profit attributable to owners of parent	19.8	27.8	24.7	+ 4.9	32.0	+ 4.2

[Reference: Bank Nonconsolidated]	Fiscal 2022 results		Fiscal 2023 forecast			
	Inter- mediate results		Inter- mediate results	YoY		YoY
Core business gross profit	42.2	84.1	48.0	+ 5.8	93.0	+ 8.9
Expenses (-)	24.8	50.3	26.0	+ 1.2	53.0	+ 2.7
Core business net income	17.3	33.7	22.0	+ 4.7	40.0	+ 6.3
Ordinary income	27.3	39.2	36.2	+ 8.9	45.5	+ 6.3
Net income	19.1	26.3	24.0	+ 4.9	30.5	+ 4.2

Factors Contributing to Increase / Decrease in Consolidated Core Business Gross Profit (Fiscal 2023 - Fiscal 2022)

(Note) Differences in yield of domestic currency utilize yield differences with domestic deposits, etc.
Differences in yield of foreign currency utilize yield differences with foreign currency funding costs

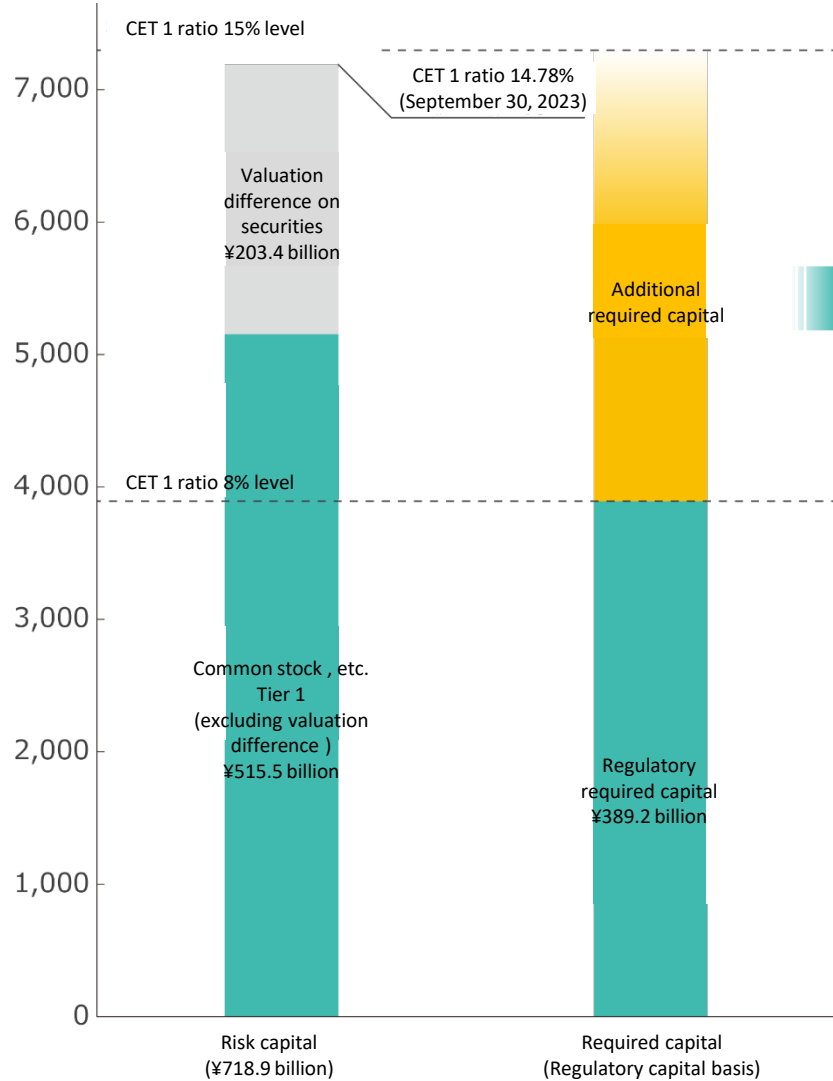
(Units: Billions of Yen)



Capital Policy I

Status of Required Capital Management (As of September 30, 2023)

(Hundreds of Millions of Yen)



Calculate the capital required to realize risk appetite

Allocate additional capital requirements using stress tests

The Group has built a distinctive investment portfolio in ship finance and securities management.

On the other hand, the credit concentration risks and market risks contained in these portfolios has not been adequately assessed under the Basel Capital Accord.

The amount of capital required to maintain financial soundness of the Group even in the event of a market deterioration that has occurred in the past is calculated based on the results of stress tests.

CET1 ratio target set at 15.0%

Reference: ROE by business division after considering additional capital requirements

	Corporate related	Personal related	Ship related	Market investment
Fiscal 2022	6.02%	4.68%	6.33%	3.92%

Improve profitability through steady implementation of business strategies, and improve capital efficiency by enhancing risk management as well, with the aim of improving ROE by business division.

Capital Policy II

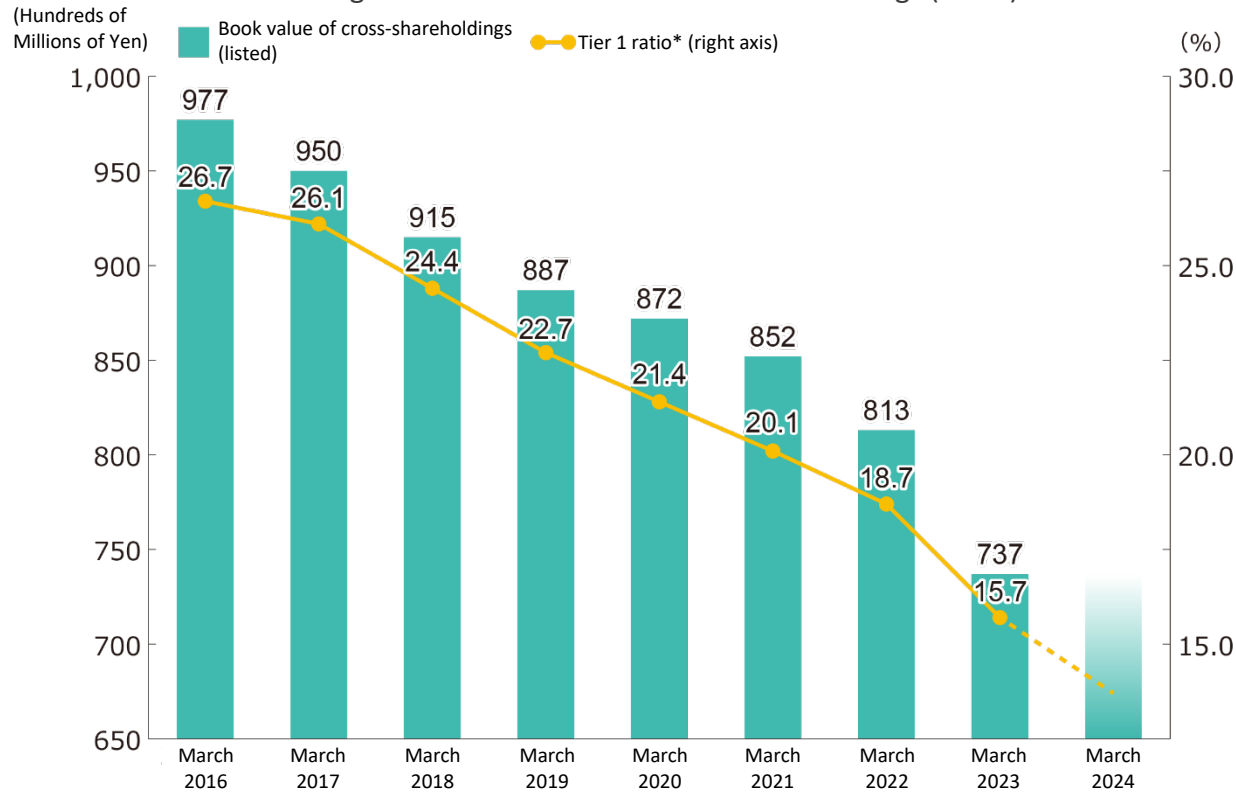
Cross-Shareholdings

Basic policy and response status of cross-shareholdings

Basic Policy	Reduce	→ The Board of Directors verifies the rationality of holding at least once a year
--------------	--------	---

Policy on holding is set through the evaluation matrix of “investment side” and “policy side” for all stocks held. Shares which are earmarked for divestment are being sold off in stages.

[Changes in the book value of cross-shareholdings (listed)]



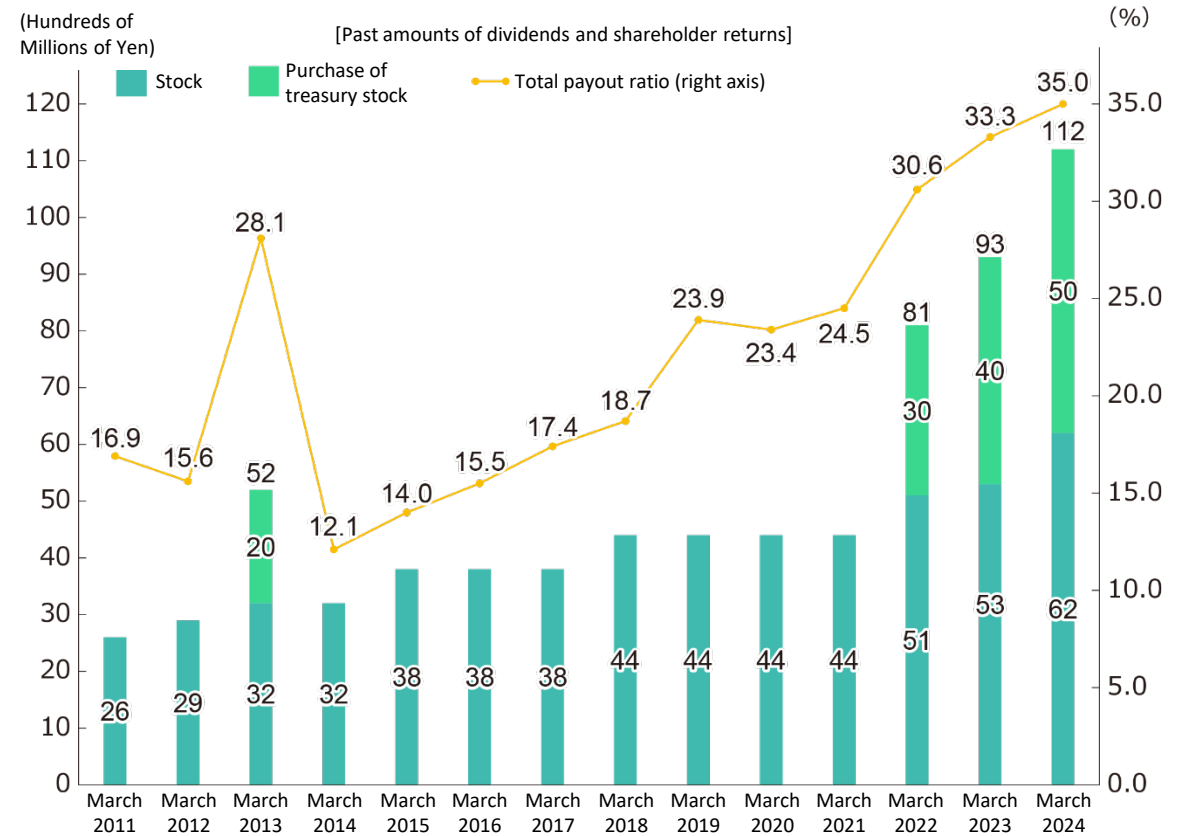
* Tier 1 excludes components of comprehensive income

Dividend and Shareholder Return

Basic policy and response status of dividend and shareholder return

Basic Policy	Maintenance of long-term and stable dividends
--------------	---

In the fiscal year ending March 2024, the company will increase the annual dividend to ¥20 per share (+¥3 compared to the previous fiscal year, with an annual dividend of approximately ¥6.2 billion) and purchase treasury stock of up to ¥5 billion.



- Future business results contained in this document are based on information available as of announcement and assumptions regarding uncertain factors that may affect future business results.
- Future business results may differ due to changes in the management environment, etc.

<For inquiries regarding this document> Ueda, Corporate Planning Division, Iyogin Holdings TEL:089-907-1034/FAX:089-946-9104

**Iyogin Holdings First Half of Fiscal 2023
Earnings Briefing
(April 1, 2023 – September 30, 2023)
Reference Materials**



Iyogin Holdings

December 8, 2023

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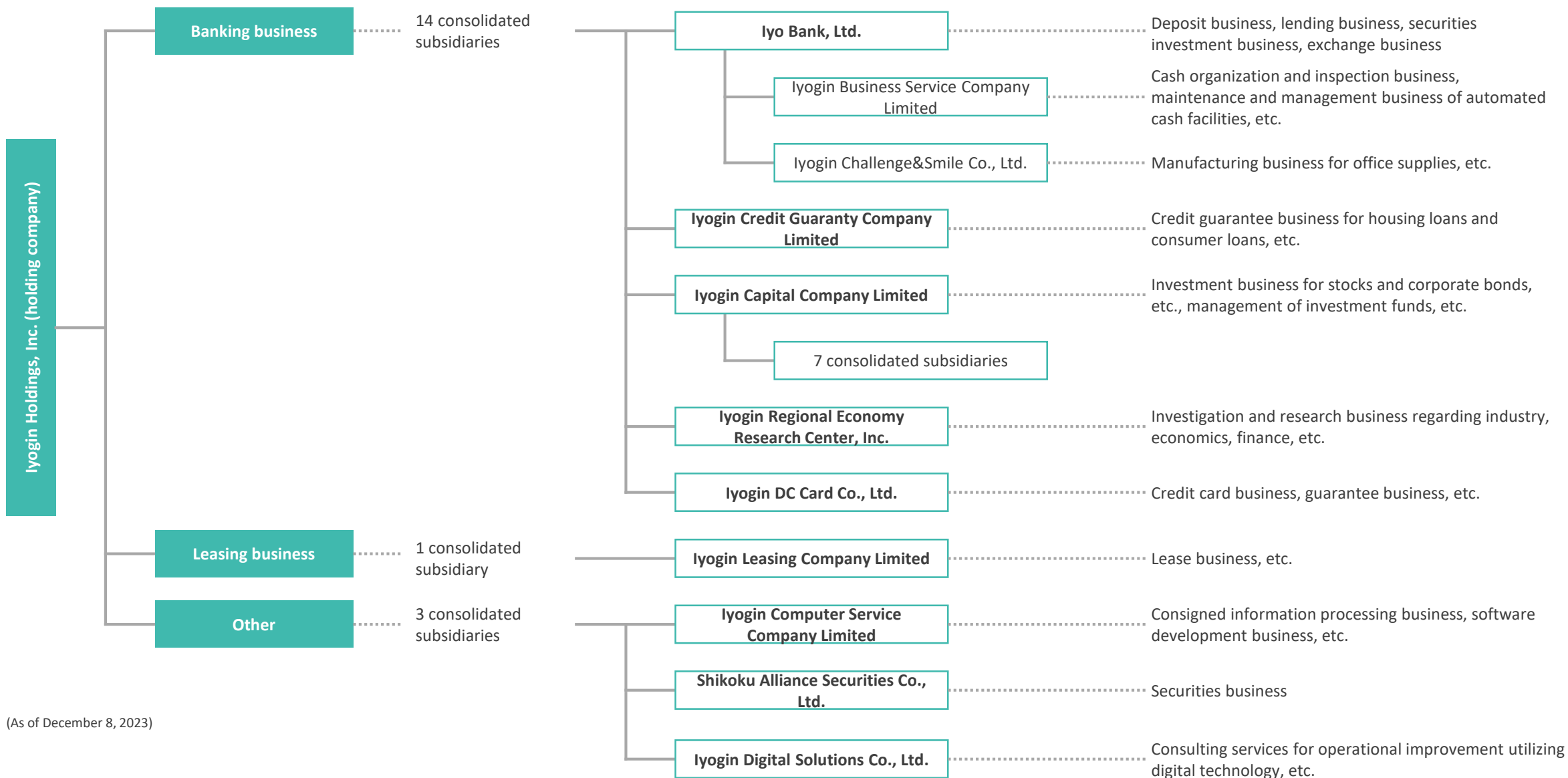
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Profile

Trade name	Iyogin Holdings, Inc.	Iyo Bank, Ltd.
Year of establishment / foundation	Established on October 3, 2022	Founded on March 15, 1878 (The 29th National Bank)
Capital	¥20,000 million	¥20,900 million
External credit ratings	AA: Japan Credit Rating Agency (JCR)	AA: Japan Credit Rating Agency (JCR)
	A: Rating and Investment (R&I)	A+: Rating and Investment (R&I)
	–	A-: Standard & Poor's (S&P)
Headquarters / Head Office	1 Minami-Horibata-cho, Matsuyama-shi, Ehime, Japan	
Consolidated employees	3,060 employees (excluding temporary staff)	
Branch network	Iyo Bank: 152 domestic (including 25 branches within branches, 10 sub-branches), 1 overseas (Singapore), 2 overseas representative offices (Shanghai, Hong Kong)	
	Iyogin Leasing: 11 domestic Shikoku Alliance Securities: 5 domestic	

〈As of December 8, 2023〉

List of Group Companies



(As of December 8, 2023)

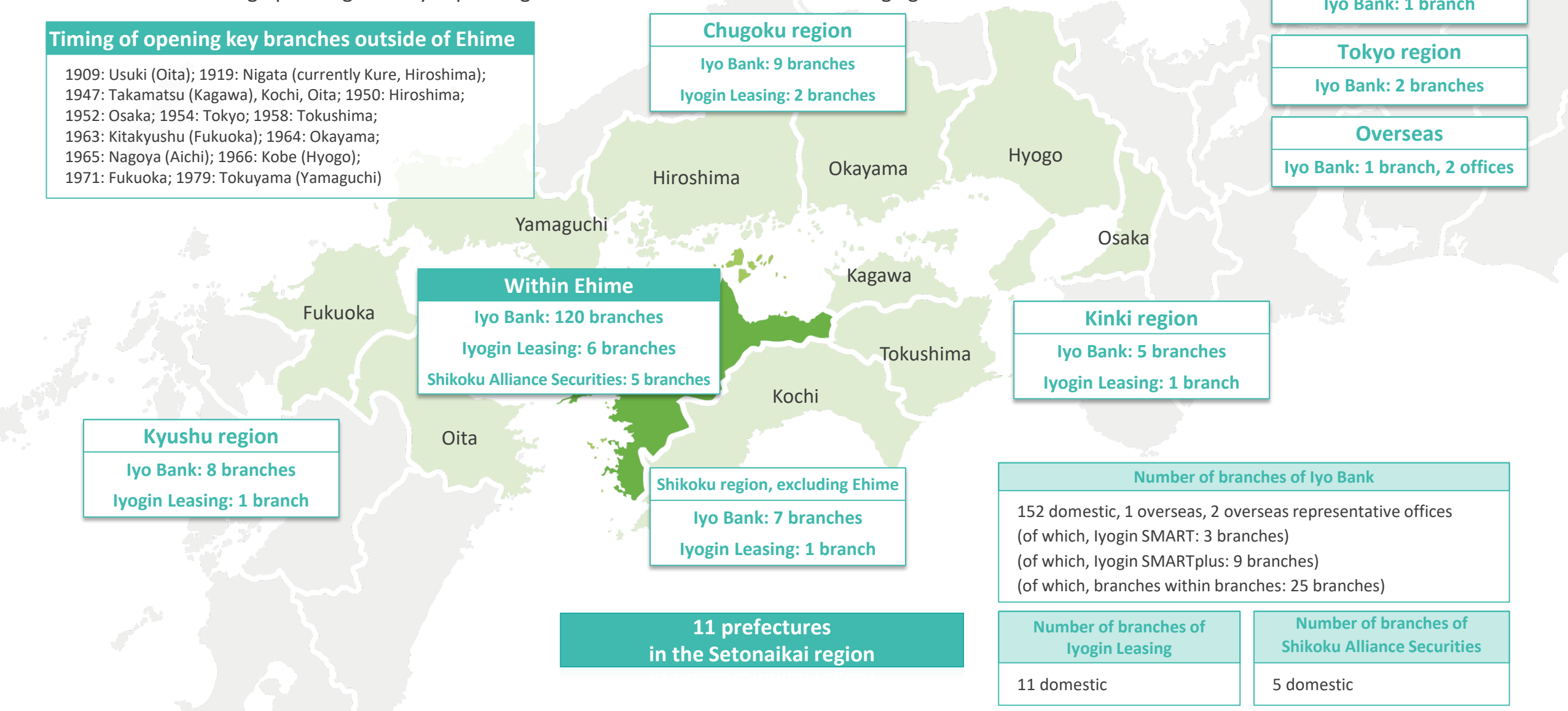
* Apart from the above, the Group has 4 non-consolidated non-equity method subsidiaries and 3 non-equity method affiliates.

Location Network

- Created **the No. 1 regional bank group in terms of broad regional coverage**, in 13 prefectures centered on the Setouchi region
- Established a strong operating base by expanding outside of Ehime Prefecture from long ago

Timing of opening key branches outside of Ehime

1909: Usuki (Oita); 1919: Nigata (currently Kure, Hiroshima);
 1947: Takamatsu (Kagawa), Kochi, Oita; 1950: Hiroshima;
 1952: Osaka; 1954: Tokyo; 1958: Tokushima;
 1963: Kitakyushu (Fukuoka); 1964: Okayama;
 1965: Nagoya (Aichi); 1966: Kobe (Hyogo);
 1971: Fukuoka; 1979: Tokuyama (Yamaguchi)



Number of branches of Iyogin Leasing
152 domestic, 1 overseas, 2 overseas representative offices (of which, Iyogin SMART: 3 branches) (of which, Iyogin SMARTplus: 9 branches) (of which, branches within branches: 25 branches)

Number of branches of Iyogin Leasing
11 domestic

Number of branches of Shikoku Alliance Securities
5 domestic

Main Industries in Ehime Prefecture

- Industries with top national share concentrated in each region
- Manufactured product shipments from Ehime Prefecture totaled **¥4.8 trillion (46.6% of Shikoku)** in 2021

 ...Total national share of Ehime Prefecture

Matsuyama Region

The Matsuyama region has companies with large shares in products such as “small once-through steam boilers,” “farm machinery,” and “dried bonito shavings.”

Uwajima Region


15.4%
(¥69.5 billion)

No. 1 in Japan
(Note 2)

Sea culture industry (2021)
¥451.5 billion total national production

Niihama Region

Manufactured product shipments (2021)
¥2,089.6 billion

Approx. 43.9% of shipments of manufactured products in Ehime

As a corporate town under the Sumitomo Group, nonferrous metal, chemicals, steel, machinery and equipment are concentrated particularly in the Niihama region.

Imabari Region


32.7%
(1,199 ships)

No. 1 in Japan
(Note 2)

Number of ocean-going vessels owned by domestic ship owners (as of September 2020) (Note 1)
3,663 total vessels in Japan


59.6%
(¥31.0 billion)

No. 1 in Japan
(Note 2)

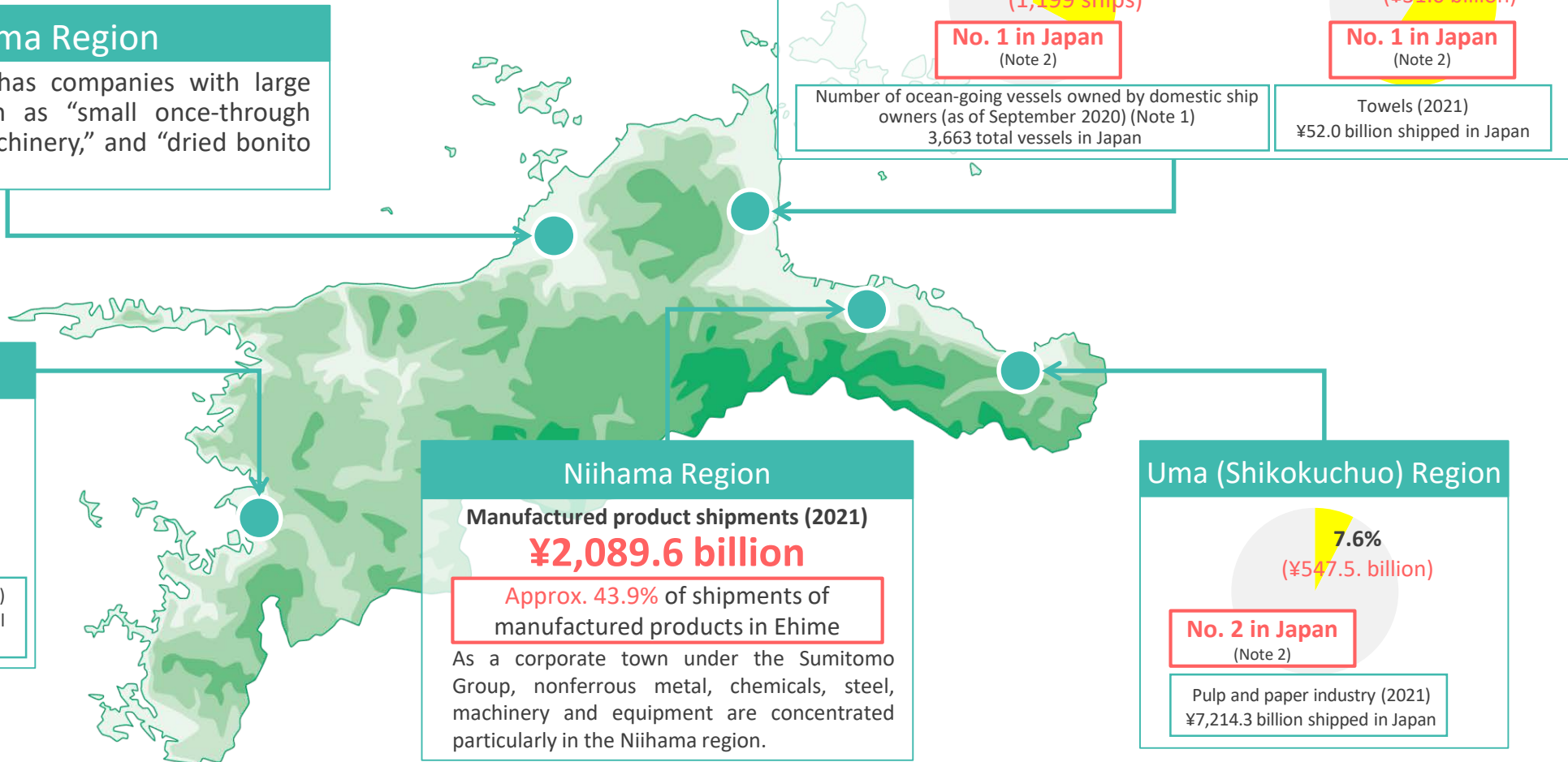
Towels (2021)
¥52.0 billion shipped in Japan

Uma (Shikokuchuo) Region


7.6%
(¥547.5 billion)

No. 2 in Japan
(Note 2)

Pulp and paper industry (2021)
¥7,214.3 billion shipped in Japan



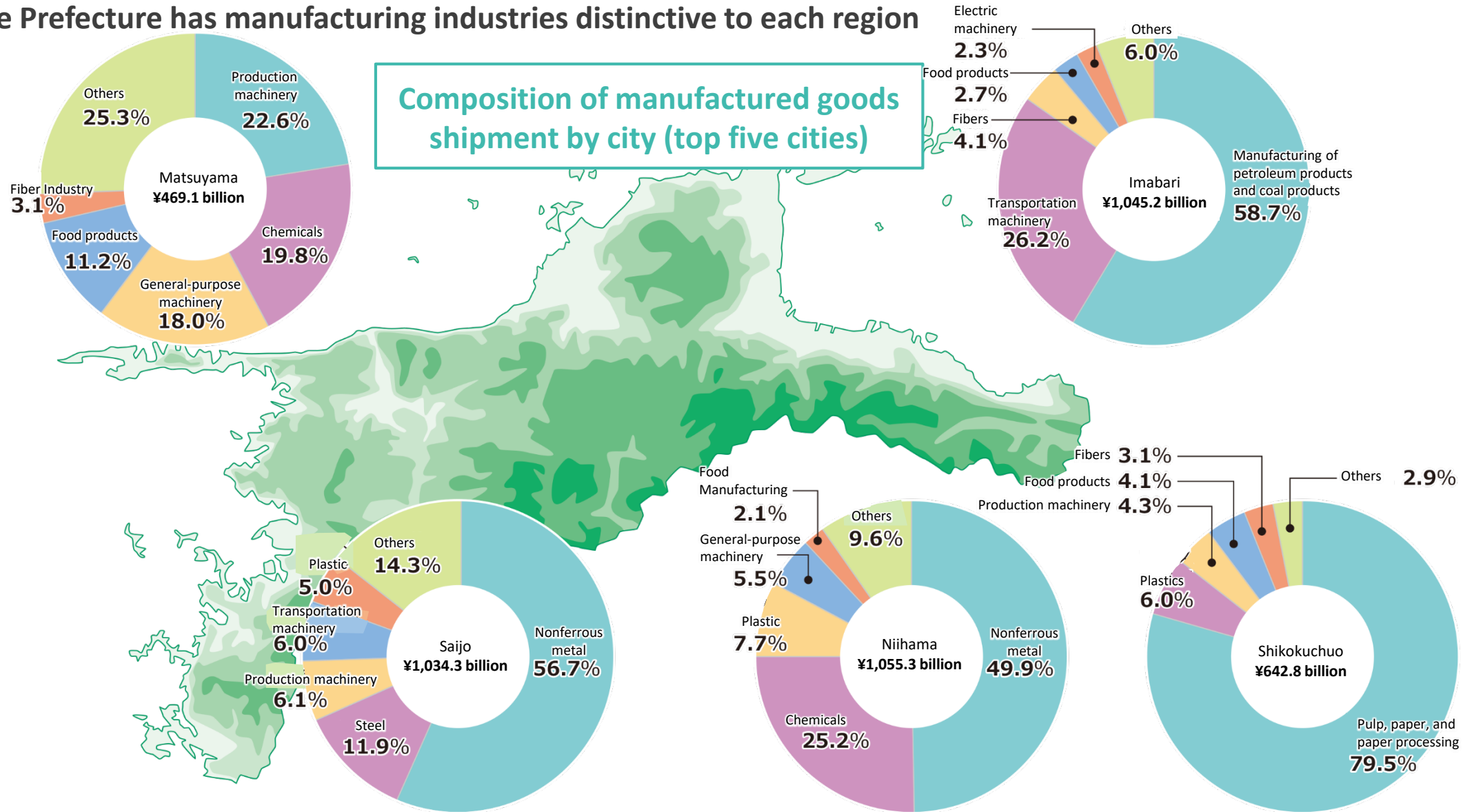
•(Note 1) Iyogin Regional Economy Research Center, Inc. (IRC) estimates; the ranking in Japan excludes operators.

•(Note 2) Ranking of Ehime Prefecture

Source: Prepared based on the Ministry of Economy, Trade and Industry’s “Economic Conditions Survey 2022” and the Ministry of Agriculture, Forestry and Fisheries’ “total fishery output for 2021 (revised figures).”

Manufacturing Industry in Ehime Prefecture

Ehime Prefecture has manufacturing industries distinctive to each region

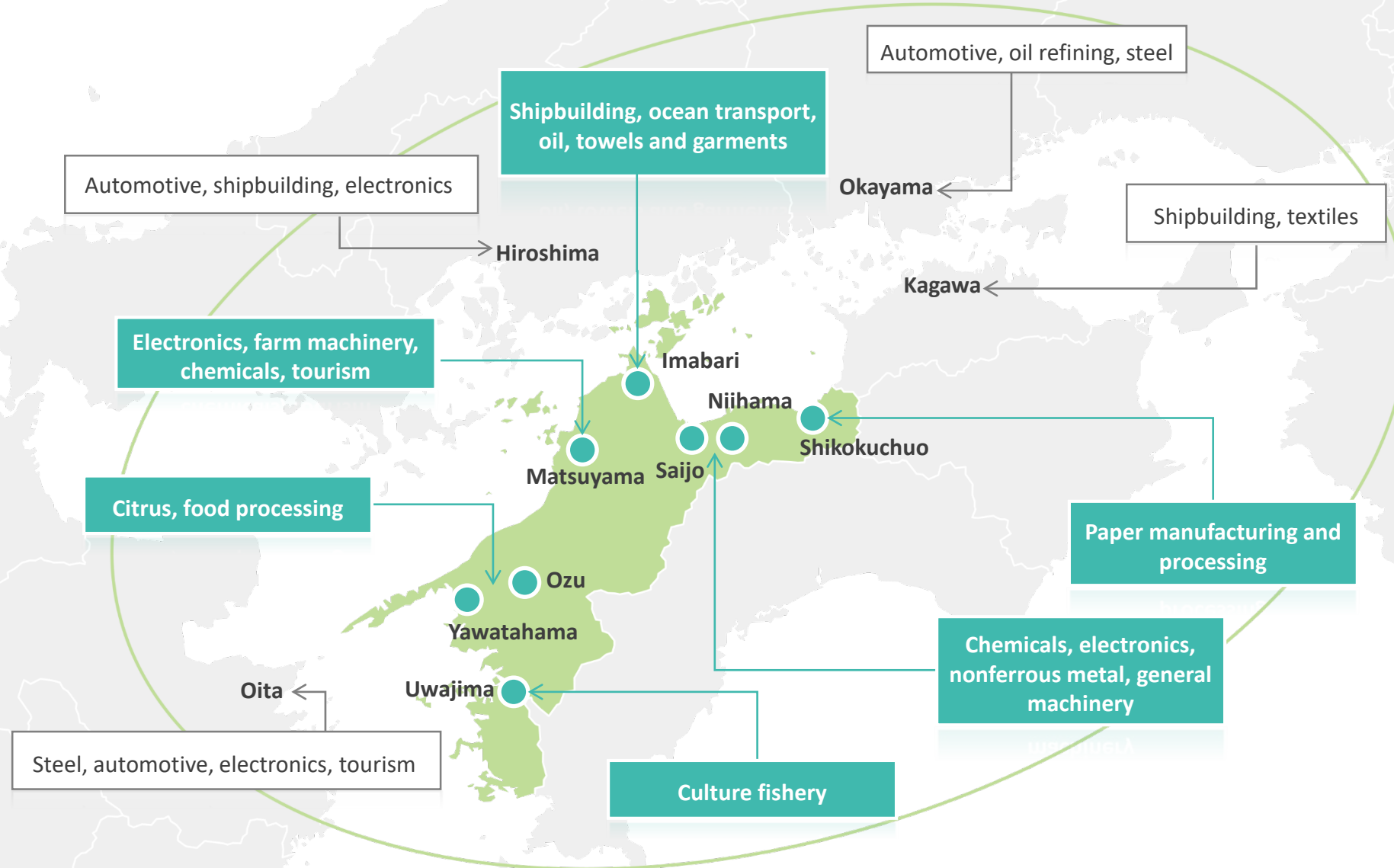


Source: Prepared by Iyogin Regional Economy Research Center, Inc. (IRC) based on the Ministry of Economy, Trade and Industry's "Economic Conditions Survey 2022".

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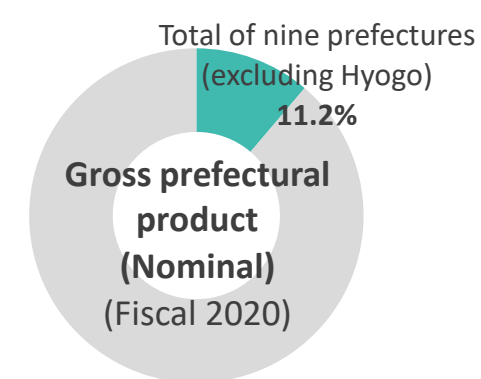
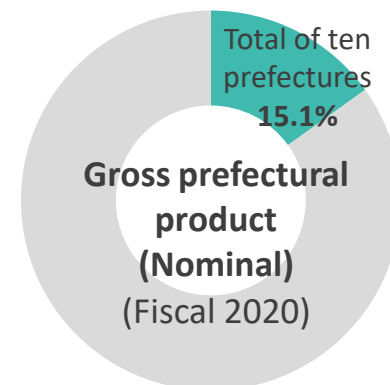
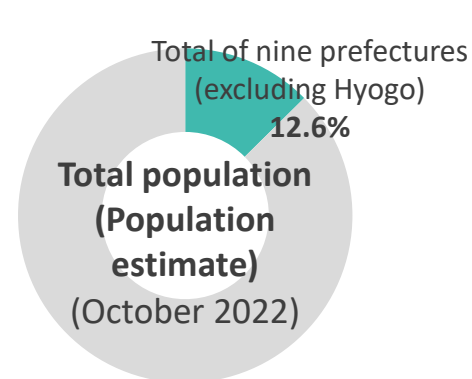
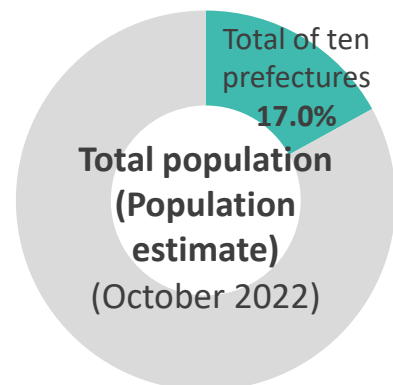
Industrial Structure of the Setouchi Region

■ The Setonaikai coastal region has established various industrial structures



Economic Indicators of the Setouchi Region I

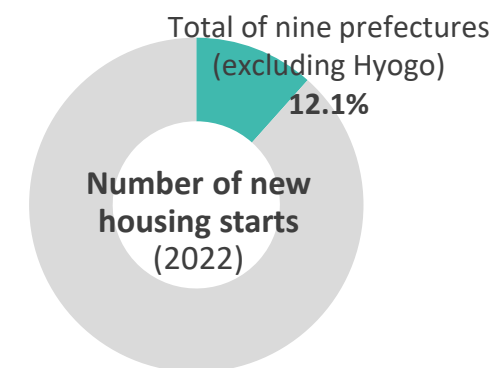
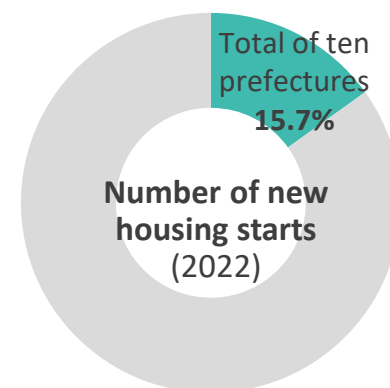
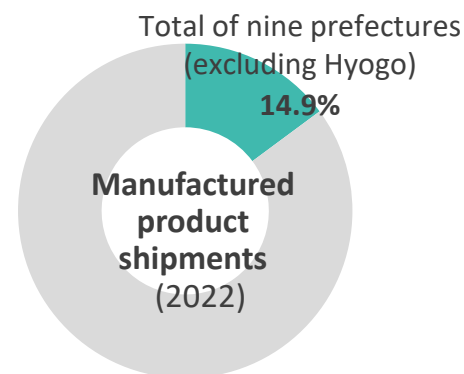
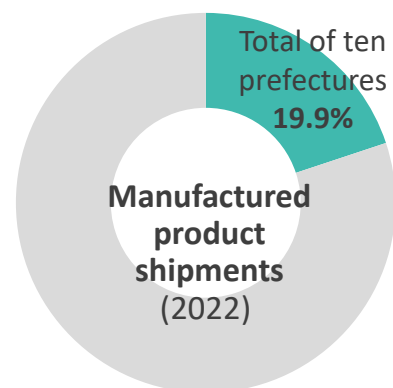
	Total population (Population estimate)	Total area (Geospatial Information Authority of Japan)	Number of offices (Private sector, excluding public sector)	Number of employees (Private sector, excluding public sector)	Prefecture total production (Nominal)	Prefectural gross product growth rate (Real)	Prefectural Income per capita
	October 2022 (Persons)	July 2023 (km ²)	2021 (Offices)	2021 (Persons)	Fiscal 2020 (Billions of yen)	Fiscal 2020 (%)	Fiscal 2020 (Thousands of yen)
Ehime	1,306,486	5,676	59,021	563,282	4,827.5	(7.9)	2,471
Kagawa	934,060	1,877	44,528	435,625	3,734.4	(8.2)	2,766
Tokushima	703,852	4,147	33,794	304,672	3,185.2	(1.9)	3,013
Kochi	675,705	7,102	32,839	275,520	2,354.3	(5.4)	2,491
Oita	1,106,831	6,341	49,937	473,690	4,458.0	(4.0)	2,604
Fukuoka	5,116,046	4,988	205,965	2,294,657	18,886.9	(6.0)	2,630
Yamaguchi	1,313,403	6,113	55,759	571,202	6,148.1	(4.0)	2,960
Hiroshima	2,759,500	8,479	120,069	1,293,541	11,555.4	(4.4)	2,969
Okayama	1,862,317	7,115	77,428	835,270	7,606.4	(5.4)	2,665
Total of the above nine prefectures (A)	15,778,200	51,838	679,340	7,047,459	62,756.2		
(A)/(C)	12.6%	13.7%	13.4%	12.3%	11.2%		
Hyogo	5,402,493	8,401	199,966	2,194,727	21,735.9	(3.5)	2,887
Total of ten prefectures (B)	21,180,693	60,239	879,306	9,242,186	84,492.1		
(B)/(C)	17.0%	15.9%	17.3%	16.1%	15.1%		
National Total (C)	124,946,789	377,975	5,078,617	57,457,856	558,778.3	(4.6)	3,123



Source: Prepared based on the Statistics Bureau of Japan's "Population Estimates," the Geospatial Information Authority of Japan's "Statistical reports on the land area by prefectures and municipalities in Japan," the Ministry of Internal Affairs and Communications' and Ministry of Economy, Trade and Industry's "Economic Census", the Ministry of Economy, Trade and Industry's "Economic Conditions Survey 2022," and the Cabinet Office's "Prefectural Accounts."

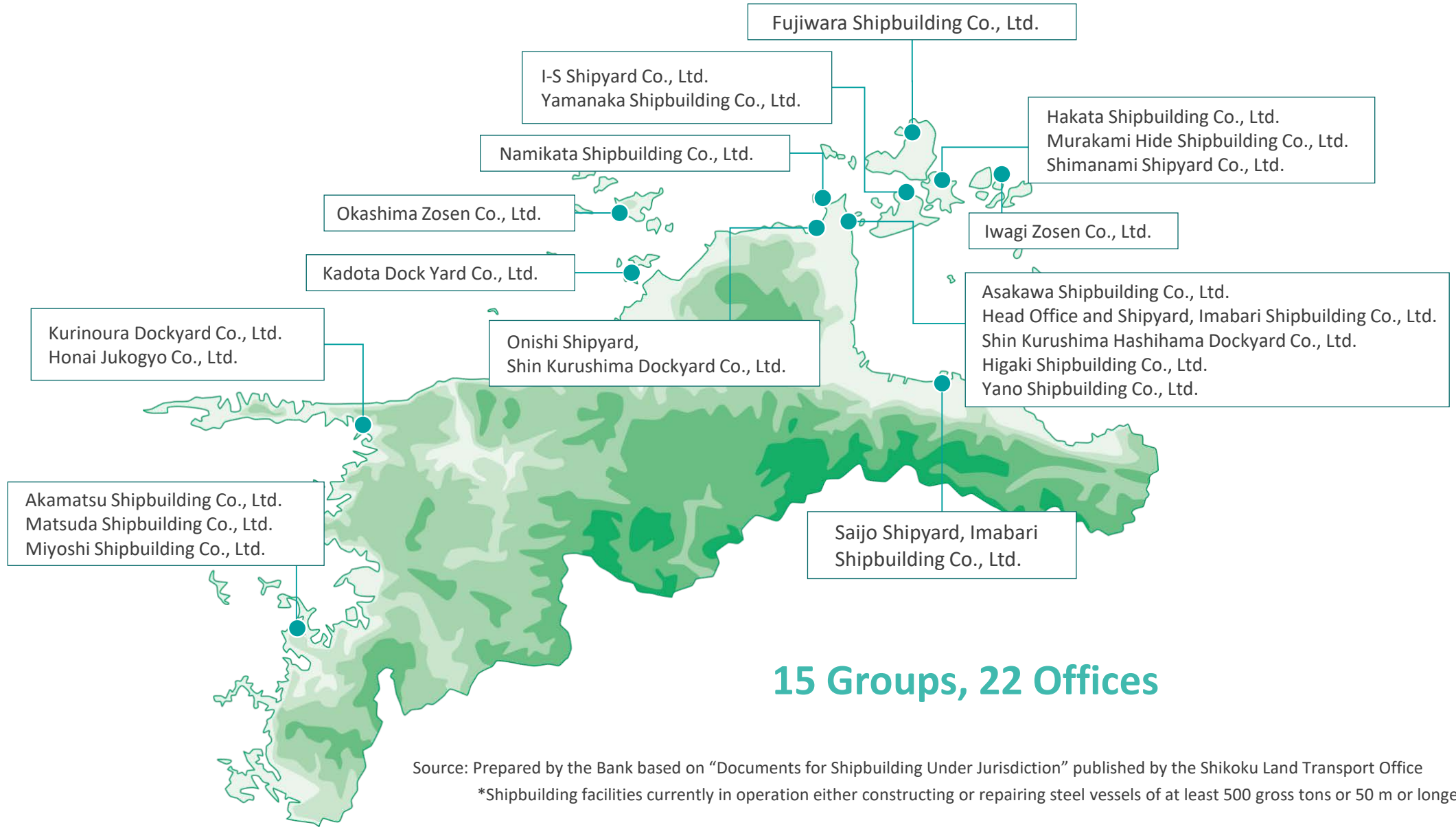
Economic Indicators of the Setouchi Region II

	Manufactured product shipments	Annual wholesale sales amount	Annual retail sales amount	Industrial production index (annual average)	Number of new housing starts	Jobs-to-applicants ratio (annual average)	Overall unemployment rate (annual average)
	2022 (Millions of yen)	2021 (Millions of yen)	2021 (Millions of yen)	2022 2015=100	2022 (Homes)	2022 (Times)	2022 (%)
Ehime	4,758,162	2,466,898	1,472,320	95.7	6,843	1.42	1.9
Kagawa	2,801,392	2,202,125	1,140,868	92.2	5,198	1.51	2.2
Tokushima	2,057,816	803,495	706,601	102.4	2,718	1.27	2.2
Kochi	601,498	719,995	703,764	91.1	2,881	1.19	1.9
Oita	4,713,437	1,245,665	1,186,677	91.1 (for 2021)	7,009	1.35	1.8
Fukuoka	9,444,973	16,420,315	5,678,040	unpublished	41,458	1.17	2.9
Yamaguchi	6,650,098	1,456,487	1,648,500	103.7	6,769	1.52	1.8
Hiroshima	9,943,935	8,354,901	3,132,853	97.5	17,973	1.54	2.2
Okayama	8,365,362	3,363,511	2,028,495	93.1	13,199	1.52	2.1
Total of the above nine prefectures (A)	49,336,673	37,033,392	17,698,118		104,048		
(A)/(C)	14.9%	9.2%	12.8%		12.1%		
Hyogo	16,502,307	9,320,032	5,367,928	95.0	31,064	1.01	2.6
Total of ten prefectures (B)	65,838,980	46,353,424	23,066,046		135,112		
(B)/(C)	19.9%	11.5%	16.7%		15.7%		
National Total (C)	330,220,006	401,633,535	138,180,412	105.3	859,529	1.28	2.6



Source: Prepared based on the Ministry of Economy, Trade and Industry's "Economic Conditions Survey 2022", the Ministry of Internal Affairs and Communications' and Ministry of Economy, Trade and Industry's "Economic Census," each prefecture's materials, the Ministry of Land, Infrastructure, Transport and Tourism's "Survey of Building Construction Work Started," the Ministry of Health, Labour and Welfare's "Employment referrals for general workers" and the Statistics Bureau of Japan's "Labour Force Survey"

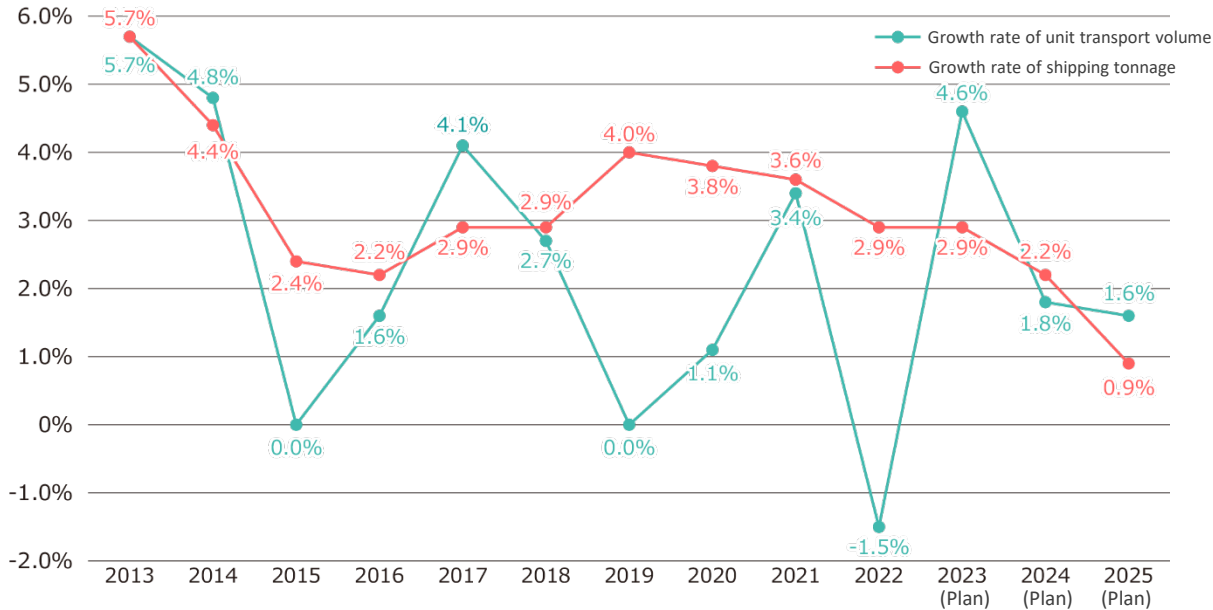
Shipbuilding Yards in Ehime Prefecture



Outlook of Dry Bulk Market Conditions

Dry Bulk Transport Demand and Supply

Unit transport volume and shipping tonnage



Source: "Clarkson Research Shipping Review & Outlook" (October 2023)"

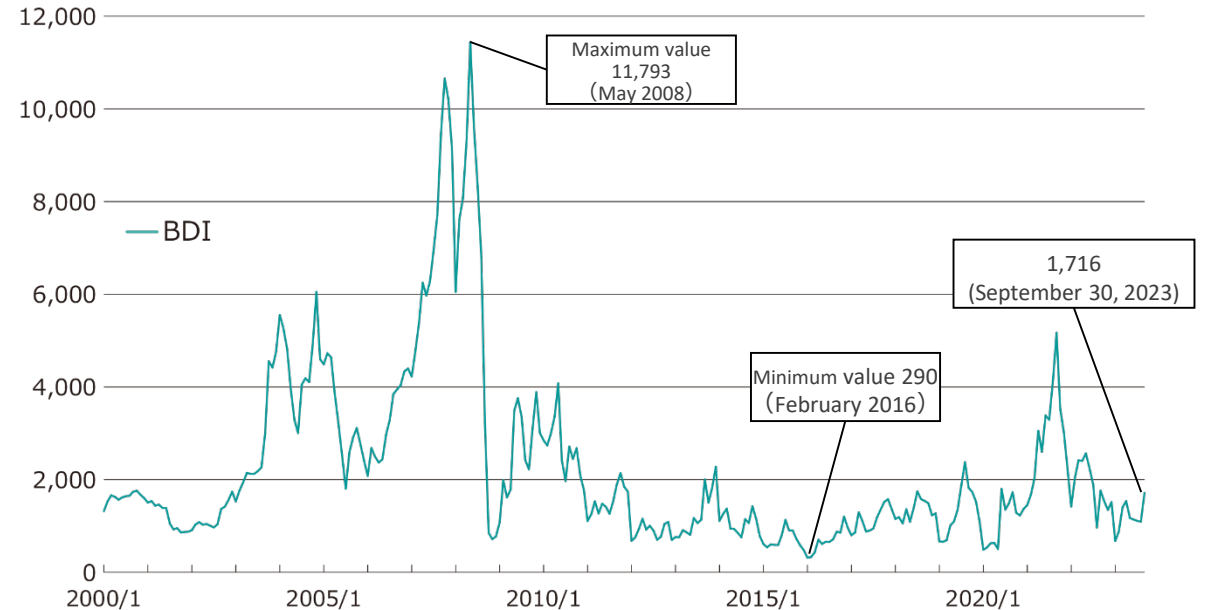
Dry bulk transport demand (transport volume) and supply (shipping tonnage)

- Although unit transport volume* of dry bulk vessels for 2022 was low due to the zero-COVID policy in China, which greatly affected ocean logistics, it is expected to recover significantly in 2023, with a year-on-year increase of 4.6% as a result of such factors as economic recovery from the COVID-19 pandemic, longer trade route distances from alternative regions brought about by the ongoing invasion of Ukraine, and increased grain exports from South America.
- As for shipping tonnage, supply was restrained due to a shortage of building berths caused by increased orders for LNG carriers and containerships worldwide, and there was no significant slackening of supply-demand balance.

* Unit transport volume: Also called ton-mile. Indicates the tonnage and mileage of cargo transported and is an indicator to measure actual demand for ships.

Future Market Outlook

Baltic Dry Index (BDI) trends



Future market outlook

- Although the current uncertainty in the Chinese economy is weighing on dry bulk cargo movements, due to firm South American grain shipments and projected growth in the global economy, no negative factors are seen in the medium to long term.
- As for supply of shipping tonnage of dry bulk, the expected growth of shipping tonnage of dry bulk is relatively low, with no expectation of a phase of oversupply. In addition, slower steaming due to the Carbon Intensifying Indicator (CII) started in January 2023 and the congestion of vessels due to chronically low water levels in the Panama Canal are tightening factors on shipping tonnage which are expected to lead to tighter supply and demand.

Breakdown of Balance of Loans and Deposits at End of Period

1. Breakdown of balance of loans at end of period

(Units: Billions of yen)

	September 2019	March 2020	September 2020	March 2021	September 2021	March 2022	September 2022	March 2023	September 2023	Vs. September 2022
Total Loans	4,617.5	4,756.6	4,874.5	4,999.3	4,959.1	5,068.8	5,257.4	5,326.0	5,541.5	284.1
General loans	4,387.7	4,522.2	4,648.1	4,783.6	4,752.4	4,870.3	5,062.0	5,137.8	5,349.3	287.3
Corporate loans (incl. overseas, etc.)	3,291.1	3,397.9	3,507.7	3,624.6	3,586.1	3,696.2	3,887.7	3,964.9	4,181.5	293.8
Corporate loans (domestic branches)	3,158.3	3,248.8	3,347.1	3,434.9	3,387.6	3,479.8	3,653.1	3,738.8	3,925.3	272.2
Individual financing	1,096.5	1,124.3	1,140.3	1,158.9	1,166.3	1,174.0	1,174.3	1,172.9	1,167.7	(6.6)
Housing loans	805.3	831.8	852.6	870.7	879.6	885.5	886.6	884.0	877.8	(8.8)
Apartment and building loans	203.1	205.2	205.2	205.7	206.2	208.8	209.6	210.2	212.1	2.5
Card Loans, etc.	27.9	26.9	24.5	23.6	22.9	21.9	21.6	21.1	21.0	(0.6)
Municipal loans, etc.	229.7	234.3	226.4	215.6	206.6	198.5	195.3	188.1	192.1	(3.2)

(Note) The figures shown for apartment and building loans are the total of the "institutional finance" portion.

2. Breakdown of balance of assets in custody such as deposits, etc. at end of period

(Units: Billions of yen)

	September 2019	March 2020	September 2020	March 2021	September 2021	March 2022	September 2022	March 2023	September 2023	Vs. September 2022
Total Deposits, etc. + assets in custody A	6,174.5	6,094.1	6,532.5	6,870.9	6,956.9	7,015.2	7,027.4	7,196.0	7,225.9	198.5
Total Deposits, etc.	5,817.3	5,754.3	6,184.6	6,522.6	6,603.0	6,654.1	6,669.7	6,823.2	6,837.0	167.3
Total deposits	5,288.5	5,265.6	5,652.6	5,983.1	5,956.2	6,041.8	6,099.8	6,189.0	6,245.7	145.9
Individual	3,450.2	3,512.5	3,652.2	3,740.7	3,794.0	3,850.8	3,889.9	3,916.3	3,942.9	53.0
General companies	1,553.7	1,564.4	1,733.5	1,853.4	1,857.9	1,915.1	1,949.8	1,950.3	2,025.7	75.9
Public	113.2	119.8	112.7	162.8	114.0	141.7	118.9	147.5	111.6	(7.3)
Financial	31.9	40.8	32.7	43.4	30.6	45.2	30.4	67.4	30.0	(0.4)
Overseas / offshore	139.4	28.0	121.3	182.6	159.5	88.8	110.6	107.4	135.2	24.6
NCD	528.8	488.7	531.9	539.4	646.8	612.2	569.9	634.1	591.3	21.4
General companies	390.0	367.0	384.9	427.4	476.2	445.0	385.6	463.0	382.8	(2.8)
Public	138.7	121.7	147.0	112.0	170.6	167.0	184.1	171.0	208.3	24.2
General company funds (incl. NCD)	1,943.8	1,931.4	2,118.5	2,280.8	2,334.1	2,360.2	2,335.5	2,413.3	2,408.5	73.0
Public funds (incl. NCD)	252.0	241.5	259.8	274.9	284.6	308.8	303.0	318.5	320.0	17.0
Foreign currency deposits (balance)	101.6	89.3	96.3	99.0	116.0	133.1	138.6	136.0	143.4	4.8
Individual deposits + individual assets in custody	3,795.6	3,841.4	3,988.5	4,078.3	4,137.4	4,201.0	4,236.7	4,278.1	4,319.9	83.2
Individual deposits	3,450.2	3,512.5	3,652.2	3,740.7	3,794.0	3,850.8	3,889.9	3,916.3	3,942.9	53.0
Individual assets in custody	345.4	328.8	336.3	337.6	343.4	350.1	346.8	361.7	376.9	30.1

<Assets in custody (Term-end basis)>

Assets in custody at the Bank (excl. deposits, etc.) B	357.1	339.7	347.8	348.3	353.9	361.1	357.7	372.7	388.8	31.1
JGBs	20.3	19.8	19.9	19.2	20.0	21.3	23.9	28.2	33.7	9.8
Investment trusts	66.7	53.8	58.7	61.6	64.0	67.8	64.4	67.0	70.5	6.1
Single premium policies	216.4	214.2	211.3	208.7	207.2	205.4	203.6	208.3	212.1	8.5
Financial product intermediary	53.6	51.7	57.7	58.6	62.5	66.4	65.6	69.1	72.4	6.8
Shikoku Alliance Securities balance C	207.8	202.4	226.6	245.2	246.3	246.0	254.2	275.0	300.7	46.5
Balance of Group's assets in custody B+C+D	565.0	542.2	574.5	593.5	600.2	607.1	611.9	647.8	689.6	77.7
Assets in custody composition (D/A+C)	8.9%	8.6%	8.5%	8.3%	8.3%	8.4%	8.4%	8.7%	9.2%	—

(Note) The figures shown for foreign currency deposits (balance) are the total excluding overseas / offshore.

Balance and Composition of Loans by Industry

■ There are no major changes in the composition of loans by industry, and the loans are well-balanced

(Units: Billions of Yen, %)

	September 2018		September 2019		September 2020		September 2021		September 2022		September 2023		Vs. September 2022	
	Balance	Composition	Balance	Composition	Balance	Composition	Balance	Composition	Balance	Composition	Balance	Composition	Balance	Rate of balance increase/decrease
Manufacturing	629.8	14.5%	646.9	14.4%	671.7	14.2%	652.5	13.7%	653.9	13.0%	693.6	13.1%	39.7	6.1%
Agricultural	2.8	0.1%	2.8	0.1%	2.9	0.1%	2.8	0.1%	2.8	0.1%	4.0	0.1%	1.2	42.9%
Forestry	0.2	0.0%	0.3	0.0%	0.4	0.0%	0.4	0.0%	0.4	0.0%	0.5	0.0%	0.1	25.0%
Fishing	11.1	0.3%	11.2	0.2%	9.8	0.2%	8.1	0.2%	6.8	0.1%	7.2	0.1%	0.4	5.9%
Mining	8.5	0.2%	8.1	0.2%	6.8	0.1%	6.4	0.1%	4.2	0.1%	3.0	0.1%	(1.2)	(28.6%)
Construction	111.2	2.6%	108.9	2.4%	126.4	2.7%	127.7	2.7%	138.7	2.8%	151.3	2.9%	12.6	9.1%
Electricity, gas, heat provision, water	122.5	2.8%	141.3	3.2%	167.4	3.6%	197.4	4.1%	207.8	4.1%	233.8	4.4%	26.0	12.5%
Information communications	21.7	0.5%	20.0	0.4%	17.8	0.4%	18.2	0.4%	17.9	0.4%	12.7	0.2%	(5.2)	(29.1%)
Transportation	703.3	16.2%	728.8	16.3%	801.6	17.0%	847.5	17.8%	1,030.6	20.5%	1,168.8	22.1%	138.2	13.4%
Of which, ocean transport	566.5	13.0%	593.6	13.2%	666.0	14.1%	716.6	15.1%	904.3	18.0%	1,032.7	19.5%	128.4	14.2%
Wholesale and retail	500.3	11.5%	499.5	11.1%	509.9	10.8%	510.1	10.7%	530.8	10.6%	569.9	10.8%	39.1	7.4%
Finance and insurance	208.9	4.8%	190.1	4.2%	181.3	3.8%	170.0	3.6%	201.8	4.0%	210.2	4.0%	8.4	4.2%
Real estate	259.0	6.0%	284.1	6.3%	312.2	6.6%	311.7	6.5%	313.6	6.2%	327.1	6.2%	13.5	4.3%
Various services	425.5	9.8%	459.2	10.2%	483.4	10.3%	483.4	10.2%	479.5	9.5%	480.5	9.1%	1.0	0.2%
Of which, medical-related	191.5	4.4%	194.2	4.3%	205.0	4.3%	207.6	4.4%	204.4	4.1%	202.3	3.8%	(2.1)	(1.0%)
Regional public entities	233.9	5.4%	224.4	5.0%	222.1	4.7%	203.6	4.3%	194.6	3.9%	190.7	3.6%	(3.9)	(2.0%)
Other	1,106.5	25.5%	1,158.1	25.8%	1,199.4	25.4%	1,220.2	25.6%	1,238.7	24.7%	1,231.4	23.3%	(7.3)	(0.6%)
Total	4,345.9	100.0%	4,484.6	100.0%	4,714.0	100.0%	4,760.5	100.0%	5,022.7	100.0%	5,285.2	100.0%	262.5	5.2%

(For domestic branches, excludes special international transactions account)

* "Goods rental" is included in "real estate" from the six months ended September 30, 2009.

"Real estate" for the six months ended September 30, 2023, excluding "goods rental," was ¥305.8 billion, which is an increase of ¥9.7 billion (+3.3%) compared with the six months ended September 30, 2022. In addition, "other" includes "home renting by individuals" (¥219.7 billion for the six months ended September 30, 2023).

* As "ocean transport" displays balances applicable to the "ocean transport industry" according to Japan Standard Industrial Classification, this figure does not match "Loan balance for the maritime industry" on page 23 of the Earnings Briefing.

Table of Changes in Borrower Classification

■ Activities for supporting enhancement of corporate value are conducted through business feasibility assessments of customers

■ Corporate revitalization support is provided mainly by the Corporate Support Office

Use of various types of revitalization schemes, such as reconstruction funds and the SME Business Rehabilitation Support Co-operative, as well as solution sales

[Changes in borrower classification for business borrowers] (one year)

		September 30, 2023							Rate of degradation to at risk of bankruptcy or below	Improvement	Degradation	
		Total	Normal borrowers	Borrowers requiring close monitoring	Borrowers under strict observation	Borrowers at risk of bankruptcy	Substantially bankrupt borrowers	Bankrupt borrowers				
September 30, 2022	Normal borrowers	18,661	17,147	16,538	541	8	46	13	1	0.32%	-	609
		39,616	40,070	39,156	832	66	16	1	0	0.04%		914
	Borrowers requiring close monitoring	2,194	2,094	490	1,512	26	60	4	2	3.01%	490	92
		3,435	3,336	749	2,423	57	105	1	0	3.11%	749	164
	Borrowers under strict observation	130	111	10	11	61	24	5	0	22.31%	21	29
		304	275	10	24	163	77	1	0	25.57%	34	78
	Borrowers at risk of bankruptcy	435	406	29	32	10	322	9	4		71	13
		637	583	10	33	28	495	16	1		71	18
Substantially bankrupt borrowers	66	49	1	0	0	0	45	3		1	3	
	11	5	0	0	0	0	5	1		0	1	
Bankrupt borrowers	13	4	0	0	0	0	0	4		0	-	
	2	1	0	0	0	0	0	1		0		
Total	21,499	19,811	17,068	2,096	105	452	76	14		583	746	
	44,006	44,270	39,926	3,311	313	693	23	3		854	1,174	

(Note 1) The chart displays the changes in the borrower classification from September 30, 2022 to September 30, 2023.

(Note 2) The balances after changes are the balances after write-offs as of September 30, 2023.

Management by Risk Category: Securities Investment

(Units: Billions of Yen)

Risk Category (*1)	Six months ended September 30, 2023											Source of main revenue and profit
	Book balance	Evaluation gain / loss	Market balance	Composition	Vs. March 2023	Total profit / loss (*2)	Interest and dividend income			Profit / loss from purchase, sale, and amortization (*4)	Increase/ decrease on gain/loss on evaluation (vs. March 2023)	
							Interest received (*3)	Procurement cost				
Yen-denominated bonds	497.0	+0.8	497.8	24.1%	(9.8%)	0.7	1.4	1.4	0.0	0.1	(0.8)	Difference in long and short term interest on yen interest
Of which, JGBs	102.6	+5.8	108.4	5.2%	(1.7%)	2.2	2.1	2.1	0.0	0.0	+0.2	
Of which, inflation-indexed JGBs	81.8	+4.5	86.2	4.2%	(1.6%)	1.6	0.9	0.9	0.0	0.0	+0.7	Rise in expected inflation rate
Foreign currency bonds (with hedges)	554.9	(15.1)	539.8	26.1%	+11.7%	(12.4)	(1.4)	6.4	7.7	1.5	(12.6)	Difference in long and short term interest on overseas interest
Foreign currency bonds (without hedges)	500.5	(6.6)	493.9	23.9%	+6.8%	7.2	5.3	5.3	0.0	10.3	(8.4)	Gain on foreign exchange /interest revenue
Domestic and overseas stocks (incl. stock trusts)	115.4	+301.6	417.0	20.1%	(6.6%)	31.7	4.7	4.7	0.0	3.1	+23.9	Growth in domestic/foreign companies centered on transaction partners
Alternatives	112.2	+9.1	121.3	5.9%	(2.1%)	4.4	1.8	1.8	0.0	(0.3)	+3.0	
Hedge funds	31.0	(3.3)	27.7	1.3%	(0.5%)	(0.9)	(0.0)	0.0	0.0	(0.3)	(0.6)	Strategic diversification by external consigned management
Real estate-related	68.0	+11.4	79.4	3.8%	(1.3%)	4.6	1.4	1.4	0.0	0.0	+3.2	Revenue from real estate rentals and profit from price increase
Private equity	8.3	+0.0	8.3	0.4%	(0.2%)	0.2	0.2	0.2	0.0	0.0	(0.0)	Rise in enterprise value due to management improvement of unlisted stocks, etc.
Emerging stocks	4.9	+1.0	5.9	0.3%	(0.1%)	0.5	0.1	0.1	0.0	0.0	+0.3	Growth and foreign exchange gains in emerging markets
Total	1,779.9	+289.8	2,069.7	100.0%	+0.0%	31.5	11.8	19.5	7.7	14.6	+5.1	

*1 Assets invested by the Financial Market Division calculated based on primary risk, regardless of accounting item (on the basis of including money held in trust, etc.)

*2 "Total profit / loss" and "interest and dividend income" eliminate three-month SOFR interest, etc., as procurement costs, but this differs from actual procurement costs.

*3 Interest received includes gain / loss on cancellation of funds, etc., recorded in asset management revenue.

*4 Includes derivative-related gain / loss

<Of yen-denominated bonds and foreign currency bonds, investment conditions in credit risk and securitized products, etc.>

Credit risk	141.9	(4.3)	137.6	6.6%	(2.7%)	(1.1)	0.4	1.2	0.8	0.1	(1.6)	Business continuity of domestic and foreign companies, etc.
Securitized products	1.2	(0.0)	1.2	0.1%	(0.0%)	0.0	0.0	0.0	0.0	0.0	(0.0)	Loan interest revenue from housing loans, etc.
Subtotal	143.1	(4.3)	138.8	6.7%	(2.7%)	(1.1)	0.4	1.3	0.8	0.1	(1.6)	

Balance of Investments by Region and Sector: Financial Market Business

Balance by Region (Final Risk Country Basis)

(Units: Billions of Yen)

	September 2023			
	Loan balance	Commitment balance	Total	Composition
Japan	74.0	3.5	77.5	49.2%
North America	26.8	9.7	36.5	23.2%
(Of which, the U.S.)	(26.1)	(9.7)	(35.8)	(22.7%)
Europe	20.6	0.0	20.6	13.1%
Asia and Oceania	13.8	0.9	14.7	9.4%
Middle East	3.0	0.0	3.0	1.9%
Latin America	2.8	0.0	2.8	1.8%
Other (international organization)	2.2	0.0	2.2	1.4%
Total	143.5	14.1	157.6	100.0%

* Excluding Singapore Branch

Balance by Sector (Final Risk Country Basis)

(Units: Billions of Yen)

	September 2023			
	Loan balance	Commitment balance	Total	Composition
Electricity and gas	68.1	5.4	73.6	46.7%
(Of which, solar power generation)	(37.9)	(0.0)	(38.0)	(24.1%)
Manufacturing	25.4	2.8	28.3	18.0%
Financial	17.1	5.0	22.1	14.0%
Various services	14.2	0.0	14.2	9.0%
Transportation	11.4	0.0	11.4	7.3%
(Of which, aircraft finance)	(7.8)	(0.0)	(7.8)	(4.9%)
Wholesale and retail	2.4	0.0	2.4	1.6%
Construction	0.8	0.0	0.8	0.5%
Other	3.7	0.7	4.5	2.9%
Total	143.5	14.1	157.6	100.0%

* Excluding Singapore Branch