

Integrated report

Integrated Report 2025

Together with the Region —



Group Corporate Credo

- Meaning of Existence

Creating a bright and prosperous future for the region

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

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

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

Rendering our best service with gratitude in our hearts

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

Integrated Report 2025: Logical Structure System

The Integrated Report 2025 is issued with the aim of promoting opportunities for dialogue while allowing readers to gain a deeper understanding of the value creation process of Iyogin Holdings. Throughout the entirety, we have created a storyline that comprehensively conveys the Group’s initiatives, including all the main components necessary for interpreting our value creation process (the Group Corporate Credo, our long-term vision, strategies for achieving goals, foundation for executing strategies, etc.). The figure below shows the logical structure (connection) of the main components that form the basis of the storyline.

The Integrated Report 2025 is structured to help readers visualize how we, as a community-rooted financial group, have progressed alongside the region thus far and how we will continue to grow and develop together with it going forward.



In this report, abbreviations such as IHD, IBK, and ILC are used to refer to the Company and its Group companies. The abbreviations of company names are as follows.

Company name	Abbreviation	Company name	Abbreviation	Company name	Abbreviation
Iyogin Holdings	IHD	Iyogin Credit Guarantee	ICG	Iyogin DC Card	IDC
Iyo Bank	IBK	Iyogin Business Service	IBS	Shikoku Alliance Securities	SAS
Iyogin Leasing	ILC	Iyogin Capital	ICC	Iyogin Challenge & Smile	IC&S
Iyogin Computer Service	ICS	Iyogin Regional Economy Research Center	IRC	Iyogin Digital Solutions	IDS

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Management Commitment



Structural Reform of “Sales × Human Resources” is Underway Fiscal 2026 Forecasts Have Been Significantly Raised Aiming for ROE of 7% Under the Medium-Term Management Plan

To all stakeholders:

The first fiscal year of the Fiscal 2024 Medium-Term Management Plan kicked off with structural reform of “Sales × Human Resources” as we started rebuilding our business and human resource portfolios. In terms of performance, we achieved record profits for the third consecutive year. Looking ahead to the next decade, we will strive to maximize our economic impact and enhance corporate value.

The region is now facing an unprecedented situation of population decline that no one has ever experienced. I believe that the mission of a regional financial institution in these challenging times is to thoroughly enhance both the quantity and quality of the value we provide, starting from the challenges and needs of our communities and customers. We will continue to reform our business model, provide support for the new challenges of our customers, and contribute to the sustained development of the region.

Kenji Miyoshi Iyogin Holdings
Representative Director and President

Management Commitment

Work styles transformed through completion of the new head office buildings

The New South Building of our new head office buildings was completed in March 2025. We are pleased that the first building of the Head Office Reconstruction Project, a management challenge for the past 20 years, has been successfully completed and is now welcoming customers. We extend our gratitude to all those involved in the design and construction, as well as to the local community, for their dedicated efforts.

The New South Building is more functional than we even imagined, and the staff seem delighted to be working in such a cutting-edge office. We have also received feedback from customers saying, “The city has changed,” and “We want you to take this opportunity to continue to actively develop the city.” We hope to continue collaborating with the prefecture, city, and neighboring companies to contribute to creating an attractive city with enhanced urban functions.



Additionally, reconstruction of the second building, the New Main Building, also commenced this summer. Toward its completion in spring 2029, we will continue to discuss how our new head office should be, while incorporating lessons learned from operation of the New South Building, and will integrate these insights into the project.

Looking back ten years, in our Fiscal 2015 Medium-Term Management Plan, we positioned business process reengineering (BPR) as a key strategy and promoted the digitalization and simplification of business processes and their concentration at headquarters. At the time, as the general manager of the General Planning Division, I was thoroughly committed to achieving paperless operations in both stock and flow aspects. We began by decisively decluttering our stockpile of paper documents, then proceeded to digitize and centrally store all legally required slips and documents at the document center. In terms of flow as well, I ordered that the vast amount of paper documents distributed and circulated in various settings, including Management Council, be completely eliminated. The recent relocation of our head office represents the culmination of these efforts.

The New South Building does not provide individual cabinets for storing paper documents and other materials. Since only

one locker is assigned per staff member, paper documents are generally not permitted. Meeting documents are all maintained in a database and can be viewed on meeting room monitors and individual computers and tablets.

The relocation also sparked a significant shift, as many staff members began to focus on how to enhance productivity. Currently, headquarters functions are dispersed across eight locations, more than before the relocation. Within this setup, staff are seriously considering how to work without compromising productivity. This has fostered a culture of enhancing productivity with limited time and personnel by reevaluating the very nature of meetings and further advancing paperless workflows.

When the New Main Building is completed, we will consolidate headquarters functions, including those of Group companies scattered throughout Matsuyama City, aiming to maximize Group synergies. We are also considering the installation of facilities such as a hall and café to serve as a place of relaxation for our customers and citizens, functioning as a symbolic landmark for the city where many people gather. Above all, it would be wonderful if we could create a place where young people and talented individuals would want to return to work locally.

Addressing uncertainties around tariff policy

In the current economic climate, prolonged geopolitical conflicts such as the Russia-Ukraine war, coupled with the rapid succession of policy measures introduced following the inauguration of the second Trump administration in the United States, are having a significant impact worldwide. While tariff negotiations between Japan and the U.S. and between Europe and the U.S. reached an agreement in July, talks between the U.S. and China remain stalled. I feel uncertainty for the global economy and the Japanese economy remains high.

Japan and the U.S. settled on reciprocal tariffs of 15%, but the details are still to be determined and it may take some time before the impact on companies becomes clear. That said, the tariff rate will be raised from the previous zero to 15%. Whether companies absorb this cost or pass it on to consumers through price increases, it will become a factor worsening corporate performance. This could lead to downward revisions in capital investment plans and shrinking momentum for wage increases. This background is also likely to influence the Bank of Japan’s decision on additional interest rate hikes.

Furthermore, depending on the direction of trade policies in these countries, it cannot be ruled out that prices and trade flows could undergo significant changes. The proportion of exports to the U.S. by companies in Ehime Prefecture is approximately 4%, and while the direct impact is expected to be limited compared to the national average of about 20%, there are some cases involving indirect exports to the U.S. through China and Southeast Asia, making it difficult to predict the impact on the performance of the region’s companies.

Despite the situation remaining highly uncertain, the Group is committed to supporting our customers by closely monitoring future developments, gathering and analyzing information from multiple perspectives, sharing the results with our customers, and exploring countermeasures. We also intend to actively respond to consultations regarding funding, including those with a preventive aspect.

Domestically, while the macroeconomy seeks to shift from a cost-cutting model to a growth-oriented economy where investment, wages, and prices all expand, labor shortages due to population decline are worsening. Concerns persist that the widening labor supply-demand gap through 2030 will exert downward pressure on economic growth. In response to such societal challenges, the Group has identified population decline and aging population with low birthrate as a materiality item. We are actively working to enhance regional productivity through digital solutions, provide high-value-added products and services, and engage in financial education activities.

Moreover, the arrival of an era of population decline is the only future that can be predicted with certainty. Local governments are spearheading various policies with a medium-to-long-term perspective to address common challenges in the region. Personally, I believe policies are needed to stem the outflow of women from the prefecture to some extent as a countermeasure to the declining birthrate. To achieve this, it is essential that numerous companies exist within the prefecture that enable women to achieve economic independence, build careers locally, and lead fulfilling lives.

The Group is also focused on promoting women’s advancement as a part of its diversity, equity and inclusion (DE&I) efforts, while also proposing to our business partners that they increase the hiring of women. Furthermore, by increasing wages and promoting individuals into management and supervisory roles where they can thrive, we can create a virtuous cycle of job creation and income growth. This, in turn, would likely encourage more young people to stay in the local area or return home.

Fiscal 2024 performance and future outlook

For fiscal 2024, profit attributable to owners of parent increased 35% year on year to ¥53.3 billion, marking the third consecutive year of record profits.

When making our initial forecasts, it was expected that the increase in yen interest rates would remain extremely gradual. Consequently, a decrease in the high level of securities-related gains recorded in fiscal 2023 was projected, leading to an expected decline in profits compared to the previous fiscal year. However, we were able to achieve solid financial results by effectively translating the faster-than-expected rise in yen interest rates into increased interest and dividend income, thereby posting core business gross profit significantly exceeding the initial forecast. Furthermore, we recorded gains on the sale of securities by advancing the sale of cross-shareholdings, in addition to selling bonds—primarily foreign bonds in foreign currencies in exchange for yen—in response to market trends.

For the current fiscal year and beyond, we anticipate a gradual but sustained rise in domestic interest rates and expect steady top-line growth. Against this backdrop, we have significantly raised our fiscal 2026 forecasts for the economic impact indicators of profit attributable to owners of parent, consolidated ROE, and consolidated core OHR.

For profit attributable to owners of parent, we are aiming for ¥58.0 billion, which would exceed the record level of fiscal 2024. As a result, the Group plans to achieve its target of consolidated ROE of 7% ahead of schedule during the current medium-term plan. The targets are challenging, but we will seek to achieve them by effectively leveraging the improving

external environment, including rising yen interest rates, to enhance profitability, while also strengthening customer-centric consulting.

Accomplishments from switching to a holding company structure

This October marks exactly three years since we switched to a holding company structure. Regarding our accomplishments to date, one is that the level of governance and internal controls at Group subsidiaries has been raised to the same standard as Iyo Bank. Going forward, we aim to achieve further operational efficiency by having the holding company centrally manage risk management functions, including cybersecurity and business continuity planning (BCP).

Another is that relations among Group companies have grown stronger and the number of referrals has increased. Through personnel exchanges, the introduction of the CRM Group Dashboard, and participation of Group companies in various meetings, communication has been revitalized. The number of referrals has also doubled compared to three years ago, reaching nearly 300 per month.

Within this framework, collaborations are emerging that leverage the unique characteristics and areas of expertise of each Group company. Examples include DX support for the manufacturing industry through collaboration between Iyo Bank’s manufacturing support team and Iyogin Digital Solutions; business succession and M&A support through fund management based on collaboration between Iyo Bank and Iyogin Capital; and expanding card membership and merchant partners through cashless support leveraging high-level marketing based on a collaboration between Iyo Bank and Iyogin DC Card.

In particular, Iyogin Digital Solutions, which was established in April 2023, is performing exceptionally well, having achieved profitability in its second fiscal year. In response to growing customer interest in DX, both the number of consultations and the number of accompanying support contracts have increased. Iyogin advertising services, for which the company has served as a sales agency, has also been well received as an option that helps enhance the creditworthiness and expand the sales of business partners. Furthermore, the addition of in-branch digital signage advertising utilizing Iyo Bank’s digital signage displays at its branches to our lineup since last fiscal year is expected to further expand business.

Rebuilding our business portfolio and human resource portfolio

Regarding progress in the initial fiscal year of our Fiscal 2024 Medium-Term Management Plan, we assess that over 90% of all initiatives are proceeding smoothly as planned, which is commendable. My long-held belief, based on experience, is that you won’t drive transformation unless you set goals with a 10-year outlook and implement at least three three-year medium-term plans. Looking back, during the execution of three plans spanning from the fiscal 2015 medium-term plan to the fiscal 2021 medium-term plan, we built our unique business model, the DHD model, and worked to thoroughly reform business processes and create digital services.

This enabled us to achieve results ahead of other banks in implementing “D,” digital. Consequently, we returned to our

Management Commitment

roots and refocused on “H,” human, for the next three medium-term management plans, including the current one. In order to increase our earning power with a view to the next 10 years, we are implementing structural reform of “Sales × Human Resources.”

As a part of this, rebuilding the business portfolio to increase corporate value and capital profitability is a fundamental challenge of management. In the first year of the medium-term plan, we established the previously lacking business performance evaluation indicators and monitoring rules, the metrics for measuring business performance. In the current fiscal year, we are identifying and visualizing businesses requiring reinforcement and businesses requiring improvement and are examining the future direction of each business, including the allocation of management resources.

Alongside this, we are working to restructure our human resource portfolio and are in the process of increasing both the quantity and quality of our human resources in alignment with our business portfolio. Regarding the quantity of human resources, we will reassign personnel freed up through bank branch BPR and headquarters operational reviews to departments requiring strategic reinforcements. As for the quality of human resources, we aim to clearly define and visualize the skills needed to realize our business portfolio and identify the gap between the current state and the desired state.

Improving contact centers

In addition, a notable achievement of the current medium-term plan is the efforts of channel divisions under the upgrade strategy. To build a consulting framework that integrates “D” and “H” at a high level, we have consolidated the hybrid channel functions previously dispersed within Iyo Bank—namely the customer support center, telephone reception center, and video chat reception center—and established the Direct Consulting Division.

This division is a so-called contact center, but we became the first regional bank to acquire certification under Release 7.0 of the COPC® CX Standard upon its establishment. COPC is an international quality assurance standard that evaluates performance based on the best practices of leading contact centers worldwide. The accuracy and quality of our customer service delivery, operational efficiency and other factors were valued.

The Direct Consulting Division plans to progressively enhance its inbound operations, such as handling customer inquiries and consultations, as well as its outbound functions, which involve making proposals via phone, chat, and online meetings. This will establish a framework encompassing face-to-face channels, hybrid channels, and digital channels. We will improve our contact centers as a key channel alongside next-generation branches and other real-world channels, as well as digital channels like the AGENT app. We are committed to providing optimal services through the most suitable channels for our customers.

Focused on development of sales consultant human resources

I mentioned this last year as well, but the key to the current medium-term plan is “H,” human. The Group believes that

human resources are the source of sustainable competitive advantage. Guided by the conviction that there is no such thing as overinvestment in human resource development, we have worked to realize this vision. In our current medium-term plan, to realize our long-term vision, enhance our earning power with a 10-year outlook, and further strengthen our ability to deliver value to communities and customers, we are focusing on cultivating self-driven personnel by instilling the “H” mindset responsible for strategic execution.

In our commitment to developing human resources, we not only spare no expense in investing in internal training programs and tools, but also introduced the Cubic Booster Plan this April as part of our human capital investment initiatives.

This plan provides subsidies of up to ¥100,000 per year to cover expenses incurred for self-directed professional development aimed at acquiring knowledge, skills, or qualifications directly necessary for current or desired future duties, and applying them to work. Eligible expenses include exam preparation courses, external seminars, lectures, video learning services, correspondence courses, and qualification registration/renewal fees. We are delighted and encouraged to have received over 2,300 applications within the first three months of the plan’s launch. Going forward, we are considering further expanding the scope of the plan and intend to focus even more on support for self-directed learning.

Additionally, to invigorate internal communication as the foundation of support for human resource development and growth, we have launched 1-on-1 meetings for all executives and employees, including department heads, across all branches and offices within Iyo Bank. Through ongoing dialogue between supervisors and subordinates in each workplace, we aim to foster mutual understanding and build trust. This enhances psychological safety in the workplace, leading to improved staff motivation and engagement and promoting autonomous career development.

We are implementing this structural reform of “Sales × Human Resources” to have dominant consulting capability to contribute to the sustainable development of local economies and industries. To steadily increase customer operating profit per employee, we are aiming for a 1,000-person system of sales consultant human resources. Here, I will introduce the ideal profile and development approach for these human resources.

To serve as a trusted advisor to our customers, identifying issues and proposing solutions. Not only addressing apparent needs, but also identifying latent issues that customers may not be aware of and guiding them toward solutions. This is how I envision sales consultant human resources.

During my top-level visits, when I personally visit customers, I often hear comments like, “Iyogin’s representatives go above and beyond with their proposals—they’re truly helpful.” I am delighted to see that human resources are being developed who proactively identify latent customer needs and engage in proposal activities, always putting the customer first.

To develop sales consultant human resources, we are focused on thorough implementation of basic processes and establishment of role-playing activities in the sales field. Role-playing in particular is an extremely effective means of tying knowledge to practice. Opportunities for meeting with customers are limited, and relying solely on the individual efforts and ingenuity of the assigned personnel to achieve

results within these constraints leads to inconsistencies in outcomes. We ensure thorough preparation by conducting role-playing exercises beforehand to confirm what kind of negotiations should be pursued during meetings, what areas are challenging, and where improvements are needed. Based on this, we provide precise guidance on the results. While there are considerable challenges in the field, such as finding time for role-playing exercises, we believe that these daily efforts will enhance our sales capabilities, strengthen our proposal skills, and ultimately further elevate the Group’s competitive advantage.

Mission of a regional financial institution

As reflected in fiscal 2024 results, while our financial performance remains strong, we recognize that strengthening our sales operations is an ongoing challenge. This involves thoroughly reinforcing fundamental sales practices—particularly ensuring frontline staff consistently engage with customers—and ensuring the organizational mechanisms to manage these practices function effectively.

Furthermore, we must refine the DHD model—the result of our aggressive digital adoption efforts to date—while simultaneously transforming our business model further through advancements at the forefront of digital technology. This includes leveraging generative AI to revolutionize business processes and enhance sales operations.

To reiterate, population decline is an unavoidable threat for regional financial institutions. While it is difficult for us to directly halt this trend, we aim to realize our Corporate Credo of “Creating a bright and prosperous future for the region” by supporting the regional economy as it downsizes and becomes more streamlined.

This spring, the Financial Services Agency announced its policy to engage in dialogue with regional financial institutions toward establishing sustainable business models, which became a topic of discussion. We understand that the Financial Services Agency’s inquiry is not intended for monitoring short-term individual issues, but rather to confirm the status of efforts and strategic vision regarding changes in the medium- to long-term business environment, with the aim of enabling regional financial intermediation functions.

Against this backdrop, the growing momentum for regional bank restructuring is also drawing attention. While this is a general observation, economies of scale tend to favor financial institutions, and restructuring measures such as management integration or mergers certainly become a viable option for maintaining sustainable operations. Measures such as the fund disbursement system and the antitrust law exemption system are also acting as a tailwind, and it is expected that the movement toward regional bank restructuring—including mergers within the same prefecture and cross-prefectural management integration—will accelerate going forward. To maintain the Group’s presence amid these restructuring trends, I believe it all comes down to thoroughly implementing a growth strategy that looks ahead to the next decade.

One of the Group’s strengths is that since our founding we have taken risks and grown together with the region and local companies. In our current medium-term management plan, we place “Sustainable development of local economies and industries” at the core of our materiality. We make it our mission to contribute to the development of regional economies and industries, and we aim to support our customers in their new challenges and value creation.

Furthermore, while efforts to promote regional revitalization through collaboration among governments, economic organizations, and companies are accelerating, it is also true that numerous challenges remain to be overcome, including regulatory barriers, the conflicting interests of multiple stakeholders, and a shortage of human resources. I firmly believe that the most crucial factor in overcoming these challenges and achieving regional revitalization is the passion of those involved.

Above all, it is crucial to passionately engage diverse individuals, connect their aspirations for regional revitalization, and expand this vision. With this mindset, we aim to continue growing sustainably alongside the region.

Toward further raising corporate value

We believe it is important to organize initiatives aimed at enhancing corporate value into market value and social value and to implement measures accordingly.

Regarding market value, we have established the management metric economic impact, comprised of profitability, efficiency, and growth potential. We aim to raise corporate value by maximizing the economic impact on the Group. Regarding profitability in particular, as mentioned earlier, we had previously set a target ROE of 7% as our future goal. However, we have revised this target to be achieved within the current medium-term plan.

As for social value, we will create social impact through business activities based on five materiality items. To achieve this, it is essential that Group employees internalize materiality as their own responsibility. Management takes the lead in deepening two-way communication with staff through activities such as roundtable meetings during branch visits. As part of internal communication, we also operate a President’s Lounge, where I, as president, share my thoughts with all employees via the company intranet.

Furthermore, as with this integrated report, we intend to actively pursue highly transparent information disclosure. In particular, regarding communication with investors, we have set at least 100 stakeholder dialogues as one of our social impact metrics, and last fiscal year we conducted a total of 151 dialogues. We are actively pursuing overseas investor relations activities in fiscal 2025 as well, including events in London and Singapore.

We intend to continue to advance initiatives aimed at sustainable growth and enhancement of corporate value for the Group. We sincerely request your continued support.



Message from Officer in Charge of Finance



We will pursue sustainable corporate value enhancement through steady profit growth achieved by addressing regional challenges and making growth investments, coupled with strategic capital management.

Hiroshi Nagata
Senior Managing Executive Officer
(Representative Director)

Review of fiscal 2024 results

Net income reached a record high of ¥53.3 billion, and the Group has begun restructuring its business portfolio as part of its management strategy

For fiscal 2024, in addition to strengthening our assets under management, we leveraged rising domestic market interest rates to expand our interest margin. As a result, consolidated core business gross profit significantly exceeded forecasts, reaching ¥109.3 billion. Due to the strategic front-loading of expenses to reduce future cost burdens following the cancellation of the next-generation core system renewal project, expenses increased significantly, but driven by gains on securities reflecting market trends, profit attributable to owners of parent also significantly exceeded the forecast at ¥53.3 billion, marking a record high.

Regarding the progress of the current medium-term plan, over 90% of the measures are proceeding smoothly as planned. We assess that the progress in the first year of the medium-term plan is satisfactory. Furthermore, as we implement the next three medium-term plans starting with the current plan, we are actively discussing with top management the execution of structural reform of “Sales x Human Resources” to enhance our earning power with a 10-year outlook. The core of this structural reform is the restructuring of the business portfolio to enhance corporate

value and capital profitability. To enhance the overall earning power of the Group, we have established standardized frameworks for business evaluation metrics and monitoring rules that were lacking within the Company over the past year. Based on these frameworks, we will proceed with formulating business plans tailored to each operation’s positioning, such as businesses to be strengthened and businesses that require improvement.

Fiscal 2024 Earnings Summary (Units: Billions of yen)			
	Fiscal 2023	Fiscal 2024	YoY
Consolidated core business gross profit	98.7	109.3	+10.6
Expenses	55.1	68.3	+13.2
Consolidated core business net income	43.5	41.0	(2.5)
Credit costs	2.7	1.8	(0.9)
Gain (loss) related to securities	14.9	32.8	+17.9
Ordinary income	58.5	75.0	+16.5
Profit attributable to owners of parent	39.4	53.3	+13.9
TSE standard ROE	4.92%	6.48%	+1.56%

Review of management indicators based on interest rates, economic conditions, and the Company’s strategy

Taking into account improved profitability driven by rising domestic interest rates, we aim to achieve a ROE of 7.0% during the current medium-term plan period

In fiscal 2024, policy interest rates rose at a faster pace than the Company had anticipated when initially formulating its medium-term management plan. Going forward, we anticipate that the economic environment will remain highly uncertain, particularly due to U.S. tariff policies. However, within this context, we expect domestic interest rates to rise gradually but steadily.

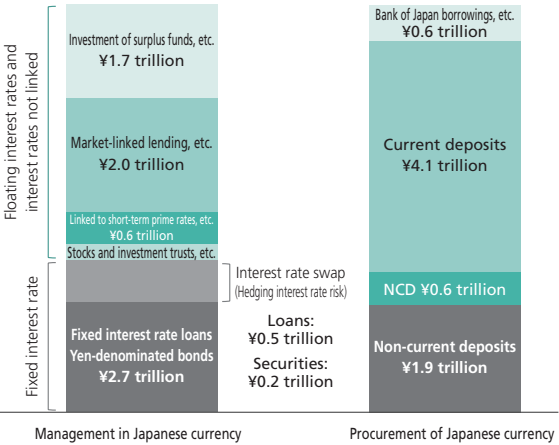
In our portfolio, approximately 60% of loans are subject to interest rate resets or maturity within one year, and we maintain a conservative approach to yen interest rate risk exposure in our securities holdings. Additionally, we have progressively implemented approximately ¥750.0 billion in yen interest rate hedge swaps over time, building a portfolio that is well-prepared for rising yen interest rates. Based on this balance sheet structure, we estimate that the profit increase effect from rising interest rates—though this is a preliminary

calculation based on certain assumptions—will amount to approximately ¥10.0 billion in fiscal 2026, the final year of the medium-term plan, compared to a scenario where no further rate hikes occur.

In addition to improved profitability at the top line driven by rising interest rates, we anticipate continued robust gains on securities transactions based on our plan to reduce cross-shareholdings outlined in the current medium-term management plan. Consequently, we aim for profit attributable to owners of parent to significantly exceed the initial plan. Based on this plan, as disclosed in May 2025, we have upwardly revised the targets for the following management indicators under the current medium-term management plan’s economic impact category: Profit attributable to owners of parent to ¥58.0 billion, consolidated ROE to 7.0%, and consolidated core OHR to approximately 50%.

For net income, we aim to surpass the record high achieved in fiscal 2024, targeting ¥58.0 billion. Consequently, for consolidated ROE, we have set a challenging target level: achieving the 7% benchmark the Group has set as its goal ahead of schedule during the current medium-term plan period. We will leverage the favorable external environment, including rising yen interest rates, to steadily improve the profitability of the Group. Simultaneously, we will strengthen customer-centric consulting across the entire Group to achieve these goals.

Status of Balance Sheets in Japanese Currency (IBK Nonconsolidated)



Fiscal 2024 Medium-Term Management Plan Management Indicators (Excerpt of Revised Items)			
	Fiscal 2024 Results	Fiscal 2026 Initial Targets	Fiscal 2026 Revised Targets
Consolidated ROE	6.48%	Mid 4%	7.00%
Profit attributable to owners of parent	¥53.3 billion	¥35.0 billion	¥58.0 billion
Consolidated core OHR	62.50%	Approx. 55%	Approx. 50%

Results forecasts for fiscal 2025

In fiscal 2025, despite lingering concerns about a global economic slowdown, we anticipate continued robust top-line growth driven by an increase in outstanding loans and an expansion of the interest margin due to rising interest rates. Due to a decrease in securities-related gains resulting from the absence of gains from the sale of foreign bonds and other securities in the previous fiscal year, profit attributable to owners of parent is expected to decline year on year. However, the plan is to secure profits exceeding ¥50.0 billion continuing on from fiscal 2024.

Results Forecasts for Fiscal 2025 (Units: Billions of yen)		
	Fiscal 2025 forecasts	YoY
Core business gross profit	120.5	+11.2
Expenses	64.5	(3.8)
Core business net income	56.0	+15.0
Gain (loss) related to securities	21.0	(11.8)
Ordinary income	73.5	(1.5)
Profit attributable to owners of parent	51.5	(1.8)

Message from Officer in Charge of Finance

Measures to enhance corporate value

Aiming to secure ROE exceeding capital costs by improving profitability across all divisions

To raise corporate value, it is necessary to secure ROE in excess of capital costs. We recognize that the Group's recent capital costs ratio is approximately 7%. We will seek to achieve a 7% ROE by fiscal 2026 through raising returns by executing various strategies and measures, pursuing capital efficiency that considers the required capital the Group needs to secure, and ROE management by each business division.

Regarding market investment and ship divisions, which drove performance in fiscal 2024, we will continue to build a portfolio of highly profitable assets while giving full consideration to market conditions and required capital. In corporate and individual divisions, as we return to a world of interest rates, we recognize across headquarters and branches that securing deposits as a funding source for investments is becoming more critical than ever, alongside loan origination. We will work to strengthen these areas. Furthermore, from the perspective of improving ROE, we believe it is necessary to

expand non-asset businesses. We plan to achieve solid growth in non-interest and dividend income by strengthening our consulting capabilities across the entire Group.

We calculate ROE by business division as an evaluation and management metric for these initiatives, and the results for fiscal 2024 are as shown in the chart. In fiscal 2024, the market division drove ROE by posting high-level sales gains. Looking ahead, we will enhance profitability across all divisions to achieve an ROE of 7% during the medium-term plan period and continue improving it further.

ROE by Business Division

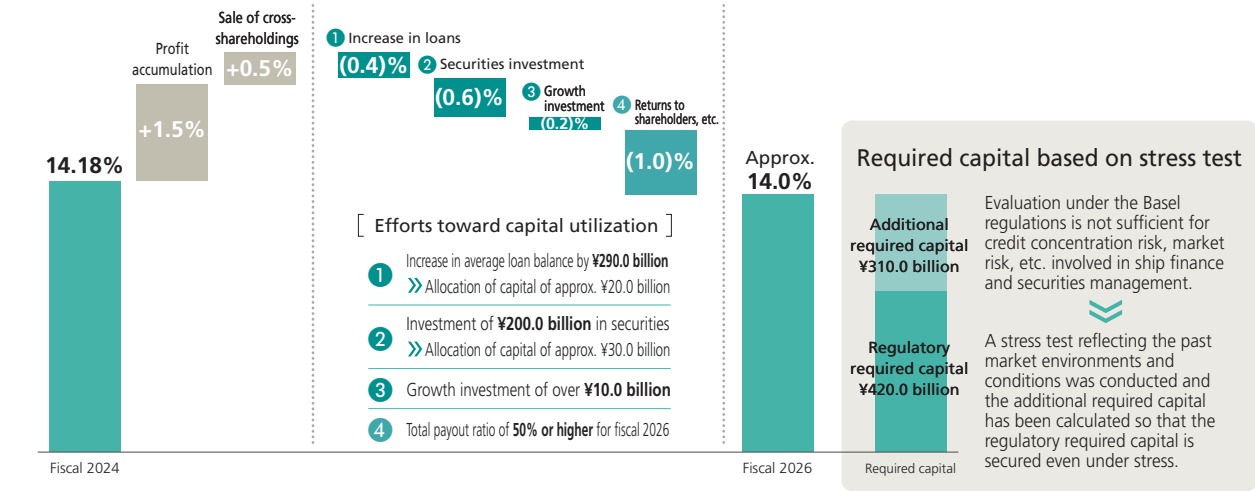
	Fiscal 2023	Fiscal 2024
Corporate division	5.9%	6.0%
Individual division	6.0%	6.9%
Ship division	9.1%	7.9%
Market investment division	6.6%	9.6%

Through capital management aimed at enhancing corporate value, we provide the optimal solution to all stakeholders

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

From the perspective of soundness, we independently calculate additional capital requirements for risks such as market risk and credit concentration risk inherent in our portfolio—which includes our distinctive ship finance and securities investment activities—by utilizing forward-looking stress tests. Based on additional capital requirements, the consolidated CET1 ratio that we need to secure as a Group is set at around 14% based on Basel III fully loaded, and we intend to work to enhance shareholder returns by conducting risk taking and strategic investment for sustained growth while taking this level into account.

Equity Ratio Outlook and Capital Allocation

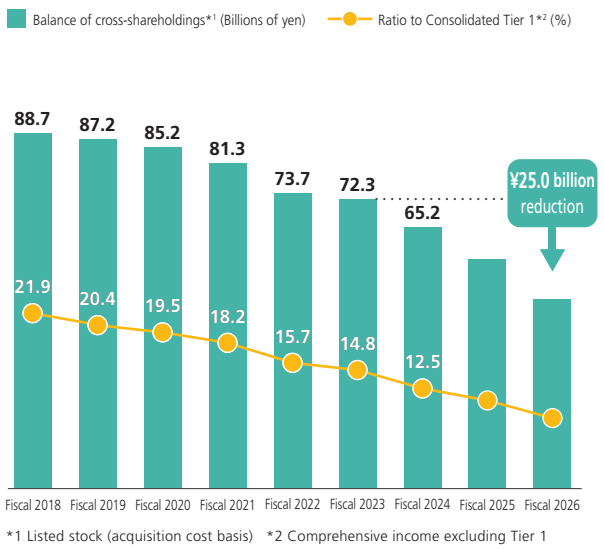


From a growth perspective, we continue working to reduce the balance of cross-shareholdings from the standpoint of pursuing capital efficiency to raise ROE. By making reductions through verification by the Board of Directors of the holding rationale, during the period of the medium-term plan, we are planning a reduction of ¥25.0 billion, which is 35% of the remaining book value. In fiscal 2024, we made reductions of ¥7.1 billion. In fiscal 2025 and beyond, we will reduce cross-shareholdings at an accelerated pace, thereby increasing capital efficiency and generating resources for growth investments. In addition, starting in fiscal 2025, we are planning to increase the average balance of loans by around ¥290.0 billion and invest around ¥200.0 billion in securities. We will raise profit levels using these assets and make aggressive growth investments, which are also set forth as economic impact by the new medium-term plan, to achieve medium- to long-term growth.

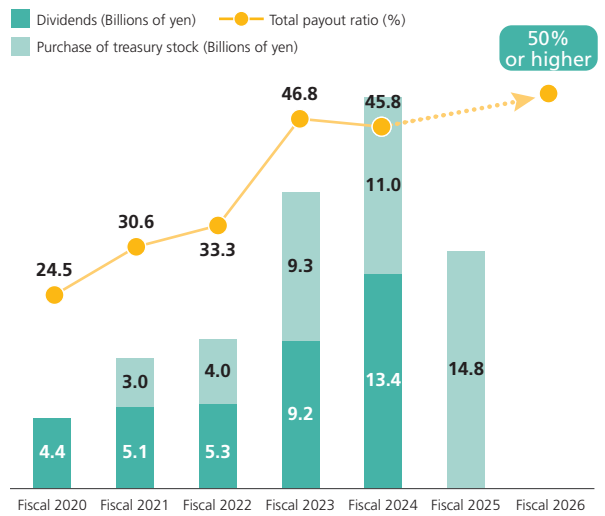
Regarding our dividends and returns policy, we plan to fully meet the expectations of our stakeholders. In fiscal 2024, we have set the annual per-share dividend at ¥45 (up ¥15 from the previous year) and conducted share buybacks totaling ¥11.0 billion. The total payout ratio remains at a high level of 45.8%. In fiscal 2025 as well, we will further increase the dividend per share to ¥50 annually, actively strengthening shareholder returns. We aim to continuously expand shareholder returns to achieve the total payout ratio of 50% or more set for the current medium-term management plan period.

We recognize that our PBR not reaching 1x is a critical issue that must be addressed going forward. We will enhance our ROE by improving profitability through the execution of our medium-term plan's strategies and pursuing capital efficiency. Furthermore, we will increase corporate value by demonstrating a path to sustainable growth, gaining understanding for our growth strategy without relying solely on increasing short-term returns or profit recognition.

Reduction Plan for Cross-Shareholdings



Shareholder Return Trends and Outlook



Stakeholder communications

Enhance stakeholder engagement by enhancing both the quantity and quality of IR and SR activities

The Group has focused on investor relations activities, starting with IR for institutional investors and individual investors. We will continue to explore more efficient ways of sharing information and improving communication, aiming to deepen understanding of the Group through in-depth dialogues with investors. Within our medium-term plan's management

indicators for social impact, we have set targets related to enhancing transparency in information disclosure, including the number of stakeholder dialogues and ESG evaluation scores from rating agencies. To achieve these targets, we will enhance our IR and SR activities in both quantity and quality, thereby strengthening engagement between the Company and all stakeholders. We sincerely appreciate your continued understanding and support.

Feature

Together with the Region I :

Community Development in Ozu City

Aiming for a win-win-win situation: good for living, good for visiting, and good for working

Kozo Takaoka, who supported community development as an Iyo Bank employee from the project's inception and currently serves as both a bank officer and representative of DMO Kita Management, interviewed Mayor Ninomiya of Ozu City.

Takaoka: Today, I would like to talk with you about community development that utilizes historical resources. Thank you for participating.

Ninomiya: Thank you for having me. The story begins in 2017 when I was in charge of education. Former Mayor Shimizu at the time was keenly aware of the challenges posed by population decline and an increase in vacant houses, and it was his consultation with Iyo Bank that sparked the initiative.

Takaoka: Shortly after I assumed the position of general manager of the Regional Vitalization Division, I began working to advance a project in Ozu, drawing on examples of traditional house restoration in Tamba-Sasayama City. Subsequently, we entered into cooperation agreements with Ozu City and various companies, and the project gained full momentum.

Ninomiya: The passion and initiative of city employees served as a major driving force. The proposal to utilize the former Kato residence, backed by former Mayor Shimizu, was realized, giving rise to a new perspective on preserving and utilizing cultural assets. This became the catalyst that set the project in motion.

Carrying on the legacy of former Mayor Shimizu

Takaoka: When former Mayor Shimizu passed away suddenly six days before the agreement was signed, it came as a shock. I remember feeling anxious about whether the project could continue, but I was relieved when Mayor Ninomiya took office.

Ninomiya: Although it was an unexpected assignment, I took on the task with the resolve to carry forward the late Mayor Shimizu's vision and advance the project. However, just as we were about to do so, the West Japan Heavy Rain Disaster struck, forcing us to advance community development alongside recovery and reconstruction efforts.

Takaoka: Looking back, the biggest challenge of the project was finding an operator for the traditional Japanese house hotel. By chance, I saw a TV program introducing the restoration of an old house and a decentralized hotel in Tamba-Sasayama City, Hyogo Prefecture (then Sasayama City), and thought, "This is it!" So, I pulled every string I could to secure an appointment with the president of the company operating the decentralized hotel in Tamba-Sasayama, and went to meet him together with city officials.

Ninomiya: The momentum leading up to the agreement was largely driven by the passion of the city's mid-level employees. There was strong trust from former Mayor Shimizu as well.

Takaoka: After that, the destination management organization Kita Management was established and supported the project.



Takahisa Ninomiya

Ozu City Mayor

Kozo Takaoka

CEO, Kita Management
Iyo Bank, the Branch Banking Group

The idea of staying overnight at Ozu Castle, which emerged from the brainstorming sessions where participants shared bold ideas to raise Ozu's profile, was particularly memorable. If it were to happen, it would be a first for Japan, the media would jump on it, and Ozu's name recognition would skyrocket overnight. I thought it was probably impossible, but the city employee said, "No, it might be possible. I was in charge of the reconstruction of Ozu Castle, and I know the laws. I think it can be done."

Ninomiya: Amid sharply divided public opinion, we held over 50 resident briefings to carefully gain understanding.

Takaoka: I later heard from a city council member that even among the council members, opinions were divided. He said that Mayor Ninomiya, who is usually mild-mannered, made a strong statement: "I will take full responsibility." He said that those words changed the trajectory.

Ninomiya: I don't think it was that big a deal, but I was certainly prepared to that degree.

Takaoka: Nipponia Hotel Ozu Castle Town opened in July 2020, but it struggled initially due in part to the impact of the COVID-19 pandemic. Even so, by utilizing lodging discounts and the Go To Campaign, the number of guests gradually increased.

Ninomiya: I stayed there with my wife. Renting the entire building provided peace of mind even during the pandemic. Moreover, Japan's first castle stay program drew significant attention, dramatically boosting Ozu's profile.

Takaoka: Over five years, the project has revitalized 32 historic buildings and created 139 jobs, generating an advertising equivalent effect of approximately ¥1.5 billion and an economic ripple effect exceeding ¥3.2 billion. The number of tourists has also increased, with foreign tourists surging to 3.5 times the level of fiscal 2019.

Aiming for sustainable community development

Takaoka: A key feature of this project is that it involves entering into 15-year lease agreements; the vacant properties are not purchased. We believe it is important to establish mechanisms that revitalize the community while maintaining relationships with property owners.

Ninomiya: While it is difficult for local governments alone to drive regional revitalization, collaborative efforts between

industry, government, and finance, centered on tourism, to increase both the related population and the exchange population are proving successful.

Takaoka: On the other hand, there are still many challenges, such as secondary transportation infrastructure and insufficient parking. In particular, to effectively extend the project to peripheral areas, it is essential to create new narratives that delve into the unique history and culture of each region.

Ninomiya: Leveraging each region's unique characteristics is key. Looking at Ozu as a whole, I'm reminded anew of the many truly valuable resources it possesses, such as Ozu Castle, the townscape, and the Hiji River. How to utilize these resources and connect them to the future is a major challenge.

Takaoka: Creation of tourism town by utilizing historic resources received the Good Design Award in fiscal 2021, and, in 2022, it received the Japan Tourism Agency Commissioner's Commendation and the Green Destinations Award from the Dutch international certification organization Green Destinations. I believe these achievements are the result of Ozu City's efforts and the cooperation of the local community.

Ninomiya: In the past, when citizens were asked, "What kind of town is Ozu?" there was a tendency to respond, "There's nothing here." Through receiving these awards, it's been significant that many people have come to know the name of Ozu City. Citizens also feel that Ozu is a town worthy of global pride, and civic pride seems to be growing. I believe that the staff, Kita Management, and everyone at Iyo Bank were responsible for bringing this about.

Future outlook and challenges

Takaoka: At the same time, challenges have also emerged for continuing and developing the project. Regarding the handling of vacant properties after the lease expires, it is necessary to consider the next steps while respecting the owner's wishes. That said, the goal is not to expand in scale, but to have community development itself take root.

Ninomiya: That's true. The total project cost of approximately ¥1.2 billion is covered by a ¥600 million subsidy and a ¥600 million bank loan. Once the loan is repaid in 15 years, the system allows rental income to be reinvested in the city, enabling the restoration and utilization of vacant houses. I'd like to further develop this sustainable system.

Takaoka: For the Iyogin Group as well, under a Corporate Credo of "Creating a bright and prosperous future for the region," we remain committed to working hard as a regional financial institution. We hope that initiatives centered on Ozu City will revitalize the entire Nanyo region, which is experiencing population decline.

Ninomiya: We are truly grateful. You have been involved since the project's inception, promoting Ozu's initiatives through nationwide case studies and lectures. Without this, the Ozu of today would not exist.

Takaoka: This project reaffirmed the importance of industry, government, and finance dividing up responsibilities and tackling challenges with unwavering resolve. I was particularly impressed by the planning skills, decisiveness, and initiative of Ozu City's Tourism-based Community Development Division.

Ninomiya: In fact, even experts were surprised, saying, "Is there really a municipality that can accomplish something this important so quickly?" It's true that young people, outsiders, and eccentrics are the key drivers of change, and the passion

and sense of mission among city employees and stakeholders led this project to success. Taking action brings change—I've experienced that myself.

Takaoka: Many challenges lie ahead, but I hope the approach taken by Ozu City—where the entire community works together to overcome obstacles—will serve as a model for other regions. The Iyogin Group is supporting community development in other regions like the Nibukawa Hot Springs area of Imabari City, leveraging the know-how it has gained from Ozu City.

Ninomiya: A city where residents feel happy, a city that satisfies visitors, and a city where workers can do their jobs with pride and affection—these three things are essential for future community development. We'd be delighted if our efforts could serve as even a small reference for community development in regional cities.

Applying know-how to the Nibukawa Hot Springs area

Leveraging know-how gained from tourism-based community development projects with Ozu City, we are providing support through public-private partnerships and external collaborations to enhance the value of tourism industries across other regions within the prefecture by utilizing their unique local resources.

Imabari City's Nibukawa Hot Springs boasts many repeat visitors who have been captivated by its exceptional spring quality and magnificent natural surroundings. However, attracting new tourists remains a challenge. To achieve sustainable regional development, we are working to enhance the value of the city's tourism industry through public-private partnerships.

We have formulated a grand design for the region's future and Imabari City has spearheaded the establishment of a council to work toward its realization. Renovation of tourist facilities and infrastructure development are underway, and work has begun on improving the environment for welcoming tourists. Additionally, as a notable initiative last fiscal year, we collaborated with POLA Inc. to analyze the spring quality of Nibukawa Hot Springs and scientifically prove the skin-beautifying effects of bathing there, in order to widely promote its exceptional properties. We are promoting the value of the entire region, including its scientifically proven hot springs for making skin beautiful, to attract tourists.

Roles of the Iyogin Group

- IRC commissioned by the Nibukawa Hot Springs Association to undertake the formulation of a grand design
- Funding support for private-sector development projects
- Support for subsidy application, acquisition, and implementation
- Mediation for collaborations with private-sector entities
- IBK participates in the Tamagawa Area Grand Design Promotion Council administered by Imabari City

Feature Together with the Region II :
As a Member of the Maritime Cluster

It has been about 40 years since Imabari shipowners began an overseas chartering business. And 20 years have passed since the municipal merger that led to the city's designation as a maritime city. Our growth has been fueled by the maritime cluster centered around "Imabari, the maritime city," Japan's largest concentration of shipowners.



Tetsuya Matsuzaki Senior Executive Officer, General Manager, Ship Finance Division, Iyo Bank

For Iyo Bank, the maritime industry is an extremely important sector that underpins the regional economy and is one of our key areas of focus. The Bank's outstanding loans to the maritime industry amount to approximately ¥1.5000 trillion, accounting for about 25% of the Bank's total loans. This is the result of our journey alongside the shipping and shipbuilding industries, where we have consistently applied our ingenuity to meet customer expectations to the fullest extent possible, even during challenging business environments.

The division was originally part of the Credit Division. It became independent in 2010 as the Ship Finance Office, was renamed the Ship Finance Division in 2016, and relocated its base from Matsuyama to Imabari, the center of the maritime industry, in 2017. Even now, while continuing to serve as the screening department, we are engaged not only in project screening but also in planning and research to provide our customers with the latest information. We strive daily to accurately grasp the trends in the maritime industry, which is significantly affected by market conditions, so that we can provide our customers with optimal solutions. As a part of this initiative, we continuously assign our employees to the ship divisions of major trading companies and ship management companies. The insights and experience they gain in the field are invaluable assets for the Bank's ship finance operations and are seen as contributing to the development of the maritime cluster centered on Imabari City. Furthermore, by integrating the global insights gained at our Singapore Branch and the Tokyo Desk of our Ship Finance Division with local perspectives, we collect and analyze information from multiple angles. We have established a system to swiftly and accurately deliver this information back to our clients, thereby providing multifaceted support to the maritime cluster.

The greatest strength of our ship finance business is the unshakable trust we have built with our stakeholders over many years as a member of the maritime cluster. We have maintained long-term relationships with our customers, serving as partners who support each other's growth based on deep mutual understanding, unfettered by the fluctuations of

the market. We will continue to make every effort to maximize the use of this network built on trust and contribute to the development of the maritime cluster.

The Bank projects that the average outstanding balance of loans to the maritime industry for fiscal 2026 will be ¥1.5500 trillion. However, we believe that the goal is not to increase this balance, but rather to achieve sustainable growth while strengthening our relationships with the maritime cluster centered on the local community.

The maritime industry environment is constantly changing, driven by factors such as the increasing size of vessels, the introduction of environmentally compliant ships, and the growing momentum for shipbuilding in the United States. Consequently, the difficulty level of project screening is also rising. We must accurately assess risks while also strengthening overall risk management for the Bank's ship finance operations more than ever before. For example, in the environmental sphere, greenhouse gas emissions from the maritime industry are drawing attention. The Bank signed the Poseidon Principles in 2023 and completed its first reporting in 2024. While shipowners cannot control all aspects of greenhouse gas emissions reduction, we will draw on the initiatives of global financial institutions and consider contributions to environmental issues to maintain our traditional lending stance while striving to realize a sustainable society.

Amid rising risks of stagnant economic growth due to population decline and aging population with low birthrate domestically, the maritime industry, which is global in scope, is expected to continue growing. Despite the uncertain outlook, we will leverage Imabari's unique advantage as a gathering place for maritime professionals worldwide to contribute to the development of the maritime industry.

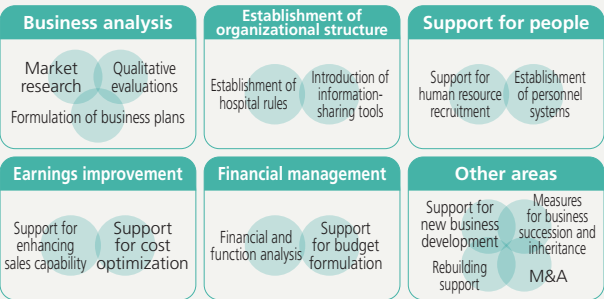
The Bank is also focused on developing human resources with specialized expertise. We will support our customers in solving their challenges while also advancing our project screening capabilities. Through these efforts, we will support the growth and development of the maritime cluster together with the region.

Feature Together with the Region III :
Protecting Local Medical Services

The challenge of building a sustainable system for providing medical services

In 1999, Iyo Bank established a medical team dedicated to supporting customers in opening their own clinics. Initially, our focus was primarily on financing related to clinic establishment. However, as our clients' challenges became more diverse, we began offering various solutions such as support for electronic medical record implementation, providing point-based support to individual medical institutions. In recent years, we have also focused on consulting services aimed at solving management challenges.

Consulting menu



In 2018, prompted by hearing concerns from a medical institution about the difficulties in maintaining systems for providing local medical services, we began providing aspect-based support aimed at solving the challenges of regional medicine. The uneven distribution and shortage of physicians in Ehime Prefecture is becoming increasingly severe, compelling medical institutions to transform their traditional management practices. To protect medical services, a form of local infrastructure, we analyzed and visualized feedback from medical institutions and presented future medical models to the government. For us, that year marked the beginning of our regional medicine initiatives.

In November 2019, we collaborated with Nihon Keiei Co., Ltd. and Nomura Healthcare Support & Advisory, Inc. to hold a regional medicine planning seminar. The response from medical professionals was overwhelmingly positive, which we view as a positive step toward recognizing the vague sense of unease.

Subsequently, we focused on collaboration with local governments, including holding study sessions with public

health centers and Ehime Prefecture to address challenges in the regional medical delivery system. In May 2022, we further deepened dialogue with stakeholders and began exploring the future direction of the regional medical delivery system following the signing of a business collaboration agreement with Nihon Keiei Co., Ltd. In November 2023, we co-hosted a seminar with Ehime Prefecture, the Ehime Medical Association, and Ehime University Hospital entitled "Future Management Strategies Based on the Regional Medicine Vision: Considering the Future of Medical Collaboration in Ehime."

Based on these developments, in fiscal 2024, we were entrusted by Ehime Prefecture with the Regional Medicine Planning Project. We are now working directly to address regional challenges in collaboration with Nihon Keiei Co., Ltd. Furthermore, we signed a business collaboration agreement with the Ehime Medical Association in May 2024, establishing a framework to strengthen information-sharing regarding medical practice succession and support the revitalization of regional medicine.

In December 2024, the Ministry of Health, Labour and Welfare published the Summary of the New Regional Medicine Plan. In the medical sector of Ehime Prefecture, we must build a sustainable medical delivery system while grappling with challenges such as physician shortages, deteriorating hospital finances due to excess beds, and a lack of successors. Collaboration among stakeholders, including not only medical institutions but also government agencies, medical associations, university hospitals, and regional financial institutions, is essential. The entire Group will work together to take on the challenge of building a sustainable medical delivery system.

	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2026 (targets)
Number of stakeholder*1 dialogues for regional medical planning	27	29	30	24
Management support*2 for individual medical institutions, etc.	7	5	15	12
Signing of a cooperation agreement	Nihon Keiei	—	Ehime Medical Association	—

*1 Government agencies, medical associations, etc.
*2 Data collection began in fiscal 2024; prior to fiscal 2023, the number of advisory contracts

Stakeholder Message

Since our founding in 1967, we have continuously tackled the challenges and problems facing society under the guiding principle of contributing to the growth and development of society through the sound development of our customers and the sincere growth of our employees. We entered the medical consulting field in the early 1980s, but our partnership with Iyo Bank began in 2002 after meeting representatives of the Bank's medical team. This marked our company's first partnership with a regional financial institution and laid the foundation for our group's leap forward.

Iyo Bank's medical team accurately assesses the current state and challenges of regional medicine, providing flexible support across a wide range of areas including practice start-up assistance, financing, and management consulting. We express our respect for their deep understanding of and commitment to regional medicine. In recent years, the focus has been not only on point-based support but also on aspect-based support, and our group also provides assistance in various aspects, including analyzing the current state of regional medicine. This initiative contributes not only to individual support but also to the optimization of the entire regional medical system. It is made possible by Iyo Bank's accumulated track record in medical consulting and the trust it has earned from the community. We intend to strengthen our collaboration moving forward to fulfill our shared mission of supporting regional medicine.



Tatsuya Hashimoto Representative Director and President, Nihon Keiei Co., Ltd.

History of the Iyogin Group

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

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

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



Sources of Competitive Advantages (Strengths)

Strength 1 ▶▶ Financial Capital: Solid Financial Base

The Group has achieved high profitability through its unique ship financing portfolio and proactive market investments, in addition to its core revenue base from the sales divisions (corporate-related and personal-related divisions). Furthermore, we have maintained a high level of financial soundness, with an equity ratio of 14.80%, supported by years of accumulated profits. The Group is also positioned among the top regional banks in terms of evaluation gain on securities.

Profit attributable to owners of parent (consolidated)	Equity ratio (consolidated)	Evaluation gain on securities
¥53.3 billion*	14.80%*	¥262.9 billion*

* Fiscal 2024

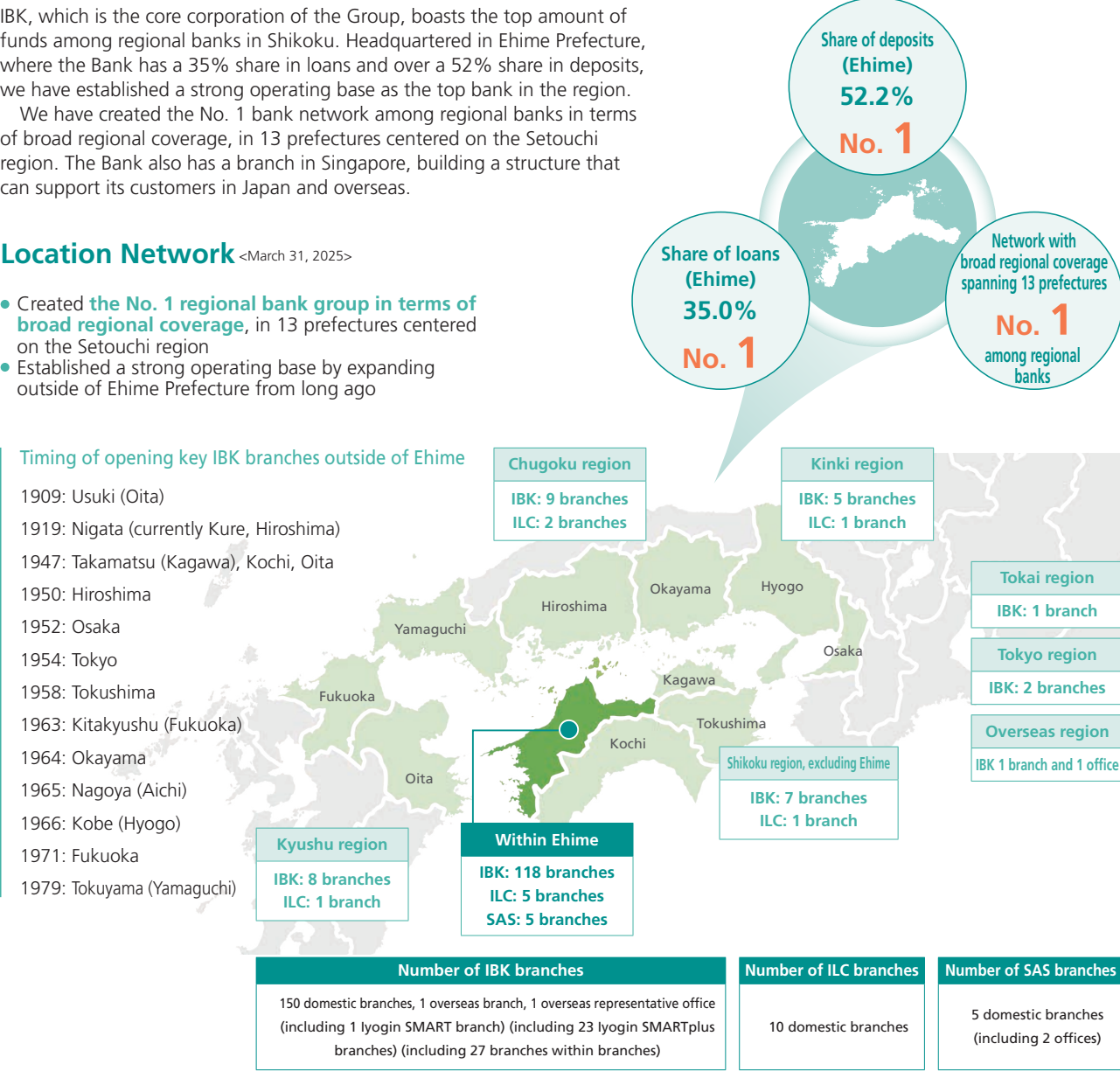
Strength 2 ▶▶ Social Capital: Strong Operating Base

IBK, which is the core corporation of the Group, boasts the top amount of funds among regional banks in Shikoku. Headquartered in Ehime Prefecture, where the Bank has a 35% share in loans and over a 52% share in deposits, we have established a strong operating base as the top bank in the region.

We have created the No. 1 bank network among regional banks in terms of broad regional coverage, in 13 prefectures centered on the Setouchi region. The Bank also has a branch in Singapore, building a structure that can support its customers in Japan and overseas.

Location Network <March 31, 2025>

- 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



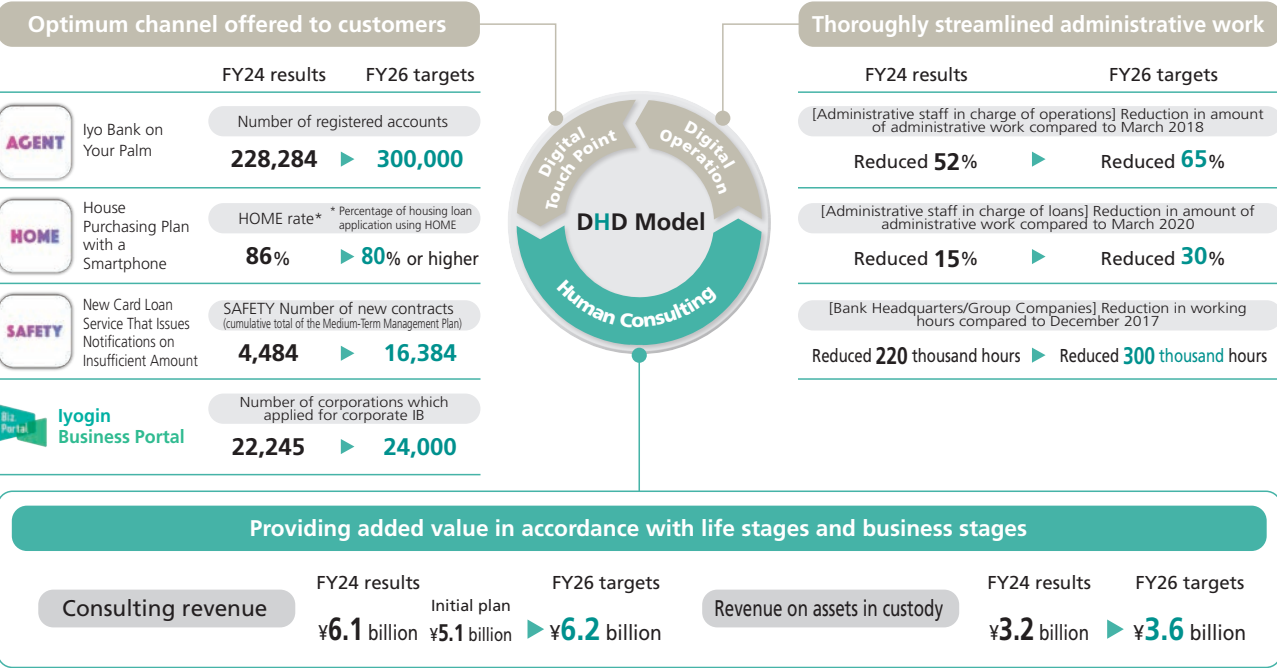
Strength 3 ▶▶ Intellectual Capital: Aggressive Digital Adoption and Fusion of Digital and Human

The Group has actively promoted digital adoption to develop its unique business model, the "DHD model." In particular, we have designated the AGENT banking app as a primary channel, along with our branches, and the number of registered accounts has steadily grown to 220 thousand (as of the end of fiscal 2024). Meanwhile, 86% of housing loan applications are submitted via the HOME housing loan app. As a result, our digital services have developed into the infrastructure that supports customer transactions. In addition, we established the Direct Consulting Division in April 2025 to serve as a consulting site that fuses Digital and Human at an advanced level, operating as a non-face-to-face manned channel. To ensure operational quality, the division has obtained COPC certification—an international quality assurance standard for contact centers—becoming the first among regional banks in Japan to achieve this certification.

Non-face-to-face manned channel (contact center) Obtained COPC® CX Standard Release7.0 certification

DHD Model

Utilizing digital technologies to expand contact points with customers and streamline administrative work thoroughly, which provides high-quality added value to customers.



Strength 4 ▶▶ Human Capital: Diverse Human Resources with Expertise

Since the past, the Group has considered that human resources capabilities as a source of competitive edge, based on the understanding that there is no excessive investment in human resource development. Accordingly, we aim to realize the five elements of Well-Being (career, social, financial, physical, and community) for all Group employees. We are also working on human resource development with the aim of becoming a consulting group that can create and offer diverse types of value. This is done by putting the right person in the right place or finding the right person for the right place and allowing "co-creative human resources with advanced expertise" and "specialists by fields" to improve their area of expertise and fully demonstrate their capabilities.

Holders of official qualifications (As of March 31, 2025)	
FP1-equivalent qualification holders*	Small and Medium-sized Enterprise Consultants
210	75
MBA	Securities Analysts
5	75
Fundamental Information Technology Engineers	Applied Information Technology Engineers
95	47

* 1st grade Certified Skilled Professional of Financial Planning and CFP

Sustainability Management System

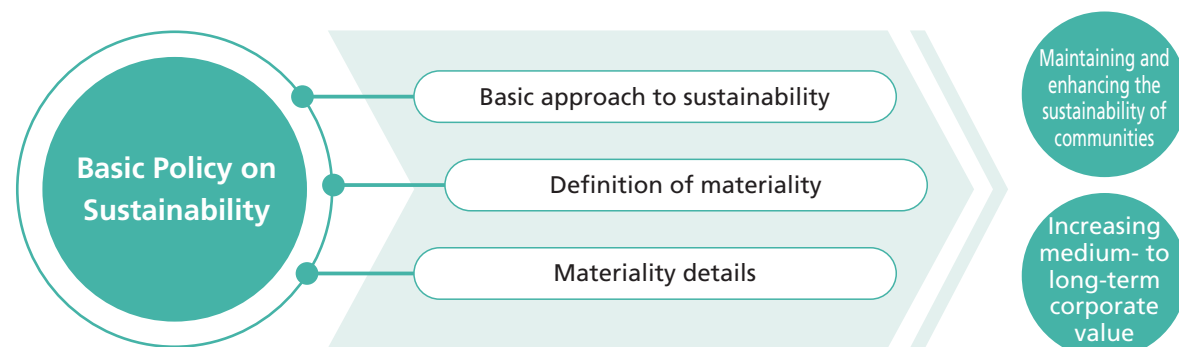
Formulation of Basic Policy on Sustainability

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



▲ Basic Policy on Sustainability

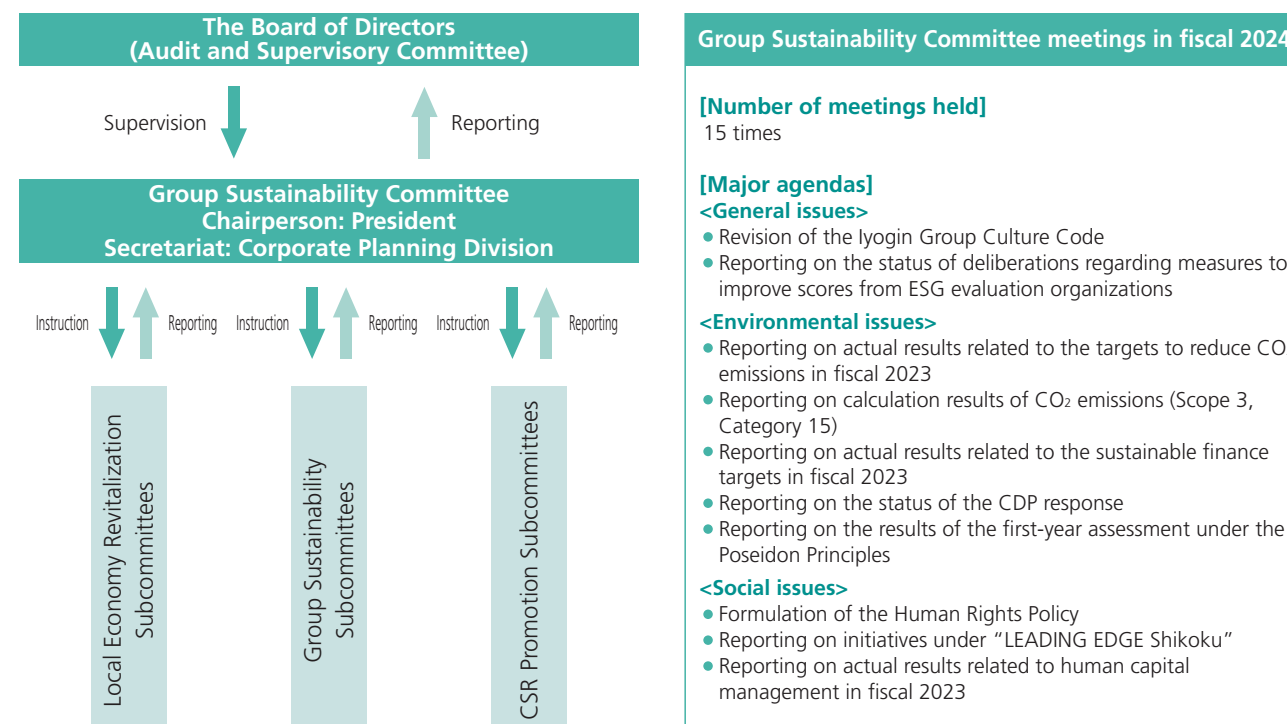
Composition of Basic Policy on Sustainability



Operation of Group Sustainability Committee

With the aim of working on matters that contribute to improvement of sustainability overall across the Group from the perspectives of both business activities and social contribution activities, we have established a "Group Sustainability Committee" chaired by President, which discusses such matters as the status of response and information disclosure related to sustainability. The Board of Directors receives reports on the discussions held by the Group Sustainability Committee and oversees its activities.

Overview of Sustainability Management System



Initiatives for Respect for Human Rights

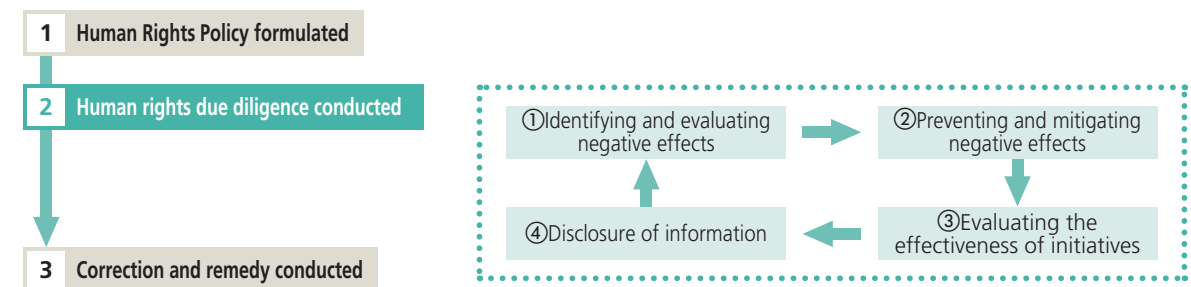
"Respect for human rights" is one of our goals related to "improvements in human capital," which is our materiality. Recognizing the need to strengthen the Group's commitment to human rights in the implementation of materiality-driven business activities, the Group formulated a Human Rights Policy in April 2024.

The Human Rights Policy aims to "contribute to the realization of respect for human rights of all stakeholders."



▲ Human Rights Policy

Overview of Human Rights Initiatives Required of Companies



TOPICS

Human Rights Due Diligence

Following the formulation of the Human Rights Policy, we initiated human rights due diligence in fiscal 2025. Moving forward, we will identify and evaluate the negative effects of the Group's business activities on human rights, and develop measures to mitigate them.

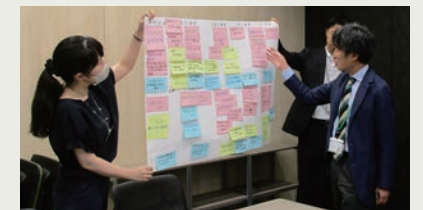
As a future step, we aim to build a human rights due diligence framework covering our entire supply chain, further strengthening our commitment to human rights.

Specific initiatives (1)

In May, we held a study session on "Business and Human Rights" for Directors and Executive Officers, inviting external lecturers. The session aimed to help management understand the importance of human rights issues and to promote human rights due diligence across the Group.

Specific initiatives (2)

In June, we held an interactive workshop on human rights due diligence for employees.



A scene from the workshop

Dialogue with Stakeholders

In the Fiscal 2024 Medium-Term Management Plan, we set a target of conducting more than 100 stakeholder dialogues by fiscal 2026, up from 82 in fiscal 2023, to enhance the transparency of our information disclosure. We exceeded this target in fiscal 2024 by holding 151 dialogues.

In the past, we organized IR events for institutional investors, as well as for customers at six locations within Ehime Prefecture and six locations outside the prefecture. In fiscal 2024, we diversified our approach by introducing IR events for individual investors and hosting overseas IR events.

To further strengthen our information disclosure and promote constructive dialogue with investors, we appointed an additional Executive Officer in charge of IR in June 2024. We also launched new initiatives for customers in Ehime Prefecture, including 17 investment seminars held during fiscal 2024.



A customer seminar led by the Executive Officer in charge of IR

Materiality

Positioning and Definition of Materiality

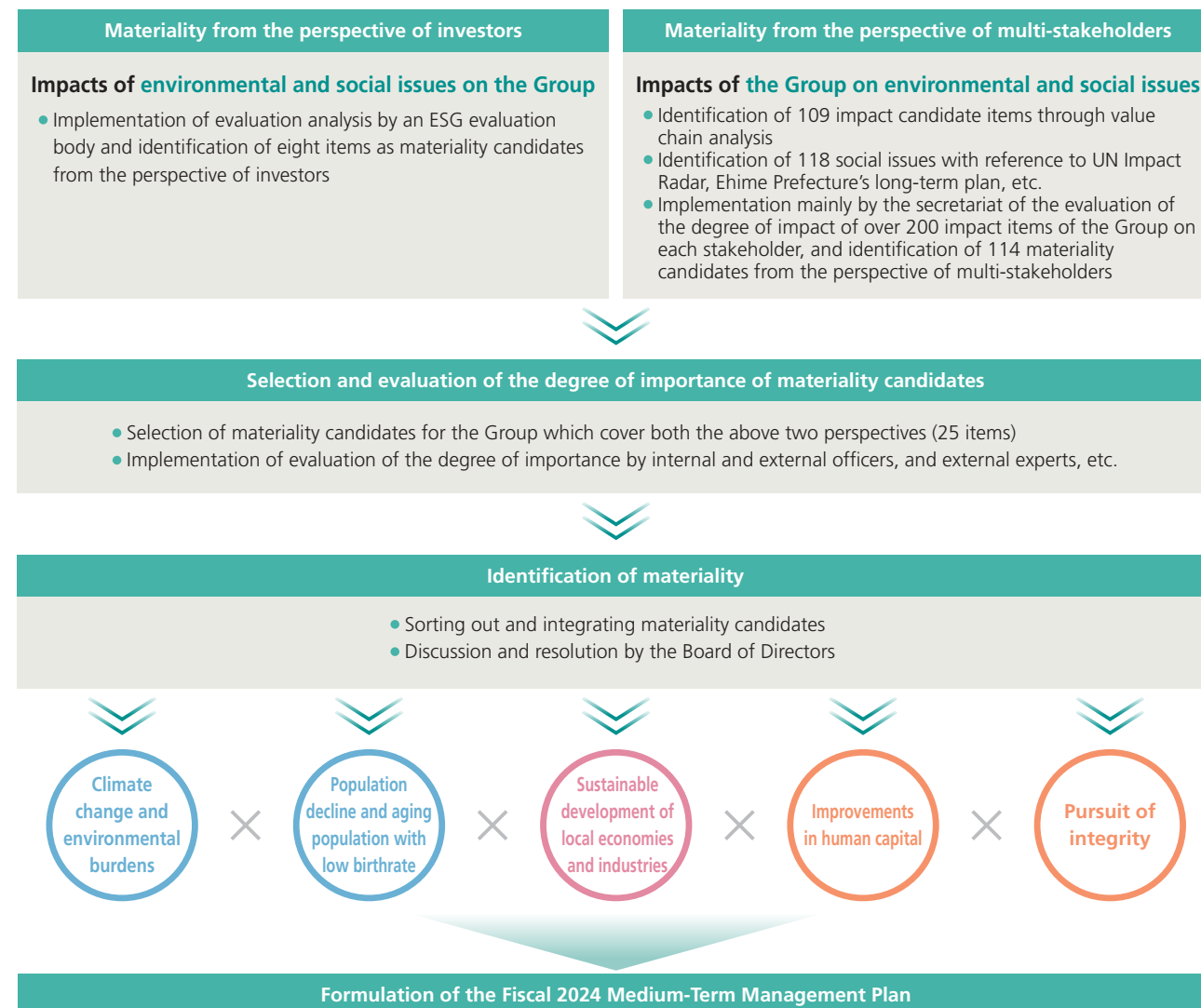
Materiality is a commonly used term in the sustainability field, but there is no single definition of materiality harmonized across different guidelines and frameworks. To allow the Group's employees and officers to deal with this challenge with shared awareness, the Group has defined materiality as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

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

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

Identification of Materiality

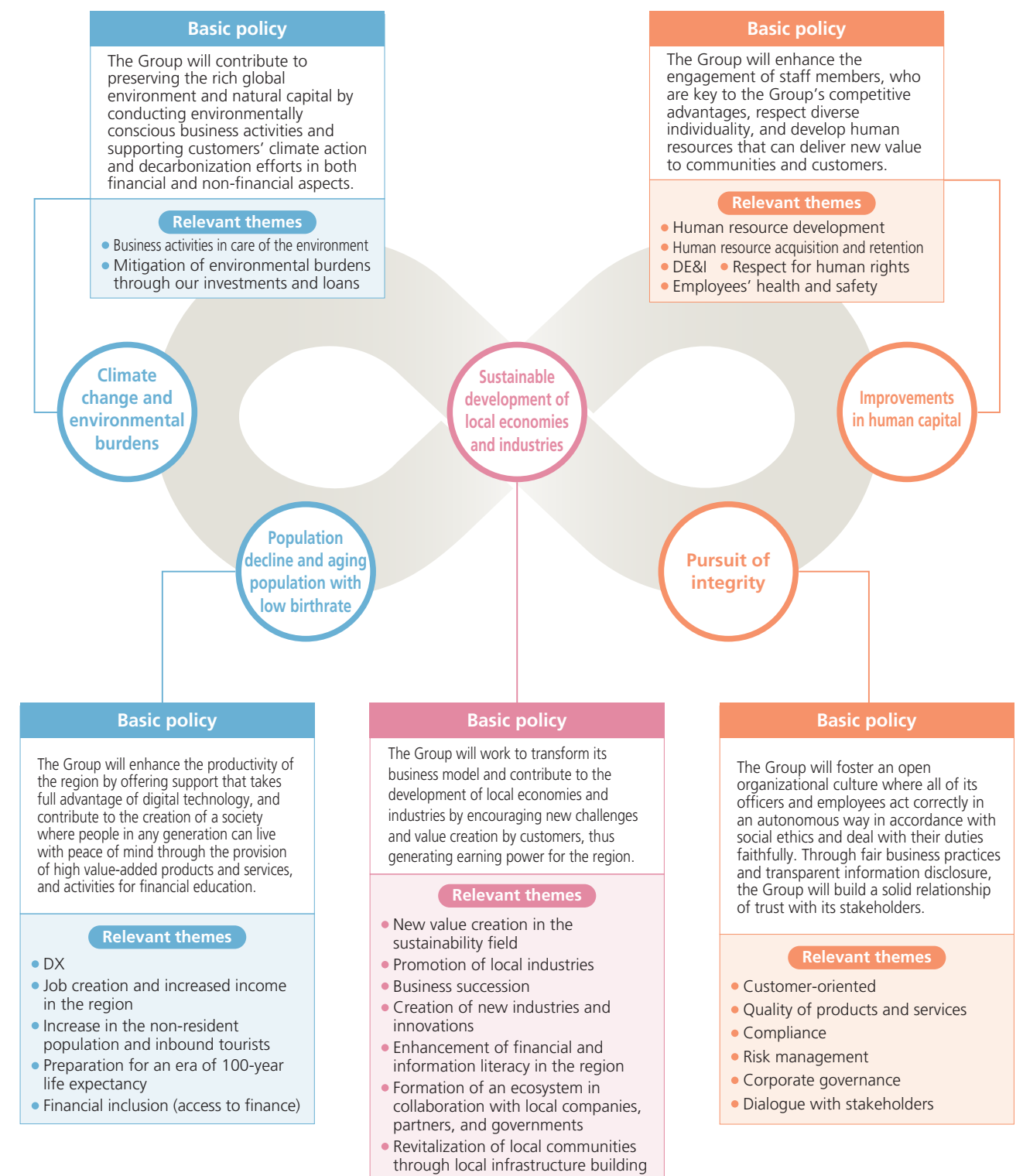
We selected materiality candidates in consideration of not only impacts of environmental and social issues on the Group but also impacts of the Group on environmental and social issues. These items were then evaluated for importance by internal and external officers and external experts before they were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



Basic Policy and Relevant Themes

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

Basic policy on materiality and relevant themes



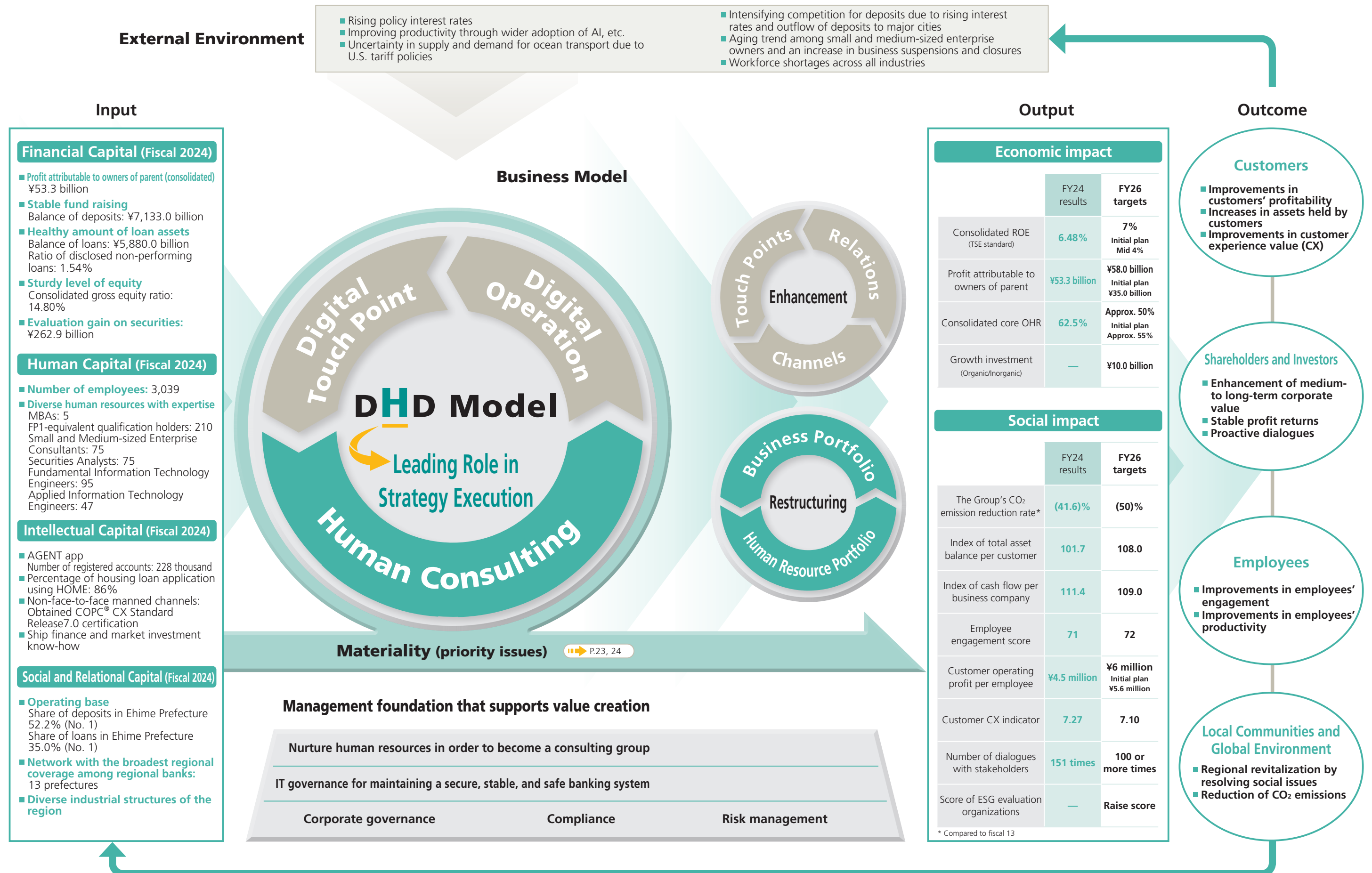
Materiality

Impact Indicator (Management Indicator)/Social Impact

Materiality	Basic policy	Relevant themes	Risks and opportunities	Key initiatives	Contents of impact	Impact indicator	FY24 results	FY26 targets	Target level
Climate change and environmental burdens	The Group will contribute to preserving the rich global environment and natural capital by conducting environmentally conscious business activities and supporting customers' climate action and decarbonization efforts in both financial and non-financial aspects.	<ul style="list-style-type: none">Business activities in care of the environmentMitigation of environmental burdens through our investments and loans	<p>Risks</p> <ul style="list-style-type: none">Deterioration in the business performance of local companies due to stricter regulations associated with the rapid transition to a decarbonized societyDeterioration in the business performance of local companies and damage to collateral properties due to intensifying natural disastersDecline in stakeholder trust due to insufficient information disclosure and delayed response to climate change <p>Opportunities</p> <ul style="list-style-type: none">Growing demand for financial and non-financial services to support regional decarbonizationEnhancement of corporate value and profitability of local companies through climate change adaptation	<ul style="list-style-type: none">Information disclosure aligned with the framework of the TCFD RecommendationsGreen loans/bonds, transition loans, investments and loans related to renewable energyFinancing to ships designed with environmental initiative in mindProvision of services to visualize GHG emissions of local companiesAdoption of renewable energy within the CompanyJoint purchase of non-fossil certificates by the TSUBASA Alliance	Reductions in CO ₂ emissions of the Group	The Group's CO ₂ emission reduction rate (Scope 1 and 2)	(41.6)% (compared to fiscal 13)	(50)% (compared to fiscal 13)	Achieving carbon neutral*1
Population decline and aging population with low birthrate	The Group will enhance the productivity of the region by offering support that takes full advantage of digital technology, and contribute to the creation of a society where people in any generation can live with peace of mind through the provision of high value-added products and services, and activities for financial education.	<ul style="list-style-type: none">DXJob creation and increased income in the regionIncrease in the non-resident population and inbound touristsPreparation for an era of 100-year life expectancyFinancial inclusion (access to finance)	<p>Risks</p> <ul style="list-style-type: none">Decline in profitability due to shrinking local economies and reduced demand resulting from population declineOperational impact on the Group and local companies due to workforce shortages <p>Opportunities</p> <ul style="list-style-type: none">Strengthening of competitiveness among local companies by securing a diverse workforceCreation of new markets through financial inclusionGrowing demand for asset formation and asset management in an era of 100-year life expectancyContribution to improved productivity and elimination of workforce shortages among local companies through DX solutionsOperational efficiency through digitalization	<ul style="list-style-type: none">Development of staffing solutionsEngagement in projects that contribute to enhancing local resourcesSupport of DX of local companiesProvision of financial products and services addressing the needs for saving, increasing, preparing, preserving, bequeathing and borrowing, in an era of 100-year life expectancyPromotion of customer communication through the AGENT appExpansion of channels to meet customer needs	Increases in assets held by customers	Index of total asset balance per customer	101.7	108.0	121.0*2
Sustainable development of local economies and industries	The Group will work to transform its business model and contribute to the development of local economies and industries by encouraging new challenges and value creation by customers, thus generating earning power for the region.	<ul style="list-style-type: none">New value creation in the sustainability fieldPromotion of local industriesBusiness successionCreation of new industries and innovationsEnhancement of financial and information literacy in the regionFormation of an ecosystem in collaboration with local companies, partners, and governments	<p>Risks</p> <ul style="list-style-type: none">Deterioration of local company performance and increase in non-performing loans due to the decline of local economies and industriesDecline in local vitality due to depopulation and aging social infrastructureLoss of business growth opportunities due to insufficient responses to structural changes in society such as aging business owners and shortage of successors <p>Opportunities</p> <ul style="list-style-type: none">Reduction of inter-industry disparities through comprehensive financial and non-financial support for key local industriesDevelopment of international trade through ship financingDevelopment and renewal of local infrastructure through stable long-term fundingMaintenance and expansion of local employment through smooth business succession supportCreation of new opportunities and innovations through investment in entrepreneurs and venture businesses	<ul style="list-style-type: none">Provision of solutions such as business succession consulting and M&AsActivities contributing to the enhancement of financial literacy through various seminars and LIFE PALETTEInitiatives such as subsidies, loans, fund investments, and government budgetary measures to support projects aimed at regional revitalization and enhancement of tourism resourcesInvestment in the Setouchi region and Ehime University spin-offsAwareness-raising activities and network development for collaboration with other financial institutions in ship financing	Improvements in customers' profitability	Index of cash flow per business company	111.4	109.0	131.0*2
Improvements in human capital	The Group will enhance the engagement of staff members, who are key to the Group's competitive advantages, respect diverse individuality, and develop human resources that can deliver new value to communities and customers.	<ul style="list-style-type: none">Human resource developmentHuman resource acquisition and retentionDE&IRespect for human rightsEmployees' health and safety	<p>Risks</p> <ul style="list-style-type: none">Decline in competitiveness due to the outflow of skilled talent to major cities and other industriesReduced organizational flexibility and innovation resulting from insufficient DE&IDecline in productivity as employee motivation falls due to a deteriorating workplace environment stemming from harassment and discrimination <p>Opportunities</p> <ul style="list-style-type: none">Enhancement of employee capabilities through effective human resource developmentEnhancement of employee capabilities and support for diverse career paths through recurrent educationSecuring human resources from within and outside the region through telework and flexible work stylesOrganizational revitalization by promoting utilization of diverse human resources such as women, foreign nationals, and senior employeesRealization of decent and fulfilling work for all officers and employees through respect for human rights	<ul style="list-style-type: none">Establishment and enhancement of an environment where employees can learn autonomouslyExpansion of 1-on-1 meetings across all IBK branches and officesIntroduction of a talent management systemStrengthening of mid-career recruitment (alumni, referrals, graduates with work experience within three years, etc.)Active personnel exchanges within the GroupContinued implementation of the initiative for work style reforms "Smart Working Challenge"Awareness raising for unconscious bias (including a review of the IkuBoss project, which encourages managers to promote work-life balance, and LGBTQ+ initiatives)	Improvements in employees' engagement	Employee engagement score	71	72	76*2
					Improvements in employees' productivity	Customer operating profit per employee	¥4.5 million	¥6 million Initial plan ¥5.6 million	¥13.8 million*2
Pursuit of integrity	The Group will foster an open organizational culture where all of its officers and employees act correctly in an autonomous way in accordance with social ethics and deal with their duties faithfully. Through fair business practices and transparent information disclosure, the Group will build a solid relationship of trust with its stakeholders.	<ul style="list-style-type: none">New value creation in the sustainability fieldPromotion of local industriesBusiness successionCreation of new industries and innovationsEnhancement of financial and information literacy in the regionFormation of an ecosystem in collaboration with local companies, partners, and governmentsRevitalization of local communities through local infrastructure building	<p>Risks</p> <ul style="list-style-type: none">Deterioration in customer satisfaction and trust due to insufficient quality controlLoss of corporate credibility due to compliance violations and lack of governance, and business suspension resulting from legal sanctionsPotential damage caused by inadequate response to customer data breaches and cyberattacksFailure to settle foreign exchange transactions following the termination of correspondent banking relationships due to anti-money laundering deficiencies <p>Opportunities</p> <ul style="list-style-type: none">Building customer trust and strengthening the customer base over the long term by offering high-quality, transparent products and servicesProvision of reliable services through enhanced cybersecurity and improved information management systemBuilding trust among customers and investors through highly transparent management	<ul style="list-style-type: none">Implementation of regular training and monitoring on fiduciary duties (customer-oriented business operations)Continued compliance training for all officers and employeesDevelopment and operational enhancement of the whistle-blowing systemRegular and proactive stakeholder engagement (local contribution activities, investor briefings, etc.)	Improvements in customer experience value (CX)	Customer CX indicator*3	7.27	7.10	Maintain 7.10 or higher*2
					Enhancement of transparency of information disclosure	Number of dialogues with stakeholders	151 times	100 or more times	Retain 100 or more times every fiscal year
						Score of ESG evaluation organizations	—	Raise score	Raise and maintain score

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

Value Creation Process



A Decade of Group-Wide Offensive

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

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

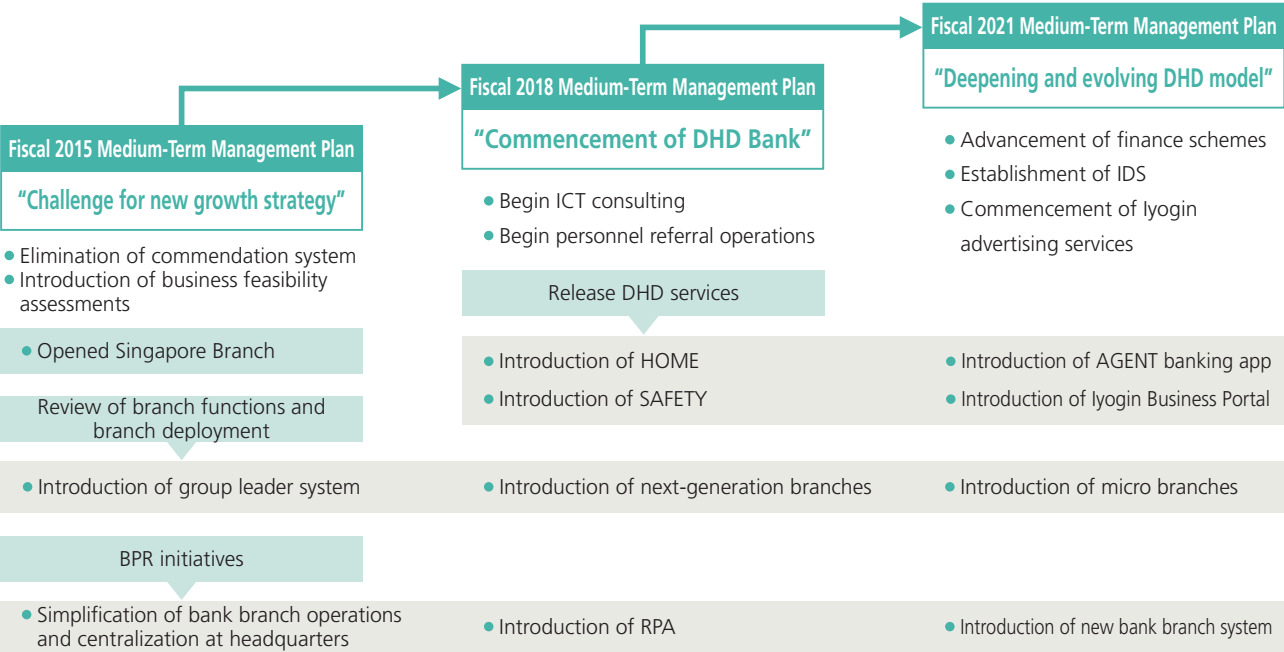
Over the next ten years, the Group will elevate the DHD model based on the past three medium-term management plans by executing structural reforms of Sales × Human Resources to polish individual abilities and attack on a Group-wide basis while utilizing digital services as a weapon.

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

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

Group Sales × Human Resources Committee

Purpose of establishment	The committee was established to deliberate on the planning, formulation, progress management, and effectiveness verification of various measures aimed at implementing cross-group structural reforms concerning sales and human resources to realize the Group's long-term vision and enhance corporate value.
Matters to be discussed	<ul style="list-style-type: none">• Matters concerning the restructuring of the business portfolio related to sales structures, operations, organization, and systems• Matters concerning the restructuring of the human resource portfolio related to generation, deployment, systems, and development of human resources
Chairperson	President
Number of meetings held in fiscal 2024	16
Major agendas in fiscal 2024	<ul style="list-style-type: none">• Direction for establishing a business portfolio management framework• Progress on the project for business portfolio restructuring• Status of considerations for formulating business plans for businesses that require improvement in the business portfolio restructuring project• Status of considerations on new businesses for solving regional issues• Status of considerations on new sales sites for expanding the sales foundation• Status of inorganic investment activities and near-term direction• Establishment of CVC and review of new business development framework• Optimizing headquarters staffing levels through advancement of the headquarters mission

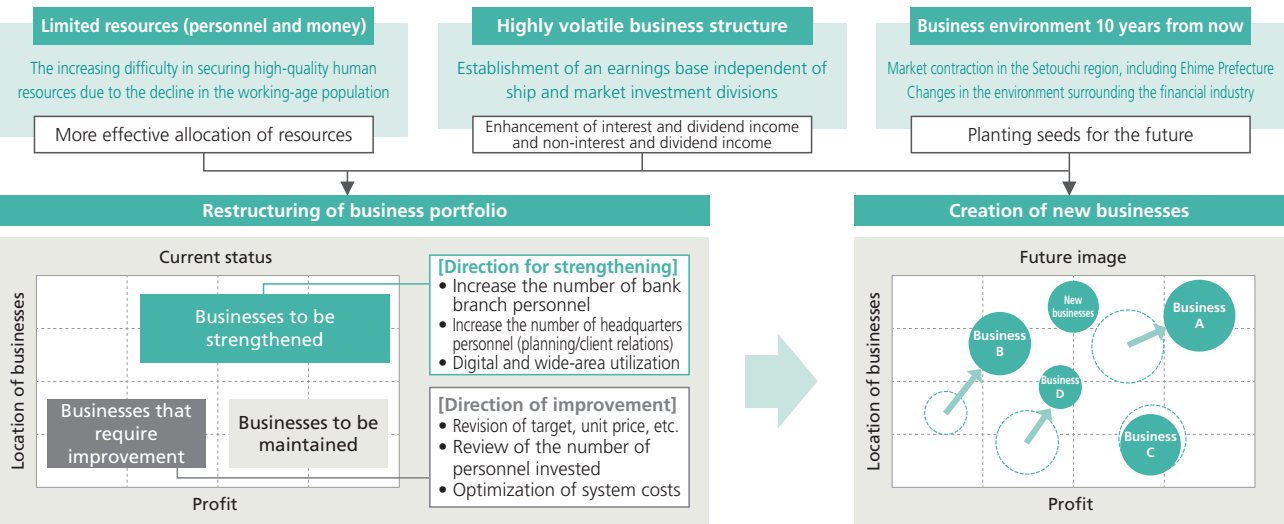


Restructuring Our Business Portfolio

Regarding the restructuring of our business portfolio, looking ahead ten years, securing talent is expected to become increasingly difficult, necessitating more effective resource allocation. Given the high volatility of our current profit drivers—the ship and market investment divisions—it will be necessary to break away from our existing business structure by enhancing both interest and dividend income and non-interest and dividend income.

Based on this understanding, in restructuring our business portfolio, we will evaluate each business within the corporate and individual divisions based on business location and profitability, and organize our strategic direction. This approach will enable us to allocate our limited resources on a priority basis to businesses in need of strengthening.

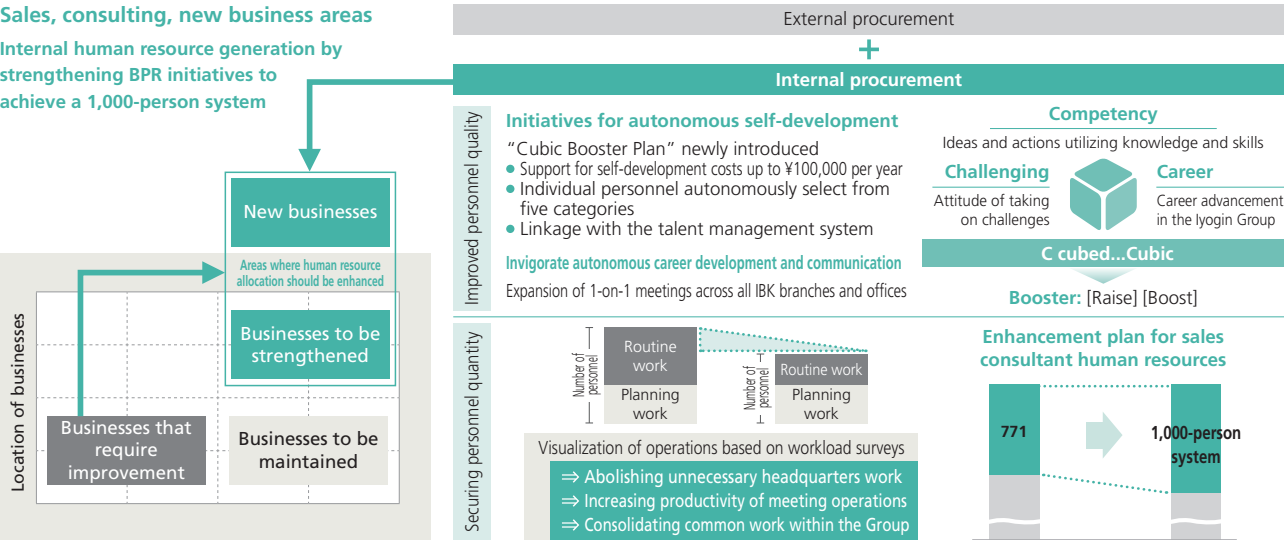
Furthermore, as it is expected that the Setouchi region's market will shrink further and the environment surrounding the financial industry will undergo significant transformation, planting seeds for the future is essential. Alongside restructuring our business portfolio, we will also pursue the creation of new businesses.



Restructuring Human Resource Portfolio

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

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



Medium-Term Management Plan

Internal and External Environment Surrounding the Group

	Strengths	Weaknesses
Internal Environment	<ul style="list-style-type: none"> • Solid financial base • Trustworthiness in local communities • Aggressive digital adoption • Ship finance and market investment know-how • Extensive internal data on regions and business partners, both qualitative and quantitative • Diverse human resources with expertise • Diverse industrial structures of the region and firm sales foundation • Connection with decision-makers (the advantage of face-to-face sales) 	<ul style="list-style-type: none"> • Decline in customer operating profit and low level of profit per employee • Long-term trend of rising costs • Insufficient verification of ROI and low-profit projects • Insufficient empowerment of Group companies (excluding IBK) • Low synergies from insufficient collaboration among Group companies • Talent drain amid workforce mobility, increasingly apparent staffing shortages • Business areas dependent on local economies
	Opportunities	Threats
External Environment	<ul style="list-style-type: none"> • Deregulation • Doubling asset-based income plan • Increased public and private-sector investments toward digitalization and decarbonization • Turn to the rising interest rate environment • End of deflation • Vitalization of movement of goods associated with rising global population • Mainstreaming of digital and sustainability native generation 	<ul style="list-style-type: none"> • Stronger regulations on financial product sales • Aging of financial assets • Outflow of deposits to major cities from inheritance • Businesses and assets become obsolete due to acceleration of environmental regulations • Shrinking local economies due to declining population and a decrease in the number of business offices • Aging trend among small and medium-sized enterprise owners and an increase in business suspensions and closures • Workforce shortages (shortage of workers for local industries)

Overview of the Fiscal 2024 Medium-Term Management Plan

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

Framework of Strategy of Fiscal 2024 Medium-Term Management Plan

Enhance earning power by implementing sustainability management



Impact Indicators Aimed for under the Medium-Term Management Plan

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

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

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

Impact Indicator (Management Indicator)/Economic Impact

	Contents of impact	Impact indicator	Fiscal 2023 targets	Fiscal 2024 results	Fiscal 2026 targets	Evaluation
Profitability	Profitability is ensured through appropriate capital management, in addition to enhancement of sales divisions	Consolidated ROE (Net asset basis)	4.92%	6.48%	7% Initial target of mid-4%	<ul style="list-style-type: none"> • Significantly raise ROE alongside steady increases in net income • Aiming to achieve our target level of 7% ahead of schedule by fiscal 2026
		Profit attributable to owners of parent	¥39.4 billion	¥53.3 billion	¥58.0 billion Initial target of ¥35.0 billion	<ul style="list-style-type: none"> • Significantly exceed target through an increase in interest and dividend income driven by rising domestic interest rates • Significantly revised fiscal 2026 target upward from the initial plan, aiming for ¥58.0 billion
Efficiency	Well-balanced cost control is implemented through increase in top line and further promotion of BPR	Consolidated core OHR	55.90%	62.50%	Approx. 50% Initial target of around 55%	<ul style="list-style-type: none"> • Although largely attributable to temporary factors, increase in core OHR due to factors such as higher expenses related to the next-generation core system
Growth	Speedy growth is pursued toward expansion of business fields	Growth investment (organic/inorganic)	—	—	¥10.0 billion	—

Impact Indicator (Management Indicator)/Social Impact

	Contents of impact	Impact indicator	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets	Evaluation
Climate change and environmental burden	Reductions in CO ₂ emissions of the Group	The Group's CO ₂ emission reduction rate (Scope 1 and 2)	(44.0)% (compared to fiscal 13)	(41.6)% (compared to fiscal 13)	(50)% (compared to fiscal 13)	<ul style="list-style-type: none"> • Since emissions from sources other than IBK are now included in the calculation, emissions have increased compared to the previous year. • Increase the number of facilities utilizing electricity from renewable energy sources and focus on reducing Scope 2 emissions
Population decline and aging population with low birthrate	Increases in assets held by customers	Index of total asset balance per customer	100.0	101.7	108.0	<ul style="list-style-type: none"> [Deposits] <ul style="list-style-type: none"> • With sluggish growth in real wages also as a factor, balances remained flat across all age groups (balance index: 100.4) [Assets in Custody] <ul style="list-style-type: none"> • The balance is increasing. Growth rate of the working-age population is particularly robust • The scope of asset management is steadily expanding (balance index: 111.0)
Sustainable development of local economies and industries	Improvements in customers' profitability	Index of cash flow per business company	100.0	111.4	109.0	<ul style="list-style-type: none"> • While external factors such as economic trends also play a role, we will continue to contribute to improving profitability through timely and appropriate management support • Index of client companies within the prefecture, excluding ship-related, is 109.5 (average cash flow of +¥6,362 thousand)
Improvements in human capital	Improvements in employees' engagement	Employee engagement score	70	71	72	<ul style="list-style-type: none"> • Continue implementing awareness and educational activities regarding engagement, and expand 1-on-1 meetings to all IBK branches and offices
	Improvements in employees' productivity	Customer operating profit per employee	¥4.4 million	¥4.5 million	¥6 million Initial target of ¥5.6 million	<ul style="list-style-type: none"> • Increased gain on loan management and other factors resulted in a 126.9% increase compared to the target
Pursuit of integrity	Improvements in customer experience value (CX)	Customer CX indicator	6.85	7.27	7.10	<ul style="list-style-type: none"> • While we received high ratings across age groups, improvement is necessary for services with a gap between customer expectations and satisfaction levels
	Enhancement of transparency of information disclosure	Number of dialogues with stakeholders Score of ESG evaluation organizations	82 times —	151 times —	100 or more times Raise score	<ul style="list-style-type: none"> • In addition to IR activities within and outside the prefecture, we actively engage in dialogue by holding overseas IR events and seminars for individuals • Overall the score improved from last fiscal year, and we are aiming for further improvement by carrying out various measures

Corporate Related

Growth Strategy Provide group-wide consulting services to meet the increasingly sophisticated and diversified needs of our customers

Adaptation Strategy Provide solutions that contribute to decarbonization, regional revitalization, and digitalization, and actively support sustainable town development

Recognized environment

In the macro environment, challenges such as a declining population and rising prices have become increasingly evident, while in the micro environment, issues such as aging corporate managers, labor shortages, and the need for digital solutions are also emerging—all of which affect regional economies and the Group.

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

Strengths and opportunities

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

Weaknesses and threats

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

Ideal state

As a regional financial institution, we aim to realize sustainable development of local economies and industries by strengthening the Group's consulting function and enhancing regional sustainability, offering both financial and non-financial support in a comprehensive manner.

Targeted indicator	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Finance revenue	¥1,619 million	¥1,412 million	¥1,920 million
Revenue related to business succession and M&As	¥759 million	¥865 million	¥1,050 million
Balance of lease receivables	¥48.3 billion (fiscal 2023-end)	¥64.6 billion (fiscal 2024-end)	¥70.0 billion (fiscal 2026-end)
Number of staffing contracts	121	157	140
DX consulting related revenue	¥66 million	¥84 million	¥200 million (cumulative for three years)

Priority items

- Identify customers' management issues and needs by utilizing business feasibility assessment
- Conduct consulting business together as a Group responding to the identified management issues and needs
- Accompanying support for human resources issues through recruitment, retention, and development of "human resources"
- Support of operational efficiency improvement and digitalization of local companies

Related materiality



Related strategies

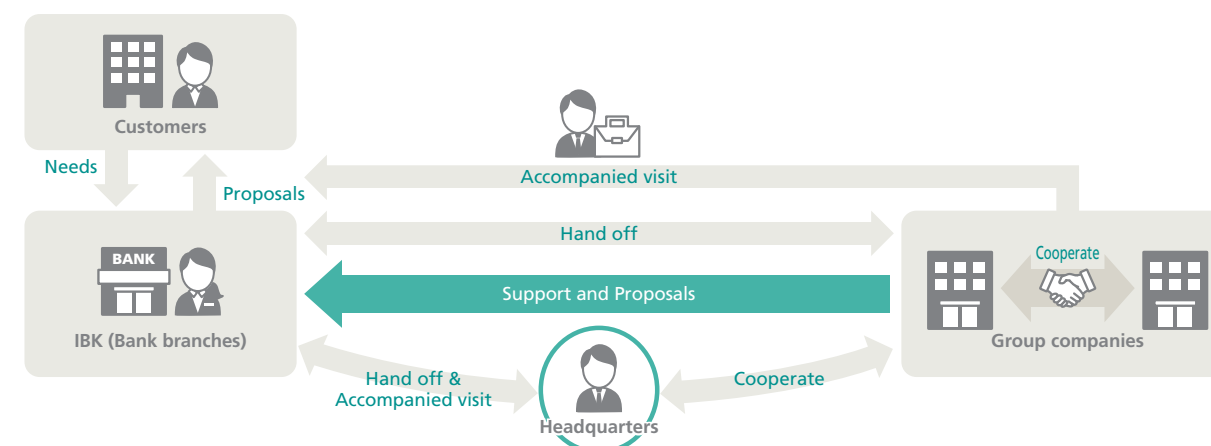


Initiatives Based on Business Feasibility Assessment

We promote business feasibility assessment to strengthen transactions with corporate customers, our key revenue base, and help our business partners increase their corporate value (growth potential and sustainability). Our headquarters and branches work together to provide financing support and conduct consulting business in coordination within the Group.

For customers that have undergone business feasibility assessments and are considered particularly important by IBK bank branches, we prepare "Mirai Support Sheets" and hold business feasibility assessment investigation committee meetings with the participation of persons in charge from various divisions of IBK headquarters and certified public accountants. In the meetings, we hold discussions across the Group on the customer support system, including issues faced by business partners, measures to be taken, and policies for future initiatives.

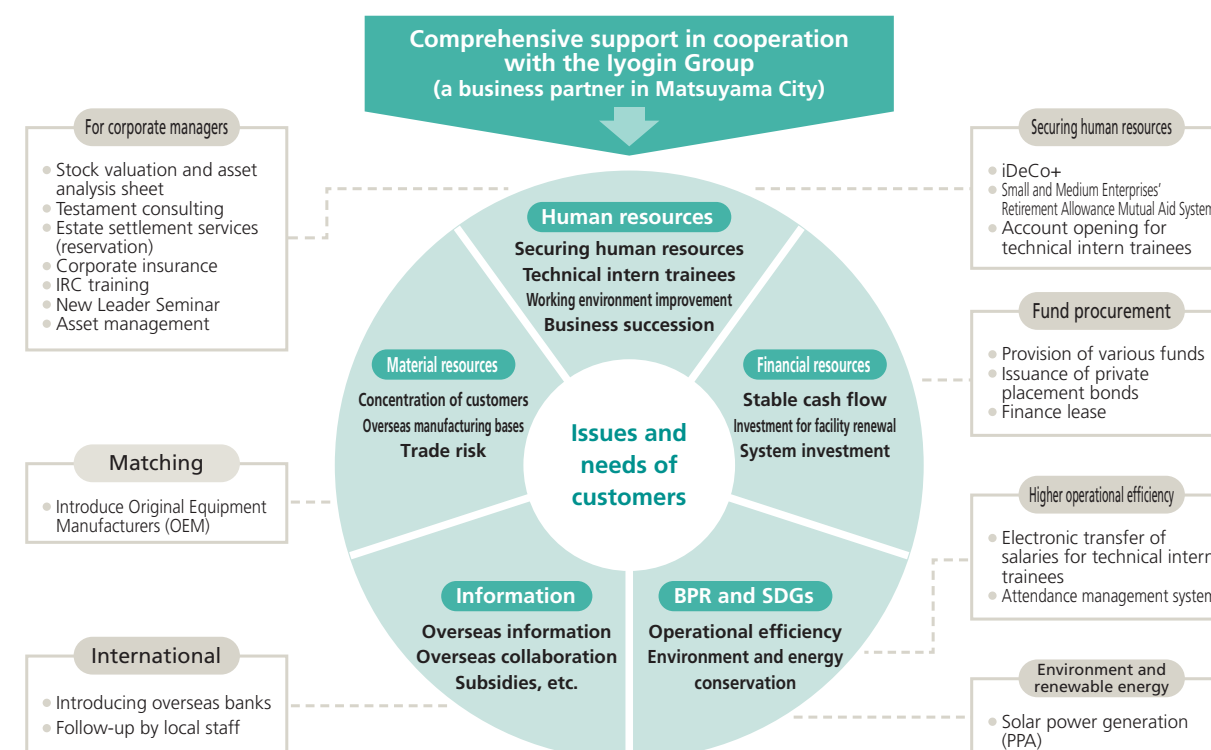
We will continue sharing the future ideal state of customers and management issues to be solved, and work together with customers to solve such issues.



Group-wide support for customers

There are a wide range of cases in which IBK's branches, headquarters, and Group companies worked together to solve issues and needs of business partners that were discovered through the implementation of business feasibility assessment.

The diagram below shows an example of the Group working together to make multifaceted and complex proposals to help customers solve a wide range of management issues and support their businesses. These proposals were made by specialist personnel from the IBK Corporate Consulting Division, the IBK International Division, the IBK Branch Banking Group (in charge of local industries), IRC, ILC, IDC, and IDS.



Corporate Related

Extensive solution menu

Finance An example of business succession and growth support using LBO loans

We accurately identify customers' issues and needs, and provide funds as necessary during the course of proposing concrete solutions.

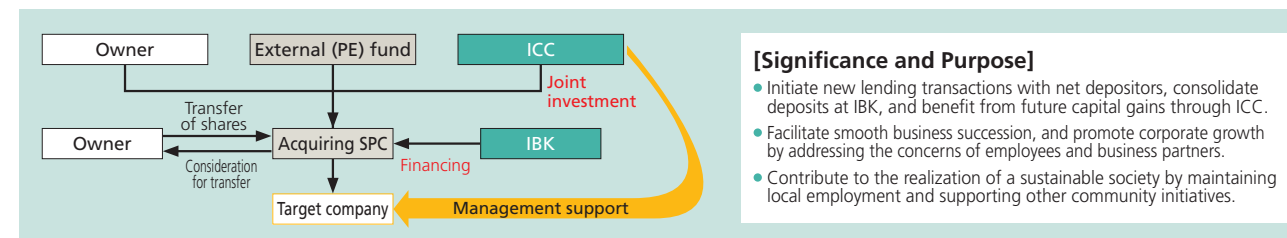
In the case of our support for a business partner (the target company) engaged in inspection services for semiconductor manufacturers, the current owner took over the business and successfully streamlined the balance sheet, achieving stable performance while operating without borrowing from financial institutions and without holding inventories. On the other hand, the owner faced challenges in further developing the business. Since he was also operating a separate company in the Kansai region, it was difficult for him to concentrate on managing the business he had succeeded, even seven years after the succession.

Amid frequent approaches from brokers and others urging an acquisition, the owner wrestled with whether to sell the company that the previous president had built. Ultimately, he decided to sell it to an external (PE: private equity) fund to ensure the company's further development. By reinvesting a

portion of the proceeds into the SPC (Special Purpose Company), the owner reduced his shareholding ratio while retaining a position that allows him to continue overseeing the company's growth.

In this M&A, IBK provided financing for the acquisition, and ICC became a joint investor. This relieved the anxiety of employees at the company, and the owner was able to proceed with the sale. Furthermore, ICC, in partnership with an external fund, will continue to support the company's management, including the appointment of a new president and the development of new sales channels.

In these initiatives, the IBK Corporate Consulting Division and ICC collaborate to address the aspirations of both the owner, who wishes to “grow the company,” and the employees, who seek to “work with peace of mind.” At the same time, they support the customer’s business succession, contribute to regional economic revitalization, and promote the realization of a sustainable society.

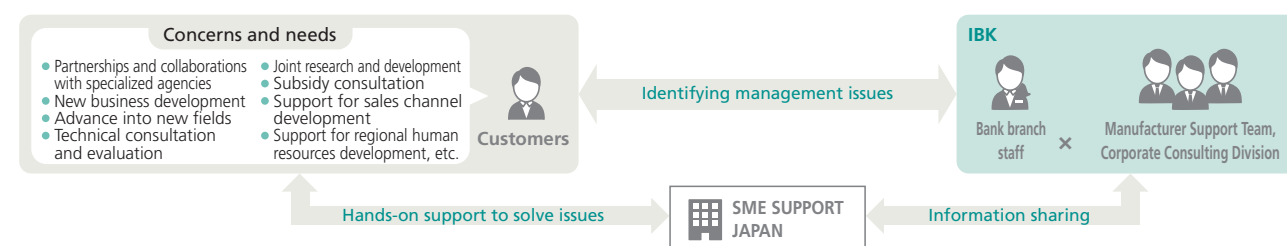


Manufacturer Support An example of on-site analysis leading to hands-on support by the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME SUPPORT JAPAN)

The Manufacturer Support Team comprises nine members in total, including seven with experience at major manufacturers and extensive know-how. Through activities such as factory tours, the team identifies issues and needs, leveraging networks with partner organizations to support initiatives that deepen existing businesses and foster the creation of new businesses from a technical perspective.

The Manufacturer Support Team visited the factory of a business engaged in the manufacture and sale of confectionery. The company had been facing challenges in maintaining profitability due to a decline in customers caused by the COVID-19 pandemic and a rising cost of sales ratio driven by soaring raw material prices. The team identified improvements at manufacturing sites as an urgent issue, and introduced the “Smart Manufacturing Process Diagnosis” of SME SUPPORT JAPAN, which we partnered with, to visualize company-wide issues and identify problems at the manufacturing sites.

As a result of identifying the issues, the team focused on manufacturing areas with high losses and dispatched experts from SME SUPPORT JAPAN to provide hands-on support under the theme of “Enhancing Manufacturing Efficiency through Thorough Implementation of 5S and Improvement of Manufacturing Sites.” Going forward, we will continue to provide hands-on support with the theme of further improving manufacturing sites and creating mechanisms for manufacturing management. In addition, as the need for DX at manufacturing sites became evident during the support process, the team implemented DX consulting—covering visualization of operations, issue identification, and guidance for business improvement—in cooperation with IDS. They improve worksites and support digitalization to create a framework for site management and promote operational efficiency.



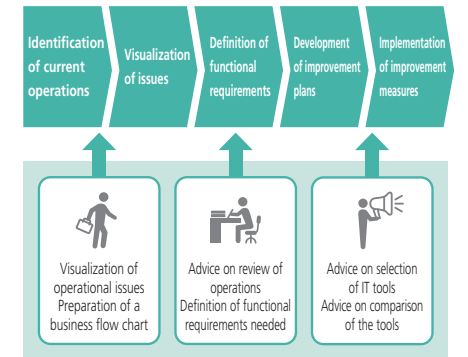
DX Consulting

IDS offers consulting services to companies that have specific issues or are interested in digitalization and DX but do not know where to start. IDS has introduced various tools to visualize company-wide business flows, identify issues, and address them. It also provides follow-up after implementation and offers accompanying support to ensure that improvements take root.

In one case, IDS supported a hotel company that wanted to focus on providing services to customers. To achieve this, IDS introduced new IT tools through DX consulting, reducing work time and creating more time for hospitality.

IDS also helps build a foundation for customer promotions by providing sales agency services of lyogin advertising services (direct mail, social media, and digital signage).

In fiscal 2024, IDS supported nearly 60 projects, achieving profitability in the second year after its establishment.



Support for Overseas Business Development

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

Lease

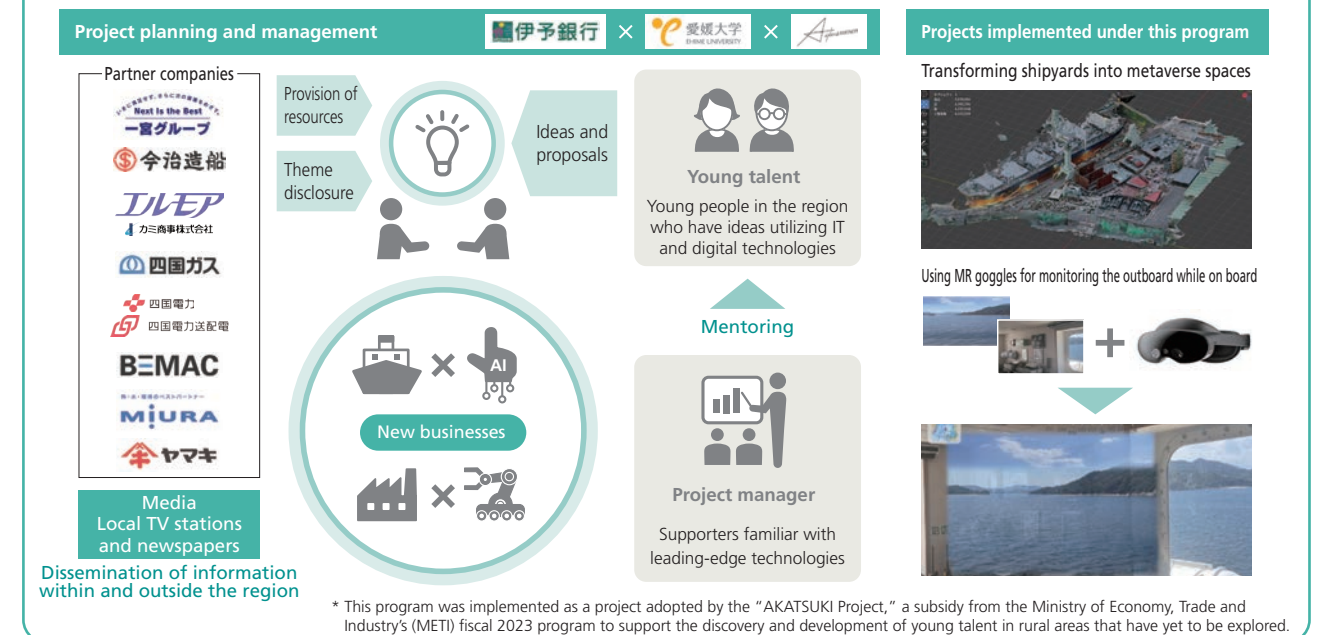
After transitioning to a holding company structure, ILC assigned IBK's management team to the frontlines of its sales activities. This has revitalized information sharing within IBK and across other Group companies, enabling them to work as one in delivering timely services and value to customers. ILC also collaborated with major leasing companies to introduce operating leases as a new service, incorporating expertise and practices it previously lacked.

Going forward, ILC aims to achieve growth and development that will enhance the Group's overall strength by strengthening its credit risk management system and further advancing sales planning and product development.

Open Innovation Initiatives through Collaboration between Regional Companies and Students

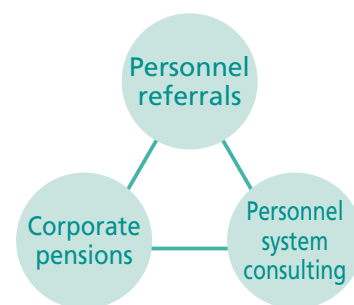
IBK has collaborated with Ehime University and Ank & Partners to launch “LEADING EDGE Shikoku,” an open innovation program that brings together local companies and young talent.

This program offers young talent opportunities to learn about the issues local companies face and their initiatives for new business creation, while also enabling local companies to connect with outstanding young talent. Going forward, IBK will continue to refine its programs to foster new businesses and industries through regional collaboration.



Consulting Roundtable Discussion

Accompanying support for local companies through recruitment, retention, and development of human resources



Eriko Ochi

IBK
Deputy Manager, Corporate Pensions Section, Corporate Consulting Division

Masaki Hashimoto

IBK
Deputy Manager, Personnel Referral Section, Corporate Consulting Division

Tomohiro Nakagawa

IRC
Senior Researcher, Personnel System Consulting

Securing human resources is the most important issue facing local companies

Nakagawa: In a survey on staffing excess/shortages conducted by IRC in 2024 targeting companies within the prefecture, 60.5% of companies responded that they were experiencing a shortage of full-time employees. Past similar surveys show that the sense of shortage has increased year by year (33.9% in 2014, 40.5% in 2016, 52.9% in 2018), and labor shortages are becoming even more severe.

Hashimoto: Indeed, I feel that the sense of labor shortage is driving up demand for personnel referral services. At IBK, we provide matching by either or both of career advisors and recruiting advisors, as well as for part-time human resources, in line with companies' management issues. Since the start of the service in April 2020, both consultation and contract numbers have shown steady annual growth, and we have provided a cumulative total of 556 support cases as of March 2025.

Ochi: The number of companies IBK has supported in introducing corporate defined contribution pension plans has grown to around 200, and it also holds approximately 20 employee seminars annually to enhance financial literacy. We often receive inquiries such as "We want to expand our employee benefits program" or "We want to review our retirement benefits system." I believe the underlying reason is that securing and retaining talented personnel has become a critical challenge for regional companies.

Nakagawa: Securing and retaining human resources is essential, and developing human resources is equally important. We are seeing an increase in inquiries regarding these matters. The IRC Executive Seminar, launched in 2015, has fortunately been filled to capacity every year. We have also seen growth in our new employee training programs and our track record of dispatching training instructors to individual companies.

The value and significance of people-related consulting

Hashimoto: With regional population decline becoming more severe, the securing of human resources by companies is essential to business continuity. Furthermore, from the perspective of competition for acquiring human resources between regions, we feel a sense of urgency and mission that our efforts must not fall behind those of other regions. We recognize this as a business area in which it is a meaningful job that contributes to regional revitalization, and there is no option but to pursue it.

Nakagawa: Personnel systems form the foundation of corporate management, and appropriate personnel evaluation and compensation systems contribute to enhancing employee motivation and driving corporate growth. We aim to provide high-value consulting services to help companies secure and develop their most important asset, their people.

Ochi: Concerns about post-retirement life are particularly prevalent among younger employees. Employee benefits provide employees with a sense of security, and, like Mr. Nakagawa said, contribute to employee motivation and corporate growth. Furthermore, we believe corporate pension plans are highly significant in that they can also resolve financial challenges such as reducing retirement benefit liabilities and stabilizing cash flow.

Higher value consulting through Group collaboration

Ochi: Consulting on retirement benefits and corporate pensions often reveals challenges in personnel and compensation systems, and with Mr. Nakagawa's support, there has been an increase in cases leading to personnel system consulting. Personnel and compensation systems are closely linked to corporate pension plans, and this coordination plays a significant role in instilling the company's direction and management's vision within the workforce.

Hashimoto: I had a case where an executive who joined the company through IBK's personnel referral service consulted me about revising the retirement benefits system, and with the cooperation of the corporate pension team, we successfully implemented a corporate pension plan. Additionally, there was a case where a company for which IRC was providing personnel system consulting sought advice on another management issue, leading to IRC proposing and securing a contract for the utilization of part-time personnel.

Nakagawa: I also frequently receive inquiries regarding hiring and retirement benefits during the course of my personnel system consulting work. By collaborating with Mr. Hashimoto and Ms. Ochi, I am able to provide comprehensive support. I think having highly specialized talent within the Group is a major strength.

Ochi: It is important not only to implement corporate pension plans and employee benefit programs but also to subsequently manage and utilize them. We aim to contribute to the sustainable development of local companies by fostering close collaboration within the Group, as we work to create an environment where employees can continue working with peace of mind.

Hashimoto: The management challenges facing local companies are becoming increasingly sophisticated and complex, and this trend is likely to accelerate further, particularly in the area of human resources. In May 2025, we revised the Group's consulting services brochure. Within it, we introduced human resources strategy support, which includes support for building personnel systems, personnel referrals, and defined contribution pension plans. As outlined in the brochure, we aim to achieve integrated consulting proposals through mutual collaboration by working together as one to support local companies.

The Group's M&A Support System:

A Roundtable Discussion with the Law Office and Tax Accounting Office

The M&A market has been steadily expanding in recent years, but at the same time, concerns have been raised about inappropriate actions by supporting institutions and the presence of problematic buyers. In this roundtable discussion, the general manager of IBK's Corporate Consulting Division interviewed two outside experts on the Group's M&A support system.

Kawabata: The number of M&A support cases has nearly doubled compared to two years ago, with 32 completed transactions and 63 advisory agreements in fiscal 2024. Additionally, inquiries reflecting potential demand are being shared daily from our bank branches. The Group has established a system where the IBK's Corporate Consulting Division serves as the point of contact, ensuring clients can consult with us with peace of mind.

Namiyama: Achieving this result with just seven staff members is truly impressive. Your bank has built a one-stop M&A support system for customers, and our office plays a supporting role. I feel your bank can provide tailored support in line with individual circumstances, not only through collaboration between bank branch representatives and the Corporate Consulting Division, but also through collaboration with outside experts in finance, tax affairs, and legal affairs from the initial stages of each case.

Okuyama: M&A represents a major turning point for companies, with far-reaching financial and tax implications. For buyers, this necessitates risk assessment and mitigation strategies through financial and tax due diligence, along with post-acquisition advice to minimize risks. For sellers, it requires tax planning for shareholders, assets, and business restructuring prior to M&A execution, maximizing seller benefits post-transaction, and asset succession follow-up. Through our collaboration with your bank, I believe we are able to provide optimal advice in this area as well.

Namiyama: While M&A is key to corporate growth, the



Takayuki Namiyama
Midosuji Legal Profession Corporation

Nobuyasu Okuyama
Yamada & Partners

Jun Kawabata
General Manager, Corporate Consulting Division, IBK

inappropriate handling by support institutions is also a cause for concern. Recently, there have even been cases of M&A support agency registrations being revoked. This serves as a warning to the industry, and support organizations must provide appropriate information, including information that could lead to deal breakers. Financial institutions in particular must build on their relationships of trust with customers to understand their anxieties and concerns and provide appropriate advice.

Okuyama: To foster a healthy M&A market, it is crucial to ensure transparency throughout the entire process. This is where the value of collaboration with specialists like us lies, and we believe it will also contribute to revitalizing the local economy.

Kawabata: That's exactly right. I firmly believe that strengthening collaboration between regional banks and specialists will promote sustainable business succession and lead to revitalizing the local economy. Moving forward, let us continue to strengthen our support system by leveraging each other's characteristics and strengths, thereby contributing to corporate growth and regional economic revitalization.

To Work Together as a Unified Group:

Collaborative Initiatives Between SAS and IBK Branches

Please tell us what you strive to do every day in your interactions with customers.

Miyazaki: Since we don't get to meet the same customers repeatedly, we make it a point to provide comprehensive guidance during each meeting.

Hagio: I strive to listen carefully to what our customers have to say. In particular, during post-purchase follow-up, I carefully listen to any concerns clients may have after starting asset management.

Are there examples of successful collaboration between SAS and IBK branches, and what are the reasons or specific approaches behind them?

Miyazaki: At the monthly SAS meeting, IBK branch managers, sales executives, and SAS personnel exchange information. For clients unfamiliar with investing, I first use a life planning guide to explain the necessity of investing, confirm their risk tolerance, and make a comprehensive judgment on whether they are suitable candidates. If I determine it would be beneficial to refer them to SAS, I proceed with the introduction.

Hagio: We maintain close communication with IBK branch representatives, primarily via phone, sharing even minor details such as potential deposit needs or insurance review requirements. This collaboration enables us to provide optimal proposals across the entire Group.

Please share any memorable transactions with customers where both parties collaborated to develop and deepen the transaction.

Hagio: What is particularly memorable is that a client who had only ever invested in bonds previously, through collaboration with



Mitsuha Hagio
Deputy Manager, Niihama Area Section, SAS

Minami Miyazaki
Deputy General Manager, Niihama Branch, IBK

Ms. Miyazaki, has now grown to invest over ¥100 million in mutual funds across both corporate and personal accounts within just three years.

Miyazaki: That customer also left a deep impression on me. There are countless examples of the two of us teaming up to develop new business or expand existing transactions. I feel that our collaborative approach—where I explain the necessity of asset management to clients and Ms. Hagio carefully proposes products—is well-received by our clients.

As each person in charge, how do you intend to proceed going forward?

Hagio: Going forward, I will focus even more on expanding asset management to protect our customers' assets from inflation and rising living costs. I aim to establish long-term investment practices and help our local customers achieve their dreams.

Miyazaki: I too believe that improving financial literacy and promoting investment education in the community is the mission of a financial institution. For affluent clients requiring specialized expertise, I entrust them to SAS, while I aim to open the doors to asset management for a broader client base.

Personal Related

- Growth Strategy** Offer consulting services tailored to customers’ needs while staying close to their wishes
- Adaptation Strategy** Promote customers’ financial literacy to support asset building and advance regional financial inclusion

Recognized environment

In response to the social issue of shrinking regional economies due to a declining birthrate and aging population, we acknowledge the need to promote financial inclusion and to contribute to the revitalization of regional economies. We can do so through the provision of comprehensive financial information and consulting services, delivered both face-to-face and non-face-to-face, fully utilizing our regionally rooted business platforms.

Strengths and opportunities

- Operational base rooted in local communities
- Comprehensive ability of the Group
- Heightened interest in financial literacy and education
- Aggressive digital adoption and wide-ranging customer outreach
- Growing momentum toward asset management caused by permanent establishment of NISA and commodity price increases

Weaknesses and threats

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

Ideal state

We will dedicate the time saved through digitization to human consulting, helping customers achieve their dreams and goals. By engaging the entire Group in each customer's life stages, we will create a positive cycle of improved CX and enhanced earnings.

We will also deliver value to customers who are busy every day and do not have time to go to the bank by strengthening services through direct channels (such as telephone, online interview, and chat) in addition to digital channels such as apps.

Targeted indicator	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Assets in custody balance	¥735.2 billion	¥815.5 billion	¥868.5 billion
Number of level premium insurance customers	34,761	36,323	40,500
Number of housing loans executed	1,495	2,251	6,200 (cumulative for three years)
Number of card loan contracts	4,804	6,583	22,000 (cumulative for three years)
Actual number of recipients of activities contributing to enhancement of financial literacy	—*	8,346	25,000 (cumulative for three years)
Number of NISA accounts	51,249	54,680	65,000

* Compilation started from the Fiscal 2024 Medium-Term Management Plan

Priority items

- Productivity improvement through consolidation of contact centers and advancement of direct channels (such as telephone, online interview, and chat)
- Implementation of a Goal-Based Approach for realizing customers’ dreams
- Enhancement of the transaction base utilizing DHD services
- Realization of financial inclusion through seminars and financial education

Related materiality

Sustainable development of local economies and industries

Population decline and aging population with low birthrate

Related strategies

Growth strategy

Adaptation strategy

Group-wide Consulting to Help Customers Realize Their Dreams

The Group aims to improve CX by providing comprehensive consulting services on a long-term and ongoing basis in a united effort to help customers realize their dreams and solve their issues.

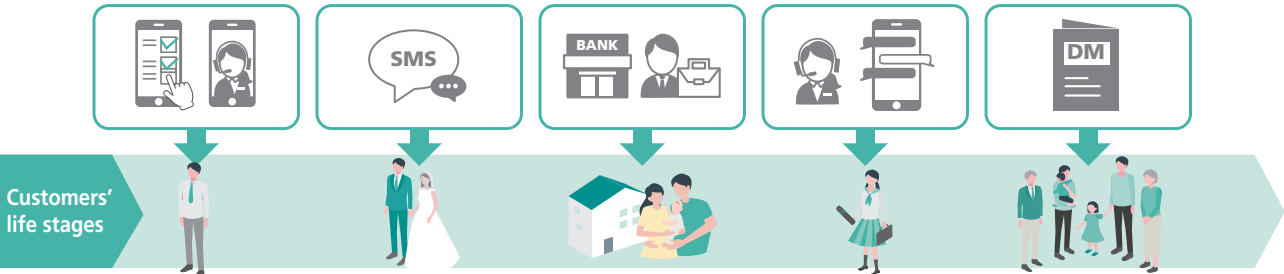
We will continue to pursue the best interest of customers and grow together with them in response to increasingly sophisticated and diversified asset management needs in the age of 100-year life expectancy through close collaboration between IBK and SAS.

Improved Experience Value Across Channels

We build connections with a wide range of customers, staying close to each of their lives.

We have launched digital channels such as apps and websites, alongside physical channels including branches and specialized bases (Insurance Plaza and Loan Plaza). In spring 2025, we established the “Direct Consulting Division” as a hybrid channel that integrates both digital and physical services [see page 60](#).

Under the slogan, “we will change the shape of the bank to fit each person,” we will continue to deepen and evolve in order to remain our customers’ closest partner.



DHD Services for Accompanying Support

We will support our customers in making better choices by providing DHD services that embody a comfortable and user-friendly digital experience.

Simple simulation of household income and expenditure
LIFE PALETTE

See here for service details

Complete everything from mortgage applications to contract procedures with the app
HOME

See here for service details

You can borrow money anytime and anywhere with one tap
SAFETY

See here for service details

Voice of the Key Person

Want to provide customers with better value by staying close to the frontlines

As an area manager*, I strive to support the frontlines by serving as a liaison with the headquarters, while staying close to the staff at my assigned branches. I devote myself daily to on-site guidance, offering advice on sales promotion and proposals for financial products. In particular, developing staff at branch offices, including young employees, is an important task. At weekly online study sessions, I collaborate with other area managers and headquarters staff to share practical knowledge and success stories.

As customer needs are increasingly sophisticated and diversified, my mission is to communicate the headquarters’ policies promptly and accurately, while supporting each branch to make optimal proposals for customers in their region. I believe that proposals that earn the trust of customers come from the power of the frontline. That’s why I will continue to make every effort to deliver value to as many customers as possible while utilizing my on-site experience.

* Supports retail sales promotion in each area of Ehime Prefecture. A total of four area managers belong to the Personal Consulting Division of IBK.

Mizuki Nishio
IBK
Deputy Area Manager,
Personal Consulting
Division

Ship Related

- Growth Strategy** Provide full support for optimum investments toward growth and development of maritime-related business operators
- Adaptation Strategy** Appropriately understand changes in the business environment of the maritime-related industries, and provide full support for customers as they respond to them

Recognized environment

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

Strengths and opportunities

- Imabari is one of the top maritime industrial clusters in the whole world
- Strong ties with leading maritime-related business operators
- Ability to collect up-to-date information through IBK's Ship Finance Division, the branch in the Imabari block, Tokyo Desk, and the Singapore Branch
- Accumulated ship finance know-how

Weaknesses and threats

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

Ideal state

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

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

In addition, we will contribute to the further development of maritime industries by accumulating know-how related to maritime-related industries through secondment of employees to major trading companies, improving ship finance abilities of employees (including those at branches), enhancing the support system through the effective use of resources, and developing new business areas, etc., to create profit-making opportunities.

Targeted indicator	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Gathering useful information through information exchange with major maritime industry-related companies	200 cases	206 cases	200 cases
Origination of syndicated loans, etc. to large ships and environmentally-friendly ships	3 cases	4 cases	4 cases
Number of visits where the Ship Finance Division accompanied bank branches	—*	70 cases	60 cases
Number of cases examined for creation of new maritime-related businesses	2 cases	2 cases	2 cases

* Compilation started from the Fiscal 2024 Medium-Term Management Plan

Priority items

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

Related materiality

Sustainable development of local economies and industries

Population decline and aging population with low birthrate

Climate change and environmental burdens

Related strategies

Growth strategy

Adaptation strategy

Message from the ManagementValue Creation StoryMedium-Term Management PlanSupporting Sustained GrowthCorporate Data

Information Gathering from Maritime-related Business Operators

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

Examination of New Maritime-related Businesses

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

Improvement of Employees' Ship Finance Abilities

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

We also introduced an English learning program in 2024 ahead of other business areas in collaboration with an external party to improve the language level of employees who are involved in ship finance.

Consistent Loan Stance

IBK has worked to accumulate loan assets that have strong advantages in risk fluctuations by making multifaceted loan judgments which place emphasis on the comprehensive strength of ship owners, without being bound by the environment of the time.

In the past, IBK has adopted a “one ship, one bank” principle. In recent years, however, it has also engaged in syndicated financing with other banks in response to factors such as rising shipbuilding material costs due to exchange rate fluctuations, and the increase in ship prices caused by larger vessels and compliance with environmental regulations.

The balance of loans for the maritime industry at the end of fiscal 2024 increased to ¥1,521.2 billion (up ¥36.2 billion year on year). IBK expects the loan balance to increase steadily in the future.

Loan Balance for the Maritime Industry

Fiscal Year	For domestic ocean transport (Billions of yen)	For other maritime industries and overseas ocean transport (Billions of yen)	Total (Billions of yen)
Fiscal 2020	730.3	266.1	996.4
Fiscal 2021	768.4	296.0	1,064.4
Fiscal 2022	905.0	309.0	1,214.0
Fiscal 2023	1,134.3	350.7	1,485.0
Fiscal 2024	1,183.2	338.0	1,521.2

Response to Environmental Issues

In October 2023, IBK became the first regional bank to sign and participate in the Poseidon Principles*1, which were established to support the shipping industry's efforts to reduce greenhouse gases (GHG) from a financial perspective. The Poseidon Principles measure the degree to which the GHG reduction targets set out by the International Maritime Organization (IMO) have been achieved, with the aim of achieving net zero emissions by around 2050.

IBK is required to calculate the degree of climate change compatibility of the entire ship financing portfolio based on the annual GHG emissions of the vessels they finance and to publish them annually. For fiscal 2023, IBK's achievement of the GHG reduction targets announced in December 2024 was +7.6% relative to Minimum and +12.8% relative to Striving.

IBK's achievement ranks second only to leading financial institutions overseas and stands as the highest among financial institutions in Japan. Going forward, IBK will continue to contribute to building a sustainable society from an environmental perspective by promoting ship finance and other initiatives that support the reduction of GHG emissions.

IBK's achievement*2

Achievement relative to Minimum	Achievement relative to Striving
+7.6%	+12.8%

*1 The framework sets out the roles of financial institutions in driving the decarbonization of the shipping sector from a financial perspective. It further provides for the calculation, evaluation, and disclosure of GHG emissions across the entire ship financing portfolios of targeted vessels, in alignment with the reduction targets of the International Maritime Organization (IMO).

*2 The Poseidon Principles define two reference values: Minimum and Striving. Although both are net zero targets for 2050, the reduction targets for 2030 and 2040 are different. Minimum will reduce emissions by 20% from 2008 levels by 2030 and by 70% by 2040. Striving will reduce emissions by 30% from 2008 levels by 2030, and by 80% by 2040.

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Iyogin Holdings Integrated Report 202542

Market Investment Related

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

Recognized environment

With the transition from a long-lasting low-interest rate environment to a “world with interest rates,” new investment opportunities are expected for yen-denominated bonds. With the launch of the New NISA promoted by the Japanese government, risk assets such as stocks have attracted the attention of individual investors, and asset management demand has continued to expand.

On the other hand, there are challenges in normalizing monetary policy, and there is a risk that a surge in interest rates and excess liquidity resulting from the emergence of “distortions” caused by long-term monetary easing will dilute the effects of monetary policy, making it difficult to achieve policy objectives such as inflation and foreign exchange stability.

Furthermore, the uncertainty surrounding the US tariff policy is another factor affecting the economic environment in Japan and overseas.

Strengths and opportunities

- Accumulated market investment know-how
- Diverse human resources with expertise
- Ample unrealized gains on securities
- Trend toward investment from savings
- Improvement in yield on new investments due to a rise in interest rates

Weaknesses and threats

- Concerns over enhancement of the human resource base
- Emergence of geopolitical risks
- Uncertainty in the investment environment and changes in the procurement environment
- Destabilization of bond prices due to changes in interest rates
- Reliance on foreign currency market funding

Ideal state

As for securities management, we have stably secured interest and dividend income of over ¥20.0 billion so far, and we aim to further expand it in the future to the level exceeding ¥25.0 billion. In addition, we plan to further promote reduction of cross-shareholdings in the Fiscal 2024 Medium-Term Management Plan, and aim to achieve realized profit/loss of over ¥30.0 billion for each fiscal year, including profits and losses from the sale of cross-held shares. We also aim to achieve overall profit and loss of over ¥100.0 billion during the period of the Medium-Term Management Plan by not only realizing unrealized gains but also creating valuation gains and losses exceeding the realized profits.

Targeted indicator	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Realized profit/loss (= interest and dividend income + related gains/losses)	¥39.0 billion	¥60.9 billion	Over ¥30.0 billion
Overall profit and loss (total for the period of the Medium-Term Management Plan)	¥132.1 billion	(¥36.9 billion)	Over ¥100.0 billion
Reduced amount of cross-shareholdings (on a listing and book-value basis)	¥12.9 billion (cumulative for three years)	¥7.1 billion	¥25.0 billion (cumulative for three years)
Market-oriented loans (average balance)	¥140.7 billion	¥143.4 billion	¥170.0 billion

Priority items

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

Related materiality

Sustainable development of local economies and industries

Related strategies

Growth strategy

Building of Portfolios According to Situations

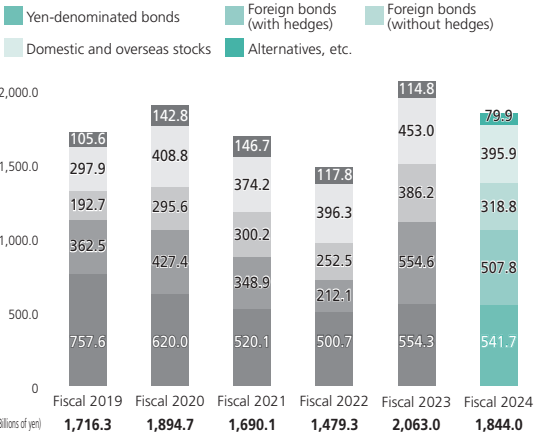
IBK manages securities portfolios by risk category. It is our policy to maintain a certain balance for yen-denominated bonds and foreign bonds with hedges, out of the portfolios, as assets that have inverse correlation with risk in stocks.

Thus far, we have made a gradual shift to foreign bonds with hedges as we believed that, even if we made new investments in yen-denominated bonds, we could not expect profits, and also that we could not expect diversifying effects into stocks as the interest rate fluctuations would be limited in the low-interest environment.

At a time when interest rates were rising overseas amid rising global inflation, the Company reduced the balance of foreign bonds with hedges. However, as inflation slowed, interest rates were lowered, and the balance recovered. With regard to foreign bonds without hedges, we took advantage of the tailwind of the depreciation of the yen to carefully expand the balance, and secured significant earnings.

Going forward, the Company will aim to secure stable earnings by thoroughly managing risks in phases of rising domestic interest rates and building a portfolio tailored to each phase.

Fair Value Composition Ratios by Risk Category



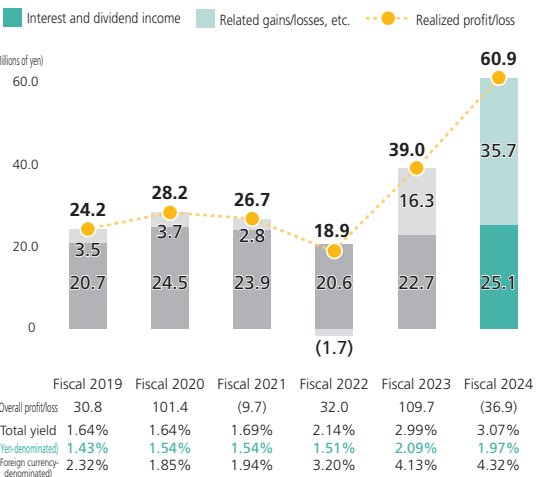
Management Conscious of Overall Profit and Loss That Lead to Future Profits

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

IBK aims to secure stable profits on the interest and dividend income basis, such as interest on bonds and share dividends. In fiscal 2024, we faced an impact of an increase in yen procurement costs due to the Bank of Japan’s interest rate hike, which was offset by a decrease in foreign currency procurement costs due to interest rate cuts overseas, and maintained the level of over “¥25.0 billion” for the portfolios as a whole.

In addition, as a result of our operation aligned with market fluctuations, related gains and losses, etc. significantly increased due to the recording of gains on sales of foreign bonds without hedges and cross-held shares, which led to the record-high related gains and losses on a realized profit/loss basis, that include interest and dividend income. While related gains and losses are dependent on the market, we plan to further promote reduction of cross-shareholdings in the Fiscal 2024 Medium-Term Management Plan, and thus expect certain gains on sales in the future as well. However, we intend to further expand valuation gains and losses by not only simply recording unrealized gains as realized profits but also being conscious of overall profit and loss.

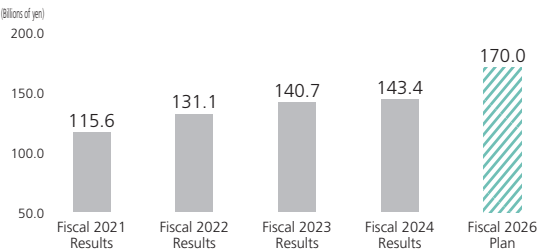
Securities Performance



Expanding Stable Revenue by Taking up New Projects in Levelled Approach

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

Market-oriented Loans Average Balance



The Roles and Responsibilities, Challenges and Experience of Market Investment Personnel

What is the thrill of moving the market? Becoming human resources who can thrive in the market investment division

The circumstances that led to working in the market investment division

Ono: I majored in economics at college and had an interest in financial markets and asset management, so I participated in the short-term training program of the Funds Operation & Securities Division. This led me to work in the division. After one year as a trainee, I have now reached this point.

Suemitsu: I was also a trainee. At first, I was confused by the differences from the bank branch, but now I am grateful to the supervisor who encouraged me to apply.

Mori: I was assigned to the Funds Operation & Foreign Exchange Office in Tokyo due to a personnel transfer. After working on secondment and in other departments, I returned to the Funds Operation & Securities Division several years later.

What did you gain from your experience as a trainee and on external assignments and what was good about it?

Ono: I have gained insight into the work of the market division and feel it will be beneficial for my future career.

Mori: All three of us have experience working on external assignments. Mr. Ono was seconded to the market division of a megabank for one year, and Mr. Suemitsu was also seconded to a megabank for one year and to a securities firm for six months. I gained about one year of experience at a U.S. securities firm.

Suemitsu: Working at another bank and engaging in external networking broadened my horizons and provided me with stimulation.

Mori: The network I built at my assignment location is an invaluable asset.

Method of developing human resources

Mori: Along with internal trainees and on-the-job training, we offer a skills enhancement program for market human resources through an external training institution. We provide opportunities tailored to each individual's aptitude and interests, such as assignments to major banks, training by world-class asset management firms, and programs to study financial engineering and investment theory. This proactive support for employee skill enhancement and career development is one hallmark of our investment in human resource development.

Suemitsu: A feature of the Bank is that employees can receive training tailored to their individual career plans. I feel this is an incredibly valuable experience that boosts my motivation more than ever before and broadens my horizons.

Daily work schedule

Ono: My work begins with checking market trends. At the morning meeting, we review economic news and market data to formulate the day's trading plan. Of course, we engage in repeated discussions before buying and selling. The market operates 24 hours a day, so we constantly monitor financial markets both domestically and internationally.

Suemitsu: To maintain a broad perspective and avoid being swayed by short-term market fluctuations, I read papers from overseas central banks and gather micro-level information such as individual company earnings reports to formulate economic and market forecasts.

Mori: Through digital transformation initiatives, transactions that were previously conducted by phone have been digitized, enabling flexible and speedy trading.

Things kept in mind to improve investing skills and performance

Ono: I take an interest in everything.



Maki Mori

Section Manager,
Funds Operation &
Securities Division, IBK

Koki Ono

Funds Operation &
Securities Division, IBK

Yuya Suemitsu

Deputy Section Manager,
Funds Operation &
Securities Division, IBK

Suemitsu: I try to watch a broad range of asset classes.

Mori: I consciously strive to enjoy navigating even challenging market conditions.

Initial confusion and overcoming it after starting investing

Ono: I was surprised by the size of the amount invested. I still approach my work with a constant sense of tension.

Suemitsu: Initially, I was taken back by the need for quick decision-making in trading judgments, which required a different pace of decision-making than at the bank branch.

Mori: I was surprised by the culture where those responsible for each asset are granted significant discretion, regardless of their years of experience or position, precisely because they possess the deepest knowledge and the clearest view of the market. There is a lot of pressure, but I'm turning it into growth through daily information gathering and analysis, and through discussions with my team.

The fulfillment, excitement, and sense of responsibility in the investment division

Ono: The appeal lies in being able to work in dynamic financial markets.

Suemitsu: I feel a sense of responsibility and fulfillment knowing that my decisions directly affect the Bank's revenue. While predictions can be difficult, the sense of accomplishment when achieving results within that context is a major motivator.

Mori: The core business of a bank is deposit and loan operations. I believe the investment division should serve as a pillar of growth when banks face challenges in profitability or when local customers are in difficult circumstances. Working in this division is rewarding not only for personal growth, but also because we can contribute to our clients and the community through our investments.

Becoming human resources who can thrive in the market investment division

Suemitsu: Working in the investment division, I'm constantly reminded how important language skills are.

Mori: Since we also invest in overseas bonds and individual stocks, there are many opportunities to use English. Also, in the internal trainee system, we offer a program designed to enhance the skills of participants as market professionals.

Ono: That's true. The Bank is said to have a distinctive investment approach among regional banks. If you're even slightly interested, please apply to be a trainee. Let's work together.

Human Capital Related

Message from General Manager, the Personnel Planning Division

In this era of rapid change, for companies to achieve sustainable growth, it is essential to leverage the capabilities, motivation, and diverse values of each and every executive and employee under a clear strategy. Even before the concept of human capital management gained widespread recognition, the Group has upheld the principle that there is no excessive investment in human resource development, placing investment in people at the core of our management. We firmly believe that human resources are the driving force behind building the Group's future. Here, we introduce our efforts to create an organization where each individual can shine and grow.

Responsibility to the region and the future

The Group is deeply committed to the sustainable development of local communities, guided by our Corporate Credo of "Creating a bright and prosperous future for the region." To solve regional issues, it is essential to have human resources who are closely aligned with the lives and workstyles of the people who live in the region and take on challenges together. To that end, we ourselves must not fear change, but continue to maintain an attitude of constant learning and thoughtful action. Our mission is to enhance the capabilities of individuals who contribute to the future of the region beyond the confines of the Group, and we believe this directly contributes to increasing our corporate value.

Structural reform of "Sales × Human Resources"

To contribute to the development of local communities, organizations and human resources must continue to transform. At the core of this transformation is the Group Sales × Human Resources Committee, established as a co-creative forum where human resources are viewed from a strategic perspective, and business strategy and human resources strategy are discussed as an integrated whole. Through structural reforms implemented by this committee, we are building resilient organizations and generating human resources while working to enhance our earning power. This initiative will link business strategy with human resources strategy, organically connecting organizational evolution with individual growth. We aim to create an environment where each individual can deepen their conviction and motivation for growth by clarifying why a given area of study is necessary now and how to shape their career path, while gaining a tangible sense of how their abilities contribute to the strategy.

Promoting autonomous learning and growth

As a part of our efforts to foster this environment, we are strengthening our support system to help employees systematically acquire the skills and knowledge necessary for their roles. In addition to restructuring our training system to hone expertise and establishing reskilling support programs, we have introduced the Cubic Booster Plan to provide financial support for self-directed learning aimed at enhancing knowledge and skills. This initiative encourages autonomous learning and growth among Group executives and employees. By thinking for oneself, raising one's hand, and taking action, individuals proactively expand their own potential—I believe such a culture of self-directed learning contributes to the vitality and culture of challenge throughout the entire organization.

Outcomes of human capital management and its contribution to value creation

In implementing human capital management—the cornerstone of enhancing corporate value—we believe it is essential not only to share abstract principles but also to measure progress using clear metrics. Therefore, in the current medium-term plan, we have established customer operating profit per employee as an impact indicator for the human resources division.

This aims to create a virtuous cycle where each executive and employee takes the initiative in learning, acts with motivation, and enhances the value provided, ultimately improving company profitability. This indicator has been established based on profit levels sought by the Group as a whole. It is by no means easy to achieve. However, we believe that this challenging goal is precisely what makes visible the process by which human resource development and organizational growth lead to a company's financial results. Moreover, by managing this alongside employee engagement scores, we are strengthening our integrated perspective that encompasses individual motivation and job satisfaction along with operating results.

Together with all stakeholders

Continuous investment in human capital is the foundation supporting the Group's medium- to long-term growth and constitutes our competitive advantage itself. Moving forward, we will continue to foster a corporate culture where each individual continues to take on challenges and grow, while meeting the expectations of all stakeholders and striving to create sustainable value.



Rika Sugino
General Manager, the Personnel Planning Division

Human Capital Related

Resilience Strategy Position human resources as one of the sources of our competitive advantage, and work on human resource development and on improving the working environment, aiming to realize the five elements of Well-Being for all Group employees

Recognized environment

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

Strengths and opportunities

- Diverse human resources with expertise
- High-level investment amount in human resource development
- Arranging a workplace environment providing “comfort” and “job satisfaction”
- Favorable labor-management relations

Weaknesses and threats

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

Ideal state

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

Targeted indicator	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Customer operating profit per employee	¥4.4 million	¥4.5 million	¥6.0 million
Employee engagement score	70	71	72

Priority items

Initiatives on human resource development

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

Initiatives on arranging the internal environment

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

Human resource development policy

Policy for arranging the internal environment

Enhancing engagement

Related materiality

Related strategies

Message from the Management Value Creation Story **Medium-Term Management Plan** Supporting Sustained Growth Corporate Data

Strengthen recruitment capabilities

In new graduate recruitment, the Company has introduced a “Digital Technology Course” alongside the existing framework, enabling career development based on specialized expertise in systems, digital technology, and ICT. Furthermore, the Company is placing greater emphasis on internships, which have gained importance in recent years. In addition to traditional banking services, the Company has introduced internships to learn “global business,” such as “consulting” and ship finance. Many students also took part in initiatives unique to the Company, including city development in Ozu City, tours of shipyards, and round-table discussions with employees at the Singapore Branch.

To tackle the growing diversity and complexity of regional issues, securing talent with varied skills and expertise across industries is vital. In fiscal 2024, the Company recruited 30 mid-career employees, an increase of 9 from the previous year, including those for Group companies.

Going forward, we will continue to recruit high-potential talent to generate regional earning power through diverse recruitment channels, including referral hiring, scout-type recruitment, recruitment of high school graduates, and hiring graduates with work experience within three years. The Company also plans to establish a website exclusively for alumni during fiscal 2025.

Diversification of recruitment methods

Recruitment events	Work experience
	Global business internship
	Consulting internship
	Digital internship
	Casual interview
Recruitment channels	Alumni visits
	Mid-career recruitment
	Referral hiring
	Alumni recruitment
	Hiring high school graduates
	Scout-type recruitment
	Hiring graduates with work experience within three years
	Career challenge

Enhancing engagement

In 2021, the Group introduced “Wevox,” a tool that allows employees to respond to surveys and provides measurable scores for individuals as well as for divisions and branches. We are working to improve engagement through “sharing” the score and “dialogue,” and the score was 71 as of the end of fiscal 2024, maintaining a level above the financial industry average of 68.

In addition, as part of our efforts to enhance employee engagement scores, we introduced “one-on-one meetings” across all IBK divisions and branches starting in fiscal 2024.

Previously, there was a workplace culture that emphasized opportunities for regular workplace interviews and communication. However, by securing more “opportunities for dialogue (quantity)” and improving “content of dialogue (quality),” we aim to develop autonomous managers and employees, strengthen career development support, boost engagement and organizational productivity, enhance earning power, and increase the value delivered to customers.

We will provide orientation and skill training sessions tailored to each level of managers, supervisors, and subordinates. Once all employees understand the purpose and significance of these introductory initiatives, we aim to strengthen trust and mutual understanding and foster a culture in which “dialogue can take place anytime, anywhere, with anyone.” By linking this culture to growth support and the development of autonomous personnel, we will cultivate more resilient employees and organizations.

Main issues and background of introduction

- Diversification of careers, working styles, and values
- Elimination of mutual and generational awareness gaps
- Strengthening career counseling and support
- Development of autonomous human resources

Main objectives and expected effects

- Building relationships of trust among superiors and subordinates (deepening mutual understanding)
- Ensuring “quantity” and improving “quality” in communication
- Support for growth of both superiors and subordinates
- Improvements in employees’ engagement
- Enhancing ability to deliver value to customers and improving CX

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Iyogin Holdings Integrated Report 2025 48

Human Capital Related

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

Overview of human capital management and KPIs

Input	
Core issue (theme)	Key action
Human resource development policy	Human resource development (Co-creative human resources) (Specialists) <ul style="list-style-type: none">Raising the level of human resource capabilities through the implementation of diverse means and measures such as trainingProviding diverse learning opportunities such as establishment and enhancement of an environment where employees can learn autonomouslyIncreasing the number of holders of advanced qualifications through expansion of various encouraging systems and learning contentsImprovement of IT literacy by promoting qualifications acquisitionAllowing employees to acquire skills, knowledge, and experience required in each area and field by dispatching them to external parties
	Securing and utilizing human resources (Recruiting, deployment, and evaluation) <ul style="list-style-type: none">Deploying motivated employees and realizing right person for the right place by, for example, expanding in-house recruitment systemsStrengthening of mid-career recruitment (alumni, referrals, graduates with work experience within three years, etc.)
Policy for arranging the internal environment	Work style reforms <ul style="list-style-type: none">Initiative for work style reforms –Smart Working Challenge–Review of the defined contribution (DC) limit amount and visualization of the retirement benefit planProvision of financial seminarsRaising the monetary incentives for the stock ownership plans and establishment of new monetary incentives for long-term holdingIntroducing a stock-based remuneration system and performance-based compensation system
	DE&I <ul style="list-style-type: none">Awareness raising for unconscious biasImproving training program of female candidates for managerial positionsStrengthening of initiatives toward female health issuesEstablishment and strengthening of systems to support males to take childcare leaveJob function development and recruitment activities toward promotion of employment of persons with disabilities
	Health management <ul style="list-style-type: none">Strengthening of a system for Group-wide health managementSubsidizing costs for health checkupsHolding health seminars and eventsEncouraging participation in secondary checkupsImplementation of health guidance and face-to-face guidance

Well-Being at the Iyogin Group

Better work, better life.

Output		Outcome	
Key result indicator (KPIs)	Fiscal 2024-end → Fiscal 2026-end	<div>Realizing five Well-Being</div> <div>Career</div> <div>Social</div> <div>Financial</div> <div>Physical</div> <div>Community</div>	Impact indicator
Investment amount of HR development (per employee training-related costs)	¥279,000 → ¥230,000 or more		Enhancing engagement of employees
Holders of advanced qualifications	609 → 750 or more		Employee engagement score
Of which, corporation/individual/ship/planning	493 → 600 or more		Fiscal 2023-end Fiscal 2024-end Fiscal 2026-end
Of which, market	88 → 100 or more		70 ↗ 71 ↗ 72
Of which, technology/planning (digital business)	28 → 50 or more		
Holders of Information Technology Passport	912 → 1,000 or more		
Number of employees dispatched for external training, etc.	152 → 150 or more		
Number of employees assigned through in-house recruitment system	7 → 30 or more		
Number of mid-career hires	30 → 40 or more		
Overtime work hours	4.9 hours → 5 hours or less		
Paid leave utilization rate	79.0% → 80% or more		
Utilization rate of corporation DC	87.9% → 80% or more		
Employee stock ownership participation rate	89.9% → 90% or more		
Percentage of females with managerial positions	19.1% → 23% or more		
Difference in average years of service of female and male employees	75.6% → 77% or more		
Acquisition rate of childcare leave of men	100.0% → 100% or more		
Employment rate of persons with disabilities	2.40% → 2.70% or more		
Physical indicator (obesity, blood pressure, blood lipid level, and blood sugar level)	34.9% → 33.5% or less		
Emotional indicator (stress checks)	81 → 75 or less		
Employment indicator (absenteeism)	1.6 days → 1.1 days or less		
Employment indicator (presenteeism)	22.0% → 15% or less		

HR		
Sales		

Improving productivity of employees		
Customer operating profit per employee		
Fiscal 2023-end	Fiscal 2024-end	Fiscal 2026-end
¥4.4 million	¥4.5 million	¥6.0 million

Human Capital Related

Basic Policy on Human Resource Development

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

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

Career

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

KPIs	Additional notes	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Investment amount of HR development	Per employee training-related costs*1	¥200,000	¥189,000	¥218,000	¥279,000	¥230,000 or more

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

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

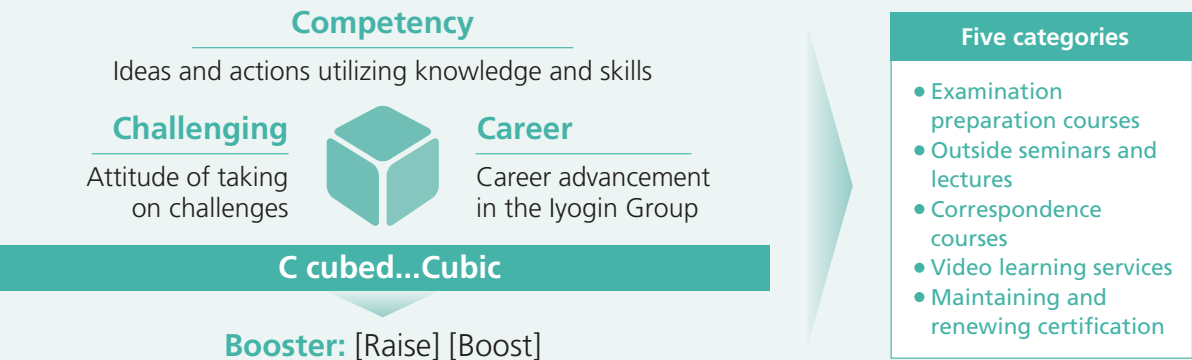
Base skills range from common sense, morals, and general manners to business skills and finance and IT literacy. They also include basic knowledge and skills about corporate and individual operations required for a wide range of employees. We expect each and every employee to identify and develop their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

KPIs	Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Holders of Information Technology Passport	540	674	778	912	1,000 or more
Number of employees dispatched for external training, etc.	98	112	142	152	150 or more

Items to be assessed	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2024 results	Fiscal 2026 targets
Number of participants in the Digital Business Basic Training	80	140	159	180 (cumulative since fiscal 2024)

Support of 100,000 yen per year for self-development toward “autonomous learning”

In April 2025, the Company introduced the “Cubic Booster Plan” to provide financial support for promoting autonomous self-development applicable to business operations.
Employees can select items from five categories of their choice, with support of up to 100,000 yen per employee per year.
By linking with the talent management system introduced in fiscal 2024, we plan to visualize the initiatives of employees.

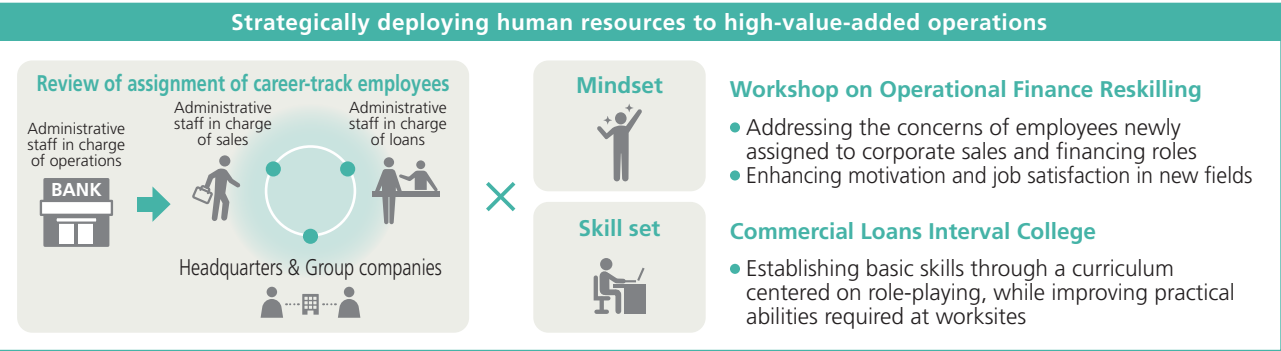


Utilizing Human Resources (Recruiting, Deployment, and Evaluation)

Career

We are advancing personnel reassignments, with a focus on enhancing sales consultant human resources, in order to build a human resource portfolio aligned with our business portfolio. This involves redeploying personnel from administrative roles and headquarters middle- and back-office positions. As part of these efforts, we began reviewing the placement of career-track employees in operational roles at IBK branches starting in August 2024.

<Enhancement plan for sales consultant human resources>

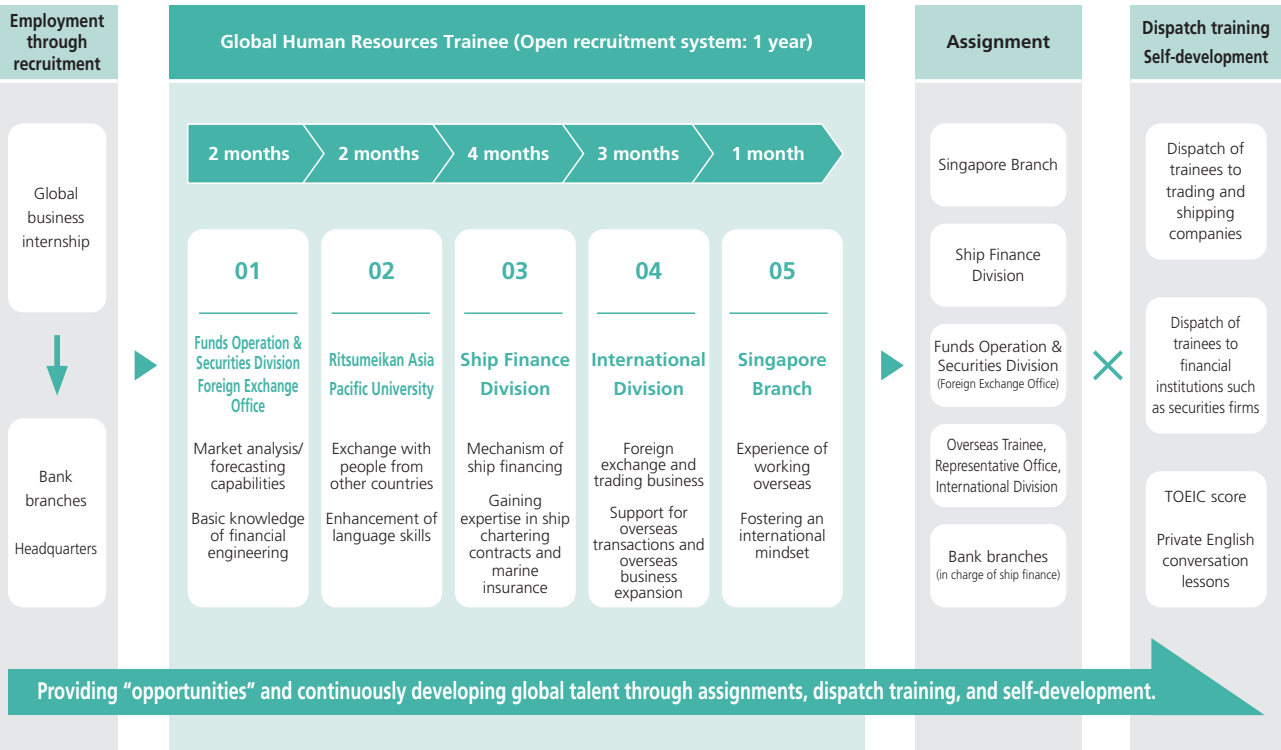


With this assignment review, we will foster an organizational culture in which all employees review their roles and proactively engage in autonomous career development. Accordingly, in addition to expanding the open recruitment system that allows applicants to apply for their desired divisions, the Company is reviewing the training system to support reskilling, thereby promoting skill development and enabling appropriate job assignments for motivated employees.

Global Human Resources Trainee

In February 2013, we began operating a one-year open recruitment program to develop global human resources. To strengthen our support system for internationalization, we aim to integrate specialized knowledge across the organization, leveraging not only previously focused international expertise but also their language skills, market insight, and solution capabilities in the shipping industry.

The program is open to the public. At present, a total of 27 trainees are active in their respective fields of specialization.



Human Capital Related

Basic Policy on Arranging the Internal Environment

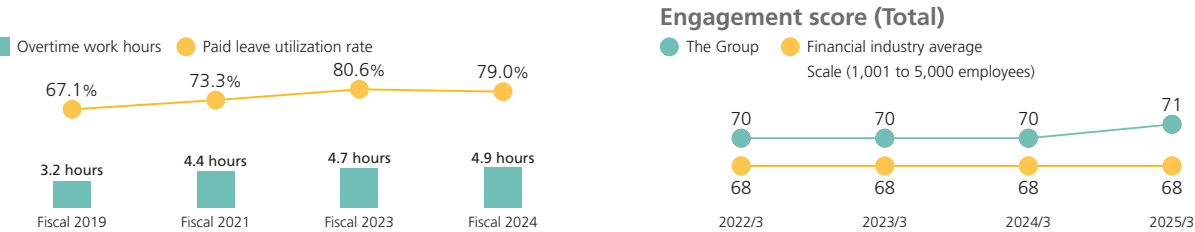
We are working to arrange the internal environment so that “diverse human resources with expertise” can work with a high level of engagement. Our initiatives center on “work style reforms,” “DE&I (diversity, equity and inclusion)” and “health management.”

Work style reforms

Community Physical Financial

Arranging a Workplace Environment Providing “Comfort” and “Job Satisfaction”

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



Realization of Financial Well-Being for Employees

The Group is strengthening efforts to support the Financial Well-Being of employees, who are the source of our value creation.

Revising bonus payment method

Introducing a performance-linked bonus system to increase employees' incentive to improve performance

Enhancement of employees stock ownership plan

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

Establishment of “Cubic Booster Plan”

A system to financially support the autonomous self-development of employees (maximum of 100,000 yen per year)

Introduction of the stock ownership RS

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

Base salary increase

Raising base salaries for the third consecutive year in response to social conditions such as rising prices

Revision of the DC system

- Revision of the matching contribution-type defined contribution (DC) plan to a salary selection-type plan
- Expansion of Life Plan Support Grants (from 27,500 yen to 32,000 yen)

DC utilization rate (investment trust allocation rate*)

Fiscal 2024-end: 87.9%

Fiscal 2026-end target: 80% or more

Fiscal 2023-end: 85.8%

Fiscal 2022-end: 77.4%

* The percentage of assets invested in investment trusts out of the total assets of the participants in the DC plan.

DE&I (Diversity, Equity, and Inclusion)

Career Social

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

Iyogin Group's Commitment to DE & I

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

Diversity

We will deepen our mutual understanding by recognizing the diverse range of individual characteristics, such as gender, age, nationality, presence or absence of disability, SOGIE, life course, health condition, work style, way of life, and way of thinking.

Equity

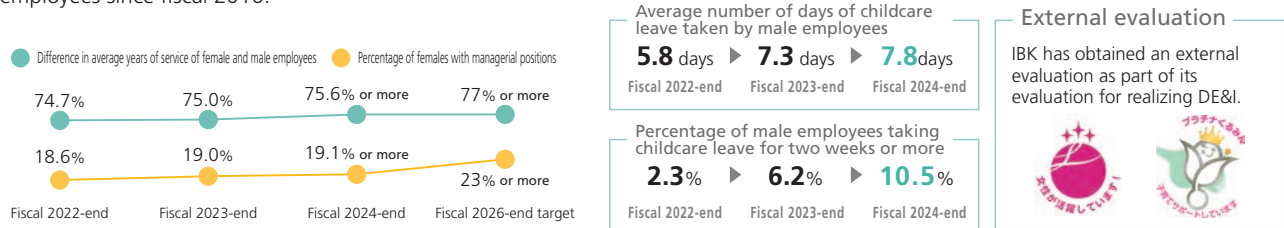
We will pursue equity so that each and every employee can have opportunities to take on challenges according to their individuality, and make full use of those opportunities.

Inclusion

We will create a workplace that provides a strong sense of emotional safety, where each and every employee can develop their unique strengths and play an active role.

Proactive Promotion of Gender Equality

With women accounting for more than half of the Group's employees, we are working to close the gender gap as part of our DE&I initiatives, while striving to create an environment where people from diverse backgrounds can fully demonstrate their abilities. To support employees in achieving a good work-life balance, we have enhanced our systems by introducing initiatives such as “Child-Care Leave at Birth,” which allows employees to work flexibly while on leave, and “Life Course Support Leave System,” which enables employees to take time off for diverse life events, including infertility treatment, gender reassignment surgery, or a spouse's job transfer. We also encourage male employees to take childcare leave and actively participate in childcare. At the “Premama and Prepapa Workshop,” attended by employees before and after childcare leave, we share the experiences of men who have taken childcare leave. Owing to these diverse initiatives, the childcare leave utilization rate has remained at 100% for both male and female employees since fiscal 2016.



Creating an environment where everyone can take on challenges

As part of initiatives to address women's health issues, the Company renamed its “Leave of Absence for Menstruation” to “Leave of Absence for Femcare” and expanded its coverage beyond menstruation days to include related symptoms such as premenstrual syndrome (PMS) and dysmenorrhea.

work with Pride
Gold 2024

Aiming to create a workplace environment where LGBTQ+ employees can work with peace of mind, we promoted educational activities and various systems, and obtained the highest rating of “Gold” in the PRIDE Index 2024.

Promoting Employment of Persons with Disabilities

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



Health management

Physical

健康経営優良法人
KENKO Investment for Health
ホワイト500

The corporate sustainable growth is supported by employees. With such recognition, we implemented the “Health Management Declaration” in 2015. We are working to maintain and improve employees' mental and physical health, increase employees' awareness of health, and proactively support their voluntary activities for health. We are taking both of a “population approach” and “high-risk approach” for health management. For the “population approach,” we lend out wearable terminals that all employees can borrow, provide a smartphone app that displays life-log rankings such as step counts and supports wellness events, subsidize costs for medical examination (95% up to 62,000 yen, 100% for those aged 40 and over), and arrange a workplace environment where employees can work comfortably. For the “high-risk approach,” we obligate employees at 40 years old or over to take medical examination, provide health guidance, etc. using the health management system. With such efforts, we are working to improve absenteeism and presenteeism. Through these efforts, IBK has been certified as one of the top enterprises in the “Certified Health & Productivity Management Outstanding Organizations Recognition Program 2025 (White 500).”

Items to be assessed		Fiscal 2021 results	Fiscal 2022 results	Fiscal 2023 results	Fiscal 2024 results
Improvement in lifestyle habits	Sleep	24.3%	23.6%	25.3%	27.8%
	Meals	16.9%	17.7%	18.6%	18.3%
	Regular exercise	75.3%	74.9%	74.5%	74.1%
	Drinking	3.1%	3.3%	3.3%	2.6%
	Health guidance implementation rate	95.0%	98.2%	97.4%	100%
	Specific health guidance implementation rate	35.2%	35.5%	52.6%	58.2%
	Rate of participation in walking events	17.5%	14.6%	12.1%	13.5%
Improving participation rates of various checkups	Participation rate of periodic health checkups	100%	100%	100%	100%
	Participation rate of medical examination	65.8%	70.0%	72.5%	72.3%
	Participation rate of detailed examinations	79.3%	78.4%	77.4%	71.4%
	Response rate of stress checks	94.7%	95.4%	95.7%	97.7%
	Ratio of high-stress individuals	5.1%	5.6%	5.5%	7.0%
	Response rate of wevox	65.1%	70.7%	69.3%	76.4%
	Ratio of wevox responses viewed by supervisors	49.2%	53.7%	59.5%	64.1%
Prevention of occupational accidents	Number of employees who worked overtime for more than 70 hours	18	23	28	42
	Health and face-to-face guidance implementation rate	100%	100%	100%	100%

Internal Communication

The Group places importance on internal communication and internal public relations to ensure that all officers and employees work toward the same goals.

Fostering an organizational culture that is full of integrity

The Group defines integrity as acting correctly in an autonomous way in accordance with social ethics, and recognizes it as an important concept complementing compliance. Through the pursuit of integrity by each and every officer and employee, we strive to develop human resources and organizations committed to both integrity and compliance.

In formulating the Fiscal 2024 Medium-Term Management Plan, we identified the “pursuit of integrity” as one of our materiality items. While emphasizing compliance with rules, we are working to cultivate an organizational culture in which officers and employees can think and act autonomously, and where those who take on new challenges in response to change are recognized and praised.

Amid changes in the external environment, the Group aims to become a “spiral-up” organization that generates a positive cycle, where officers and employees leverage their accumulated experience to solve internal and external issues and, in the process, acquire increasingly advanced skills. Through the pursuit of integrity by each and every officer and employee, we aim to achieve our long-term vision of “a corporate group that continues to create and provide new



value” and in turn, our Corporate Credo of “creating a bright and prosperous future for the region.”

The President’s message in the “Lyogin Group Culture Code,” which was revised in November 2024, explains the importance of pursuing integrity.

Roundtable meetings

We aim to foster mutual understanding among officers and employees, reduce the perceived distance from the management team, and cultivate an open corporate culture, by revitalizing internal communication. As part of these efforts, we hold roundtable meetings at IBK branch offices.

At these meetings, the President and other Directors of IBK visit branches and directly interact with front-line staff. During the fiscal year in which the Medium-Term Management Plan is formulated, Directors present a detailed explanation of the Plan’s background, the Company’s vision, and specific initiatives, while also addressing employees’ questions. The Medium-Term Management Plan serves as an important compass guiding the Group’s future growth. By thoroughly sharing the Plan’s content and fostering understanding, all officers and employees can work toward the same goals, helping to link the Plan directly to the Group’s growth.

In other fiscal years, Directors respond flexibly to questions from employees. These sessions provide employees with opportunities to freely ask questions of and share opinions with Directors they do not usually interact with—covering



Roundtable meetings at the Business Department of IBK Head Office

topics such as daily concerns and issues, future career plans, and matters related to the Group’s management. By tailoring the content to the needs of each branch, we have devised ways to make meetings more effective. Through two-way communication, we have narrowed the gap between the management team and the frontlines, fostering a more open and transparent organizational culture.

IVC (Lyogin Video Communication)

The Group operates more than 100 business sites. Recognizing the importance of timely information sharing among officers and employees precisely because of this geographic dispersion, the Group introduced its in-house news broadcast, IVC (Lyogin Video Communication), in 1984.

The then President (Todorii), who appeared on the first episode of IVC, said, “What is important is for all employees to share information of the same quality at all times, to have a common understanding of the policies and current status of the organization, the content of products and services, and future visions and targets, and to foster a close sense of cooperation and unity. On this foundation, we can build the dynamic power and spirit of the Bank.” This clearly shows the significance of introducing IVC and forms the basis of communication within the Group to the present.

The contents of IVC cover a wide range of topics, from information directly related to business operations, such as the introduction of good practices in sales, detailed explanations of new products, and changes in important administrative procedures, to information on management policies and



Studio at New South Building

industry trends. By distributing an IVC program weekly to Group companies, we share timely information with employees at each location, enabling them to provide customers with up-to-date information.

The Company also puts focus on video production and distribution, having established a dedicated in-house studio equipped with cameras, editing systems, and other facilities on par with those of a small television station. We have also installed state-of-the-art equipment in the New South Building, which was completed in 2025, enabling the production of higher-quality images.

IVC is not just a tool for conveying information, but also plays a role in revitalizing communication within the Company, promoting information sharing across the boundaries of positions and divisions, and leading to the creation of an open organization.

President’s Lounge

In August 2014, former President Mr. Otsuka launched the “Todorii’s Lounge” on the Company’s intranet to convey his “thoughts” and “messages” to all officers and employees. After he was succeeded by President Miyoshi, the lounge continued, and upon the transition to a holding company structure in October 2022, it was renamed the “President’s Lounge” and continues to this day.

The content and level of detail of the messages vary. They are distributed once or twice a month in a frank manner, conveying what the President wishes to share at the time—such as the Medium-Term Management Plan, recent economic trends, and books the President has recently read.

Employees can also provide comments on the distributed

content, and the President always responds, fostering an atmosphere where employees feel comfortable expressing their thoughts freely.

Topic excerpt

- Established the Direct Consulting Division and acquired “COPC® CX Standard Release 7.0”!
- On “pursuit of integrity”
- New form of addressing officers and employees (The use of “san” is recommended regardless of position.)
- Creating a workplace where employees can work with peace of mind
- “Loan-to-deposit ratio,” one of the indicators for strong regional banks

Internal events

The Group has improved quality and unified awareness across the entire Group by holding the “TQC Meeting,” an internal event that brings together almost all Group officers and employees, since 1985. Currently, the TQC Meeting is held once every three years. Recently, the 60th TQC Meeting was held in fiscal 2024, with approximately 2,200 participants. To deepen understanding of the region, a lecture on town development in Ozu City was given by the Representative Director of Kita Management, and a senryu contest was held with a regional theme. In addition, a performance by a professional comedian added to the excitement, making the event a valuable opportunity to strengthen camaraderie among officers and employees.

In addition, the “General Meeting of the Ex-Colleagues’ Association” is held once a year as a place for officers and employees to deepen their camaraderie with former

employees. By valuing the ties that we have developed over the years and promoting intergenerational exchanges, it has become a valuable opportunity to share our traditions and vision for the future.

In 2023, which marked the 145th anniversary of the Group’s founding, we held the Lyogin Group Festival under the slogan of “Connecting—Iyo (14) go (5) to the Future—” to foster a greater sense of unity within the Group. On the day of the festival, participants were divided into ten teams and competed against each other. The spirited performances and the loud cheers that filled the venue made the event highly exciting.

These events not only strengthened camaraderie among the Lyogin Group’s officers and employees but also significantly enhanced internal communication through information sharing and the exchange of ideas.

BPR/IT Related

Upgrade Strategy BPR Division: Create structure that supports business activities originating from materiality in cross-organizational manner by generating management resources through improvement of productivity of entire Group
IT Division: Work to develop and improve data utilization system and enhance IT governance, in addition to construction of safe, stable, and secure next-generation core system

Recognized environment

Since the Fiscal 2015 Medium-Term Management Plan, we have positioned the productivity improvement as a key issue, and worked to advance human resource development through aggressive digital adoption and reskilling and promote optimization of IT investments through enhancement of IT governance.
Taking into account the workforce shortage that is becoming apparent and the long-term trend of rising costs, we believe that it is necessary to address various issues in the future by, for example, refining collaboration among Group companies and sophisticating various BPR measures.

Strengths and opportunities

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

Weaknesses and threats

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

Ideal state

We are working to create structure that supports business activities originating from materiality in cross-organizational manner by generating management resources through improvement of productivity of entire Group, which will be achieved by further refining various BPR measures we have worked on so far and horizontally applying knowledge accumulated by IBK to the Group.
Moreover, we will continue working to develop and improve data utilization system and enhance IT governance, in addition to construction of safe, stable, and secure next-generation core system.

Items	Fiscal 2026 targets
Reduction in administrative workload [staff members in charge of operations] at IBK branches	-65% (as compared with fiscal 2017-end)
Reduction in administrative workload [staff members in charge of loans] at IBK branches	-30% (as compared with fiscal 2019-end)
Reduction in working hours at IBK headquarters/Group companies	-300 thousand hours (as compared with December 31, 2017)
CO ₂ emission reduction (Scope 1 and 2)*	-50% (as compared with fiscal 2013)

* Common targets with Channel Related

Priority items

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

Related materiality

Climate change and environmental burdens

Related strategies



Upgrade strategy

Efforts of the Entire Organization

IBK branches

IBK branches have worked to reduce the volume of administrative work based on the keywords of “digitalization/simplification of administrative work,” “cashless processing,” and “headquarters centralized.” By implementing efficiency measures through introducing a new bank branch system that allows immediate central processing of administrative tasks of branches at headquarters and adopting a team system, the volume of administrative work and the number of administrative staff members have been reduced by half over the past ten years (52% decrease in the volume of administrative work from March 2018). Aiming to transform branches from being “primarily centers of administrative work” to “hubs for problem-solving,” we will continue working to reduce clerical workloads by promoting the establishment of various BPR initiatives.

IBK headquarters/Group companies other than IBK

At IBK headquarters, in addition to BPR initiatives such as discontinuing certain operations and revising procedures, we are reducing workloads through business automation using RPA and the digitization of various workflows. As of the end of March 2025, we had reduced annual workloads by 220,000 hours. By the end of March 2027, the final year of the Medium-Term Management Plan, we aim to achieve a reduction of 300,000 hours per year—equivalent to the workload of approximately 150 employees. Currently, based on business inventories and visualization through workload surveys, we are advancing efforts toward business discontinuation and reviewing meeting operations. At the same time, we are promoting the horizontal sharing of BPR expertise across the Group, including the development of RPA and its applications in digital utilization and the consolidation of common operations. Through these initiatives, we continue to aim for improving productivity in the Group as a whole.

Developing and Improving a Data Utilization System

We are working to expand our analytical data, broaden the pool of data analysis personnel, and strengthen collaboration with digital channels such as apps and corporate portals. We are also working to enhance data utilization across the entire Group by promoting the use of the “CRM Group Dashboard,” which consolidates information on corporate clients of IBK and other Group companies, and by analyzing data to strengthen the Group’s overall sales capabilities.

IBK received a Special Prize (Regional Contributions) at the “FDUA Award 2025” in recognition of its leadership in the utilization of financial data for regional revitalization.

Utilizing New Technologies

We are promoting the use of generative AI as a new technology that drives productivity improvement. At IBK, a general-purpose generative AI has been introduced across all divisions at headquarters, with approximately 500 employees using it. In July 2025, we launched “AI LABO,” an internal community led by an ambassador responsible for promoting its use. Going forward, we will promote the further utilization of generative AI through the development of initiatives at Group companies.

At the same time, we have resumed strategic system development following the cancellation of the next-generation core system construction project. For example, we are considering the introduction of AI tailored to individual businesses, such as self-contained AI agents in the “AGENT app.” Through these initiatives, we aim to achieve sustainable productivity improvements and enhanced competitiveness.

Building the Next-generation Core System

Although the plans to build a new system were discontinued, the experience gained from promoting large-scale projects—such as reviewing the unnecessary operations as well as products and services seldom used by customers for the purpose of streamlining the core system and advancing BPR—contributed to enhancing the capabilities of officers and employees and to developing IT human resources. We will leverage the diverse knowledge gained through the projects and continue enhancing the core system while ensuring stable operations by renewing the current system.

“DX Strategy Division” is born!

Initiatives and Aims of the DX Strategy Division

Following changes to the core system construction project plan, the Company established the DX Strategy Division, positioning IT and digital strategies as a key pillar of its management strategy. Starting from the envisioned ideal state of the Group, the division’s mission is to transform business models through the use of digital technologies (DX).

The DX Strategy Division will leverage emerging technologies, including generative AI, to further enhance the Group’s value provision capability and productivity. At the same time, the division will advance system enhancements and infrastructure development to support these efforts, thereby driving the Group’s digital transformation from both offensive and defensive perspectives.



Jun Nitta
Executive Officer,
General Manager,
DX Strategy Division, IBK

Channel Related

Upgrade Strategy Optimizing customer touch points through the enhancement of “non-face-to-face channels” and the review of deployment and functions of “branches (face-to-face channels)”

Recognized environment

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

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

Strengths and opportunities

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

Weaknesses and threats

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

Ideal state

Under the Fiscal 2024 Medium-Term Management Plan, we will expand various digital services (non-face-to-face channels) including “AGENT,” which is a banking app themed “Iyo Bank on Your Palm,” and at the same time, promote review of deployment and functions of branches (face-to-face channels) based on local characteristics. By so doing, we will enhance and optimize the touch points to connect with our customers.

Items	Fiscal 2026 targets
Number of branches with changed functions or deployment	Cumulative number of 20 branches
Number of customers contacted*1	359 thousand persons (fiscal 2026-end)
CO ₂ emission reduction (Scope 1 and 2)*2	-50% (as compared with fiscal 2013)

*1 Number of persons contacted (1) through customers’ branch visits, (2) through our customer visits, (3) by phones, (4) via personal internet banking, (5) via AGENT app, etc. within three months
*2 Common targets with BPR/IT Related

Priority items

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

Related materiality

Climate change and environmental burdens

Related strategies

Upgrade strategy

Staffed (Face-to-face)

Since the launch of the Fiscal 2015 Medium-Term Management Plan, we have been restructuring our branch network in response to a declining population and a reduction in the number of offices in the areas where branches operate.

We will continue reviewing deployment and functions of branches as important touch points to connect with our customers according to local characteristics, such as shift of functions to “Iyogin SMART” which are branches without an accounting system in place and are open every other day, and “Iyogin SMARTplus” which are branches specialized in transactions with limited operations accepted.

In addition, when rebuilding branches, we will consider environmentally-friendly buildings and, while listening to the voices of the local community, promote the use of branch properties in ways that contribute to revitalizing the town and creating community liveliness.

The Fukuoka and Nagoya Branches have obtained “ZEB Ready” environmental certification.

Examples of environmentally-friendly branches/use of branch properties



Staffed (Non-face-to-face)

In April 2025, we established the “Direct Consulting Division” by integrating the front offices of non-face-to-face and face-to-face channels, and in May, we consolidated our operations at the New South Building of the new head office buildings. In the process, we were recognized for the accuracy and quality of the services we provide to our customers, as well as for the efficiency of our business operations. As a result, we became the first regional bank in Japan to receive certification under the “COPC® CX Standard Release 7.0,” an international quality assurance standard of contact centers implemented in more than 70 countries worldwide.

The Direct Consulting Division plans to progressively enhance its inbound functions, such as handling customer inquiries and consultations, as well as its outbound functions, which involve making proposals via telephone, chat, and online interview. The division also aims to further upgrade its systems across face-to-face, hybrid, and digital channels.

These initiatives are part of our efforts to establish a consulting system where Digital and Human are fused at an advanced level, as outlined in the Fiscal 2024 Medium-Term Management Plan. While maintaining globally high standards of quality, we will strive to expand customer touch points and deliver even greater value.



Digital

We are working to further improve convenience by continuously adding and improving functions to the “AGENT app” for individuals that provides functions for various banking procedures and “Iyogin Business Portal” for corporations.

In particular, the AGENT app added a foreign currency deposit transaction function in April 2025, enabling users to perform major banking procedures directly through the app. The number of functions will increase in the future. We aim to achieve a ratio of 50% or more* of procedures performed through the app to those performed over the counter. Furthermore, we will strive to provide services tailored to each customer, including receiving consultations through the video chat function.

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



Response to Climate Change: Initiatives for TCFD Recommendations

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

1 Governance

<Policy>

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

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



▲ Environmental Policy



▲ Management System

<Structure>

While being a risk to the Group, climate change that has significant impacts on local communities is considered as one of the important management issues that would create new business opportunities.

As it is necessary for the entire organization to proceed with considering the response to the TCFD recommendations, we have been investigating and discussing the way of corporate activities toward the realization of decarbonization in a cross-organizational manner, involving the management planning divisions, the risk management divisions, etc.

Matters to be discussed are submitted and reported to the Group Sustainability Committee chaired by the President. The Committee deliberates the status of responses to and information disclosures about environmental issues including climate change. We have also established the system in which important matters are appropriately reported to the Board of Directors, as necessary, and given its supervision appropriately.

2 Strategies

<Opportunities>

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

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

<Risks>

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

Transition Risks

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

Physical Risks

Assumed physical risks include an increase in our credit-related expense arising from a deterioration in customers’ business performances and damages on real-estate collateral with typhoons, floods, and other natural disasters. In addition, risks of being unable to continue business due to damages on our head office, branches, and other holdings, and increases in costs arising from countermeasures and restoration are assumed.

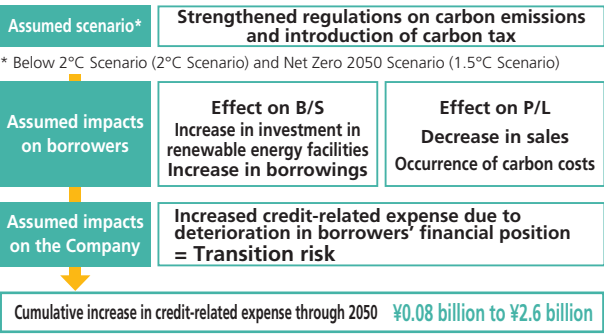
<Scenario Analysis>

Transition Risks

In relation to transition risks, for our business borrowers in the “electricity and gas” sector, we implemented the analysis about an increase in credit-related expense caused by financial impacts on each business borrower arising from the strengthened regulations on carbon emissions and the introduction of the carbon tax associated with the transition to the decarbonized society, under “2°C Scenario” and “1.5°C Scenario” announced by the NGFS.

In the “ocean transport” sector, we analyzed transition risks associated with a shift to ships designed with environmental initiative in mind. Analysis results indicate that the increase in equipment investment can be offset by charter fees and a higher value of ships, and that a shift to ships designed with environmental initiative in mind will have no adverse impact on the financial positions of ship owners. Our current recognition is that there will be no increase in credit-related expense for the sector.

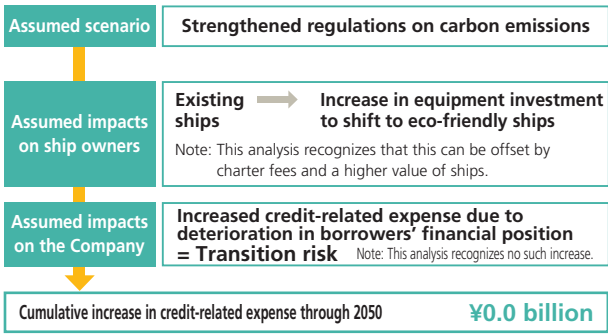
Transition risk analysis in the electricity and gas sector



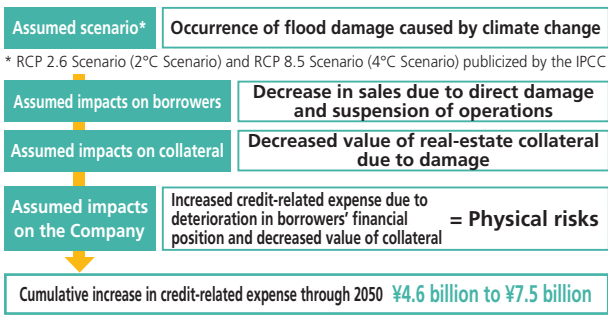
Physical Risks

In relation to physical risks, for our business borrowers, we implemented the scenario analysis about an increase in credit-related expense caused by occurrence of flood damage which resulted in financial impacts on business borrowers and damages on real-estate collateral due to occurrence of flood damage, under “2°C Scenario” and “4°C Scenario” announced by the Intergovernmental Panel on Climate Change (IPCC).

Transition risk analysis in the ocean transport sector



Physical risk analysis



<Carbon-related Assets>

The ratio of carbon-related assets* to loans and other assets mainly based on the recommended disclosures by the TCFD Recommendations was “47.6%” (as of the end of fiscal 2024). For your information, the ratio of the “energy” sector to loans, etc. was “3.7%” (as of the end of fiscal 2024).

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

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

TOPICS

Support for Customers’ J-Credit Creation

In December 2024, IBK and four other parties entered into an agreement to promote the creation of J-Credits. In February 2025, we launched the first project under this agreement, supporting AU Farm Co., Ltd. in creating J-Credits through the extension of mid-season drainage* in paddy rice cultivation. This credit creation enables the company to generate income from sources other than agricultural products.

The Group will continue to support credit creation and the development of carbon offsetting methods in the agricultural sector.

* Mid-season drainage refers to the practice of draining water from paddy fields during the cultivation period to control rice growth. Extending this drainage period beyond its typical duration helps reduce methane emissions.

Partnership agreement for promoting the use of J-Credit in the agricultural sector

The Iyo Bank, Ltd.
Ehime Prefecture
The Ehime Bank, Ltd.

Ehime Decarbonization Management Support Consortium

THEMIX Green, Inc.
Green Carbon, Inc.

Response to Climate Change: Initiatives for TCFD Recommendations

3 Risk Management

<Management system for risks of climate change>

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

<Policies on investments and loans for specified sectors>

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



▲ Policies on Investments and Loans

<Integration into business feasibility assessment>

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

4 Benchmark and Targets

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

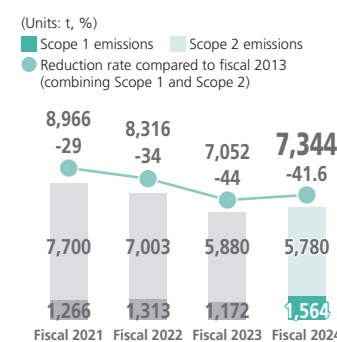
<CO₂ emission reduction targets and results>

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

Reducing the Group's CO₂ emissions to net zero by fiscal 2030

Results of emissions and reduction

		Fiscal 2013	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
IBK	Scope 1 (Direct emission)	—	1,266 t	1,313 t	1,172 t	1,178 t
	Scope 2 (Indirect emission)	—	7,700 t	7,003 t	5,880 t	5,754 t
Group companies other than IBK	Scope 1, 2	—	—	—	—	412 t
Total		12,592 t	8,966 t	8,316 t	7,052 t	7,344 t
Results of reduction (compared to fiscal 2013)		—	(28.8)%	(34.0)%	(44.0)%	(41.6)%
Results of reduction (compared to fiscal 2013) * IBK only		—	(28.8)%	(34.0)%	(44.0)%	(44.9)%



* From fiscal 2024, Group companies other than IBK have been included in the scope of calculation.

Calculation of Scope 3 (IBK)

Scope 3	Fiscal 2013	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Business travel (Category 6)	—	189 t	308 t	396 t	382 t
Employee commuting (Category 7)	—	1,319 t	1,296 t	1,282 t	1,289 t
Investments (Category 15)	—	—	—	15,078,286 t	15,522,215 t

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

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

* Formula (for the calculation of the total for each of our corporate business investees)
Investee's sales × Emissions coefficient by industry (set by the Ministry of the Environment) × Amount of investment to the investee / (Investee's total liabilities + Investee's total net assets)
For investees with net assets > capital, we calculated using (Investee's total liabilities + Investee's total net assets). For investees with net assets ≤ capital, we calculated using (Investee's total liabilities + Investee's total capital).

Roadmap to Decarbonization

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



▲ Roadmap

<Sustainable finance>

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

Subject period: fiscal 2021 to fiscal 2030

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

Examples of subject investments and loans

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

Cumulated transaction amount through the end of fiscal 2024: ¥753.1 billion (including ¥526.7 billion in the environmental area)

Major Initiatives in Fiscal 2024

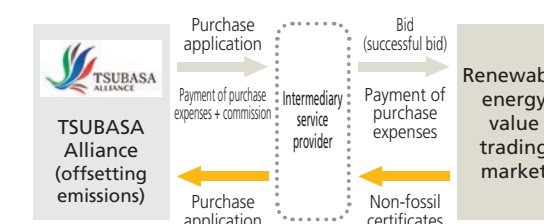
Purchase of non-fossil certificates by the TSUBASA Alliance

In March 2025, together with the banks participating in the TSUBASA Alliance*¹, we purchased a total of 500 kWh worth of FIT Non-Fossil Certificates*², representing environmental value generated in the operating areas of ten participating banks. This initiative aims to promote local generation and consumption of environmental value in each bank's operating area, stimulate the renewable energy value trading market, and encourage broader adoption of FIT Non-Fossil Certificates.

The purchased non-fossil certificates were used to offset CO₂ emissions from each bank. In total, approx. 2,100 tons of CO₂ emissions were offset—equivalent to the annual CO₂ emissions of around 5,000 ATMs.

*¹ A wide-area regional bank partnership framework consisting of ten banks: Chiba Bank, Daishi Hokuetsu Bank, Chugoku Bank, Iyo Bank, Toho Bank, North Pacific Bank, Musashino Bank, SHIGA BANK, Bank of the Ryukyus, and Gunma Bank.

*² These certificates certify the environmental value of electricity generated from non-fossil power sources under Japan's FIT scheme (a feed-in tariff scheme for renewable energy). Non-fossil power sources refer to renewable energy sources such as solar, wind, and biomass, which do not emit CO₂ during power generation. These certificates can be used to offset CO₂ emissions associated with electricity consumption.



Introduction of Carbon Offset Private Placement Bonds

To support our customers' efforts toward the realization of a decarbonized society, we began offering Carbon Offset Private Placement Bonds in August 2024. These bonds are structured to allocate a portion of issuance fees as subsidies to the issuing company. The subsidies may be used to purchase J-Credits or non-fossil certificates, or to engage consulting services that help visualize greenhouse gas emissions associated with decarbonization efforts. We underwrote the first issuance in the same month.

We will continue to support our customers' decarbonization efforts both financially and non-financially, while addressing "climate change and environmental burdens," one of our materiality items.

Contributing to Local Communities

Iyo Bank Evergreen Forest

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

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



Details of major activities
<ul style="list-style-type: none">Activities to foster forests by the Group’s officers, employees, and their families (volunteer)<ul style="list-style-type: none">Planting approx. 3,550 trees in total (contributing to approx. 105 t increase in carbon sink)Periodical weedingHolding forest schoolDonation to forest creation activities, etc. (¥1 million every fiscal year)Disseminating information on details of activities

Iyo Bank Environment Foundation “Evergreen” (public trust)

We partly subsidize activities by organizations and individuals that are engaged in environmental preservation activities in Ehime Prefecture. In commemoration of the 130th anniversary in business, we established the foundation in 2008, and have granted subsidies of approx. ¥77 million to 219 organizations and individuals in total.

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



Society for the Betterment of Bamboo Forests, a grantee in fiscal 2024

Society for Promoting Development of Community with Forest

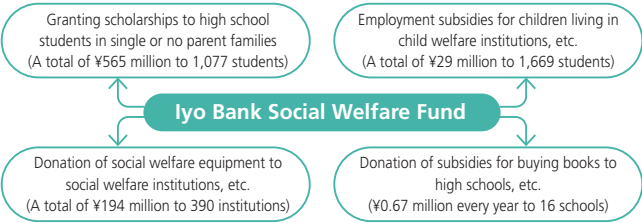
IBK is serving as a secretariat of this society which was inaugurated in August 2010. Aiming to create real forests all over a town, the society is conducting activities to green a community by planting trees. By the end of fiscal 2024, 99 companies and groups have joined the society, and approx. 56,000 trees in total have been planted. Also, in commemoration of the 10th anniversary, “Grow into a forest,” a picture book to teach children the importance of trees and forests, was produced in August 2020, and was distributed to children who participated in tree-planting activities.



Please scan the QR code to visit the website. ▶

Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)

Due to the declining birthrate, aging population and depopulation, the improvement of social welfare and the young human resource development for the next generation in local societies have become social issues. As a financial institution supporting the region, IBK, aiming at the realization of a sustainable society, established this fund in 1976, and has worked on activities such as granting scholarships to high school students, and donation of social welfare equipment to social welfare institutions for nearly 50 years.



Regional Cultural Activity Assistance Program

Ehime Prefecture has a distinctive traditional culture rooted in each area of Toyo, Chuyo, and Nanyo. This program was established in 1992 to provide subsidies to part of the activity expenses of associations which inherit “grassroots” cultural activities in these areas and thereby contribute to the inheritance of traditional culture specific to each area. In 2018, we started to provide special subsidies to organizations affected by the heavy rain in July 2018, and the total subsidies so far amounted to ¥266 million for 1,368 organizations.



Tennis Club/Women’s Softball Club

Our tennis club aims to become a champion in the Tennis Japan league, Japan’s top tennis league for competition among corporate teams. The team mainly consists of amateur players, unlike many professional teams in the league. To compete against them, club members are training as hard as professional players both in terms of quality and quantity and participating in many tournaments, including international ones. Our women’s softball club, Iyo Bank Vertz, belongs to JD. LEAGUE, the top league for women’s softball in the world, and seeks to advance to post-season. In addition to playing in the leagues, both clubs work to improve regional competitive abilities in sport by holding sports classes for children with major players who are active in domestic top leagues, and promote regional advancement and revitalization through sports by participating in a local event called “Matsuyama Baseball-Dance Festival” and various volunteer activities.



Financial Education Class

Since 2007, IBK has held “Financial Education Class” for the purpose of enabling children who will play important roles in the future of the region to gain correct financial knowledge. As of the end of fiscal 2024, a total of approx. 24,500 children has participated in the class. In recent years, with the implementation of new high school curriculum guidelines and lowering the age of adulthood, it is required to build up knowledge on financial instruments, financial troubles, and asset formation, etc. IBK is committed to financial education of junior-high and high school students, in addition to the conventional program mainly targeting elementary school children. In an effort to enhance its financial education programs, the Bank added content for junior-high and high school students to its website in June 2024. These programs are custom-built, ensuring that they can provide financial education tailored to the needs of participants. We have the capacity to offer wide-ranging programs, including a program on asset formation jointly developed with SAS and a program to prevent financial troubles build in collaboration with companies in other sectors.

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



Website of Iyogin Financial Education Class ▶



Special Dialogue

Former Cabinet Office Vice-Minister Hiroshi Tawa, who was appointed director and Audit and Supervisory Committee Member in June 2025, held a dialogue with Kazushige Yano, president and representative director of the Iyogin Regional Economy Research Center (IRC), in which they broadly discussed topics from the problem of population decline to issues facing the Group.

Leveraging insights gained from policy-making experience to provide solid, objective opinions from an external perspective

Investing in human resources is essential to survive amid a declining population

Yano: Most regional financial institutions must face the structural issue of a declining population. Mr. Tawa, you were involved in broadly planning and proposing economic policy in the Cabinet Office. What are your thoughts on this issue?

Tawa: First of all, in today's increasingly globalized world, I think a broader perspective needs to be adopted. Population decline is not limited to Ehime Prefecture; it is happening all over Japan. Japan's population is currently 125 million, but it is expected to drop below 80 million by 2080. Furthermore, population decline is not limited to Japan; it has spread to major manufacturing countries in East Asia, namely South Korea and China, and an increasing number of countries will directly face a similar issue.

At the same time, taking a broader look at the world, the population will continue to increase through 2080 and is projected to exceed 10.0 billion people. There are multiple countries where economic growth is expected to continue thanks to a so-called population bonus from an increasing population. Among them, countries in the Indo-Pacific region like India and Indonesia, along with the U.S., are important partners with deep ties geographically and economically.

Reversing population decline is a national challenge, but the problem lies in how to achieve it. We must transform existing systems and mindsets to ensure that our economy and society become more prosperous even amid population decline, thereby halting the decline itself.

Yano: It's a problem with a high degree of difficulty. Amid this situation, Ehime Prefecture is experiencing a dual population decline: a natural decrease due to a low birthrate and aging population, coupled with a social decrease due to net outmigration. In 2060, the population is expected to decline to 784,000 people, and the working age population is expected to be around half of that. To maintain the regional economy, it is extremely important to prevent a social decrease from young people leaving the prefecture.

Looking at a survey of 10,000 second-year high school students conducted in the four prefectures of Shikoku in 2024, among those wanting to attend college outside the prefecture, around 40% indicated that they wanted to return home in the future. What do you think should be done to

have young people return or have them remain in their hometowns?

Tawa: Decisions to leave or return to a region involve various factors, such as attending college, finding employment, and family circumstances. Convenience and comfort, and sometimes even chance encounters with people, also play a role. For young people to choose to return to their hometowns in the future or to remain there, they must make decisions based on these various factors and, at times, overcome them.

Three key factors can influence decision-making. The first is feeling a sense of connection between one's own mission and reason for being and the community. Business succession is a prime example, and the sense that one can contribute to the community provides encouragement. The second is enhancing education through forward-looking career guidance and reskilling. The third is securing places to work in the region and a good workplace environment. I believe flexible systems and mechanisms need to be considered that accommodate not only permanent residency but also dual-base living arrangements. Actually, I'm originally from Matsuyama City in Ehime Prefecture, but I spent a long time away from my hometown. When I was approached with the offer to be an outside director of the Company, I felt a renewed sense of connection with the community and accepted the role largely because I felt a sense of mission to contribute to my hometown in any way I could.

Yano: In any case, it can be said that the role companies need to play is significant. With numerous challenges piling up and prices rising, companies are now required to operate while implementing sustained wage increases. To achieve this, it is thought that appropriate price adjustments and increased productivity will be key challenges. What are your thoughts on this?

Tawa: To prevent the outflow of young people and also prevail in global competition, improving productivity is indeed essential. Companies must pursue diversity and quality tailored to customer needs, advance digitalization based on a global networked society, and create innovation. Price adjustments are also important, but this is an issue that is difficult to resolve through the efforts of a single company. It must be addressed in an integrated manner in conjunction with supply chain reforms by large corporate clients and business practice reforms by the government and economic organizations.

Kazushige Yano

President and Representative Director, Iyogin Regional Economy Research Center (IRC)

Hiroshi Tawa

Iyogin Holdings Director and Audit and Supervisory Committee Member (Outside)

Ultimately, I believe that the key to sustainable growth within individual company initiatives lies largely in the strength of their human resources.

Yano: Compared to overseas, Japanese companies have barely raised wages or invested in human resources during the deflationary era. It is necessary to reverse this trend.

Tawa: Japanese companies still have a tendency to view human resource development as a cost. We need to have them change their approach and think of this not as a cost but as an investment in the future.

In this era of rapid technological advancement, relying solely on in-house on-the-job training is simply insufficient for developing human resources. Acquiring new skills, particularly in the digital field, is essential, and reskilling continues to grow in importance. Reskilling isn't just a one-time event; it creates a virtuous cycle when employees receive compensation commensurate with their achievements and opportunities aligned with their skill advancement. Companies need to aim at building mechanisms where investment in human resources leads to both company growth and employee well-being.

A vision is essential for creating regional industries Mechanisms to achieve social implementation are also needed

Yano: Creating regional industries through cooperation between companies and local communities is also a challenge.

Tawa: For the community to unite and cooperate, it is crucial to focus not on short-term gains but on envisioning the community's ideal future with a long-term perspective. I believe it would be effective for local governments and business associations to take the lead in considering questions such as "How should we envision Ehime's future?" and "What kind of industries and lifestyles do we want to build?" and then communicate their vision. Furthermore, it will be necessary to build an environment that attracts interesting initiatives and human resources through collaboration among industry, academia, government, and local communities.

Yano: That's exactly right. At IRC, I teach a course called Local Industry Theory at Ehime University and Matsuyama University where I cover similar topics.

Local industries originally developed by leveraging the natural environment of their region, such as the climate and

geography. The region possessed unique strengths and appeal. However, amid the tide of modernization, as industrialization advanced and globalization accelerated, efficiency and standardization came to take precedence over regional distinctiveness.

What is being asked anew now is, I believe, "How do people living in the region want their city to be?" Local residents think for themselves and make their own choices. I feel we are transitioning into an era where local communities take the lead.

Tawa: It's important to approach the task seriously as something that concerns you personally. If you truly commit to the task, resources scattered throughout the region and beyond will inevitably come together. Even if it's just a little at a time, as we gradually transform into a charming region, synergies will emerge. I live in Tokyo, but sometimes unique research from Ehime University comes up in conversation here. I believe consistently sharing original information is also key.

However, not limited to Ehime, there is a reality in today's Japanese society where even when promising ideas exist, their implementation in society often fails to progress. Even with outstanding technologies or ideas, it is not uncommon for projects to stall during the productization or commercialization phase, allowing overseas competitors to gain the upper hand. To address this challenge, I believe it would be beneficial to have a place within the region where demonstrations and trials can be conducted. If an environment is established that makes it easy to take on challenges, I believe we can envision a future where local communities and industries are connected in a virtuous cycle. The success of creating regional industries hinges on how effectively the region's comprehensive strengths can be leveraged, including local human resources, collaboration among companies, funding, and infrastructure.

Awareness of both comprehensive strengths and specialization Playing the role of Audit and Supervisory Committee Member

Yano: You were appointed as an outside director in June 2025. Please share your thoughts on this new role.

Special Dialogue

Tawa: Finance is infrastructure that supports industry and exerts an influence across a broad range of fields. In this sense, I believe that enhancing the corporate value of a regional financial institution and enhancing the value of the region itself are one and the same. Drawing on the insights I have cultivated over many years working on the front lines of policy, I intend to offer my opinions firmly as an outsider.

Yano: What initiatives do you think are important for enhancing the corporate value of the Group? Please indicate the current challenges, including future expectations.

Tawa: The financial industry is in the midst of a period of dramatic change, and I believe it is necessary to enhance both comprehensive strengths and specialization. The role the Group must play in the region has become extremely significant. I mentioned the comprehensive strengths of the region earlier, but the Group itself needs to enhance its own comprehensive strengths so that corporate activities can be supported from multiple angles, not only fund provision but human resources, management, finance and accounting, and information security.

Regarding specialization, ship finance is a good example. There is great value in the expertise needed to build a stable customer foundation in the ship and shipbuilding industries, which are readily affected by market conditions. I think it is good that the Bank is closely involved in this local Ehime industry. The Group should further deepen its unique strengths and create new areas of specialization.

Yano: While we have established a holding company structure to enhance our comprehensive strengths, we are still at a stage where both our business domains and markets require significant expansion.

Tawa: Surprisingly, overcoming regionalism is also key to expanding local markets. Because having areas of expertise or specialization that competitors cannot easily replicate makes it easier to enter the market or form partnerships, regardless of regional characteristics.

Yano: What do you think of M&A, which has been called a strategy to buy time?

Tawa: I think it is effective in quickly enhancing comprehensive strengths. While there are risks and difficulties, such as the possibility of a hostile takeover, even accounting for these, I believe it remains an option worth considering



when weighed against expanding the business solely through internal means.

Yano: In any case, securing human resources is important. Do you think there is a more efficient way for the Group to capture the interest of students in Tokyo and other cities?

Tawa: Isn't it about diligently conducting activities to convey the appeal of the Group? Generally, jobs with easily understandable outputs tend to be more visible, while opportunities to learn about the role and importance of finance, which operates behind the scenes, are fewer. However, actually, diverse initiatives are conducted in support of regional industry, and there are many highly interesting jobs. By carefully conveying the appeal of the Group's work through seminars and other events, I believe the number of interested students will increase.

However, in that case, it might be best to bring forward the timing for establishing contact as much as possible. You should communicate the significance and appeal of the Group's work not only to university students but also to high school students when appropriate. I believe that this accumulation of efforts is important for raising the interest of students in urban areas.

Yano: How will you be involved in the Group's management as an Audit and Supervisory Committee Member?

Tawa: Free from organizational constraints, I will express my opinion on management policy and strategy with a focus on enhancing corporate value over the medium to long term. To fulfill one's duties as an Audit and Supervisory Committee Member, it is essential to have a sound relationship of trust with management. I intend to value communication while maintaining a moderate level of tension.

In particular, over the next five to ten years, the environment surrounding financial institutions will change significantly. Amid this, I am keenly focused on how to foster an environment where management can appropriately take risks and enhance corporate value through improvements to capital costs.

The Group is sustained by the support of many stakeholders, and it must live up to their trust. I will strive to ensure that stakeholders feel that supporting Iyo Bank was the right choice.

Yano: Thank you. I feel heartened by the fact that together we will strive for the sustained development of the regional economy and industry and to enhance the Group's corporate value. Thank you in advance for your efforts.



Strong Management Foundation (Governance)

Basic Concept

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

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

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

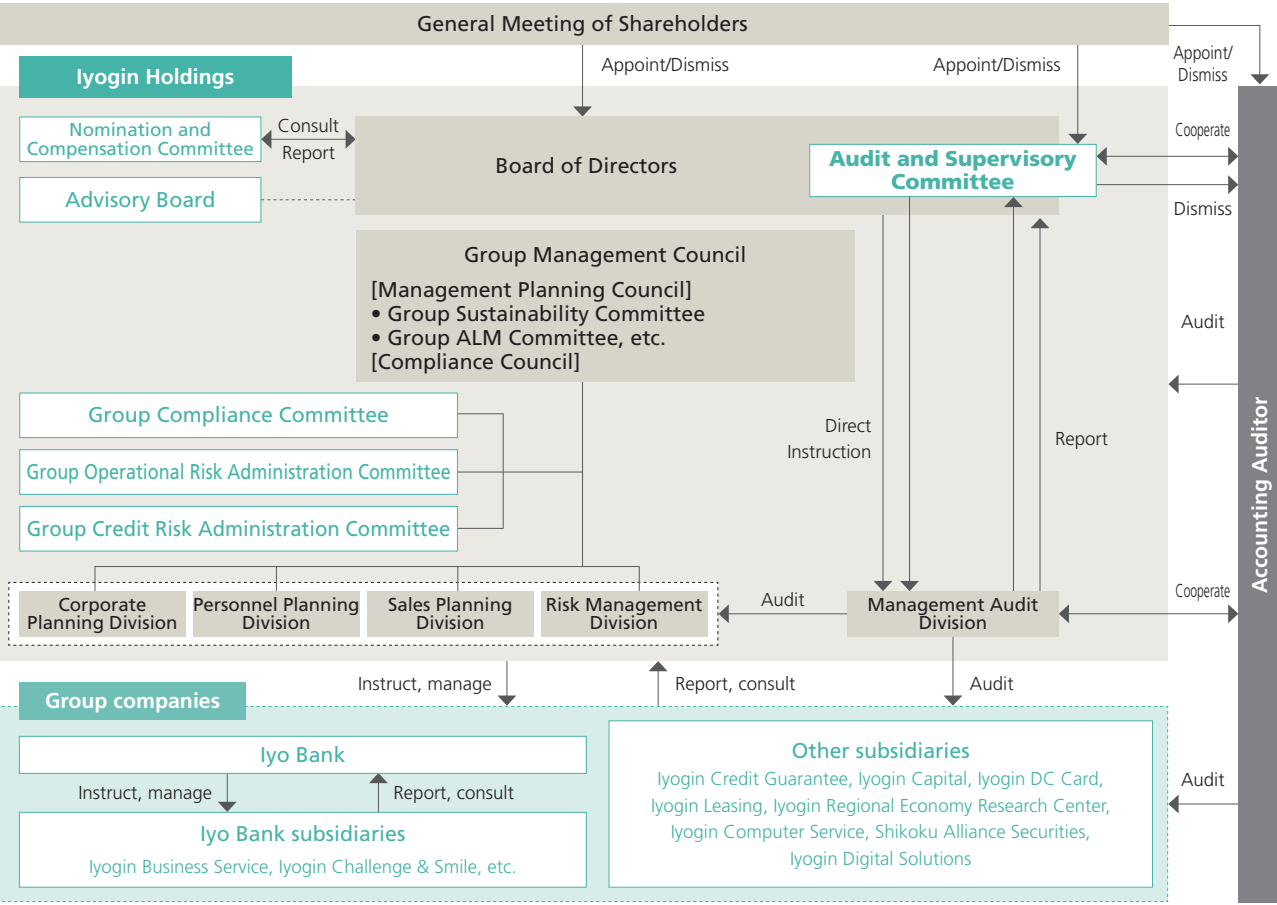
"Meaning of Existence"
Creating a bright and prosperous future for the region
"Management Stance"
Offering the best service and being worthy of people's trust
"Code of Conduct"
Rendering our best service with gratitude in our hearts

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

Corporate Governance Structure

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

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

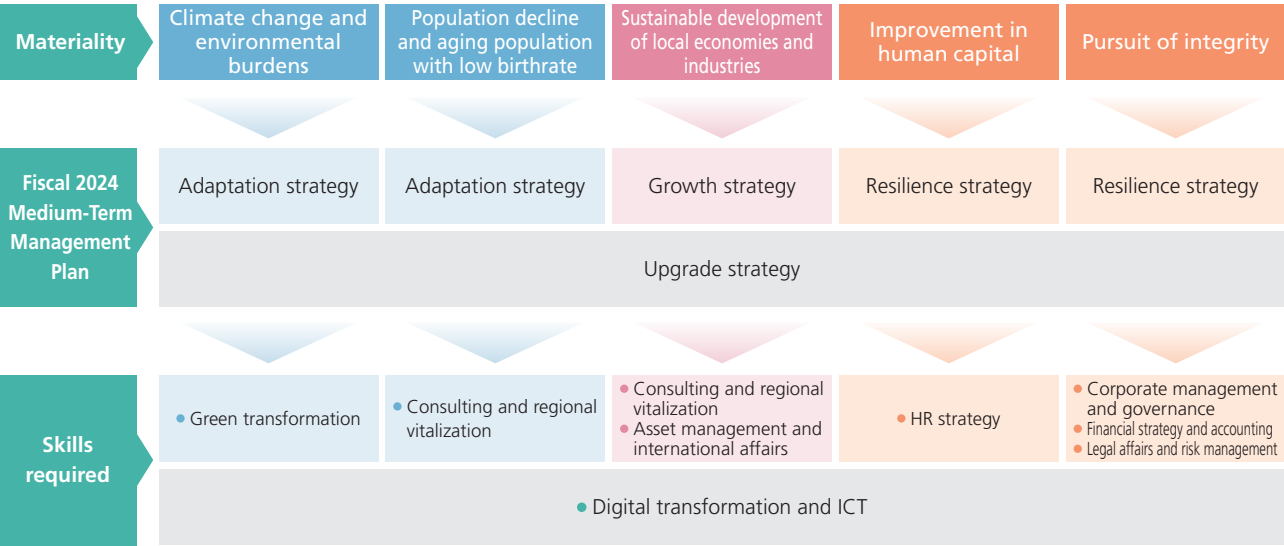


Strong Management Foundation (Governance)

Board of Directors

Approach to Skill Selection

Guided by the Group Corporate Credo, which defines “Creating a bright and prosperous future for the region” as its Meaning of Existence, and in order to realize our long-term vision of “A corporate group that continues to create and provide new value,” the Company has formulated the Fiscal 2024 Medium-Term Management Plan, which was developed based on five materiality items. As the skills that the Board of Directors should possess, the Company has selected eight skills required to execute the strategies set forth in the Fiscal 2024 Medium-Term Management Plan: “Corporate management and governance,” “Consulting and regional vitalization,” “HR strategy,” “Legal affairs and risk management,” “Financial strategy and accounting,” “Green transformation,” “Asset management and international affairs,” and “Digital transformation and ICT.”



Details of Skills and Reasons for Selection

Skills	Details of skills and reasons for selection
Corporate management and governance	In order to realize the long-term vision, “a corporate group that continues to create and provide new value,” the Company needs to possess knowledge and experience of management and organizational management and to formulate and execute business strategies responsive to the management environment, under strong governance.
Consulting and regional vitalization	In order to support growth and development of local communities and customers, the Company needs to possess knowledge and experience of comprehensive services of cutting-edge quality, in addition to knowledge and experience of local industries including the maritime industry, and needs to be capable of providing consulting services optimal for local communities and customers.
HR strategy	In order to elevate the DHD model and increase its earning power, the Company needs to possess knowledge and experience of human capital management and allow diverse human resources with expertise to fully demonstrate their capabilities by implementing structural reforms of “Sales x Human Resources.”
Legal affairs and risk management	In order to take appropriate risks to increase corporate value, the Company needs to possess knowledge and experience of dealing with various risks and be capable of properly managing risks.
Financial strategy and accounting	In order to maximize the economic impact on the Group to increase corporate value, the Company needs to possess knowledge and experience of finance and accounting and implement appropriate capital management and well-balanced cost control.
Green transformation	In order to contribute to preserving the rich global environment and natural capital, the Company needs to possess knowledge and experience of the environmental area and work on the Group’s decarbonization efforts while being capable of supporting customers’ climate action and decarbonization management.
Asset management and international affairs	In order to continue to secure stable profits to increase corporate value, the Company needs to possess knowledge and experience of managing securities and dealing with international affairs and be capable of making appropriate decisions in asset management.
Digital transformation and ICT	In order to elevate the DHD model and increase its <i>earning power</i> , the Company needs to possess knowledge and experience of digital technologies and to improve channels and upgrade infrastructures.

Composition of the Board of Directors and Skills Matrix

Regarding the skills that the Board of Directors should possess, the Company has formulated a “Skills Matrix,” listing the main skills of each Director, as shown in the table below. The Company believes that the Board of Directors as a whole possesses the necessary skills.

		Corporate management and governance	Consulting and regional vitalization	HR strategy	Legal affairs and risk management	Financial strategy and accounting	Green transformation	Asset management and international affairs	Digital transformation and ICT
Kenji Miyoshi	President	●	●	●	●	●	●	●	●
Hiroshi Nagata	Director and Senior Managing Executive Officer	●	●	●	●	●	●	●	●
Hirohisa Senba	Director and Managing Executive Officer	●	●		●			●	●
Masamichi Ito	Director (Audit and Supervisory Committee Member)	●	●		●				
Keiji Joko	Director (Audit and Supervisory Committee Member) (Outside/Independent)	●	●	●	●				
Yoriko Noma	Director (Audit and Supervisory Committee Member) (Outside/Independent)	●			●				
Hiroshi Tawa	Director (Audit and Supervisory Committee Member) (Outside/Independent)	●	●	●	●		●		●

* The above matrix is not an exhaustive list of the knowledge and experience possessed by each Director.
* In relation to concurrent positions at other companies of Directors (including Director serving as Audit and Supervisory Committee Member), the policy is to make Directors avoid concurrently serving as an officer at other listed company as much as possible so that they can appropriately fulfill their responsibilities and roles. Concurrent positions that they serve as an officer at other listed companies are as follows.
- Yoriko Noma (Director (Audit and Supervisory Committee Member)): Audit & Supervisory Board Member (Outside), AJIS Co., Ltd.; Director (Audit & Supervisory Board Member) (Outside), AXIS Consulting Corporation; Director (Outside), Shochiku Co., Ltd.
- Hiroshi Tawa (Director (Audit and Supervisory Committee Member)): Counselor, The Japan Research Institute, Limited

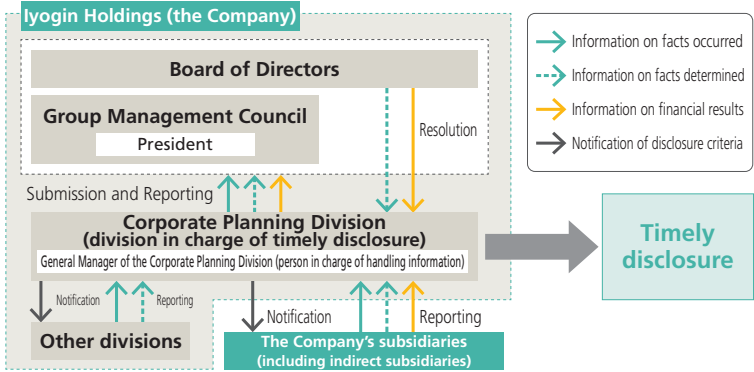
Major agendas, matters discussed, etc. of the Board of Directors in fiscal 2024	
● Formulation of the Human Rights Policy	● Review of the Group Chief Officer System
● Formulation and disclosure of capital policies	● Discussion on enhancement of corporate value
● Dividend policy for fiscal 2024	● Examination of capital policies of Group companies
● Response to the Corporate Governance Code	● Revision of the shareholder benefit program

Timely Disclosure Structure

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

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

Outline of Timely Disclosure Structure (Chart)



Strong Management Foundation (Governance)

Management and Supervisory Functions

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four members: one full-time member and three Outside Directors. Those who have abundant knowledge and experience are selected as candidates for Directors serving as Audit and Supervisory Committee Members from various areas, such as corporate management, regional vitalization, HR strategy, risk management, green transformation, digital transformation, and academic knowledge, in a well-balanced manner.

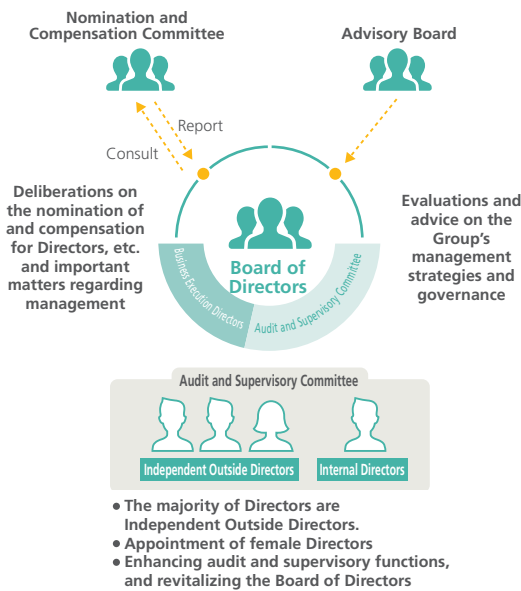
In accordance with the law, Articles of Incorporation, and Audit and Supervisory Committee Regulations, the Audit and Supervisory Committee provides a supervisory function together with the Board of Directors and the President. The Committee also verifies the status of establishment and implementation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

Nomination and Compensation Committee

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

Advisory Board

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



Reasons for Appointment of Outside Directors

List of Outside Directors

Outside Directors	Significant concurrent positions	Reasons for appointment
Keiji Joko	—	Mr. Keiji Joko held important positions in the area of public administration including the Deputy Governor of Ehime prefecture, and has a wealth of experience and high-level insight on organizational operation and local public administration. For the reason above, the Company has appointed him as an Outside Director in the expectation that his appropriate supervision and advice primarily in the view of a stronger governance structure and regional development will contribute to the improvement of corporate value of the Group over the medium to long term.
Yoriko Noma	Partner, Miyakezaka Sogo Law Offices Audit & Supervisory Board Member (Outside), AJIS Co., Ltd. Director (Audit & Supervisory Board Member) (Outside), AXIS Consulting Corporation Director (Outside), Shochiku Co; Ltd.	Ms. Yoriko Noma has a wealth of experience, high-level insight, and advanced expertise on corporate legal affairs as an attorney. For the reason above, the Company has appointed her as an Outside Director in the expectation that her appropriate supervision and advice primarily in the view of legal compliance and diversity promotion will contribute to the improvement of corporate value of the Group over the medium to long term.
Hiroshi Tawa	Counselor, The Japan Research Institute, Limited	Mr. Hiroshi Tawa held important positions in the Cabinet Office including Vice-Minister, and has a wealth of experience and high-level insight in organizational management and overall finance. The Company has selected him as a candidate for Outside Director in the expectation that his appropriate supervision and advice particularly from the perspective of a stronger governance structure and financial sophistication will contribute to the improvement of corporate value of the Group over the medium to long term.

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

* For the standards of independence provided for by the Company, please see "Reference Documents for the General Meeting of Shareholders" of NOTICE OF CONVOCATION OF THE 3RD ANNUAL GENERAL MEETING OF SHAREHOLDERS on our website.
<https://www.iyogin-hd.co.jp/english/>

Evaluation of the Board of Directors

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

In relation to the evaluation of the Board of Directors in fiscal 2024, an anonymous survey on composition and operation of the Board of Directors, support systems for Directors, etc. was conducted for all Directors, with the assistance of external institutions. A survey was also conducted for members of the Nomination and Compensation Committee to evaluate whether the discussions held within the Committee were aligned with its strategies and constructive.

The survey results were reported to the Board of Directors meeting held in April 2025 for analysis and evaluation. As an overall evaluation, we have confirmed that the Board of Directors functions well in general. Efforts have been made to improve areas pointed out in the previous evaluation of the Board of Directors, such as discussions in view of human capital management and the revitalization of discussions at Board of Directors meetings, by expanding the matters for deliberation and conducting discussions aimed at enhancing corporate value. However, we recognize the need for further improvement in the composition of the Board of Directors, specifically in the selection of candidates, where greater emphasis on diversity is needed.

We have also confirmed that the Nomination and Compensation Committee functions well in general.

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

Compensation System for Officers

Segment	Number of recipients	Amount of compensation, etc.	Total amount of compensation, etc. by type		
			Fixed compensation (Base pay)	Variable compensation (Performance-based compensation, etc.)	Non-monetary compensation (Non-monetary compensation, etc.)
Directors (excluding Directors serving as Audit and Supervisory Committee Members)	5 persons	146	86	15	45
Directors (Audit and Supervisory Committee Members)	6 persons	45	45	—	—

(Note) The above covers the 3rd Fiscal Year (from April 2024 to March 2025). The number of recipients and the amount of compensation, etc. include one Director (not serving as Audit and Supervisory Committee Member) and two Directors serving as Audit and Supervisory Committee Members who retired at the Annual General Meeting of Shareholders held on June 27, 2024. In addition, one Director serving as Audit and Supervisory Committee Member who resigned on November 30, 2024, is included.

Compensation for Directors consists of monetary compensation, which is comprised of fixed compensation and variable compensation, and non-monetary compensation to enhance the linkage between compensation and the Group's performance and shareholder profit. In determining compensation for individual Directors, our basic policy is to maintain the appropriate levels, considering the responsibilities of each position, etc.

We have set an appropriate ratio of compensation by type in a way that compensation works as a sound incentive toward sharing value with shareholders and achieving sustainable growth while ensuring the linkage with performance so as to encourage individual Directors to help increase performance. To ensure the objectivity and transparency of compensation for Directors, the Representative Director and President prepares a written proposal for compensation for individual Directors within the amount not exceeding the annual maximum amount of compensation and the maximum number of points, which are resolved at a General Meeting of Shareholders. The Nomination and Compensation Committee then deliberates the proposal and submits a report, and the Board of Directors resolves the compensation with due regard to the report of the Nomination and Compensation Committee.

* Excluding Directors serving as Audit and Supervisory Committee Members

Internal Audit Structure

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

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

Risk Management

Basic Concept

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

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

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

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

Comprehensive Risk Management Structure

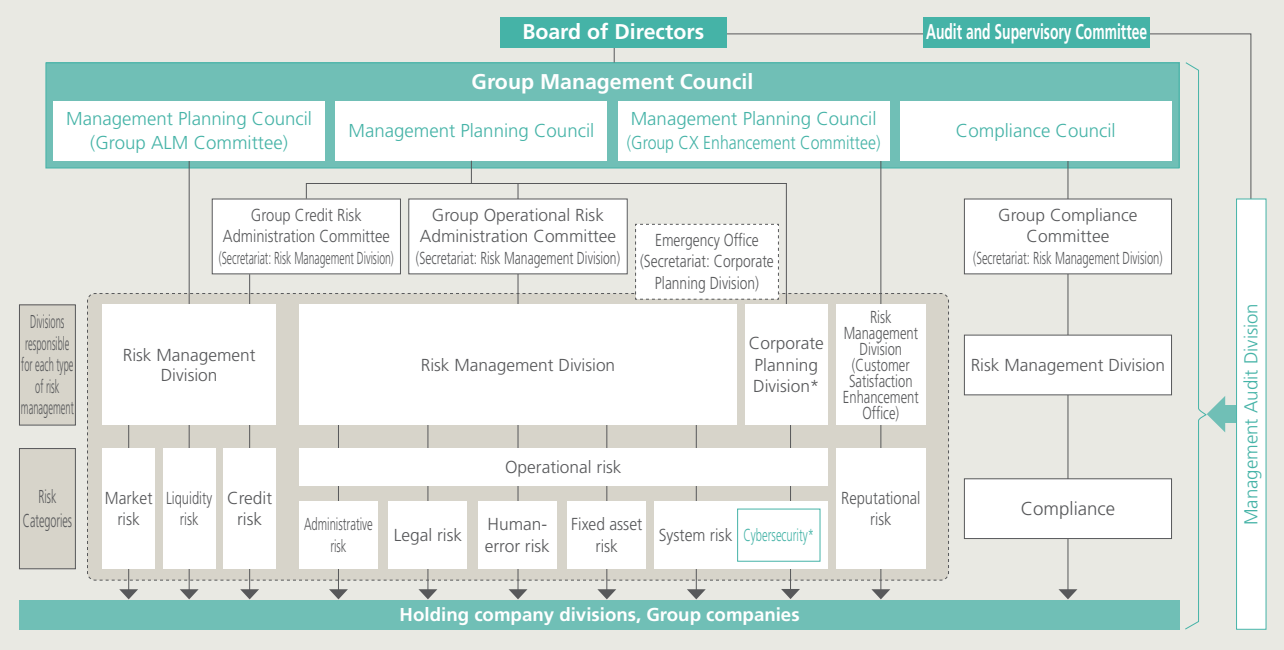
The Group's risk management framework has the following four main pillars: 1. legal observance under the Group Compliance Committee; 2. managing revenue-generating risk assets under the Group ALM Committee; 3. risk management that focuses on curbing credit risk by the Group Credit Risk Administration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

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

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

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

Risk Management Framework



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

Risk Category

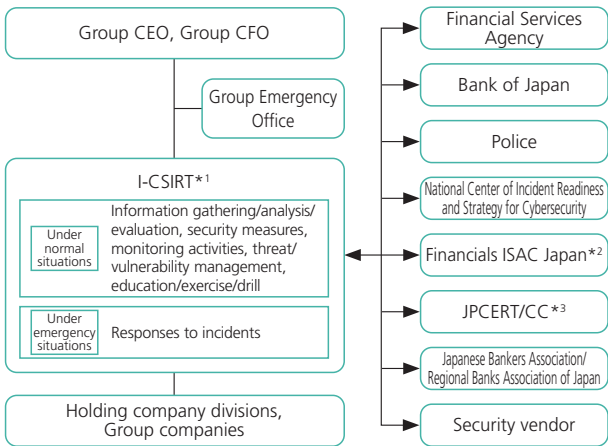
Market risk	In order to properly manage market risk and maintain the Group's soundness and profitability, the Group has conducted integrated management of market risk under a risk management structure centering on the Group ALM Committee. The Group ALM Committee also coordinates basic policies on investment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

Cybersecurity Management Structure

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

To strengthen the cybersecurity management structure led by the I-CSIRT, we formulate a semi-annual I-CSIRT activity plan and work to enhance our cybersecurity. We also review and assess our measures and systems against multiple guidelines and frameworks, including the cybersecurity guidelines for the financial sector.

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



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

Business Continuity Structure

The Group has established a business continuity policy in preparation for the occurrence of emergency situations which may threaten our business continuity. These include natural disasters, such as the Nankai Trough Earthquake, which is expected to occur with high probability within the next 30 years, as well as system failures, the spread of infectious diseases, and man-made disasters. Based on this policy, we have formulated a business continuity plan.

Also, to improve effectiveness of the business continuity plan, the Group CFO is assigned as a Group supervisor and an officer in charge of the management planning division of each company as a supervisor. Under their instructions and supervision, business continuity management activities are conducted including development and continuous improvement of the business continuity structure from an operational resilience perspective, drills to enhance the plan's effectiveness, and education and training to promote awareness of the plan.

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


Compliance Structure

The Compliance Council (Group Management Council) chaired by the President has been established, and progress in the Group compliance program and other compliance-related matters are reported.

The diagram illustrates the Governance Framework. At the top is the **Board of Directors**, which contains the **Compliance Council (Group Management Council)** and the **Group Compliance Committee**. Below this is the **Risk Management Division**. The **Audit and Supervisory Committee** is positioned to the right. Arrows indicate the following relationships:

- Reporting** from the Risk Management Division to the Board of Directors.
- Directs** from the Board of Directors to the Risk Management Division.
- Reporting** from the Risk Management Division to the Audit and Supervisory Committee.
- Directs** from the Audit and Supervisory Committee to the Risk Management Division.
- Recommends** from the Audit and Supervisory Committee to the Compliance Council.

Various contacts have been set taking into account the convenience of whistle-blowers, for example, a contact for reports and consultations set in the Risk Management Division, a hotline for whistle-blowing set at the Audit and Supervisory Committee, and corporate lawyers and other lawyers as external contacts for consultation.



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graph LR; WB[Whistle-blowers] -- "Whistle-blowing/Feedback" --> RMD[Risk Management Division  
(Contact for reports and consultations)]; WB -- "Whistle-blowing/Feedback" --> ASC[Audit and Supervisory Committee  
(Whistle-blowing hotline)]; WB -- "Whistle-blowing/Feedback" --> CL[Corporate lawyers and other lawyers  
(External contact for consultation)]; RMD -- "Information Sharing*" --> ICD[Investigation/Correction Division  
Conduct investigations and take corrective measures in cooperation with the Risk Management Division]; ASC -- "Information Sharing*" --> ICD; CL -- "Information Sharing*" --> ICD; style ICD fill:#d9f2f2
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The flowchart illustrates the process for handling whistle-blower reports. It begins with 'Whistle-blowers' on the left, who can provide 'Whistle-blowing/Feedback' to three entities: the 'Risk Management Division (Contact for reports and consultations)', the 'Audit and Supervisory Committee (Whistle-blowing hotline)', and 'Corporate lawyers and other lawyers (External contact for consultation)'. These entities then engage in 'Information Sharing*' with the 'Investigation/Correction Division' on the right. The Investigation/Correction Division is responsible for conducting investigations and taking corrective measures in cooperation with the Risk Management Division. A note specifies that information sharing is limited to the scope to which the whistle-blower agrees.

Whistle-blowers

Whistle-blowing/Feedback

Risk Management Division
(Contact for reports and consultations)

Audit and Supervisory Committee
(Whistle-blowing hotline)

Corporate lawyers and other lawyers
(External contact for consultation)

Information Sharing*

* Information sharing is limited to the scope to which the whistle-blower agrees.

Investigation/Correction Division
Conduct investigations and take corrective measures in cooperation with the Risk Management Division

To provide better services to our customers efficiently, the Group outsources certain operations to external service providers. Last year, one of our business partners experienced an unauthorized access incident that resulted in the leakage of IBK customer information. We take this matter seriously and are implementing measures to strengthen our outsourcing management system.

Countermeasures against Money Laundering, Terrorism Funding, Proliferation Financing, and Other Violations of Sanctions

Establishment of Centralized Control Structure

Transaction Filtering/Monitoring

Customer Due Diligence

Measures for Overseas Loans

The diagram illustrates the Anti-Money Laundering (AML) Management Framework, organized into three main sections: Management, 2nd line, and 1st line.

Management (Lyogin Holdings, Inc.):

- Board of Directors:** Oversees the **Audit and Supervisory Committee**.
- Group Management Council (Compliance Council):** Reports to the Board of Directors and provides instructions/directions to the Group Compliance Committee.
- Group Compliance Committee:** Reports to the Group Management Council and provides instructions/directions to the Risk Management Division Supervisors.
- Risk Management Division Supervisors (responsible officers):** Report to the Group Compliance Committee and receive audit from the Management Audit Division.

The Iyo Bank, Ltd. (2nd line):

- Board of Directors:** Oversees the **Audit and Supervisory Committee**.
- Management Council (Management Planning Council):** Reports to the Board of Directors and provides instructions/directions to the Compliance Committee.
- Compliance Committee:** Reports to the Management Council and provides instructions/directions to the Compliance Division.
- Supervisors (responsible officers):** Report to the Compliance Committee.
- Compliance Division:** Reports to the Supervisors and provides instructions/directions to the 1st line. It also receives verification/audit from the 3rd line Internal Audit Division.

1st line (The Iyo Bank, Ltd.):

- Operations Management Division, International Division, and other related divisions:** Report to the Compliance Division and receive monitoring/warning. They also handle administrative operations related to anti-money laundering.
- Sales Division:** Reports to the Operations Management Division and receives directions on administrative operations. It implements measures for anti-money laundering in operations facing customers.

3rd line (Internal Audit Division): Provides verification/audit to the Compliance Division.

Board of Directors and Executive Officers

Directors



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

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



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

April 1987 Joined the Iyo Bank
June 2017 Executive Officer, General Manager, the General Planning Division;
General Manager, the Subsidiaries & Affiliates Department, the
General Planning Division, the Bank
June 2019 Managing Executive Officer, General Manager, the General Planning
Division; General Manager, the Subsidiaries & Affiliates Department,
the General Planning Division, the Bank
June 2021 Managing Director, the Bank
June 2022 Senior Managing Director (Representative Director), the Bank
October 2022 Director and Senior Managing Executive Officer (Representative
Director), the Company (current position)
June 2025 Deputy President (Representative Director), the Iyo Bank (current
position)



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

April 1988 Joined the Iyo Bank
June 2019 Executive Officer, General Manager, the Tokyo Branch; General
Manager, the Financial Market Business Office, the Bank
June 2020 Managing Executive Officer, General Manager, the Tokyo Branch;
General Manager, the Financial Market Business Office, the Bank
June 2021 Managing Director, General Manager, the Branch Banking Group,
the Bank
June 2022 Managing Director, General Manager, the Corporate Banking
Group, the Bank
October 2022 Managing Executive Officer, the Company
June 2023 Managing Director, the Iyo Bank
June 2024 Director and Managing Executive Officer, the Company (current
position)
June 2025 Senior Managing Director, the Iyo Bank (current position)

Directors Serving as Audit and Supervisory Committee Members



Masamichi Ito
Director (Audit and Supervisory
Committee Member)

April 1985 Joined the Iyo Bank
June 2017 Executive Officer, General Manager, the Hiroshima Branch, the Bank
June 2019 Managing Executive Officer, General Manager, the Ship Finance
Division, the Bank
June 2021 Managing Director, the Bank
October 2022 Managing Executive Officer, the Company
June 2023 Director and Managing Executive Officer, the Company
June 2024 Director (Audit and Supervisory Committee Member), the Company
(current position)



Outside
Keiji Joko
Director (Audit and Supervisory
Committee Member)

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



Outside
Yoriko Noma
Director (Audit and Supervisory
Committee Member)

April 1986 Registered as attorney-at-law
April 1986 Joined Hayakawa Sogo Law Offices (currently TOKYO-HIRAKAWA Patent/
Law Office, Cosmo Law Office)
November 1992 Joined Sakura Kyodo Law Offices
January 1995 Joined Oshima Sogo Law Offices
February 1999 Partner, Miyakezaka Sogo Law Offices (current position)
June 2002 Auditor, Oracle Corporation Japan
April 2017 Director, Japan Intellectual Property Arbitration Center
September 2020 Audit & Supervisory Board Member, AXIS Consulting Corporation
June 2021 Director (Audit and Supervisory Committee Member), the Iyo Bank
June 2021 Auditor & Supervisory Board Member, AJIS Co., Ltd. (current position)
September 2021 Director (Audit & Supervisory Board Member), AXIS Consulting
Corporation (current position)
October 2022 Director (Audit and Supervisory Committee Member), the Company
(current position)
May 2025 Director, Shochiku Co., Ltd. (current position)



Outside
Hiroshi Tawa
Director (Audit and Supervisory
Committee Member)

April 1984 Joined the Economic Planning Agency
December 2012 Deputy Director General, Japan Economic Revitalization Bureau, Cabinet
Secretariat
July 2014 Director General for Economic Research, the Cabinet Office
June 2016 Director General for Economic, Fiscal and Social Structure; Director, Office
for the Promotion of Regulatory Reform, the Cabinet Office
July 2019 Vice-Minister for Policy Coordination, the Cabinet Office
September 2021 Vice-Minister, the Cabinet Office
October 2021 Vice-Minister, the Cabinet Office; Deputy Secretary General, Secretariat of
New Form of Capitalism Realization Headquarters
July 2024 Advisor to the Cabinet Office
January 2025 Counselor, The Japan Research Institute, Limited (current position)
June 2025 Director (Audit and Supervisory Committee Member), the Company (current
position)

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

* The Group Chief Officer System has been introduced, and under the overall supervision of the Group CEO, Group Chief Officers are assigned as persons in charge of the business under their administrative jurisdiction in order to promote unified and strategic initiatives across the Group, thereby building an integrated Group management control structure. Group Chief Officers that have been assigned currently are listed on the left.

Executive Officers

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

Takashi Tokunaga
Managing Executive Officer,
Group CIO
(Concurrently Managing Director,
the Iyo Bank, Ltd.)

Takashi Sagayama
Managing Executive Officer,
Group COO
(Concurrently Managing Director,
the Iyo Bank, Ltd.)

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

Earnings Overview

Business Results for Fiscal 2024

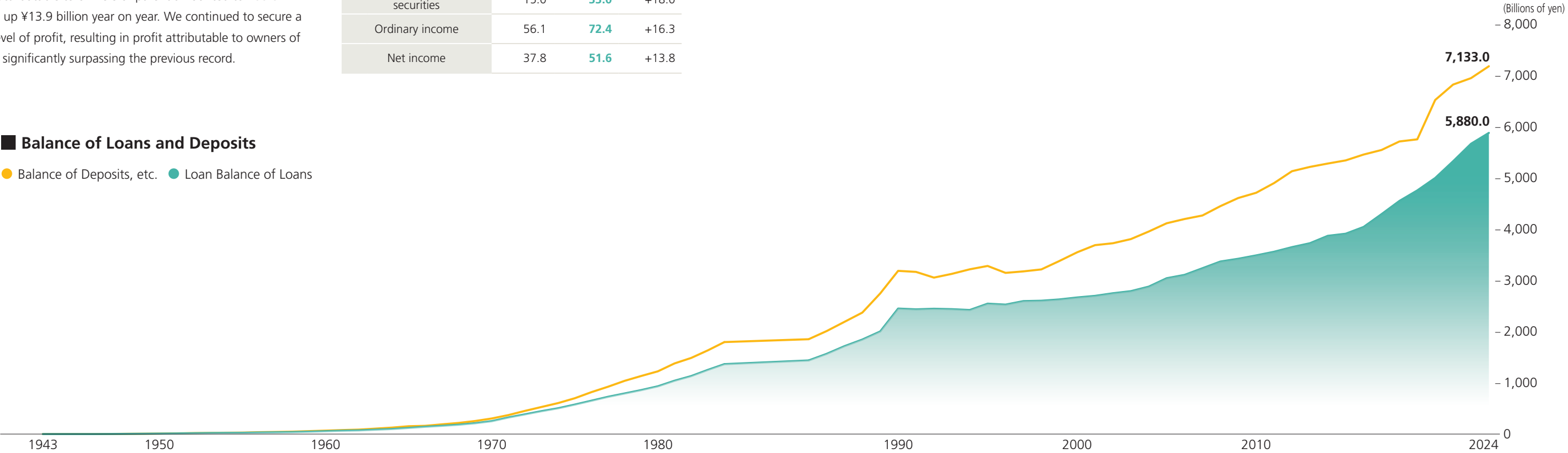
In fiscal 2024, the business environment surrounding the Iyogin Group was characterized by high volatility of the market due mainly to rising interest rates driven by a policy interest rate hike by the Bank of Japan and to the falling value of the yen. Even under such circumstances, we worked to increase the loan balance mainly in the Setouchi region, which is the management foundation of the Group. In addition, there was an expansion of yield differences of deposits and loans through thorough pricing in light of rising market interest rates. As a result, interest and dividend income amounted to ¥89.5 billion, up ¥6.6 billion year on year. Non-interest revenue also increased year on year through the provision of consultation by the entire Group, including derivatives, resulting in a year-on-year increase of ¥10.6 billion in consolidated core business gross profit to ¥109.3 billion. We have successfully continued to secure a high level of top-line profit.

Although consolidated core business net income decreased due to a rise in the base salary, aggressive strategic investments, and increased expenses resulting from an increase in expenses associated with the next-generation core system, we recorded gain (loss) related to securities in a manner aligned with market trends. As a result, ordinary income amounted to ¥75.0 billion, up ¥16.5 billion year on year, and profit attributable to owners of parent amounted to ¥53.3 billion, up ¥13.9 billion year on year. We continued to secure a high level of profit, resulting in profit attributable to owners of parent significantly surpassing the previous record.

(Units: Billions of yen)			
IHD (consolidated)	Fiscal 2023	Fiscal 2024	YoY
Consolidated core business gross profit	98.7	109.3	+10.6
Of which, interest and dividend income	82.9	89.5	+6.6
Of which, fees and commissions	10.5	11.0	+0.5
Of which, other operating income	5.2	8.8	+3.6
Expenses (-)	55.1	68.3	+13.2
Consolidated core business net income	43.5	41.0	(2.5)
Credit costs (-)	2.7	1.8	(0.9)
Gain (loss) related to securities	14.9	32.8	+17.9
Ordinary income	58.5	75.0	+16.5
Profit attributable to owners of parent	39.4	53.3	+13.9
Reference: IBK (non-consolidated)			
Core business gross profit	92.8	103.4	+10.6
Expenses (-)	52.7	65.8	+13.1
Core business net income	40.1	37.6	(2.5)
Credit costs (-)	2.2	1.5	(0.7)
Gain (loss) related to securities	15.0	33.0	+18.0
Ordinary income	56.1	72.4	+16.3
Net income	37.8	51.6	+13.8

Balance of Loans and Deposits

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



Business Performance Forecasts for Fiscal 2025

In Fiscal 2025, we anticipate that the economic environment will remain highly uncertain, particularly due to U.S. tariff policies. However, within this context, we expect interest rates to rise gradually but steadily in Japan.

In such an environment, a steady growth of consolidated core business gross profit is forecast to continue, as we intend to continuously increase our balance of loans and deposits and steadily improve profitability through a rise in interest rates. We also expect a decrease in expenses as the factor that increased expenses for the next-generation core system in the previous fiscal year will no longer be present, and consolidated core business net income is planned to increase by ¥15.0 billion year on year to ¥56.0 billion.

Despite the forecast for a steady increase in core business net income, we expect an increase in credit costs due to a rise in downgrades, etc., and a reactionary decrease in gain (loss) related to securities from high levels recorded in the previous fiscal year. Accordingly, profit attributable to owners of parent is expected to decrease by ¥1.8 billion year on year to ¥51.5 billion. Although this is a slight decrease in profit from the previous fiscal year's record high, our plan is still aimed at securing high levels of profit against the backdrop of a steady increase in consolidated core business gross profit.

(Units: Billions of yen)			
IHD (consolidated)	Fiscal 2024	Fiscal 2025 forecasts	YoY
Consolidated core business gross profit	109.3	120.5	+11.2
Expenses (-)	68.3	64.5	(3.8)
Consolidated core business net income	41.0	56.0	+15.0
Credit costs (-)	1.8	5.5	+3.7
Gain (loss) related to securities	32.8	21.0	(11.8)
Ordinary income	75.0	73.5	(1.5)
Profit attributable to owners of parent	53.3	51.5	(1.8)
Reference: IBK (non-consolidated)			
Core business gross profit	103.4	114.0	+10.6
Expenses (-)	65.8	61.5	(4.3)
Core business net income	37.6	52.5	+14.9
Ordinary income	72.4	71.0	(1.4)
Net income	51.6	50.0	(1.6)

Consolidated Financial Data

Consolidated Financial Results Summary

(Unit: millions of yen)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Ordinary revenue	124,817	133,971	172,954	192,758	231,888
Consolidated gross profit	89,191	88,197	92,445	108,305	126,075
Interest and dividend income	71,615	72,681	75,335	82,945	89,530
Fees and commissions	9,001	9,382	9,684	10,576	11,022
Other operating income	8,574	6,133	7,425	14,784	25,521
General and administrative expenses (-)	51,909	49,771	50,546	52,848	66,262
Provisions for loan losses (-)	13,353	4,397	(2,598)	2,785	1,840
Write-off of loans (-)	20	16	19	20	18
Provision of reserve for specific loan losses, net (-)	3,393	5,070	—	5,638	3,037
Provision of reserve for general loan losses (-)	9,511	(768)	—	(3,446)	(1,592)
Provision of reserve for contingent loss (-)	111	178	218	109	(22)
Loss on sale of other receivables (-)	931	470	837	837	729
Reversal of allowance for loan losses	—	—	656	—	—
Recoveries of written off claims	614	569	3,016	374	328
Gain (loss) related to stock, etc.	1,088	3,440	(2,923)	5,376	16,208
Other	1,154	771	842	530	845
Ordinary income	26,172	38,239	42,415	58,579	75,027
Extraordinary income (loss)	(372)	(463)	(1,917)	(510)	(781)
Income before income taxes	25,799	37,776	40,497	58,069	74,245
Net income	18,250	26,626	28,326	39,438	53,304
Profit attributable to non-controlling interest (-)	162	208	426	(25)	(17)
Profit attributable to owners of parent	18,088	26,417	27,899	39,464	53,321

(Note) Consolidated gross profit = (Asset management revenue - Interest expenses) + (Fees and commissions - Fees and commissions payments) + (Other ordinary income - Other ordinary expenses)

Consolidated Balance Sheet Summary

(Unit: millions of yen)

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Total assets	8,550,739	8,544,797	8,550,778	9,258,385	9,201,585
Loans	4,975,984	5,046,997	5,304,319	5,645,392	5,839,163
Securities	1,897,768	1,681,624	1,493,078	2,073,496	1,849,378
Total liabilities	7,809,498	7,812,998	7,790,940	8,415,357	8,398,862
Deposits	5,963,676	6,021,850	6,167,148	6,482,018	6,498,773
Negotiable certificates of deposit	531,969	604,275	629,191	443,063	614,007
Total net assets	741,240	731,798	759,838	843,027	802,723
Total shareholders' equity	483,127	504,854	527,072	555,773	585,224
Total accumulated other comprehensive income	249,421	219,616	232,307	286,845	217,093

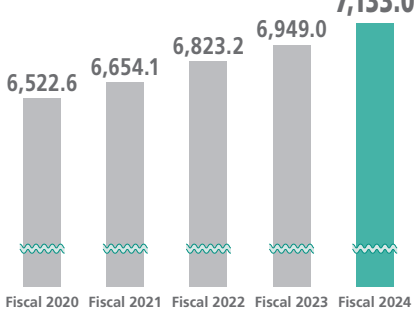
Financial Indicators, etc.

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023	Fiscal 2024
Consolidated gross equity ratio (%)	14.65	14.32	15.01	16.05	14.80
Consolidated common stock Tier 1 ratio	14.58	14.28	15.00	16.04	14.79
Dividends per share (yen)	14	16	17	30	45
Purchase of treasury stock (Billions of yen)	0.0	3.0	4.0	9.3	11.0
Dividend payout ratio (%)	24.5	19.2	19.1	23.3	25.3
Total payout ratio (%)	24.5	30.6	33.3	46.8	45.8
Book-value per share (BPS) (yen)	2,313	2,286	2,462	2,781	2,717
Earnings per share (EPS) (yen)	57	83	89	128	178
Consolidated ROE (TSE standard) (%)	2.61	3.62	3.76	4.92	6.48
Consolidated ROE (shareholders' equity basis) (%)	3.82	5.34	5.40	7.28	9.34

Financial Highlights

Balance of Deposits, etc. (IBK Nonconsolidated)

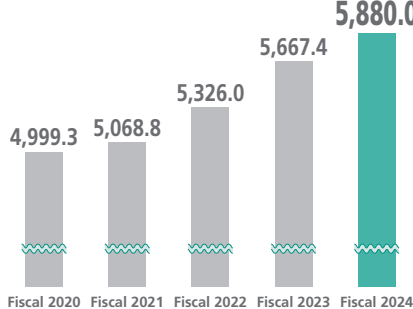
(Units: Billions of yen)



Against the backdrop of deepening relations with customers, balance of deposits, etc. continued to increase steadily, increasing by ¥184.0 billion (2.6%) year-on-year.

Balance of Loans (IBK Nonconsolidated)

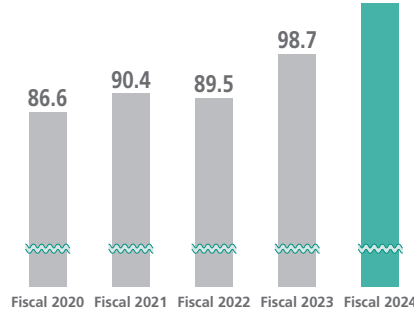
(Units: Billions of yen)



As a result of proactive efforts to increase the balance of loans mainly in Ehime Prefecture and the Setouchi region, which is the base of the Group, the balance of loans increased by ¥212.6 billion (3.8%) year-on-year.

Consolidated Core Business Gross Profit

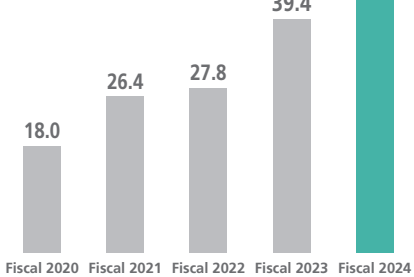
(Units: Billions of yen)



Consolidated core business gross profit increased steadily. This was due to an increase in profit in the Group's overall non-interest revenue, including from derivatives, along with an increase in interest and dividend income due to an increase of the loan balance and rise in interest rates.

Profit Attributable to Owners of Parent

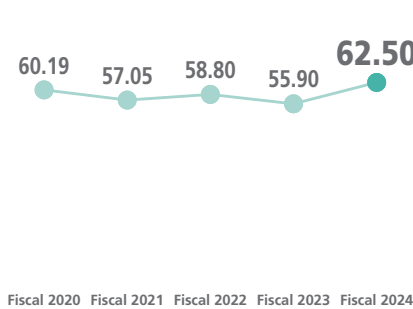
(Units: Billions of yen)



Profit attributable to owners of parent reached a record high. This was due to an increase in gain (loss) related to securities that reflects market trends, along with having secured a high level of core business gross profit.

Consolidated Core OHR

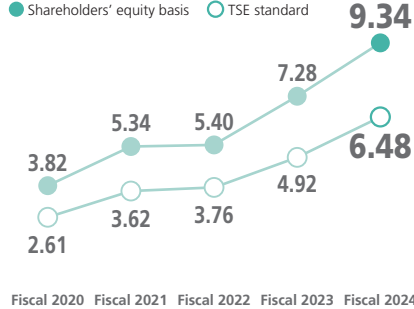
(Units: %)



Although OHR increased due to a significant increase in expenses resulting from an increase in expenses associated with the next-generation core system, the Company continued to maintain high profitability.

Consolidated ROE

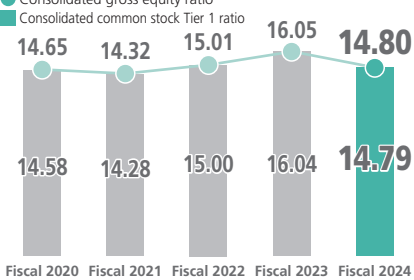
(Units: %)



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

Consolidated Gross Equity Ratio and Consolidated Common Stock Tier 1 Ratio

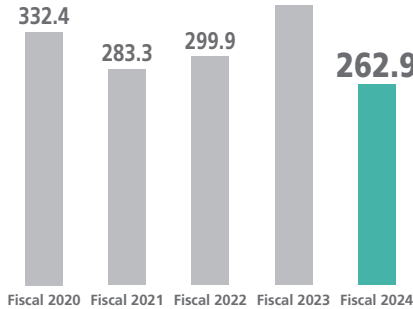
(Units: %)



Consolidated gross equity ratio and consolidated common stock Tier 1 ratio steadily remained at a level exceeding the required equity ratio, despite a decline due to a decrease in evaluation gain on securities and a phased implementation of the Basel III finalization. * On a fully loaded basis: 14.18%

Consolidated Evaluation Gain on Securities

(Units: Billions of yen)



Although consolidated evaluation gain on securities decreased from the previous fiscal year due to a sudden change in the market environment such as a fall in the stock market, the Company continued to secure the highest level among regional banks.

Credit Ratings


IHD		
JCR	R&I	S&P
AA	A+	—
IBK		
JCR	R&I	S&P
AA	A+	A-

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

(Note) The Company transitioned to a holding company structure in October 2022, and the consolidated figures for fiscal 2020 and fiscal 2021 are for IBK (consolidated).

Corporate Data

Corporate Profile (as of March 31, 2025)

Trade name	lyogin Holdings, Inc.	
Headquarters	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	
Representative	Kenji Miyoshi, Representative Director and President	
Capital	¥20,000 million	
Listed exchange	Prime Market of the Tokyo Stock Exchange (Securities Code: 5830)	
Consolidated equity ratio (BIS standards)	14.80%	
Consolidated subsidiaries	18 companies	
Consolidated employees (excluding temporary staff)	3,039 persons	

Composition of Shareholders (as of March 31, 2025)

Classification	Status of shares (one unit represents 100 shares)								Status of odd stocks (number of shares)
	National or local governments of Japan	Financial institutions	Financial instruments business operators	Other corporations	Foreign corporations, etc.		Individuals and others	Total	
					Shareholders other than individual shareholders	Individual shareholders			
Number of shareholders (persons)	2	49	30	1,143	252	67	28,050	29,593	—
Number of shares held (in units)	8,019	960,250	59,575	878,224	527,939	432	696,408	3,130,847	324,131
	Proportion (%)	0.25	30.67	1.90	28.05	16.86	0.01	22.26	100.00

* Of the 16,409,621 shares of treasury shares, 164,096 units are included in “Individuals and others” and 21 shares are included in “Status of odd stocks.”

Major Shareholders (as of March 31, 2025)

Name	Location	Shares held (thousands of shares)	Ratio of acquired shares to total number of issued shares (%)
The Master Trust Bank of Japan, Ltd.	AKASAKA INTERCITY AIR, 1-8-1 Akasaka, Minato-ku, Tokyo, Japan	35,883	12.08
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	20,228	6.81
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo, Japan	8,878	2.98
IYOTETSU Group Co., Ltd.	4-4-1 Minatomachi, Matsuyama, Ehime, Japan	7,075	2.38
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo, Japan	6,207	2.09
Daio Kaiun Co., Ltd.	7-35 Mishimakamiya-cho, Shikokuchuo, Ehime, Japan	6,000	2.02
Sumitomo Forestry Co., Ltd.	1-3-2 Otemachi, Chiyoda-ku, Tokyo, Japan	5,911	1.99
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Transaction Banking Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (SHINAGAWA INTERCITY Tower A, 2-15-1 Konan, Minato-ku, Tokyo, Japan)	5,735	1.93
Sumitomo Life Insurance Company	2-2-1 Yaesu, Chuo-ku, Tokyo, Japan	5,415	1.82
Employee stock ownership of lyogin Group	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	4,372	1.47
Total	—	105,708	35.59

(Notes) 1. The ratio of acquired shares to total number of issued shares is calculated by excluding treasury shares (16,409,621 shares).
2. The number of shares held by The Master Trust Bank of Japan, Ltd., associated with trust services is 35,883 thousand shares.
3. The number of the shares held by Custody Bank of Japan, Ltd., associated with trust services is 20,228 thousand shares are related to the trust business. The breakdown of which is 15,217 thousand shares in the trust account, 4,519 thousand shares in the retirement benefit trust account, 165 thousand shares in the pension trust account, and 325 thousand shares in the pension tokkin special pension account (a type of corporate investment fund managed by a trust bank).

Outline of Group Companies (as of June 27, 2025)

The Iyo Bank, Ltd.	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Banking business
	Representative	Kenji Miyoshi, President (Representative Director)	Capital	¥20,948 million
	Establishment	September 1, 1941	Ownership of the Company	100%
lyogin Leasing Company Limited	Location	2-5-41 Otemachi, Matsuyama, Ehime, Japan	Description of business	Lease business, loan business
	Representative	Junji Kurihara, President and Representative Director	Capital	¥80 million
	Establishment	September 26, 1974	Ownership of the Company	100%
lyogin Computer Service Company Limited	Location	2-2-5 Takasagomachi, Matsuyama, Ehime, Japan	Description of business	Consigned information processing business, software development business
	Representative	Yasumi Inada, President and Representative Director	Capital	¥10 million
	Establishment	January 20, 1975	Ownership of the Company	100%
The lyogin Credit Guaranty Company Limited	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Credit guarantee business for housing loans and consumer loans
	Representative	Kazushi Tanaka, President and Representative Director	Capital	¥30 million
	Establishment	September 28, 1978	Ownership of the Company	100%
The lyogin Business Service Company Limited	Location	2-2-5 Takasagomachi, Matsuyama, Ehime, Japan	Description of business	Cash organization and inspection business, large collection business, maintenance and management business of automated cash facilities
	Representative	Naoyuki Kii, President and Representative Director	Capital	¥10 million
	Establishment	December 24, 1979	Ownership of the Company	0% (100% ownership of The Iyo Bank, Ltd.)
lyogin Capital Company Limited	Location	9-41 Toiyacho, Matsuyama, Ehime, Japan	Description of business	Investment business for stocks and corporate bonds, etc., management of investment funds
	Representative	Toshiki Hamaguchi, President and Representative Director	Capital	¥320 million
	Establishment	August 1, 1985	Ownership of the Company	100%
lyogin Regional Economy Research Center, Inc.	Location	4-4-3 Minatomachi, Matsuyama, Ehime, Japan	Description of business	Investigation and research business regarding industry, economics, and finance; management consultation service; and educational services such as training
	Representative	Kazushige Yano, President and Representative Director	Capital	¥30 million
	Establishment	April 1, 1988	Ownership of the Company	100%
lyogin DC Card Co., Ltd.	Location	4-12-1 Sanbancho, Matsuyama, Ehime, Japan	Description of business	Credit card business, guarantee business
	Representative	Makoto Kaneko, President and Representative Director	Capital	¥50 million
	Establishment	August 29, 1988	Ownership of the Company	100%
Shikoku Alliance Securities Co., Ltd.	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Securities business
	Representative	Yasunori Kamei, President and Representative Director	Capital	¥3,000 million
	Establishment	February 2, 2012	Ownership of the Company	100%
lyogin Challenge & Smile Co., Ltd.	Location	2-2-5 Takasagomachi, Matsuyama, Ehime, Japan	Description of business	Manufacturing business for office supplies, etc.
	Representative	Seiji Komoda, President and Representative Director	Capital	¥10 million
	Establishment	April 2, 2018	Ownership of the Company	0% (100% ownership of The Iyo Bank, Ltd.)
lyogin Digital Solutions Co., Ltd.	Location	1, Minami-Horibata-cho, Matsuyama, Ehime, Japan	Description of business	Consulting business, development, sales and maintenance business of applications
	Representative	Kazuya Ono, President and Representative Director	Capital	¥200 million
	Establishment	April 3, 2023	Ownership of the Company	100%

Corporate Data

CONSOLIDATED BALANCE SHEET

Iyogin Holdings, Inc. and its Consolidated Subsidiaries
March 31, 2025

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
ASSETS			
Cash and due from banks	¥1,120,284	¥1,169,948	\$ 7,492,536
Call loans and bills bought	15,400	8,478	102,996
Monetary claims purchased	3,818	4,599	25,535
Trading account securities	322	232	2,153
Money held in trust	5,025	6,416	33,607
Securities (Notes 2-1, 2-3, 2-5 and 2-9)	1,849,378	2,073,496	12,368,766
Loans and bills discounted (Notes 2-3, 2-4, 2-5 and 2-6)	5,839,163	5,645,392	39,052,722
Reserve for loan losses	(36,725)	(35,370)	(245,619)
Foreign exchange (Note 2-3)	6,650	7,281	44,475
Lease receivables and investment assets	41,098	31,527	274,866
Other assets (Notes 2-3 and 2-5)	172,737	164,827	1,155,276
Tangible fixed assets (Note 2-8)	85,050	74,832	568,820
Intangible fixed assets	12,732	14,835	85,152
Net defined benefit asset	46,799	51,538	312,994
Deferred tax assets	337	279	2,253
Customers' liabilities for acceptances and guarantees	39,511	40,068	264,252
Total assets	¥9,201,585	¥9,258,385	\$61,540,830
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits (Note 2-5)	¥7,112,781	¥6,925,082	\$47,570,766
Call money and bills sold	1,495	5,299	9,998
Payables under repurchase agreements (Note 2-5)	131,946	91,460	882,463
Payables under securities lending transactions (Note 2-5)	159,757	327,936	1,068,465
Borrowed money (Note 2-5)	693,330	757,237	4,637,038
Foreign exchange	948	332	6,340
Borrowed money from trust account	1,689	1,205	11,296
Other liabilities	153,367	137,519	1,025,728
Accrued employees' bonuses	2,519	1,793	16,847
Net defined benefit liability	8,385	8,761	56,079
Reserve for losses on repayment of dormant bank accounts	386	592	2,581
Reserve for contingent losses	1,186	1,209	7,932
Reverse for share-based payments	742	514	4,962
Provision for dismantling costs of fixed assets	1,014	818	6,781
Reserve under the special laws	7	6	46
Deferred tax liabilities	80,168	106,158	536,169
Deferred taxes on revaluation excess (Note 2-7)	9,622	9,361	64,352
Acceptances and guarantees	39,511	40,068	264,252
Total liabilities	8,398,862	8,415,357	56,172,164
Net assets			
Common stock			
Authorized — 600,000,000 shares			
Issued — 313,408,831 shares	20,000	20,000	133,761
Capital surplus	28,299	27,700	189,265
Retained earnings	558,243	516,974	3,733,567
Treasury stock	(21,318)	(8,900)	(142,576)
Total stockholders' equity	585,224	555,773	3,914,018
Valuation difference on available-for-sale securities	175,877	250,412	1,176,277
Net deferred gains (losses) on derivatives under hedge accounting	12,307	2,664	82,310
Land revaluation excess (Note 2-7)	18,457	18,765	123,441
Remeasurements of defined benefit plans	10,452	15,002	69,903
Total accumulated other comprehensive income	217,093	286,845	1,451,932
Stock acquisition rights	115	119	769
Non-controlling interests	289	289	1,932
Total net assets	802,723	843,027	5,368,666
Total liabilities and net assets	¥9,201,585	¥9,258,385	\$61,540,830

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF INCOME

Iyogin Holdings, Inc. and its Consolidated Subsidiaries
For the year ended March 31, 2025

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
INCOME			
Interest and dividend income:			
Interest on loans and discounts	¥ 91,872	¥ 89,782	\$ 614,446
Interest and dividends on securities	49,487	40,950	330,972
Interest on receivables under resale agreements	0	(0)	0
Interest income on securities purchased under resale borrowed	15	—	100
Other interest income	3,761	3,129	25,153
Fees and commissions	16,519	15,718	110,480
Other operating income	51,016	35,576	341,198
Other income	19,216	7,649	128,517
Total income	231,890	192,806	1,550,896
EXPENSES			
Interest expense:			
Interest on deposits	16,681	12,466	111,563
Interest on borrowings and rediscounts	8,409	10,095	56,239
Interest on payables under repurchase agreements	6,208	2,142	41,519
Interest on payables under securities lending transactions	8,926	6,887	59,697
Other interest expense	15,381	19,325	102,869
Fees and commissions	5,496	5,141	36,757
Other operating expenses	25,494	20,792	170,505
General and administrative expenses (Note 3-1)	66,262	52,848	443,164
Other expenses (Notes 3-2)	4,782	5,037	31,982
Total expenses	157,644	134,737	1,054,333
Income before income taxes	74,245	58,069	496,555
Income taxes			
Current	20,986	14,610	140,355
Deferred	(44)	4,019	(294)
Total taxes	20,941	18,630	140,054
Profit	53,304	39,438	356,500
Profit (loss) attributable to noncontrolling interests	(17)	(25)	(113)
Profit attributable to owners of parent	¥ 53,321	¥ 39,464	\$ 356,614

	Yen	Yen	U.S. dollars (Note 1-1)
Per share of common stock (yen and U.S. dollars):			
Basic net income	¥178.08	¥128.91	\$1.19
Diluted net income	177.99	128.84	1.19
Dividends	45.00	30.00	0.30

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Iyogin Holdings, Inc. and its Consolidated Subsidiaries
For the year ended March 31, 2025

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Profit	¥ 53,304	¥ 39,438	\$ 356,500
Other comprehensive income (Note 4-1)	(69,719)	54,750	(466,285)
Valuation difference on available-for-sale securities	(74,535)	48,307	(498,495)
Net deferred gains (losses) on derivatives under hedge accounting	9,642	1,053	64,486
Revaluation reserve for land	(275)	—	(1,839)
Remeasurements of defined benefit plans	(4,550)	5,389	(30,430)
Comprehensive income	¥(16,414)	¥ 94,189	\$(109,777)
Comprehensive income attributable to:			
Owners of parent	¥(16,397)	¥ 94,215	\$(109,664)
Noncontrolling interests	(17)	(25)	(113)

See Notes to Consolidated Financial Statements.

Corporate Data

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

Iyogin Holdings, Inc. and its Consolidated Subsidiaries
For the year ended March 31, 2025

For the year ended March 31, 2025	Millions of yen				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	¥20,000	¥27,700	¥516,974	¥ (8,900)	¥555,773
Changes during the accounting period					
Dividends			(12,085)		(12,085)
Profit attributable to owners of parent			53,321		53,321
Purchase of treasury stock				(13,596)	(13,596)
Disposal of treasury stock		599		1,179	1,779
Reversal of land revaluation excess			32		32
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	599	41,268	(12,417)	29,451
Balance at the end of the accounting period	¥20,000	¥28,299	¥558,243	¥(21,318)	¥585,224

For the year ended March 31, 2025	Thousands of U.S. dollars (Note 1-1)				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Balance at the beginning of the accounting period	\$133,761	\$185,259	\$3,457,557	\$ (59,523)	\$3,717,047
Changes during the accounting period					
Dividends			(80,825)		(80,825)
Profit attributable to owners of parent			356,614		356,614
Purchase of treasury stock				(90,930)	(90,930)
Disposal of treasury stock		4,006		7,885	11,898
Reversal of land revaluation excess			214		214
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	4,006	276,003	(83,045)	196,970
Balance at the end of the accounting period	\$133,761	\$189,265	\$3,733,567	\$(142,576)	\$3,914,018

For the year ended March 31, 2025	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasure-ments of defined benefit plans	Total accumu-lated other comprehen-sive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at the beginning of the accounting period	¥250,412	¥2,664	¥18,765	¥15,002	¥286,845	¥119	¥289	¥843,027
Changes during the accounting period								
Dividends								(12,085)
Profit attributable to owners of parent								53,321
Purchase of treasury stock								(13,596)
Disposal of treasury stock								1,779
Reversal of land revaluation excess								32
Changes in items other than stockholders' equity, net	(74,535)	9,642	(307)	(4,550)	(69,751)	(3)	(0)	(69,755)
Total changes during the accounting period	(74,535)	9,642	(307)	(4,550)	(69,751)	(3)	(0)	(40,304)
Balance at the end of the accounting period	¥175,877	¥12,307	¥18,457	¥10,452	¥217,093	¥115	¥289	¥802,723

For the year ended March 31, 2025	Thousands of U.S. dollars (Note 1-1)							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasure-ments of defined benefit plans	Total accumu-lated other comprehen-sive income	Stock acquisition rights	Noncontrolling interests	Total net assets
Balance at the beginning of the accounting period	\$1,674,772	\$17,817	\$125,501	\$100,334	\$1,918,439	\$ 795	\$1,932	\$5,638,222
Changes during the accounting period								
Dividends								(80,825)
Profit attributable to owners of parent								356,614
Purchase of treasury stock								(90,930)
Disposal of treasury stock								11,898
Reversal of land revaluation excess								214
Changes in items other than stockholders' equity, net	(498,495)	64,486	(2,053)	(30,430)	(466,499)	(20)	(0)	(466,526)
Total changes during the accounting period	(498,495)	64,486	(2,053)	(30,430)	(466,499)	(20)	(0)	(269,555)
Balance at the end of the accounting period	\$1,176,277	\$82,310	\$123,441	\$69,903	\$1,451,932	\$ 769	\$1,932	\$5,368,666

Corporate Data

	Millions of yen				
	Stockholders' equity				Total stockholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
For the year ended March 31, 2024					
Balance at the beginning of the accounting period	¥20,000	¥27,698	¥483,166	¥(3,792)	¥527,072
Changes during the accounting period					
Dividends			(5,868)		(5,868)
Profit attributable to owners of parent			39,464		39,464
Purchase of treasury stock				(5,226)	(5,226)
Disposal of treasury stock		1		117	119
Reversal of land revaluation excess			212		212
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	1	33,808	(5,108)	28,701
Balance at the end of the accounting period	¥20,000	¥27,700	¥516,974	¥(8,900)	¥555,773

	Millions of yen							
	Accumulated other comprehensive income							Total net assets
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	
For the year ended March 31, 2024								
Balance at the beginning of the accounting period	¥202,105	¥1,611	¥18,977	¥ 9,612	¥232,307	¥149	¥309	¥759,838
Changes during the accounting period								
Dividends								(5,868)
Profit attributable to owners of parent								39,464
Purchase of treasury stock								(5,226)
Disposal of treasury stock								119
Reversal of land revaluation excess								212
Changes in items other than stockholders' equity, net	48,307	1,053	(212)	5,389	54,538	(30)	(20)	54,487
Total changes during the accounting period	48,307	1,053	(212)	5,389	54,538	(30)	(20)	83,189
Balance at the end of the accounting period	¥250,412	¥2,664	¥18,765	¥15,002	¥286,845	¥119	¥289	¥843,027

CONSOLIDATED STATEMENT OF CASH FLOWS

Iyogin Holdings, Inc. and its Consolidated Subsidiaries
For the year ended March 31, 2025

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Cash flows from operating activities			
Income before income taxes	¥ 74,245	¥ 58,069	\$ 496,555
Depreciation	6,940	6,379	46,415
Impairment losses	224	182	1,498
Increase (decrease) in reserve for loan losses	1,355	68	9,062
Increase (decrease) in accrued employees' bonuses	725	(0)	4,848
Decrease (increase) in net defined benefit asset	4,739	(9,679)	31,694
Increase (decrease) in net defined benefit liability	(376)	(1,384)	(2,514)
Increase (decrease) in reserve for losses on repayment of dormant bank accounts	(206)	(252)	(1,377)
Increase (decrease) in reserve for contingent losses	(22)	109	(147)
Increase (decrease) in reserve for share-based payments	228	83	1,524
Increase (decrease) in provision for dismantling costs of fixed assets	196	(67)	1,310
Increase (decrease) in reserve under special laws	0	1	0
Interest and dividend income	(145,137)	(133,862)	(970,686)
Interest expense	55,607	50,917	371,903
Securities losses (gains), net	(32,888)	(14,952)	(219,957)
Money in trust losses (gains), net	(61)	76	(407)
Foreign exchange losses (gains), net	6,590	(24,594)	44,074
Losses (gains) on disposal of tangible fixed assets, net	358	325	2,394
Net changes in loans and bills discounted	(193,770)	(341,072)	(1,295,947)
Net changes in deposits	187,699	128,741	1,255,343
Net changes in borrowed money (excluding subordinated borrowings)	(63,907)	73,167	(427,414)
Net changes in due from banks	506	996	3,384
Net changes in call loans	(6,140)	(7,472)	(41,064)
Net decrease (increase) in cash collateral provided for securities borrowed	—	50,085	—
Net changes in call money	36,682	96,759	245,331
Net changes in payables under securities lending transactions	(168,178)	250,435	(1,124,785)
Net changes in foreign exchange assets	631	33,125	4,220
Net changes in foreign exchange liabilities	616	(3,348)	4,119
Net changes in lease receivables and investment assets	(9,570)	(2,135)	(64,004)
Net increase (decrease) in borrowed money from trust account	484	160	3,237
Interest income received	145,051	130,433	970,111
Interest expense paid	(55,692)	(46,821)	(372,471)
Other	8,868	13,552	59,309
Subtotal	(144,200)	308,027	(964,419)
Income taxes paid	(15,843)	(11,654)	(105,959)
Net cash provided by (used in) operating activities	(160,043)	296,372	(1,070,378)
Cash flows from investing activities			
Purchases of securities	(1,880,030)	(2,557,770)	(12,573,769)
Proceeds from sales of securities	1,901,312	2,011,547	12,716,104
Proceeds from maturities of securities	130,940	77,235	875,735
Increase in money held in trust	(325)	(30)	(2,173)
Decrease in money held in trust	1,630	370	10,901
Purchases of tangible fixed assets	(14,671)	(6,269)	(98,120)
Proceeds from sales of tangible fixed assets	26	433	173
Purchases of intangible fixed assets	(4,017)	(6,953)	(26,865)
Net cash provided by (used in) investing activities	134,864	(481,437)	901,979
Cash flows from financing activities			
Proceeds from share issuance to noncontrolling stockholders	25	5	167
Repayments to noncontrolling shareholders	(8)	—	(53)
Cash dividends paid	(12,085)	(5,868)	(80,825)
Purchases of treasury stock	(13,596)	(5,226)	(90,930)
Proceeds from sales of treasury stock	1,689	0	11,296
Net cash provided by (used in) financing activities	(23,976)	(11,089)	(160,353)
Foreign currency translation adjustments	(2)	17	(13)
Net increase (decrease) in cash and cash equivalents	(49,157)	(196,136)	(328,765)
Cash and cash equivalents at the beginning of year	1,168,668	1,364,804	7,816,131
Cash and cash equivalents at the end of year (Note 6-1)	¥ 1,119,510	¥ 1,168,668	\$ 7,487,359

See Notes to Consolidated Financial Statements.

Corporate Data

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Iyogin Holdings, Inc. and its Consolidated Subsidiaries
For the year ended March 31, 2025

1-1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

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

Japanese yen amounts are rounded down to the nearest million. Translations of the Japanese yen amounts into U.S. dollar amounts were included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2025, which was ¥149.52 to U.S. \$1.00. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

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

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

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

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

(Basis of Presenting Consolidated Financial Statements)

1 Scope of consolidation

(1) Principles of consolidation

The consolidated financial statements include the accounts of the Company and the following 18 consolidated subsidiaries (the “Group”).

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

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

(2) The consolidated financial statements exclude 5 subsidiaries.

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

No unconsolidated subsidiary is accounted for by the equity method. These subsidiaries are excluded from the scope of the equity method because its net income and retained earnings are immaterial to the consolidated financial statements.

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

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

2 Affiliated companies not accounted for by the equity method

The consolidated financial statements exclude 3 affiliated companies.

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

3 The fiscal year of consolidated subsidiaries

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

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

4 Significant accounting policies

(1) Trading account securities

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

(2) Securities

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

(3) Derivatives and hedge accounting

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

(4) Tangible and intangible fixed assets and lease assets

- ① Tangible and intangible fixed assets are generally stated at cost, less the accumulated depreciation.
Depreciation of tangible fixed assets, except for lease assets, of the Group is recorded using the declining balance method. However, buildings acquired after April 1, 1998 and accompanying facilities and structures acquired on or after April 1, 2016 are depreciated using the straight-line method. The estimated useful lives of these assets are about 15 – 40 years for buildings and about 5 – 10 years for equipment.
- ② Depreciation for intangible fixed assets, except for lease assets, of the Group is recorded using the straight-line method. Internal use software costs of the Group are depreciated using the straight-line method over the estimated useful life of mainly five years.
- ③ Both tangible and intangible lease assets under finance leases that are not deemed to transfer ownership of the lease property to the lessee are depreciated using the straight-line method over the lease term with zero residual value. In cases in which there is a residual value guarantee in the contract, the residual value is the guaranteed value. In other cases, it is deemed to be zero.

(5) Reserve for possible loan losses

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

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

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

The estimated unrecoverable portions of loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition are written off. The estimated unrecoverable amounts are determined after excluding amounts considered recoverable due to the existence of security interests or guarantees. As of March 31, 2025 and 2024, the estimated unrecoverable amounts were ¥12,343 million (\$82,550 thousand) and ¥14,311 million, respectively.

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

(6) Accrued employees’ bonuses

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

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

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

(8) Reserve for contingent losses

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

(9) Reserve for share-based payments

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

(10) Provision for dismantling costs of fixed assets

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

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(11) Reserve under the special laws

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

(12) Accounting method for retirement benefits

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

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

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

(13) Foreign currency translations

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

(14) Recognition of significant revenue and expenses

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

(15) Significant hedge accounting methods

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

(16) Cash flow statements

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

(17) Significant Accounting Estimates

- Reserve for loan losses
- ① Carrying amounts were ¥36,725 million (\$245,619 thousand) and ¥35,370 million at March 31, 2025 and 2024, respectively.
 - ② Information on the nature of significant accounting estimates for identified items
 - (a) Method in making the accounting estimates
For the calculation of Reserve for loan losses, See (5) Reserve for possible loan losses of “4 Significant accounting policies.”
 - (b) Key assumptions used in making the accounting estimates
The main assumption is “Credit risk of loans in determining debtor classification.” “Credit risk of loans in determining debtor classification” was determined by evaluating the repayment capacity of each debtor based on its financial condition, cash flow, profitability, etc.
 - (c) The effect on the next year’s financial statements
Changes for the original assumption due to the inflection in the performance of individual debtors could effect on reserve for loan losses of the consolidated financial statements for the following fiscal year.

(18) Per share data

Net income per share is based on the weighted average number of shares of common stock outstanding during the year, excluding treasury stock. Diluted net income per share reflects the potential dilution that could occur if stock options were exercised. Diluted net income per share of common stock assumes the full exercise of outstanding warrants at the time of issuance.
Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared as applicable to the respective year.

(Notes on unapplied accounting standards)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
 - Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)
- Also, amendments to related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance
- 1. Overview
Similar to international accounting standards, these establish treatments such as recording assets and liabilities for all leases by the lessee.
 - 2. Planned application date
We plan to apply these standards from the beginning of the fiscal year ending March 31, 2028.
 - 3. Impact of applying these accounting standards etc.
The impact of the application of these accounting standards etc. is currently being evaluated.

(Additional Information)

The share-based payment program using the trust

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

(1) Overview of transactions

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

(2) Shares of the Company held by the trust

- ① Shares of the Company held by the trust are recorded as treasury stock in net assets at the book value in the Company.
- ② The book value of the trust at March 31, 2025 and 2024 was ¥2,112 million (\$14,125 thousand) and ¥604 million, respectively.
- ③ The number of shares of the Company held by the Trust at March 31, 2025 and 2024 was 1,786 thousand shares and 917 thousand, respectively.

(Notes to Consolidated Balance Sheet)

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

Stocks in unconsolidated subsidiaries and affiliates amounted to ¥50 million (\$334 thousand) and ¥50 million at March 31, 2025 and 2024, respectively.

Investments in unconsolidated subsidiaries and affiliates amounted to ¥3,295 million (\$22,037 thousand) and ¥3,339 million at March 31, 2025 and 2024, respectively.

2-2. LOANS AND BILLS DISCOUNTED

The amounts of loans disclosed under the Banking Act and the Act on Emergency Measures for the Revitalization of Financial Functions are as described below. These loans include corporate bonds recorded under “Securities” (limited to corporate bonds for which the payment of principal and interest is wholly or partially guaranteed and which were issued through the private placement of securities as defined in Article 2, Paragraph 3 of the Financial Instruments and Exchange Act), loans and foreign exchange, accrued interest, suspense payments and customers’ liabilities for acceptances and guarantees recorded under “Other assets,” as well as securities if the Bank lent such securities which are required to be disclosed in the notes to its consolidated balance sheet (they are limited to loans for use or lending under rental contract).

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Bankrupt and quasi-bankrupt loans	¥ 8,987	¥ 3,891	\$ 60,105
Doubtful loans	72,846	73,118	487,199
Substandard loans	12,990	20,629	86,878
Loans overdue three months or more	1,888	2,338	12,627
Restructured loans	11,102	18,290	74,250
Subtotal	94,824	97,639	634,189
Normal loans	6,053,028	5,876,740	40,483,065
Total	¥6,147,853	¥5,974,379	\$41,117,261

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

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

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

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

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

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

2-3. COMMERCIAL BILLS

Bills discounted are accounted for as financing transactions in accordance with JICPA Industry-specific Committees Guidance No. 24, March 17, 2022, “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry.” although the Bank has the right to sell or pledge them without restrictions. The total face value of commercial bills and purchased foreign exchange bills obtained as a result of discounting was ¥7,566

Corporate Data

million (\$50,601 thousand) and ¥12,719 million at March 31, 2025 and 2024, respectively.

2-4. ASSETS PLEDGED

Assets pledged as collateral were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Securities	723,221	863,381	4,836,951
Loans	615,781	660,145	4,118,385
Total	¥1,339,003	¥1,523,526	\$8,955,343

The above pledged assets secure the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Deposits	¥ 26,412	¥ 6,766	\$ 176,645
Payables under repurchase agreements	131,946	91,460	882,463
Payables under securities lending transactions	159,757	327,936	1,068,465
Borrowed money	681,625	745,494	4,558,754

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Securities	¥ 382	¥ 393	\$ 2,554
Other assets	35,000	35,000	234,082

Other assets above mentioned were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Initial margins of futures markets	¥ 5,838	¥ 5,733	\$ 39,044
Cash collateral paid for financial instruments	33,925	38,767	226,892
Guarantees	71	70	474
Security deposits	263	337	1,758

2-5. COMMITMENT LINES

Commitment line agreements related to loans are agreements which oblige the Company and its consolidated subsidiaries to lend funds up to certain limits agreed to in advance. The Company and its consolidated subsidiaries will lend the funds upon the request of an obligor to draw down the funds under the loan agreement as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreement. The unused commitment balances related to these loan agreements at March 31, 2025 and 2024 amounted to ¥1,194,505 million (\$7,988,931 thousand) and ¥1,256,709 million, respectively. Of these amounts, ¥1,005,131 million (\$6,722,384 thousand) and ¥1,061,853 million as of March 31, 2025 and 2024, respectively, related to loans in which the term of the agreement was one year or less or in which unconditional cancellation of the agreement was allowed at any time.

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

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

2-6. LAND REVALUATION EXCESS

In accordance with the Revaluation Act of Land Properties, the consolidated banking subsidiary revalued land used in the ordinary course of business as of March 31, 1998. The revaluation excess, net of deferred taxes, is shown as a separate component of net assets. The current market value of the revalued land was lower than the revalued amount by ¥10,702 million (\$71,575 thousand) and ¥12,231 million at March 31, 2025 and 2024, respectively.

2-7. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets at March 31, 2025 and 2024 amounted to ¥54,418 million (\$363,951 thousand) and ¥54,663 million, respectively. The amounts that were directly offset against acquisition costs as of March 31, 2025 and 2024 were ¥8,138 million (\$54,427 thousand) and ¥8,143 million, respectively.

2-8. GUARANTEE OBLIGATIONS

Guarantee obligations for private placement bonds in securities in accordance with the Article 2, Paragraph 3 of the Financial Instruments and Exchange Act amounted to ¥48,777 million (\$326,223 thousand) and ¥51,899 million at March 31, 2025 and 2024, respectively.

2-9. MONEY TRUSTS TO BE INDEMNIFIED

The principal amount of money trusts to be indemnified by the Company and its consolidated subsidiaries was ¥1,689 million (\$11,296 thousand) and ¥1,205 million at March 31, 2025 and 2024, respectively.

(Notes to Consolidated Statement of Income)

3-1. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Salaries and Allowances	¥22,815	¥21,554	\$152,588
Research and Development Expenses	6,635	681	44,375

3-2. OTHER EXPENSES

Other expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Loans written off	¥ 18	¥ 20	\$ 120
Securities written off	236	148	1,578

(Notes to Consolidated Statement of Comprehensive Income)

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Valuation difference on available-for-sale securities			
Incurred during the period	¥ (69,907)	¥ 83,135	\$(467,542)
Reclassification adjustments	(33,112)	(15,930)	(221,455)
Taxes and Before tax effect adjustments	(103,019)	67,205	(688,998)
Taxes and Tax effect	28,484	(18,897)	190,502
Valuation difference on available-for-sale securities	(74,535)	48,307	(498,495)
Net deferred gains (losses) on derivatives under hedge accounting			
Incurred during the period	(1,196)	(16,407)	(7,998)
Reclassification adjustments	15,302	17,923	102,340
Taxes and Before tax effect adjustments	14,106	1,515	94,341
Taxes and Tax effect	(4,463)	(462)	(29,848)
Net deferred gains (losses) on derivatives under hedge accounting	9,642	1,053	64,486
Land revaluation excess			
Incurred during the period	—	—	—
Reclassification adjustments	—	—	—
Taxes and Before tax effect adjustments	—	—	—
Taxes and Tax effect	(275)	—	(1,839)
Land revaluation excess	(275)	—	(1,839)
Remeasurements of defined benefit plans			
Incurred during the period	(4,069)	10,294	(27,213)
Reclassification adjustments	(2,478)	(2,538)	(16,573)
Before tax effect adjustments	(6,547)	7,755	(43,786)
Tax effect	1,996	(2,365)	13,349
Remeasurements of defined benefit plans	(4,550)	5,389	(30,430)
The total amount of other comprehensive income	¥ (69,719)	¥ 54,750	\$(466,285)

(Notes to Consolidated Statement of Changes in Net Assets)

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

Type and number of shares issued and treasury stock in the year ended March 31, 2025 and 2024 were as follows:

	(Thousands)			
	2025			
	Number of shares at the beginning of the accounting period	Increase in number of shares during the accounting period	Decrease in number of shares during the accounting period	Number of shares at the end of the accounting period
Shares issued				
Common stock	313,408	—	—	313,408
Total	313,408	—	—	313,408
Treasury stock				
Common stock	10,495	8,905	1,205	18,195
Total	10,495	8,905	1,205	18,195

- 1 The increase in number of shares of treasury stock was due to the purchase of treasury stock by market (7,902 thousand shares), acquisition in trusts related to stock-based compensation plans (1,000 thousand shares), the purchase of fractional shares (1 thousand shares) and the free acquisition of shares allocated as restricted stock incentives for employee stock ownership plans (0 thousand shares).
- 2 The decrease in number of shares of treasury stock was due to the disposal of treasury stock through third-party allotment to trusts related to stock-based compensation plans (1,000 thousand shares), the delivery of shares of the Company through the Trust (131 thousand shares), the disposal of shares allocated as restricted stock incentives for employee stock ownership plans (69 thousand shares), the exercise of stock acquisition rights (4 thousand shares) and the disposal of shares associated with requests for additional purchase of fractional shares (0 thousand shares).
- 3 The number of shares of treasury stock at the beginning of the current fiscal year and at the end of the current fiscal year includes the Company's shares held by the Trust for the share-based payment system (917 thousand shares and 1,786 thousand shares, respectively).

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	(Thousands)			
	2024			
	Number of shares at the beginning of the accounting period	Increase in number of shares during the accounting period	Decrease in number of shares during the accounting period	Number of shares at the end of the accounting period
Shares issued				
Common stock	313,408	—	—	313,408
Total	313,408	—	—	313,408
Treasury stock				
Common stock	4,971	5,694	171	10,495
Total	4,971	5,694	171	10,495

- 1 The increase in number of shares of treasury stock was due to the purchase of treasury stock by market (5,693 thousand shares) and the purchase of fractional shares (1 thousand shares).
- 2 The decrease in number of shares of treasury stock was due to the delivery of shares of the Company through the Trust (135 thousand shares) and the exercise of stock acquisition rights (36 thousand shares).
- 3 The number of shares of treasury stock at the beginning of the current fiscal year and at the end of the current fiscal year includes the Company's shares held by the Trust for the share-based payment system (1,052 thousand shares and 917 thousand shares, respectively).

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

Stock acquisition rights and own stock acquisition rights in the year ended March 31, 2025 and 2024 were as follows:

2025								
Division	Details of stock acquisition rights	Type of shares to be issued	Number of shares subject to stock acquisition rights				Closing balance	
			Beginning balance	Increase	Decrease	Closing balance	Millions of yen	Thousands of U.S. dollars (Note 1-1)
The Company	Stock acquisition rights as stock options			—			115	769
Total				—			115	769

2024								
Division	Details of stock acquisition rights	Type of shares to be issued	Number of shares subject to stock acquisition rights				Closing balance	
			Beginning balance	Increase	Decrease	Closing balance	Millions of yen	
The Company	Stock acquisition rights as stock options			—			119	
Total				—			119	

5-3. Dividends

The following dividends were paid in the year ended March 31, 2025 and March 31, 2024, respectively.

2025							
Date of resolution	Type of shares	Amount of dividends		Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars (Note 1-1)	Yen	U.S. dollars (Note 1-1)		
Directors' meeting held on May 10, 2024	Common stock	¥6,076	\$40,636	¥20.00	\$0.13	March 31, 2024	June 6, 2024
Directors' meeting held on November 8, 2024	Common stock	¥6,008	\$40,181	¥20.00	\$0.13	September 30, 2024	December 10, 2024

1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 10, 2024 includes ¥18 million (\$120 thousand) in dividends to the Company's shares held by the Trust for the share-based payment system.
2. The total amount of dividends on common stock resolved at the Directors' meeting held on November 8, 2024 includes ¥15 million (\$100 thousand) in dividends to the Company's shares held by the Trust for the share-based payment system.

Dividends whose record date is attributable to the year ended March 31, 2025 but which became effective after March 31, 2025

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars (Note 1-1)		Yen	U.S. dollars (Note 1-1)		
Directors' meeting held on May 9, 2025	Common stock	¥7,424	\$49,652	Retained earnings	¥25.00	\$0.16	March 31, 2025	June 6, 2025

The total amount of dividends on common stock includes ¥44 million (\$294 thousand) in dividends to the Company's shares held by the Trust for the share-based payment system.

Date of resolution	Type of shares	2024			
		Amount of dividends		Cash dividends per share	
		Millions of yen	Yen	Record date	Effective date
Directors' meeting of the Iyo Bank held on May 12, 2023	Common stock	¥2,785	¥ 9.00	March 31, 2023	June 8, 2023
Directors' meeting of the Iyo Bank held on November 10, 2023	Common stock	¥3,083	¥10.00	September 30, 2023	December 8, 2023

1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 12, 2023 includes ¥9 million in dividends to the Bank's shares held by the Trust for the share-based payment system.
2. The total amount of dividends on common stock resolved at the Directors' meeting held on November 10, 2023 includes ¥9 million in dividends to the Bank's shares held by the Trust for the share-based payment system.

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

Date of resolution	Type of shares	Amount of dividends		Cash dividends per share		Record date	Effective date
		Millions of yen	Source of dividends	Yen			
Directors' meeting held on May 10, 2024	Common stock	¥6,076	Retained earnings	¥20.00		March 31, 2024	June 6, 2024

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

(Notes to Consolidated Statement of Cash Flows)

6-1. CASH AND CASH EQUIVALENTS

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Cash and due from banks in the balance sheets	¥1,120,284	¥1,169,948	\$7,492,536
Due from banks, except for deposits with the Bank of Japan	(773)	(1,280)	(5,169)
Cash and cash equivalents in the statements of cash flows	¥1,119,510	¥1,168,668	\$7,487,359

(Notes to Lease Transactions)

1. LEASE TRANSACTIONS

(1) Finance Leases

Finance leases that do not transfer ownership of the lease assets

- ① Details of lease assets
- (i) Tangible fixed assets
- Automatic teller machines
- (ii) Intangible fixed assets
- Not applicable
- ② The method used to depreciate for lease assets
- See "SIGNIFICANT ACCOUNTING POLICIES - Tangible and intangible fixed assets and lease assets."

(2) Operating Leases

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

As lessee

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Due within one year	¥153	¥155	\$1,023
Due after one year	141	300	943
Total	¥294	¥455	\$1,966

As lessor

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Due within one year	¥31	¥28	\$207
Due after one year	50	35	334
Total	¥82	¥63	\$548

(Notes to Financial Instruments)

1 Financial instruments

(1) Policy on financial instruments

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

(2) Descriptions and risks of financial instruments

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

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

Corporate Data

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

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

(3) Risk management system for financial products

① Credit risk management

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

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

② Market risk management

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

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

(Quantitative information on market risk)

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

The major market risks for the Group are equity risk and interest rate risk. Financial instruments affected by interest rate risk are loans and bills discounted, available-for-sale securities, deposits, borrowed money, interest swap transactions and interest rate cap derivative transactions. At March 31, 2025 and 2024, the quantity of market risk (expected loss), which included equity risk and interest rate risk, amounted to ¥206.7 billion (\$1,382 million) and ¥224.3 billion, respectively.

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

③ Liquidity risk management

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

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

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

2 Fair values of financial instruments

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

	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2025			2025		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Monetary claims purchased	¥ 3,818	¥ 3,818	¥ —	\$ 25,535	\$ 25,535	\$ —
(2) Trading account securities						
Trading securities	322	322	—	2,153	2,153	—
(3) Money held in trust	5,025	5,025	—	33,607	33,607	—
(4) Securities (*1)						
Available-for-sale securities	1,825,158	1,825,158	—	12,206,781	12,206,781	—
(5) Loans and bills discounted	5,839,163	5,711,276		39,052,722	38,197,405	
Reserve for loan losses (*2)	(35,172)			(235,232)		
	5,803,990	5,711,276	(92,713)	38,817,482	38,197,405	(620,070)
Total Assets	¥7,638,315	¥7,545,601	¥(92,713)	\$51,085,573	\$50,465,496	\$(620,070)
(1) Deposits	¥6,498,773	¥6,491,030	¥ (7,743)	\$43,464,238	\$43,412,453	\$ (51,785)
(2) Negotiable certificates of deposit	614,007	614,007	—	4,106,520	4,106,520	—
(3) Borrowed money	693,330	681,085	(12,245)	4,637,038	4,555,143	(81,895)
Total Liabilities	¥7,806,111	¥7,786,122	¥(19,988)	\$52,207,804	\$52,074,117	\$(133,681)
Derivative Transactions (*3)						
Derivative transactions to which hedge accounting is not applied	¥ 2,059	¥ 2,059	¥ —	\$13,770	\$ 13,770	\$ —
Derivative transactions to which hedge accounting is applied	(7,198)	(7,198)	—	(48,140)	(48,140)	—
Total Derivative Transactions	¥ (5,139)	¥ (5,139)	¥ —	\$ (34,369)	\$ (34,369)	\$ —

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

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

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

(*4) Immaterial items are omitted.

	Millions of yen		
	2024		
	Book value	Fair value	Difference
(1) Monetary claims purchased	¥ 4,599	¥ 4,599	¥ —
(2) Trading account securities			
Trading securities	232	232	—
(3) Money held in trust	6,416	6,416	—
(4) Securities (*1)			
Available-for-sale securities	2,049,726	2,049,726	—
(5) Loans and bills discounted	5,645,392	5,532,381	
Reserve for loan losses (*2)	(33,904)		
	5,611,487	5,532,381	(79,105)
Total Assets	¥7,672,462	¥7,593,356	¥(79,105)
(1) Deposits	¥6,482,018	¥6,478,997	¥ (3,021)
(2) Negotiable certificates of deposit	443,063	443,063	—
(3) Borrowed money	757,237	749,752	(7,485)
Total Liabilities	¥7,682,319	¥7,671,813	¥(10,506)
Derivative Transactions (*3)			
Derivative transactions to which hedge accounting is not applied	¥ 6,874	¥ 6,874	¥ —
Derivative transactions to which hedge accounting is applied	(36,775)	(36,775)	—
Total Derivative Transactions	¥ (29,900)	¥ (29,900)	¥ —

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

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

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

(*4) Immaterial items are omitted.

Corporate Data

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Equity and other securities without fair market value (*1) (*2)	¥13,417	¥13,746	\$89,733
Investments in partnerships, etc. (*3)	10,802	10,023	72,244

(*1) Equity and other securities without fair market value include unlisted stocks, which are not included in the disclosure of fair value in accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020).
(*2) The impairment loss of unlisted stocks was ¥147 million (\$983 thousand) and ¥148 million at March 31, 2025 and 2024, respectively.
(*3) Investments in partnerships, etc., include mainly silent partnerships and investment partnerships. These items are not included in the disclosure of fair value in accordance with Paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021).

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

	Millions of yen					
	2025					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥1,066,764	¥ —	¥ —	¥ —	¥ —	¥ —
Call loans and bills bought	15,400	—	—	—	—	—
Monetary claims purchased	3,272	—	—	—	—	549
Securities	190,949	120,788	112,413	80,179	177,407	270,138
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	190,949	120,788	112,413	80,179	177,407	270,138
Japanese government bonds	104,000	3,500	10,000	—	16,000	—
Municipal bonds	30,776	70,019	67,199	53,415	49,761	30,379
Corporate bonds	19,208	20,991	12,934	805	1,255	1,200
Loans and bills discounted (*)	1,316,844	1,120,142	868,141	648,952	656,228	1,122,609
Total	¥2,593,231	¥1,240,930	¥980,554	¥729,132	¥833,636	¥1,393,297

	Millions of yen					
	2024					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥1,117,802	¥ —	¥ —	¥ —	¥ —	¥ —
Cash collateral provided for securities borrowed	8,478	—	—	—	—	—
Monetary claims purchased	3,723	—	—	—	—	880
Securities	89,601	492,519	145,213	145,876	124,152	475,245
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	89,601	492,519	145,213	145,876	124,152	475,245
Japanese government bonds	9,500	107,500	10,000	—	16,000	—
Municipal bonds	17,137	64,707	65,034	64,823	56,460	35,034
Corporate bonds	22,536	28,046	9,702	1,575	480	1,200
Loans and bills discounted (*)	1,293,843	1,052,112	859,226	596,929	659,069	1,082,294
Total	¥2,513,449	¥1,544,632	¥1,004,440	¥742,806	¥783,221	¥1,558,419

	Thousands of U.S. dollars (Note 1-1)					
	2025					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	\$ 7,134,590	\$ —	\$ —	\$ —	\$ —	\$ —
Call loans and bills bought	102,996	—	—	—	—	—
Monetary claims purchased	21,883	—	—	—	—	3,671
Securities	1,277,079	807,838	751,825	536,242	1,186,510	1,806,701
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	1,277,079	807,838	751,825	536,242	1,186,510	1,806,701
Japanese government bonds	695,559	23,408	66,880	—	107,009	—
Municipal bonds	205,831	468,291	449,431	357,243	332,804	203,176
Corporate bonds	128,464	140,389	86,503	5,383	8,393	8,025
Loans and bills discounted (*)	8,807,142	7,491,586	5,806,186	4,340,235	4,388,897	7,508,085
Total	\$17,343,706	\$8,299,424	\$6,558,012	\$4,876,484	\$5,575,414	\$9,318,465

(*) Loans and bills discounted on which full repayment is not expected from debtors such as bankrupt obligors, substantially bankrupt obligors and intensively controlled obligors amounted to ¥81,259 million (\$543,465 thousand) and ¥76,634 million at March 31, 2025 and 2024, respectively, and loans and bills with no maturities amounted to ¥24,986 million (\$167,108 thousand) and ¥25,282 million at March 31, 2025 and 2024, respectively.

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

	Millions of yen					
	2025					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥6,130,769	¥301,726	¥52,958	¥1,817	¥11,501	¥ —
Negotiable certificates of deposit	614,007	—	—	—	—	—
Call money and bills sold	1,495	—	—	—	—	—
Payables under repurchase agreements	131,946	—	—	—	—	—
Payables under securities lending transactions	159,757	—	—	—	—	—
Borrowed money	119,416	568,549	1,859	841	1,123	1,539
Total	¥7,157,392	¥870,276	¥54,818	¥2,658	¥12,625	¥1,539

	Millions of yen					
	2024					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥6,144,310	¥288,046	¥ 41,777	¥1,141	¥6,742	¥ —
Negotiable certificates of deposit	443,063	—	—	—	—	—
Call money and bills sold	5,299	—	—	—	—	—
Payables under repurchase agreements	91,460	—	—	—	—	—
Payables under securities lending transactions	327,936	—	—	—	—	—
Borrowed money	183,653	189,226	381,880	654	732	1,090
Total	¥7,195,723	¥477,272	¥423,658	¥1,795	¥7,475	¥1,090

	Thousands of U.S. dollars (Note 1-1)					
	2025					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	\$41,003,002	\$2,017,964	\$354,186	\$12,152	\$76,919	\$ —
Negotiable certificates of deposit	4,106,520	—	—	—	—	—
Call money and bills sold	9,998	—	—	—	—	—
Payables under repurchase agreements	882,463	—	—	—	—	—
Payables under securities lending transactions	1,068,465	—	—	—	—	—
Borrowed money	798,662	3,802,494	12,433	5,624	7,510	10,292
Total	\$47,869,127	\$5,820,465	\$366,626	\$17,776	\$84,436	\$10,292

(*) Demand deposits are included in “Within 1 year.”

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

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

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

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

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

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

Corporate Data

(1) Financial instruments measured at fair value

Classification	Millions of yen					Thousands of U.S. dollars (Note 1-1)				
	2025					2025				
	Fair value					Fair value				
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total	
Monetary claims purchased	¥ —	¥ —	¥ 545	¥ 545		\$ —	\$ —	\$ 3,644	\$ 3,644	
Trading account securities										
Trading securities										
Japanese government bonds	322	—	—	322		2,153	—	—	2,153	
Money held in trust	—	—	2,125	2,125		—	—	14,212	14,212	
Securities:										
Available-for-sale securities										
Japanese government bonds	95,106	76,670	—	171,777		636,075	512,774	—	1,148,856	
Municipal bonds	—	286,772	—	286,772		—	1,917,950	—	1,917,950	
Corporate bonds	—	27,816	49,059	76,875		—	186,035	328,109	514,145	
Equity securities	348,002	—	—	348,002		2,327,461	—	—	2,327,461	
Others	534,403	406,225	983	941,612		3,574,123	2,716,860	6,574	6,297,565	
Total Assets	¥977,835	¥797,484	¥52,713	¥1,828,033		\$6,539,827	\$5,333,627	\$352,548	\$12,226,009	
Derivative transactions										
Interest rate-related derivatives	¥ 26	¥ 19,202	¥ —	¥ 19,228		\$ 173	\$ 128,424	\$ —	\$ 128,598	
Currency-related derivatives	—	(24,387)	—	(24,387)		—	(163,101)	—	(163,101)	
Equity-related derivatives	20	—	—	20		133	—	—	133	
Total Derivative Transactions	¥ 46	¥ (5,185)	¥ —	¥ (5,139)		\$ 307	\$ (34,677)	\$ —	\$ (34,369)	

(*) Securities do not include investment trusts for which the market value is deemed to be the base value pursuant to the Implementation Guidance on Accounting Standard for Fair Value Measurement Paragraph 24-3 and 24-9 (ASBJ Guidance No. 31, June 17, 2021). The amount of investment trusts reported on the consolidated balance sheet for which Article 24-3 was applied was nil, and the amount for which Article 24-9 was applied was 118 million yen.

Classification	Millions of yen				
	2024				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Monetary claims purchased	¥ —	¥ —	¥ 901	¥ 901	
Trading account securities					
Trading securities					
Japanese government bonds	232	—	—	232	
Money held in trust	—	—	1,885	1,885	
Securities:					
Available-for-sale securities					
Japanese government bonds	87,254	86,272	—	173,526	
Municipal bonds	—	298,865	—	298,865	
Corporate bonds	—	28,072	52,466	80,539	
Equity securities	415,597	—	—	415,597	
Others	747,237	332,861	980	1,081,080	
Total Assets	¥1,250,322	¥746,072	¥56,235	¥2,052,629	
Derivative transactions					
Interest rate-related derivatives	¥ 29	¥ 8,342	¥ —	¥ 8,372	
Currency-related derivatives	—	(38,298)	—	(38,298)	
Bond-related derivatives	25	—	—	25	
Total Derivative Transactions	¥ 54	¥ (29,955)	¥ —	¥ (29,900)	

(*) Securities do not include investment trusts for which the market value is deemed to be the base value pursuant to the Implementation Guidance on Accounting Standard for Fair Value Measurement Paragraph 24-3 and 24-9 (ASBJ Guidance No. 31, June 17, 2021). The amount of investment trusts reported on the consolidated balance sheet for which Article 24-3 was applied was nil, and the amount for which Article 24-9 was applied was 117 million yen.

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

Classification	Millions of yen					Thousands of U.S. dollars (Note 1-1)				
	2025					2025				
	Fair value					Fair value				
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total	
Monetary claims purchased	¥—	¥ —	¥ 3,272	¥ 3,272		\$—	\$ —	\$ 21,883	\$ 21,883	
Money held in trust	—	—	2,900	2,900		—	—	19,395	19,395	
Loans	—	—	5,711,276	5,711,276		—	—	38,197,405	38,197,405	
Total Assets	¥—	¥ —	¥5,717,449	¥5,717,449		\$—	\$ —	\$38,238,690	\$38,238,690	
Deposits	¥—	¥6,491,030	¥ —	¥6,491,030		\$—	\$43,412,453	\$ —	\$43,412,453	
Negotiable certificates of deposit	—	614,007	—	614,007		—	4,106,520	—	4,106,520	
Borrowed money	—	681,085	—	681,085		—	4,555,143	—	4,555,143	
Total Derivative Transactions	¥—	¥7,786,122	¥ —	¥7,786,122		\$—	\$52,074,117	\$ —	\$52,074,117	

Classification	Millions of yen				
	2024				
	Fair value				
	Level 1	Level 2	Level 3	Total	
Monetary claims purchased	¥—	¥ —	¥ 3,698	¥ 3,698	
Money held in trust	—	—	4,530	4,530	
Loans	—	—	5,532,381	5,532,381	
Total Assets	¥—	¥ —	¥5,540,610	¥5,540,610	
Deposits	¥—	¥6,478,997	¥ —	¥6,478,997	
Negotiable certificates of deposit	—	443,063	—	443,063	
Borrowed money	—	749,752	—	749,752	
Total Derivative Transactions	¥—	¥7,671,813	¥ —	¥7,671,813	

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

Assets

Monetary claims purchased

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

Trading account securities

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

Money held in trust

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

Securities

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

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

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

Of corporate bonds, private placement bonds with guarantee obligations are measured as the present value discounted at a rate that reflects the proper market rate corresponding to the remaining period and credit risk

based on the internal rating. As these discount rates are unobservable inputs, such private placement bonds are classified as Level 3 fair value. Securities that do not fall under these classifications are measured based on prices quoted by correspondent financial institutions and are classified as Level 3 fair value based on the inputs used for the quoted prices.

Loans and bills discounted

Loans and bills discounted with floating rates are classified as Level 3 fair value. This is because their book value is considered as the fair value, taking into account that the rates reflect the market rate in a short period and that the fair value approximates the book value unless the borrower’s creditworthiness changes significantly after the inception date. Loans and bills discounted with fixed rates are classified as Level 3 fair value. This is because their fair value is measured as the present value, discounting future cash flows arising from principal and interest at a rate that reflects the proper market rate corresponding to the remaining period and credit risk based on the internal rating and because these discount rates are unobservable inputs. Loans and bills with short-term contractual terms (within one year) are classified as Level 3 fair value because their fair value approximates the book value and such book value is considered as the fair value. In addition, loans to bankrupt borrowers, substantially bankrupt borrowers and potentially bankrupt borrowers are classified as Level 3 fair value. Their fair value approximates the consolidated balance sheet amount as of the consolidated balance sheet date less the reserve for loan losses since the loan losses are calculated based on the estimated collectable amount from collateral and/or guarantees. Of loans and bills discounted, loans and bills discounted with no maturity due to conditions such as limiting the loans to the value of pledged assets are classified as Level 3 fair value. Their fair value is deemed as the book value since the fair value is expected to approximate the book value considering the estimated loan period, interest rate and other conditions.

Corporate Data

Liabilities

Deposits and negotiable certificates of deposit

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

Borrowed money

The fair value of borrowed money with a floating rate is considered equal to the book value because the fair value of these items approximates the book value, taking into account that the rate reflects the market rate in a short period and that the creditworthiness of the Company and its consolidated subsidiaries and subsidiary corporations, etc., has not changed significantly since the inception date. The fair value of borrowed

money with a fixed rate is calculated as the present value, discounting future cash flows for its principal and interest at a rate that reflects the proper market rate corresponding to the remaining period and credit risk of the Group. These items are classified as Level 2 fair value.

Derivative transactions

Derivative transactions using unadjusted market prices in active markets are classified as Level 1 fair value. These Level 1 derivative transactions include mainly bond futures and interest rate futures. However, as most derivative transactions are traded over the counter and their market prices are not announced, their fair value is calculated using valuation techniques, including the present value model and the option pricing model. These valuation techniques input mainly interest rates, foreign exchange rates, volatilities and others. In addition, the valuation amount is adjusted based on the credit risk of counterparties and the Group. If unobservable inputs are not used or their impact is insignificant, those derivative items are classified as Level 2 fair value and include interest rate swaps and forward exchange contracts.

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

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

(1) Quantitative information on significant unobservable inputs

As of March 31,2025

Classification	Valuation technique	Significant unobservable input	Range of inputs	Weighted average of inputs
Securities: Corporate bonds	Present value method	Discount rate	0.1%–16.5%	0.3%

As of March 31,2024

Classification	Valuation technique	Significant unobservable input	Range of inputs	Weighted average of inputs
Securities: Corporate bonds	Present value method	Discount rate	0.1%–16.5%	0.4%

(2) A reconciliation from the beginning balances to the ending balances and gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (as of March 31, 2025)

Millions of yen								
	Profit or loss or other comprehensive income for the period							Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)
	Beginning balance	Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)	Purchases, sales, issuances, and settlements (net)	Transfer into Level 3	Transfer out of Level 3	Ending balance	
Monetary claims purchased	¥ 901	¥—	¥ 0	¥ (356)	¥—	¥—	¥ 545	¥—
Money held in trust	1,885	61	(59)	237	—	—	2,125	61
Securities:								
Available-for-sale securities								
Corporate bonds	52,466	18	(304)	(3,122)	—	—	49,059	—
Others	980	—	2	—	—	—	983	—

Thousands of U.S. dollars (Note 1-1)							
	Profit or loss or other comprehensive income for the period						
	Beginning balance	Recognized in profit or loss (*1)	Recognized in other comprehensive income (*2)	Purchases, sales, issuances, and settlements (net)	Transfer into Level 3	Transfer out of Level 3	Ending balance
Monetary claims purchased	\$ 6,025	\$ —	\$ 0	\$ (2,380)	\$—	\$—	\$ 3,644
Money held in trust	12,607	407	(394)	1,585	—	—	14,212
Securities:							
Available-for-sale securities							
Corporate bonds	350,896	120	(2,033)	(20,880)	—	—	328,109
Others	6,554	—	13	—	—	—	6,574

(*1) Profit or loss is included mainly in Other operating income, Other operating expenses, Other income and Other expenses of Consolidated Statement of Income.
(*2) Other comprehensive income is included in Valuation difference on available-for-sale securities in Other comprehensive income of Consolidated Statement of Comprehensive Income.

included in profit or loss for the period (as of March 31, 2024)

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

(*1) Profit or loss is included mainly in Other operating income, Other operating expenses, Other income and Other expenses of Consolidated Statement of Income.
(*2) Other comprehensive income is included in Valuation difference on available-for-sale securities in Other comprehensive income of Consolidated Statement of Comprehensive Income.

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

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

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

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

Corporate Data

(Notes to Securities)

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

1 Trading securities:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Unrealized gains (losses) included in profit and loss for the fiscal year	¥(33)	¥(22)	\$(220)

2 Held-to-maturity debt securities:

None

3 Available-for-sale securities:

	Millions of yen			Millions of yen			Thousands of U.S. dollars (Note 1—1)		
	2025			2024			2025		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with unrealized gains									
Equity securities	¥ 342,944	¥ 74,870	¥268,073	¥ 412,938	¥ 82,594	¥330,344	\$ 2,293,632	\$ 500,735	\$1,792,890
Bonds	128,789	125,697	3,091	224,436	217,803	6,632	861,349	840,670	20,672
Japanese government bonds	93,022	90,348	2,674	153,529	148,515	5,013	622,137	604,253	17,883
Municipal bonds	23,556	23,260	296	49,241	47,823	1,417	157,544	155,564	1,979
Corporate bonds	12,210	12,089	120	21,666	21,463	202	81,661	80,852	802
Other	432,666	405,453	27,213	598,602	556,021	42,581	2,893,699	2,711,697	182,002
Total	¥ 904,400	¥ 606,022	¥298,377	¥1,235,977	¥ 856,419	¥379,558	\$ 6,048,689	\$ 4,053,116	\$1,995,565
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with unrealized losses									
Equity securities	¥ 5,058	¥ 5,851	¥ (792)	¥ 2,658	¥ 2,952	¥ (293)	\$ 33,828	\$ 39,131	\$ (5,296)
Bonds	406,635	422,817	(16,181)	328,495	334,720	(6,225)	2,719,602	2,827,829	(108,219)
Japanese government bonds	78,755	78,969	(213)	19,997	20,009	(11)	526,718	528,150	(1,424)
Municipal bonds	263,215	278,335	(15,120)	249,624	255,436	(5,812)	1,760,399	1,861,523	(101,123)
Corporate bonds	64,664	65,512	(847)	58,872	59,274	(402)	432,477	438,148	(5,664)
Other	509,609	528,044	(18,434)	483,496	489,624	(6,128)	3,408,299	3,531,594	(123,287)
Total	921,304	956,712	(35,408)	814,650	827,298	(12,647)	6,161,744	6,398,555	(236,811)
Total	¥1,825,704	¥1,562,734	¥262,969	¥2,050,628	¥1,683,717	¥366,910	\$12,210,433	\$10,451,672	\$1,758,754

4 Available-for-sale securities sold:

	Millions of yen			Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2025			2024			2025		
	Amount sold	Gains	Losses	Amount sold	Gains	Losses	Amount sold	Gains	Losses
Equity securities	¥ 21,354	¥12,376	¥ 475	¥ 8,610	¥ 5,936	¥ 294	\$ 142,817	\$ 82,771	\$ 3,176
Bonds	5,360	36	—	9,279	56	—	35,848	240	—
Japanese government bonds	4,862	27	—	—	—	—	32,517	180	—
Corporate bonds	498	9	—	9,279	56	—	3,330	60	—
Other	1,890,083	29,748	8,570	1,967,327	14,692	5,322	12,641,004	198,956	57,316
Total	¥1,916,798	¥42,161	¥9,045	¥1,985,217	¥20,685	¥5,616	\$12,819,676	\$281,975	\$60,493

5 Securities impaired

Certain securities other than trading securities (excluding equity and other securities without fair market value and investments in partnerships, etc.) are written down to the fair value, and the difference between the acquisition cost and the fair value is treated as loss for the fiscal year (impairment (devaluation)) if the fair value has significantly deteriorated from the acquisition cost, unless it is deemed that there is a possibility of a recovery in the fair value. The amount of impairment (devaluation) was ¥88 million (\$588 thousand), including ¥88 million (\$588 thousand) of equity securities at March 31, 2025, and ¥97 million, including ¥97 million of bonds at March 31, 2024. A security is deemed to have “significantly deteriorated” if the fair value has decreased to 50% or less of the acquisition cost. If the fair value exceeds 50% but

is 70% or less of the acquisition cost, the security may be deemed “significantly deteriorated” considering the change in the quoted market price during a certain period in the past, the related business performance and other factors.

(Notes to Money Held in Trust)

The following table summarizes the book values (fair values) and amounts of net unrealized gains and losses for money held in trust included in profit and loss for the fiscal year.

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Money held in trust for investment			
Book value (fair value)	¥ —	¥ —	\$ —
Amount of net unrealized gain (loss) included in profit and loss for the fiscal year	¥ —	¥ —	\$ —
Other money held in trust			
Book value (fair value)	5,025	6,416	33,607
Acquisition cost	4,343	5,673	29,046
Difference	682	742	4,561
Unrealized gains	742	742	4,962
Unrealized losses	60	—	401

(Notes to Derivative Transactions)

At March 31, 2025

1 Derivative transactions to which hedge accounting was not applied

Derivative transactions to which hedge accounting was not applied are set forth in the tables below.

The contract amount do not reflect the market risk associated with the derivatives.

(1) Interest rate contracts

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2025				2025			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Listed transactions:								
Interest rate options:								
Sell	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —	\$ —
Buy	734	—	26	(8)	4,909	—	173	(53)
Over-the-counter transactions:								
Swaps:								
Receive fixed rate and pay floating rate	318,348	201,673	(4,495)	(4,495)	2,129,133	1,348,802	(30,062)	(30,062)
Receive floating rate and pay fixed rate	201,723	201,673	6,533	6,533	1,349,137	1,348,802	43,693	43,693
Total	—	—	¥ 2,064	¥ 2,029	—	—	\$ 13,804	\$ 13,570

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

(2) Currency and foreign exchange contracts

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2025				2025			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:								
Currency swaps	¥490,933	¥483,757	¥ 184	¥ 184	\$3,283,393	\$3,235,399	\$ 1,230	\$ 1,230
Forward exchange contracts:								
Sell	406,208	78,401	(18,780)	(18,780)	2,716,746	524,351	(125,601)	(125,601)
Buy	340,849	73,322	18,797	18,797	2,279,621	490,382	125,715	125,715
Currency options:								
Sell	255,376	130,517	(7,686)	(1,459)	1,707,972	872,906	(51,404)	(9,757)
Buy	180,616	130,517	7,459	2,276	1,207,972	872,906	49,886	15,222
Total	—	—	¥ (25)	¥ 1,017	—	—	\$ (167)	\$ 6,801

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

Corporate Data

(3) Equity-related derivatives

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2025				2025			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Listed transactions:								
Equity index options:								
Sell	¥ —	¥—	¥—	¥ —	\$ —	\$—	\$ —	\$ —
Buy	2,542	—	20	(83)	17,001	—	133	(555)
Total	—	—	¥20	¥(83)	—	—	\$133	\$(555)

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

(4) Others

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2025				2025			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:								
Earthquake derivatives								
Sell	¥1,070	¥—	¥(9)	¥—	\$7,156	\$—	\$(60)	\$—
Buy	1,070	—	9	—	7,156	—	60	—
Total	—	—	¥—	¥—	—	—	\$—	\$—

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

2 Derivative transactions to which hedge accounting was applied

Derivative transactions to which hedge accounting was applied are set forth in the tables below.

The contract amount do not reflect the market risk associated with the derivatives.

(1) Interest rate contracts

Method of hedge accounting		Hedged items	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
			2025			2025		
			Contract amount	Portion maturing over one year	Fair value	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method	Interest rate swaps	Loans						
	Receive fixed rate and pay floating rate		67,284	67,284	287	450,000	450,000	1,919
	Receive floating rate and pay fixed rate		¥693,605	¥677,605	¥16,876	\$4,638,877	\$4,531,868	\$112,867
Total			—	—	¥17,163	—	—	\$114,787

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 24, March 17, 2022, "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry."

(2) Currency and foreign exchange contracts

Method of hedge accounting		Hedged items	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
			2025			2025		
			Contract amount	Portion maturing over one year	Fair value	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method								
Currency swaps	Foreign currency		¥596,479	¥312,088	¥(24,362)	\$3,989,292	\$2,087,265	\$(162,934)
Fund related swaps	monetary assets		—	—	—	—	—	—
Total			—	—	¥(24,362)	—	—	\$(162,934)

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 25, October 8, 2020, "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions in the Banking Industry."

At March 31, 2024

1 Derivative transactions to which hedge accounting was not applied

Derivative transactions to which hedge accounting was not applied are set forth in the tables below.

The contract amount do not reflect the market risk associated with the derivatives.

(1) Interest rate contracts

	Millions of yen			
	2024			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Listed transactions:				
Interest rate options:				
Sell	¥ —	¥ —	¥ —	¥ —
Buy	1,115	—	29	(10)
Over-the-counter transactions:				
Swaps:				
Receive fixed rate and pay floating rate	203,698	182,501	(2,892)	(2,892)
Receive floating rate and pay fixed rate	182,501	179,981	5,078	5,078
Total	—	—	¥ 2,215	¥ 2,175

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

(2) Currency and foreign exchange contracts

	Millions of yen			
	2024			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:				
Currency swaps	¥595,201	¥495,867	¥ 210	¥ 210
Forward exchange contracts:				
Sell	397,961	120,375	(20,969)	(20,969)
Buy	447,738	107,648	25,425	25,425
Currency options:				
Sell	180,242	116,398	(5,659)	(457)
Buy	180,242	116,398	5,628	1,252
Total	—	—	¥ 4,634	¥ 5,461

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

(3) Bond-related derivatives

	Millions of yen			
	2024			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Listed transactions:				
Bond future:				
Sell	¥84,513	¥—	¥25	¥25
Buy	—	—	—	—
Total	—	—	¥25	¥25

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

(4) Others

	Millions of yen			
	2024			
	Contract amount	Portion maturing over one year	Fair value	Recognized gains (losses)
Over-the-counter transactions:				
Earthquake derivatives				
Sell	¥1,420	¥—	¥(13)	¥—
Buy	1,420	—	13	—
Total	—	—	¥ —	¥—

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

Corporate Data

2 Derivative transactions to which hedge accounting was applied

Derivative transactions to which hedge accounting was applied are set forth in the tables below.
The contract amount do not reflect the market risk associated with the derivatives.

(1) Interest rate contracts

		Millions of yen		
		2024		
Method of hedge accounting	Hedged items	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method	Interest rate swaps	—	—	—
	Loans			
	Receive fixed rate and pay floating rate			
	Receive floating rate and pay fixed rate			
Total		¥543,939	¥543,825	¥6,157

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 24, March 17, 2022, “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in the Banking Industry.”

(2) Currency and foreign exchange contracts

		Millions of yen		
		2024		
Method of hedge accounting	Hedged items	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method				
Currency swaps	Foreign currency	¥497,857	¥359,663	¥(42,932)
Fund related swaps	monetary assets	—	—	—
Total		—	—	¥(42,932)

The above transactions are accounted for with the deferral hedge accounting treatment stipulated in JICPA Industry-specific Committees Guidance No. 25, October 8, 2020, “Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions in the Banking Industry.”

(Notes to Retirement Benefits)

1 Outline of retirement and severance benefits plans

The retirement benefit plans of the consolidated banking subsidiary consist of a defined benefit corporate pension fund plan, a retirement lump-sum grant system and a defined contribution pension plan. In addition, the consolidated banking subsidiary set up a retirement benefit trust.

The retirement benefit plans of other consolidated subsidiaries consist of a retirement lump-sum grant system and a defined contribution pension plan.

Other consolidated subsidiaries use the simplified method in calculating net defined benefit liability and retirement benefit expenses for their retirement lump-sum grant systems.

2 Defined benefit plan

(1) Reconciliation of retirement benefit obligations between the beginning and the end of the period

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Retirement benefit obligations at the beginning of the period	¥60,859	¥63,592	\$407,029
Service cost	2,065	2,148	13,810
Interest cost	704	485	4,708
Actuarial differences incurred	(4,048)	(1,732)	(27,073)
Retirement benefits paid	(3,365)	(3,634)	(22,505)
Prior service cost	3,681	—	24,618
Retirement benefit obligations at the end of the period	59,897	60,859	400,595

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Pension assets at the beginning of the period	¥103,637	¥ 95,305	\$693,131
Expected return on pension assets	1,264	1,165	8,453
Actuarial differences incurred	(4,435)	8,562	(29,661)
Employer's contributions	287	1,070	1,919
Retirement benefits paid	(2,442)	(2,466)	(16,332)
Pension assets at the end of the period	98,311	103,637	657,510

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

(3) Reconciliation of retirement benefit obligations and pension assets at the end of the period to net defined benefit liability and net defined benefit asset in the consolidated balance sheets

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Retirement benefit obligations of the savings plan	¥ 59,430	¥ 60,372	\$ 397,471
Pension assets	(98,311)	(103,637)	(657,510)
	(38,881)	(43,264)	(260,038)
Retirement benefit obligations of the non-savings plan	467	487	3,123
Net liabilities and assets recorded on the consolidated balance sheets	(38,413)	(42,777)	(256,908)
Net defined benefit liability	8,385	8,761	56,079
Net defined benefit asset	(46,799)	(51,538)	(312,994)
Net liabilities and assets on the consolidated balance sheets	(38,413)	(42,777)	(256,908)

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

(4) Retirement benefit cost and its breakdown

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Service cost	¥ 1,867	¥ 1,953	\$ 12,486
Interest cost	704	485	4,708
Expected return on pension assets	(1,264)	(1,165)	(8,453)
Recognized actuarial differences	(2,440)	(1,997)	(16,318)
Amortization of prior service cost	(37)	(541)	(247)
	(1,170)	(1,265)	(7,825)

(Note 1) Retirement benefit costs of consolidated subsidiaries using the simplified method are included in “Service cost.”
(Note 2) Employee contribution to the corporate pension fund is deducted from “Service cost.”

(5) Remeasurements of defined benefit plans

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Prior service cost	¥(3,718)	¥ (541)	\$(24,866)
Actuarial differences	(2,828)	8,297	(18,913)
Total	(6,547)	7,755	(43,786)

(6) Remeasurements of defined benefit plans

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Unrecognized prior service cost	¥ 3,537	¥ (181)	\$ 23,655
Unrecognized actuarial differences	(18,576)	(21,405)	(124,237)
Total	(15,038)	(21,586)	(100,575)

Corporate Data

(7) Pension assets

① Pension asset portfolio

	2025	2024
Bonds	49.4%	45.6%
Equity securities	45.9%	49.6%
Other	4.7%	4.8%
Total	100.0%	100.0%

(Note) 33.0% of the total pension assets as of March 31, 2025 (34.5% as of March 31, 2024) represent assets in the retirement benefit trust for the corporate pension fund, 4.4% of which as of March 31, 2025 (4.5% as of March 31, 2024) corresponds to the lump-sum grant system.

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

The long-term expected rate of return on pension assets is determined based on the average investment yield on the pension assets for the past three years. When the average rate is below 0.81% or above 2.0%, it is stated as 0.81% and 2.0%, respectively.

(8) Actuarial assumptions

The weighted average rate for assumptions used for the actuarial computation of the retirement benefit obligations for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024
Discount rates		
Retirement lump-sum grant system	1.40%	0.70%
Corporate pension fund plans	2.00%	1.20%
Long-term expected return on assets		
Pension assets of corporate pension fund	2.00%	2.00%
Retirement benefit trust (Retirement lump-sum grant system and corporate pension fund plans)	0.00%	0.00%

(Note) A point system is applied to the substantive portion of the retirement lump-sum grant system and a cash balance plan to defined benefit corporate pension fund plans, respectively. The “Estimate rate of salary increase” is not disclosed due to the insignificant impact it would have on the calculation of retirement benefit obligations.

3 Defined contribution plan

The amount of required contribution of the Group to the defined contribution plans was ¥670 million (\$4,481 thousand) and ¥476 million at March 31, 2025 and 2024, respectively.

(2) Stock options granted and changes

The table below represents stock options outstanding at the year-end and the number of stock options is converted into the number of stock.

① Number of stock options

	7th Stock Options shares	6th Stock Options shares	5th Stock Options shares	4th Stock Options shares	3rd Stock Options shares	2nd Stock Options shares	1st Stock Options shares
Before vesting							
Previous fiscal year-end	34,200	26,300	11,600	17,800	16,300	24,000	15,200
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	4,500	—	—	—	—	—	—
Outstanding	29,700	26,300	—	17,800	16,300	24,000	15,200
After vesting							
Previous fiscal year-end	—	—	—	—	—	—	—
Vested	4,500	—	—	—	—	—	—
Exercised	4,500	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Exercisable	—	—	—	—	—	—	—

② Price information

	7th Stock Options Yen (U.S. dollars)	6th Stock Options Yen (U.S. dollars)	5th Stock Options Yen (U.S. dollars)	4th Stock Options Yen (U.S. dollars)	3rd Stock Options Yen (U.S. dollars)	2nd Stock Options Yen (U.S. dollars)	1st Stock Options Yen (U.S. dollars)
Exercise price	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share	¥ 1 (\$0) per share
Average exercise price	¥1,490 (\$9) per share	— per share	— per share	— per share	— per share	— per share	— per share
Fair value at the grant date	¥ 867 (\$5) per share	¥601 (\$4) per share	¥1,473 (\$9) per share	¥989 (\$6) per share	¥918 (\$6) per share	¥550 (\$3) per share	¥704 (\$4) per share

2 Method of estimating the number of stock options vested

Only the actual number of forfeited stock options is reflected because it is difficult to rationally estimate the actual number of stock options that will be forfeited in the future.

(Notes to Stock Options)

1 Outline of stock options and changes

(1) Outline of stock options

	lyogin holdings, Inc. 7th Stock Options	lyogin holdings, Inc. 6th Stock Options	lyogin holdings, Inc. 5th Stock Options	lyogin holdings, Inc. 4th Stock Options	lyogin holdings, Inc. 3rd Stock Options	lyogin holdings, Inc. 2nd Stock Options	lyogin holdings, Inc. 1st Stock Options
Title and number of grantees	Directors of the lyo Bank: 5 Executive Officers of the lyo Bank: 2	Directors of the lyo Bank: 3 Executive Officers of the lyo Bank: 2	Directors of the lyo Bank: 3 Executive Officers of the lyo Bank: 1	Directors of the lyo Bank: 2	Directors of the lyo Bank: 1	Directors of the lyo Bank: 1	Directors of the lyo Bank: 1
Number of stock options (*2)	Common shares: 48,900	Common shares: 43,100	Common shares: 16,600	Common shares: 17,800	Common shares: 16,300	Common shares: 24,000	Common shares: 15,200
Grant date (*3)	July 14, 2017	July 15, 2016	July 15, 2015	July 16, 2014	July 16, 2013	July 17, 2012	July 15, 2011
Conditions for vesting	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Requisite service period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Exercise period	October 3, 2022 to July 14, 2047	October 3, 2022 to July 15, 2046	October 3, 2022 to July 15, 2045	October 3, 2022 to July 16, 2044	October 3, 2022 to July 16, 2043	October 3, 2022 to July 17, 2042	October 3, 2022 to July 15, 2041

(*1) Due to the establishment of The lyo Bank, Ltd. through a single share transfer, the Company has delivered new stock acquisition rights to the ones issued by the lyo Bank, Ltd.

(*2) Reported in terms of shares of stock

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

Corporate Data

(Notes to Income Taxes)

1 Significant components of deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Deferred tax assets:			
Excess reserve for loan losses	¥ 12,439	¥ 13,103	\$ 83,192
Impairment loss on land	790	717	5,283
Accrued employees' bonuses	759	541	5,076
Excess depreciation	576	528	3,852
Other	5,123	3,844	34,262
Valuation reserve	(1,102)	(965)	(7,370)
Total deferred tax assets	18,587	17,769	124,311
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥(82,460)	¥(110,944)	\$(551,498)
Retirement benefit asset	(9,427)	(10,660)	(63,048)
Net deferred gains (losses) on derivatives under hedge accounting	(5,633)	(1,169)	(37,673)
Deferred gains on real property	(897)	(874)	(5,999)
Total deferred tax liabilities	(98,418)	(123,648)	(658,226)
Net deferred tax liabilities:	¥(79,831)	¥(105,879)	\$(533,915)

2 A reconciliation of the statutory tax rate and effective tax rate for the years ended March 31, 2025 and 2024 were as follows:

	2025	2024
Statutory tax rate (Adjustments)	30.5%	30.5%
Entertainment expenses and other expenses not deductible permanently for income tax purposes	0.1%	0.2%
Dividend income and other income excluded permanently for income tax purposes	(0.8%)	(0.9%)
Valuation reserve	(0.5%)	2.3%
Adjustment to increase deferred tax assets at the end of the period due to changes in tax rates	(0.4%)	—
Tax credit for research and development expenses	(0.5%)	—
Other	(0.0%)	(0.0%)
Effective income tax rate	28.2%	32.0%

3 Adjustment of Deferred Tax Assets and Deferred Tax Liabilities Due to Changes in Income Tax Rates

With the enactment of the “Act to Partially Amend the Income Tax Act, etc. (2025 Act No. 13)” on March 31, 2025, the “Defense Special Corporate Tax” will be imposed starting from the consolidated fiscal year beginning on or after April 1, 2026. As a result, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities will change from the previous 30.5% to 31.4% for temporary differences expected to be resolved in the consolidated fiscal years beginning on or after April 1, 2026.

Due to this tax rate change, deferred tax assets for the current consolidated fiscal year increased by ¥312 million (\$2,086 thousand), deferred tax liabilities increased by ¥2,526 million (\$16,894 thousand), valuation difference on available-for-sale securities decreased by ¥2,339 million (\$15,643 thousand), Net deferred gains (losses) on derivatives under hedge accounting decreased by ¥161 million (\$1,076 thousand), reserve for advanced depreciation decreased by ¥25 million (\$167 thousand), retained earnings brought forward increased by ¥25 million (\$167 thousand), and deferred income tax decreased by ¥286 million (\$1,912 thousand). Additionally, deferred tax liabilities for land revaluation increased by ¥275 million (\$1,839 thousand), and the revaluation reserve for land decreased by the same amount.

(Notes to Revenue Recognition)

Disaggregation of revenue from contracts with customers as of March 31, 2025 and 2024, were as follows:

	Millions of yen					Thousands of U.S. dollars (Note 1-1)				
	2025					2025				
	Reportable segments					Reportable segments				
	Commercial Banking	Leasing	Total	Other businesses	Total	Commercial Banking	Leasing	Total	Other businesses	Total
Fees and commissions										
Deposit and loan services	¥ 3,701	¥ —	¥ 3,701	¥ —	¥ 3,701	\$ 24,752	\$ —	\$ 24,752	\$ —	\$ 24,752
Foreign exchange services	3,141	—	3,141	—	3,141	21,007	—	21,007	—	21,007
Securities-related services	917	—	917	1,642	2,559	6,132	—	6,132	10,981	17,114
Other services	5,102	—	5,102	356	5,458	34,122	—	34,122	2,380	36,503
Ordinary income from contracts with customers	12,862	—	12,862	1,998	14,861	86,021	—	86,021	13,362	99,391
Ordinary income from other items above	198,119	18,504	216,623	403	217,027	1,325,033	123,756	1,448,789	2,695	1,451,491
Ordinary income from external customers	¥210,981	¥18,504	¥229,486	¥2,402	¥231,888	\$1,411,055	\$123,756	\$1,534,818	\$16,064	\$1,550,882

Notes: The “Other businesses” category is a business segment not included in reportable segments and represents information processing entrustment and the software development business and securities business etc..

	Millions of yen				
	2024				
	Reportable segments			Other businesses	
	Commercial Banking	Leasing	Total		Total
Fees and commissions					
Deposit and loan services	¥ 3,962	¥ —	¥ 3,962	¥ —	¥ 3,962
Foreign exchange services	2,928	—	2,928	—	2,928
Securities-related services	830	—	830	1,503	2,333
Other services	4,941	—	4,941	347	5,289
Ordinary income from contracts with customers	12,662	—	12,662	1,850	14,513
Ordinary income from other items above	161,140	16,613	177,753	491	178,245
Ordinary income from external customers	¥173,802	¥16,613	¥190,415	¥2,342	¥192,758

Notes: The “Other businesses” category is a business segment not included in reportable segments and represents information processing entrustment and the software development business and securities business etc..

(Notes to Segment Information)

1 Summary of reportable segments

Reportable segments are components of the Group for which separate financial information is available and is subject to periodic examination by the Board of Directors to determine the allocation of management resources and assess performances.

The Company and 18 consolidated subsidiaries (18 consolidated subsidiaries as of March 31, 2024) are engaged mainly in the financial services business that includes commercial banking services and leasing services. Therefore, the Group’s reportable segments comprise ‘Commercial Banking’ and ‘Leasing’ and are distinguished by the financial services provided. ‘Commercial Banking’ includes deposit services, lending services, securities investment services and exchange services. ‘Commercial Banking’ represents the Bank’s banking services as well as the consolidated subsidiaries’ business support services, credit guarantee services, credit card services, securities trading services and fund management services. ‘Leasing’ includes leasing services by Iyogin Leasing Company Limited, one of the consolidated subsidiaries.

2 Methods used to calculate ordinary income, profit and loss, amounts of assets, debt and other items by reportable segment

The accounting policies described int the Note in (Basis of Presenting Consolidated Financial Statements) have been adopted for the reportable segments. Reportable segment profit corresponds to ordinary profits. Ordinary income arising from intersegment transactions is based on arm’s length prices.

3 Information about reported ordinary income, profits and losses, amounts of assets, debts and other items

Segment information as of and for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen						
	2025						
	Reportable segments			Other businesses		Adjustments	Consolidated total
	Commercial Banking	Leasing	Total		Total		
Ordinary income							
Customers	¥ 210,981	¥18,504	¥ 229,486	¥ 2,402	¥ 231,888	¥ —	¥ 231,888
Intersegment	518	350	869	24,533	25,402	(25,402)	—
Total	¥ 211,500	¥18,855	¥ 230,355	¥ 26,935	¥ 257,291	¥ (25,402)	¥ 231,888
Segment profit	¥ 74,266	¥ 570	¥ 74,836	¥ 20,651	¥ 95,488	¥ (20,461)	¥ 75,027
Segment assets	¥9,167,521	¥75,072	¥9,242,593	¥507,819	¥9,750,412	¥(548,827)	¥9,201,585
Segment debt	¥8,390,261	¥53,730	¥8,443,991	¥ 7,128	¥8,451,120	¥ (52,257)	¥8,398,862
Other items							
Depreciation	¥ 7,001	¥ 21	¥ 7,022	¥ 55	¥ 7,078	¥ (137)	¥ 6,940
Interest income received	145,156	170	145,327	20,497	165,824	(20,686)	145,137
Interest expense paid	55,603	201	55,804	0	55,805	(197)	55,607
Extraordinary income	1	—	1	—	1	—	1
Gain on disposal of noncurrent assets	1	—	1	—	1	—	1
Extraordinary losses	781	—	781	0	782	—	782
Losses on disposal of fixed assets	360	—	360	0	360	—	360
Impairment loss	224	—	224	—	224	—	224
Provision of reserve for financial products transaction liabilities	—	—	—	0	0	—	0
Provision for dismantling costs of fixed assets	196	—	196	—	196	—	196
Tax expense	20,694	153	20,848	102	20,951	(9)	20,941
Increase in tangible fixed assets and intangible fixed assets	19,402	16	19,418	63	19,482	(143)	19,338

Notes:

- Ordinary income is presented as the counterpart of sales of companies in other industries. The difference between ordinary income and operating income in the consolidated statement of income is in “Adjustments.”
- “Other businesses” includes software development, information processing and securities business etc. not included in the reportable segments.

Corporate Data

3. Adjustments are as below.
(1) Adjustment of segment profit includes eliminations of intersegment transactions of negative ¥20,461 million (\$136,844 thousand).
(2) Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥548,827 million (\$3,670,592 thousand).
(3) Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥52,257 million (\$349,498 thousand).
(4) Eliminations of intersegment transactions include adjustment of depreciation of negative ¥137 million (\$916 thousand), adjustment of interest income received of negative ¥20,686 million (\$138,349 thousand), adjustment of interest expense paid of negative ¥197 million (\$1,317 thousand), adjustment of tax expense of negative ¥9 million (\$60 thousand) and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥143 million (\$956 thousand).
4. Segment profit is adjusted to ordinary income in the consolidated statement of income.

	Millions of yen						
	2024						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	¥ 173,802	¥16,613	¥ 190,415	¥ 2,342	¥ 192,758	¥ —	¥ 192,758
Intersegment	426	349	775	10,642	11,417	(11,417)	—
Total	¥ 174,229	¥16,962	¥ 191,191	¥ 12,984	¥ 204,176	¥ (11,417)	¥ 192,758
Segment profit	¥ 57,464	¥ 801	¥ 58,266	¥ 7,015	¥ 65,281	¥ (6,702)	¥ 58,579
Segment assets	¥9,220,186	¥58,407	¥9,278,594	¥512,030	¥9,790,624	¥(532,238)	¥9,258,385
Segment debt	¥8,407,235	¥35,768	¥8,443,003	¥ 7,980	¥8,450,983	¥ (35,625)	¥8,415,357
Other items							
Depreciation	¥ 6,369	¥ 30	¥ 6,400	¥ 49	¥ 6,450	¥ (71)	¥ 6,379
Interest income received	133,789	155	133,945	6,710	140,655	(6,793)	133,862
Interest expense paid	50,906	97	51,003	1	51,005	(88)	50,917
Extraordinary income	48	—	48	—	48	—	48
Gain on disposal of noncurrent assets	48	—	48	—	48	—	48
Extraordinary losses	556	0	556	1	558	—	558
Losses on disposal of fixed assets	373	0	373	0	373	—	373
Impairment loss	182	—	182	—	182	—	182
Provision of reserve for financial products transaction liabilities	—	—	—	1	1	—	1
Tax expense	18,252	245	18,498	128	18,627	3	18,630
Increase in tangible fixed assets and intangible fixed assets	14,010	16	14,027	44	14,071	(76)	13,994

- Notes:
1. Ordinary income is presented as the counterpart of sales of companies in other industries. The difference between ordinary income and operating income in the consolidated statement of income is in “Adjustments.”
2. “Other businesses” includes software development, information processing and securities business etc. not included in the reportable segments.
3. Adjustments are as below.
(1) Adjustment of segment profit includes eliminations of intersegment transactions of negative ¥6,702 million.
(2) Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥532,238 million.
(3) Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥35,625 million.
(4) Eliminations of intersegment transactions include adjustment of depreciation of negative ¥71 million, adjustment of interest income received of negative ¥6,793 million, adjustment of interest expense paid of negative ¥88 million, adjustment of tax expense of ¥3 million and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥76 million.
4. Segment profit is adjusted to ordinary income in the consolidated statement of income.
5. Iyogin Digital Solutions Co., Ltd. which was newly established on April 3, 2024, is included “Other businesses.”

	Thousands of U.S. dollars (Note 1-1)						
	2025						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	\$ 1,411,055	\$123,756	\$ 1,534,818	\$ 16,064	\$ 1,550,882	\$ —	\$ 1,550,882
Intersegment	3,464	2,340	5,811	164,078	169,890	(169,890)	—
Total	\$ 1,414,526	\$126,103	\$ 1,540,630	\$ 180,143	\$ 1,720,779	\$ (169,890)	\$ 1,550,882
Segment profit	\$ 496,696	\$ 3,812	\$ 500,508	\$ 138,115	\$ 638,630	\$ (136,844)	\$ 501,785
Segment assets	\$61,313,008	\$502,086	\$61,815,094	\$3,396,328	\$65,211,423	\$ (3,670,592)	\$61,540,830
Segment debt	\$56,114,640	\$359,349	\$56,473,990	\$ 47,672	\$56,521,669	\$ (349,498)	\$56,172,164
Other items							
Depreciation	\$ 46,823	\$ 140	\$ 46,963	\$ 367	\$ 47,338	\$ (916)	\$ 46,415
Interest income received	970,813	1,136	971,956	137,085	1,109,042	(138,349)	970,686
Interest expense paid	371,876	1,344	373,220	0	373,227	(1,317)	371,903
Extraordinary income	6	—	6	—	6	—	6
Gain on disposal of noncurrent assets	6	—	6	—	6	—	6
Extraordinary losses	5,223	—	5,223	0	5,230	—	5,230
Losses on disposal of fixed assets	2,407	—	2,407	(0)	2,407	—	2,407
Impairment loss	1,498	—	1,498	—	1,498	—	1,498
Provision of reserve for financial products transaction liabilities	—	—	—	0	0	—	0
Provision for dismantling costs of fixed assets	1,310	—	1,310	—	1,310	—	1,310
Tax expense	138,402	1,023	139,432	682	140,121	(60)	140,054
Increase in tangible fixed assets and intangible fixed assets	129,761	107	129,868	421	130,296	(956)	129,333

Related information

Information by service	Millions of yen				
	2025				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	¥94,955	¥91,816	¥18,504	¥26,611	¥231,888
	Millions of yen				
	2024				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	¥92,658	¥61,991	¥16,613	¥21,495	¥192,758
	Thousands of U.S dollars (Note 1-1)				
	2025				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	\$635,065	\$614,071	\$123,756	\$177,976	\$1,550,882
	Millions of yen				
	2025				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	¥224	¥—	¥224	¥—	¥224
	Millions of yen				
	2024				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	¥182	¥—	¥182	¥—	¥182
	Thousands of U.S dollars (Note 1-1)				
	2025				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	\$1,498	\$—	\$1,498	\$—	\$1,498

Corporate Data

(Notes to Related Party Transactions)
For the year ended March 31, 2025

(1) Transactions between the Company and related parties.
None

(2) Transactions between consolidated subsidiaries of the Company and related parties.
Directors or major individual stockholders

Type	Name	Location	Capital (Millions of yen)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Companies in which a majority of voting rights is owned by a director of significant subsidiaries or the director's close relatives	UDAKA Co., Ltd.	Ehime	¥10	Manufacturing	—	—	Banking transactions	Lending of funds	¥540	Loans and bills discounted	¥573

Type	Name	Location	Capital (Thousands of U.S. dollars)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
Companies in which a majority of voting rights is owned by a director of significant subsidiaries or the director's close relatives	UDAKA Co., Ltd.	Ehime	\$66	Manufacturing	—	—	Banking transactions	Lending of funds	\$3,611	Loans and bills discounted	\$3,832

(Notes)
1. The conditions of the above transactions were the same as those of arm's length transactions.
2. "Transaction amount" is the average balance of loans.
3. Mr. Takashi Sagayama, a director of the Iyobank, Ltd. which is a significant subsidiary, has a close relative who owns a majority of the voting rights in UDAKA Co., Ltd.

For the year ended March 31, 2024

(1) Transactions between the Company and related parties.
None

(2) Transactions between consolidated subsidiaries of the Company and related parties.
Directors or major individual stockholders

Type	Name	Location	Capital (Millions of yen)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Millions of yen)	Account	Outstanding balance (Millions of yen)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc	Ehime	¥50	Temporary staffing	15.0%	Direct holding	Temporary staffing	Temporary staffing	¥21	Other liabilities	¥0

(Notes)
1. The conditions of the above transactions were the same as those of arm's length transactions.
2. Ms. Junko Miyoshi, a director serving as audit and supervisory committee member, has a close relative who owns a majority of the voting rights in Ability Center, Inc.

(Consolidated Supplementary Schedules)
1 BORROWED MONEY AND LEASE LIABILITIES
Borrowed money consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2025	2024	2025
Borrowings from banks	¥693,330	¥757,237	\$4,637,038
Lease liabilities (due within one year)	627	466	4,193
Lease liabilities (due after one year)	1,623	1,644	10,854

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

	2025	2024
Borrowings from banks	0.83%	1.24%
Lease liabilities (due within one year)	—	—
Lease liabilities (due after one year)	—	—

(Note) The "average interest rate" is not shown for lease obligations because the Group uses a method in which amounts equal to the interest in the total capital lease obligations are spread equally over each fiscal year of the lease period.

(Significant Subsequent Events)
(Repurchase of Treasury Stock)

The Company resolved to repurchase its treasury stock in accordance with Article 156 of the Companies Act of Japan, which shall be interpreted and applied in accordance with the provisions of Article 165, paragraph 3, at its Board of Directors meeting held on May 9, 2025.

1. Class of Share: Common Stock
2. Total number of shares of common stock to be repurchased: Up to 4,000,000 shares
3. Total amount: Up to ¥4,000 million (\$26 million)
4. Repurchase method: Auction market on Tokyo Stock Exchange
5. Period: From May 12, 2025 to June 23, 2025

NONCONSOLIDATED STATEMENT OF INCOME

The Iyo Bank, Ltd.
For the year ended March 31, 2025

The Iyo Bank, Ltd.

[illegible]

Corporate Data

NONCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

The Iyo Bank, Ltd.
For the year ended March 31, 2025

	Millions of yen					
	Stockholders' equity					
	Capital surplus					
	Common stock	CAPITAL RESERVE	Other capital surplus	Total capital surplus		
For the year ended March 31, 2025						
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥—	¥10,480		
Changes during the accounting period						
Dividends						
Reversal of deferred gains on real property						
Net income						
Reversal of land revaluation excess						
Changes in items other than stockholders' equity, net						
Total changes during the accounting period	—	—	—	—		
Balance at the end of the accounting period	¥20,948	¥10,480	¥—	¥10,480		
	Thousands of U.S. dollars					
	Stockholders' equity					
	Capital surplus					
	Common stock	Capital reserve	Other capital surplus	Total capital surplus		
For the year ended March 31, 2025						
Balance at the beginning of the accounting period	\$140,101	\$70,090	\$—	\$70,090		
Changes during the accounting period						
Dividends						
Reversal of deferred gains on real property						
Net income						
Reversal of land revaluation excess						
Changes in items other than stockholders' equity, net						
Total changes during the accounting period	—	—	—	—		
Balance at the end of the accounting period	\$140,101	\$70,090	\$—	\$70,090		
	Millions of yen					
	Stockholders' equity					
	Retained earnings					
	Other retained earnings					
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Total stockholders' equity
For the year ended March 31, 2025						
Balance at the beginning of the accounting period	¥20,948	¥1,993	¥393,594	¥63,078	¥479,614	¥511,043
Changes during the accounting period						
Dividends				(15,983)	(15,983)	(15,983)
Reversal of deferred gains on real property		(32)		32	—	
Net income				51,695	51,695	51,695
Reversal of land revaluation excess				32	32	32
Changes in items other than stockholders' equity, net						
Total changes during the accounting period	—	(32)	—	35,776	35,744	35,744
Balance at the end of the accounting period	¥20,948	¥1,960	¥393,594	¥98,855	¥515,358	¥546,787
	Thousands of U.S. dollars					
	Stockholders' equity					
	Retained earnings					
	Other retained earnings					
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Total stockholders' equity
For the year ended March 31, 2025						
Balance at the beginning of the accounting period	\$140,101	\$13,329	\$2,632,383	\$421,869	\$3,207,691	\$3,417,890
Changes during the accounting period						
Dividends				(106,895)	(106,895)	(106,895)
Reversal of deferred gains on real property		(214)		214	—	
Net income				345,739	345,739	345,739
Reversal of land revaluation excess				214	214	214
Changes in items other than stockholders' equity, net						
Total changes during the accounting period	—	(214)	—	239,272	239,058	239,058
Balance at the end of the accounting period	\$140,101	\$13,108	\$2,632,383	\$661,149	\$3,446,749	\$3,656,948

	Millions of yen				
	Valuation and translation adjustments				
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Total net assets
For the year ended March 31, 2025					
Balance at the beginning of the accounting period	¥249,053	¥ 2,664	¥18,765	¥270,483	¥781,526
Changes during the accounting period					
Dividends					(15,983)
Reversal of deferred gains on real property					
Net income					51,695
Reversal of land revaluation excess					32
Changes in items other than stockholders' equity, net	(74,528)	9,642	(307)	(65,193)	(65,193)
Total changes during the accounting period	(74,528)	9,642	(307)	(65,193)	(29,449)
Balance at the end of the accounting period	¥174,525	¥12,307	¥18,457	¥205,289	¥752,077
	Thousands of U.S. dollars				
	Valuation and translation adjustments				
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Total net assets
For the year ended March 31, 2025					
Balance at the beginning of the accounting period	\$1,665,683	\$17,817	\$125,501	\$1,809,008	\$5,226,899
Changes during the accounting period					
Dividends					(106,895)
Reversal of deferred gains on real property					
Net income					345,739
Reversal of land revaluation excess					214
Changes in items other than stockholders' equity, net	(498,448)	64,486	(2,053)	(436,015)	(436,015)
Total changes during the accounting period	(498,448)	64,486	(2,053)	(436,015)	(196,956)
Balance at the end of the accounting period	\$1,167,235	\$82,310	\$123,441	\$1,372,986	\$5,029,942
	Millions of yen				
	Stockholders' equity				
	Capital surplus				
	Common stock	CAPITAL RESERVE	Other capital surplus	Total capital surplus	
For the year ended March 31, 2024					
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥—	¥10,480	
Changes during the accounting period					
Dividends					
Reversal of deferred gains on real property					
Net income					
Reversal of land revaluation excess					
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	—	—	—	
Balance at the end of the accounting period	¥20,948	¥10,480	¥—	¥10,480	

Corporate Data

	Millions of yen					
	Stockholders' equity					
	Retained earnings					
	Other retained earnings				Total retained earnings	Total stockholders' equity
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward		
For the year ended March 31, 2024						
Balance at the beginning of the accounting period	¥20,948	¥2,006	¥393,594	¥29,059	¥445,608	¥477,037
Changes during the accounting period						
Dividends				(4,074)	(4,074)	(4,074)
Reversal of deferred gains on real property		(13)		13	—	
Net income				37,867	37,867	37,867
Reversal of land revaluation excess				212	212	212
Changes in items other than stockholders' equity, net						
Total changes during the accounting period	—	(13)	—	34,019	34,005	34,005
Balance at the end of the accounting period	¥20,948	¥1,993	¥393,594	¥63,078	¥479,614	¥511,043

	Millions of yen				
	Valuation and translation adjustments				
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Total net assets
For the year ended March 31, 2024					
Balance at the beginning of the accounting period	¥199,500	¥1,611	¥18,977	¥220,090	¥697,127
Changes during the accounting period					
Dividends					(4,074)
Reversal of deferred gains on real property					
Net income					37,867
Reversal of land revaluation excess					212
Changes in items other than stockholders' equity, net	49,552	1,053	(212)	50,393	50,393
Total changes during the accounting period	49,552	1,053	(212)	50,393	84,398
Balance at the end of the accounting period	¥249,053	¥2,664	¥18,765	¥270,483	¥781,526