

Integrated report

Integrated Report 2022

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Corporate Credo

Meaning of Existence

Creating a bright and prosperous future for the region
Iyo Bank creates brightness and prosperity for people's lives and businesses as a comprehensive local financial institution and establish a rich future together with the region.

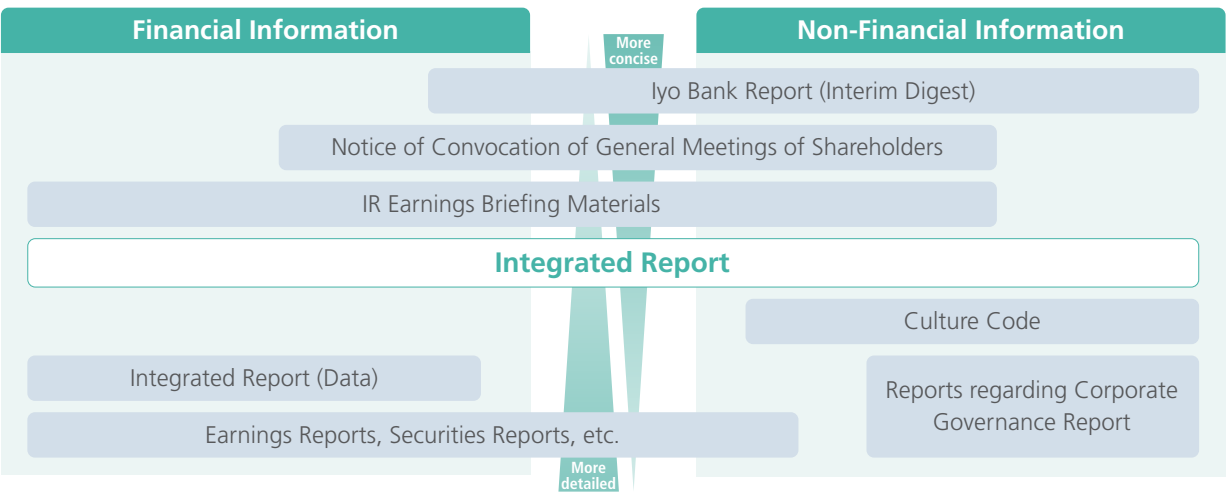
Management Stance

Offering the best service and being worthy of people's trust
Iyo Bank wholeheartedly provides comprehensive financial and information services of cutting-edge quality, with the aim of creating a bank that meets the expectations and is worthy of people's trust.

Code of Conduct

Rendering our best service with gratitude in our hearts
Iyo Bank works unceasingly to be innovative, starting with gratitude in our hearts towards our customers, and act resolutely with joy and purpose.

How the Integrated Report is positioned among the disclosure documents



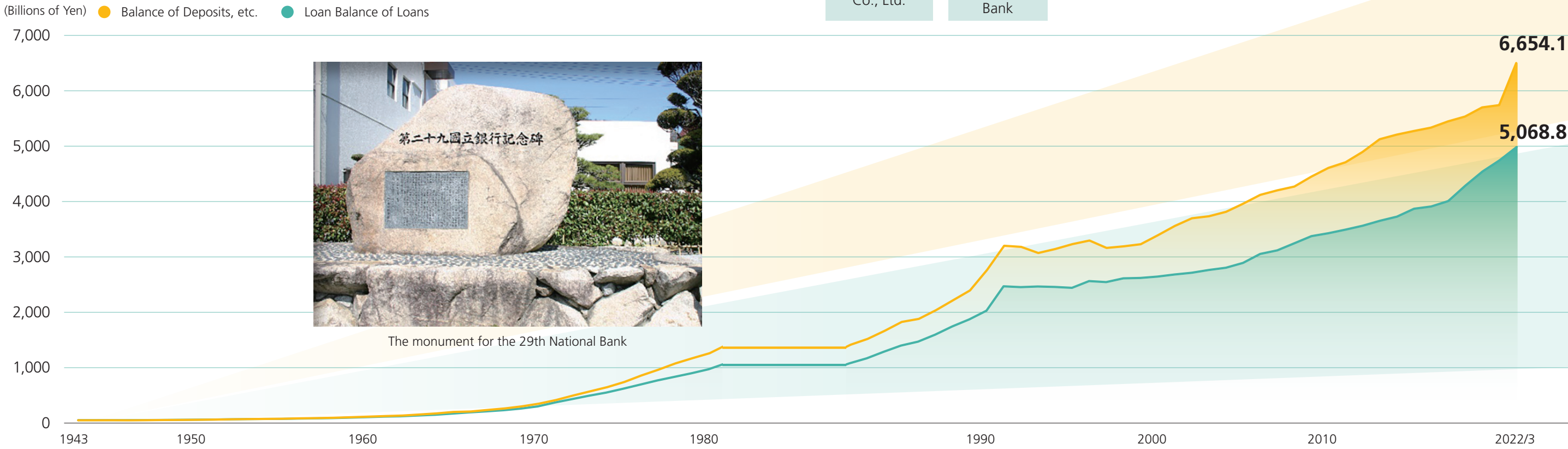
Editing Policy

The Iyo Bank has hereby prepared the Iyo Bank Integrated Report 2022. By referencing the "International Integrated Reporting Framework" presented by the International Integrated Reporting Council (IIRC) and the Ministry of Economy, Trade and Industry's "Guidance for Collaborative Value Creation," this Integrated Report has comprehensively compiled a framework for sustainable value creation by the Bank and local communities, through linking non-financial information such as the management credo, strategies, and ESG (environmental, social, and governance) information to financial information. In addition, the report was prepared through repeated cross-organizational discussions with the management team, which includes the President and Outside Directors, as well as with the responsible departments. This Integrated Report also serves as part of the disclosure documents (explanatory documents about the business and financial condition of a bank) under Article 21 of the Banking Act. Although this Integrated Report contains statements regarding future performance, such statements are not guarantees of future performance and may differ from the figures of actual results due to changes in the management environment and other factors.



History of Iyo Bank

The Bank was established in Kawanoishi, Honai-cho, Yawatahama-shi on March 15, 1878 as Ehime Prefecture's first national bank, the 29th National Bank. Since then, with the mission of developing our customers and local communities, we have steadily built up our history by overcoming numerous trials and difficulties brought about by the times. Based on our Corporate Credo of "creating a bright and prosperous future for the region," we will continue to work together as one to "realize a sustainable and prosperous local community" as a comprehensive financial institution in your hometown.



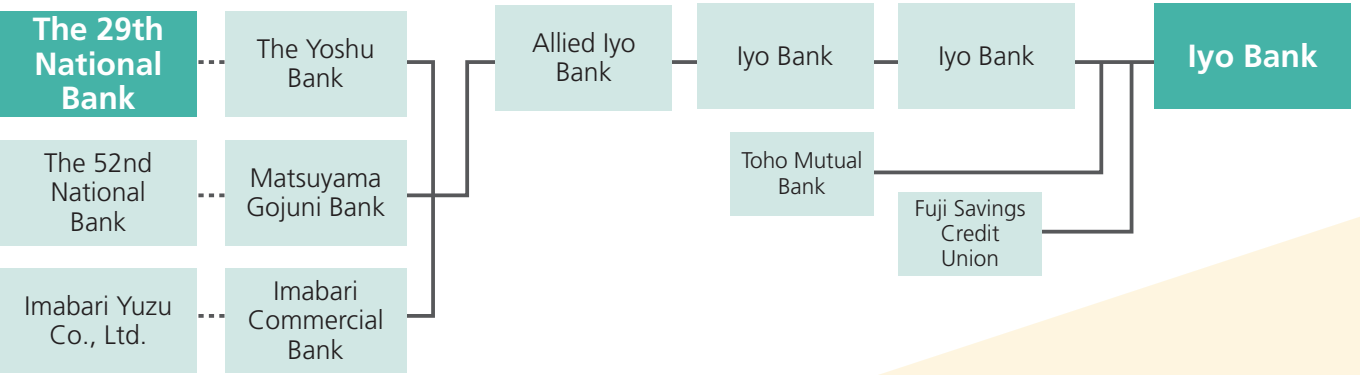
History of Iyo Bank Group

1878 <ul style="list-style-type: none">Established "The 29th National Bank"Established "The 52nd National Bank"	1934 <ul style="list-style-type: none">Established "The Yoshu Bank" (The 29th National Bank merged with the Yawatahama Commercial Bank and the Ozu Bank) 1941 <ul style="list-style-type: none">"Allied Iyo Bank" was established (The Imabari Commercial Bank merged with Matsuyama Gojuni Bank and the Yoshu Bank) 1951 <ul style="list-style-type: none">Name changed to "Iyo Bank"	1974 <ul style="list-style-type: none">Established "Iyogin General Leasing (currently Iyogin Leasing)" 1975 <ul style="list-style-type: none">Established "Iyo Computer Service (currently Iyogin Computer Service)" 1978 <ul style="list-style-type: none">Established "Iyo Credit Guaranty (currently Iyogin Credit Guaranty)" 1979 <ul style="list-style-type: none">Established "The Iyogin Business Service (currently The Iyogin Business Service)"	1985 <ul style="list-style-type: none">Established "Iyogin Capital (currently Iyogin Capital)" 1988 <ul style="list-style-type: none">Established "Iyogin Regional Economy Research Center"Established "Iyogin DC Card" 1990 <ul style="list-style-type: none">Name changed to "Iyo Bank"	1992 <ul style="list-style-type: none">Merged with Toho Mutual Bank 1994 <ul style="list-style-type: none">Opened "Shanghai Representative Office" 2012 <ul style="list-style-type: none">Established "Iyogin Securities (currently Shikoku Alliance Securities)"Opened "Singapore Representative Office"Opened "Internet Branch"	2016 <ul style="list-style-type: none">Entered into "the TSUBASA Alliance"Entered into "Shikoku Alliance"Opened "Singapore Branch" 2018 <ul style="list-style-type: none">140th anniversary of foundationEstablished "Iyogin Challenge & Smile"
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Main Economic and Social Trends

1873 <ul style="list-style-type: none">Ehime Prefecture was establishedThe First National Bank was established 1889 <ul style="list-style-type: none">The Meiji Constitution (Constitution of the Empire of Japan) was promulgated 1928 <ul style="list-style-type: none">The Banking Act was enforced	1949 <ul style="list-style-type: none">Fixed exchange rate (1 US dollar = 360 yen) was introduced	1973 <ul style="list-style-type: none">Transition to floating exchange rates1973 oil crisis	1985 <ul style="list-style-type: none">The Plaza Accord 1989 <ul style="list-style-type: none">Consumption tax was introduced 1991 <ul style="list-style-type: none">Economic bubble collapsed	1995 <ul style="list-style-type: none">The Great Hanshin-Awaji Earthquake occurred 2005 <ul style="list-style-type: none">The full deposit guarantee was removed 2008 <ul style="list-style-type: none">Global financial crisis occurred 2011 <ul style="list-style-type: none">The Great East Japan Earthquake occurred	2013 <ul style="list-style-type: none">The Bank of Japan introduced "quantitative and qualitative monetary easing" 2016 <ul style="list-style-type: none">The Bank of Japan introduced negative interest rate policy 2018 <ul style="list-style-type: none">2018 Japan Devastating Floods occurred in July 2020 <ul style="list-style-type: none">COVID-19 pandemic broke out
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— History of Iyo Bank —



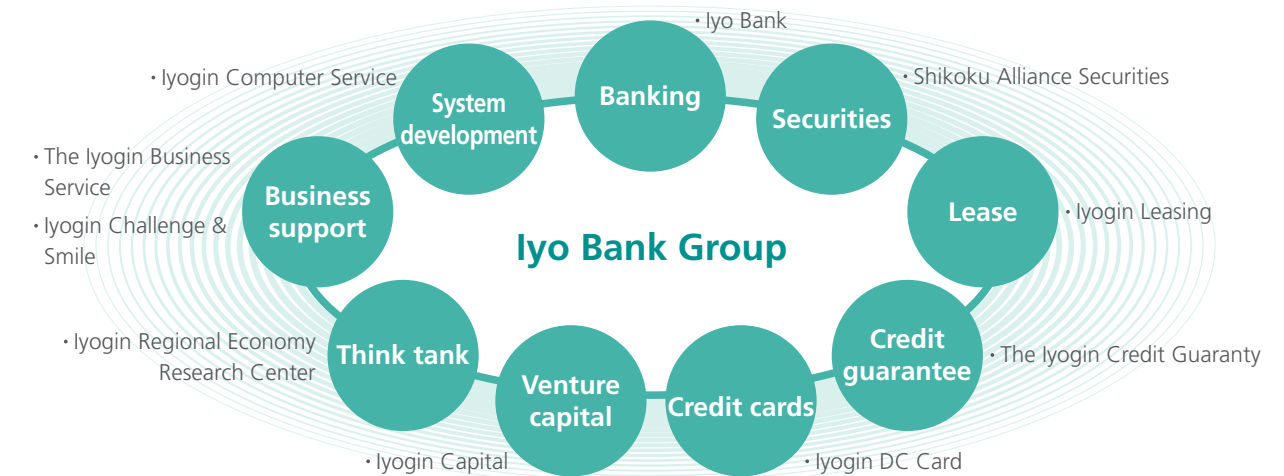
Sources of Competitive Advantages (Strengths)

Strength 1

Comprehensive Ability of the Group

The Iyo Bank Group consists of 10 companies, which handle banking, as well as securities, leases, credit guarantee, credit cards, venture capital operations, system development, think tank operations, business support, and other services.

Taking advantage of each company's functions, the Group operates in a variety of fields and businesses and satisfies diverse needs of customers in the region.



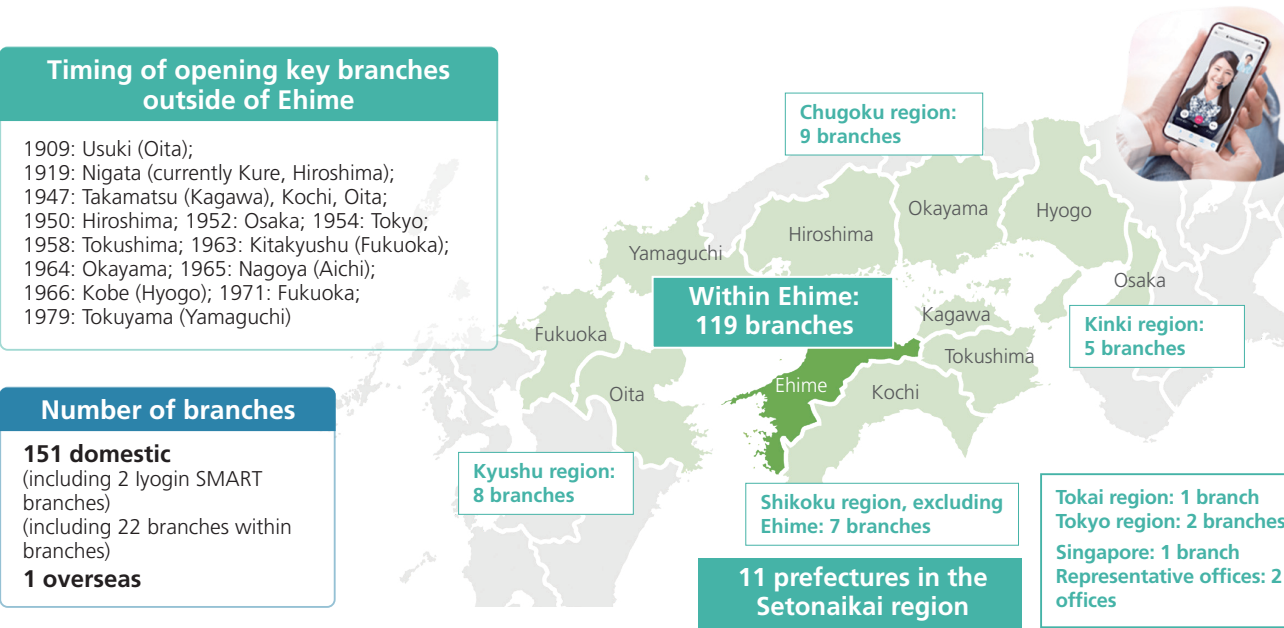
Strength 2

Strong Operating Base and Broad Regional Coverage

Iyo Bank boasts the top amount of funds among regional banks in Shikoku. Headquartered in Ehime Prefecture, where the Bank has a 35.7% share in loans and a 53.3% share in deposits, we have established a strong operating base as the top bank in the region.

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

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



Strength 3

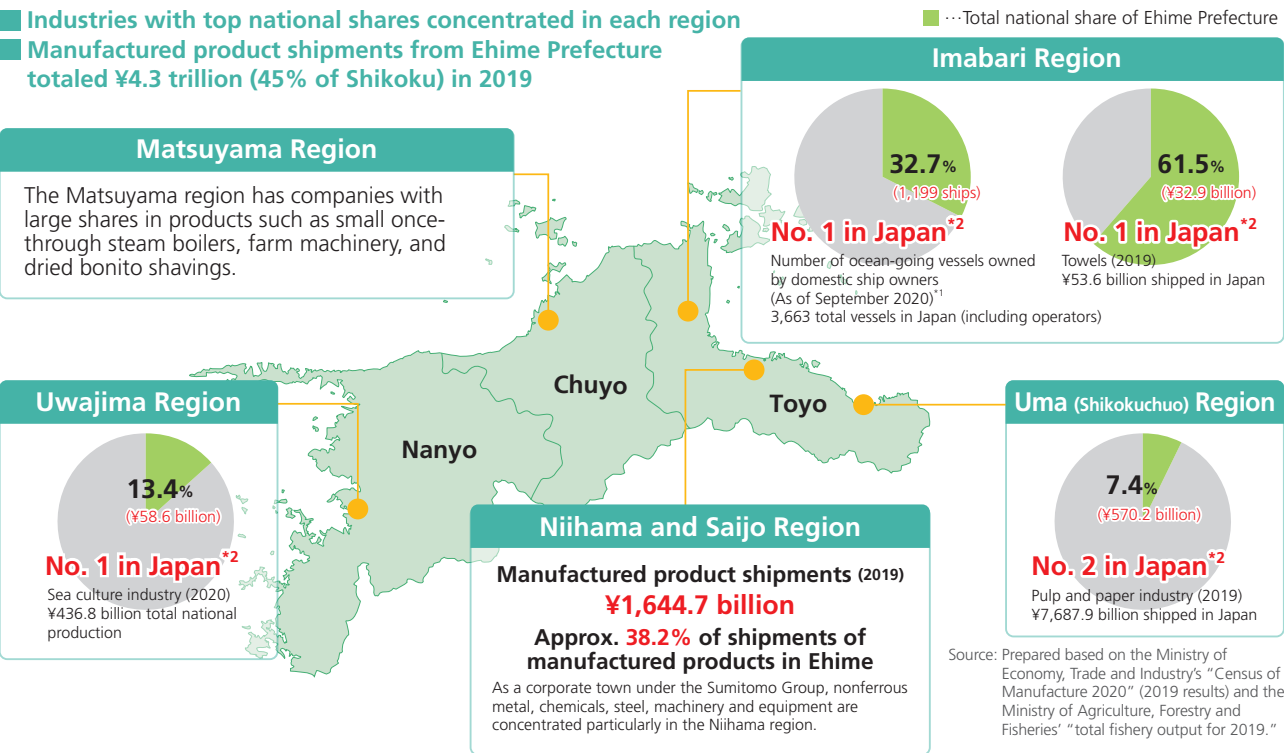
Diverse Industrial Structures

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

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

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

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



Strength 4

Diverse Human Resources with Expertise

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

To improve customer experience (CX), we aim to be an organization that can create and offer diverse types of value by developing human resources who play an active role in each person's area of expertise. We therefore create a proactive learning environment and support diversified career paths.

Number of employees with official qualifications (As of March 31, 2022)

Qualification equivalent to 1st grade financial planner*	165
Small and Medium Enterprise Management Consultants	77
MBA	2
Securities Analysts	71
Real Estate Transaction Agents	189
Fundamental Information Technology Engineers	79
Applied Information Technology Engineers	29

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

Earnings Overview

Business Results for Fiscal 2021

In fiscal 2021, Iyo Bank continued to operate under uncertainties surrounding the business environment, with COVID-19 spreading and overseas interest rates, especially in the United States, starting to rise. Under such circumstances, the bank branches division actively engaged in consulting sales activities based on customer needs, mainly in the Bank's stronghold Setouchi region. The securities division took the opportunity of interest rate rise to switch foreign bonds in the portfolio, while hedging risks through derivative transactions. Such efforts to secure profit resulted in core business gross profit of ¥84.5 billion, up ¥4.0 billion year on year.

Credit costs for fiscal 2021 stood at ¥4.2 billion, down ¥8.3 billion year on year, while those for fiscal 2020 totaled ¥12.5 billion mainly due to the recording of provision for COVID-19 measures. The decrease shows the absence of full-fledged increase in credit costs attributable to the COVID-19 pandemic.

As a result, net income amounted to ¥24.6 billion, up ¥8.0 billion year on year. This was mainly due to the increase in core business gross profit and the decrease in credit costs. Profit increased at each profit stage, and a high level of profit was secured.

(Units: Billions of yen)

■ Nonconsolidated results	Fiscal 2020	Fiscal 2021	YoY
Core business gross profit	80.5	84.5	+4.0
Of which, interest and dividend income	71.3	72.4	+1.1
Of which, fees and commissions	6.2	6.2	+0.0
Of which, other operating income	3.0	5.7	+2.7
Expenses (-)	49.6	49.0	(0.6)
Core business net income	30.9	35.4	+4.5
Credit costs (-)	12.5	4.2	(8.3)
Gain (loss) related to securities	3.7	1.1	(2.6)
Ordinary income	23.7	35.2	+11.5
Net income	16.6	24.6	+8.0

■ Consolidated results			
Ordinary income	26.1	38.2	+12.1
Profit attributable to owners of parent	18.0	26.4	+8.4

Business Performance Forecasts for Fiscal 2022

The Bank expects an extremely challenging business environment for fiscal 2022, with a still uncertain outlook about when the COVID-19 pandemic subsides. In addition, full-fledged interest rate rises in the United States, expected to happen due to continuing high inflation rates, would affect the Bank's ship finance business, as well as foreign bonds and other foreign-denominated assets.

Without any measures, a significant decrease in profit is expected due to an increase in foreign currency procurement costs following rises in US interest rates. Under such circumstances, the Banks aims for core business gross profit of ¥79.5 billion, down ¥5.0 billion year on year, and net income of ¥21.5 billion, down ¥3.1 billion year on year. We intend to achieve this by reinforcing loan balance and increasing yields through loan balance increase and foreign bond switching, which will underpin the top line figures.

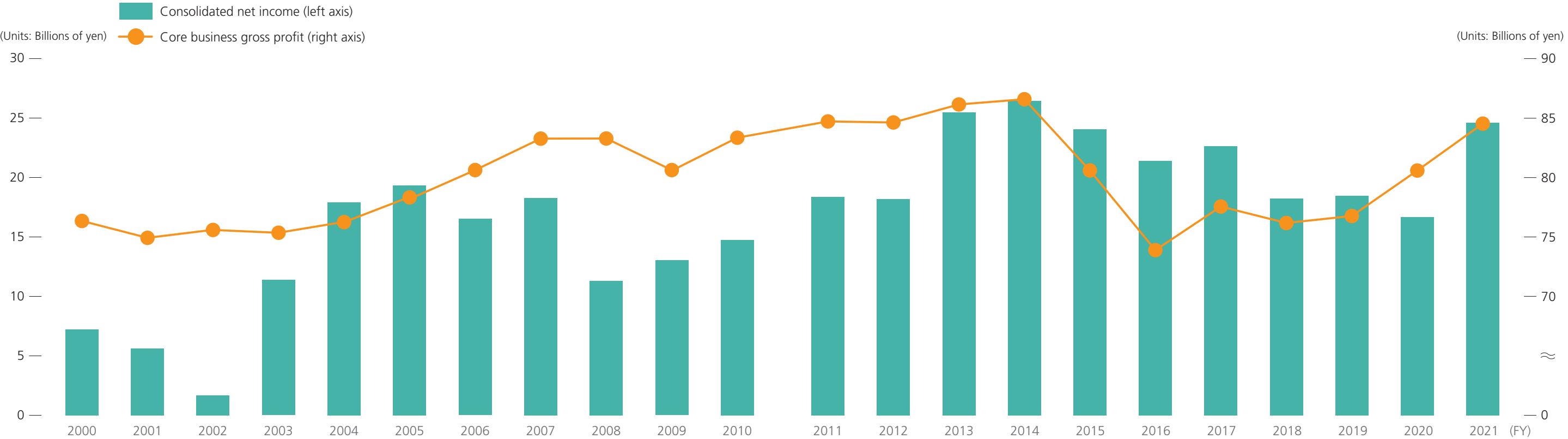
We plan to continue to secure a high level of profit, while expecting an unavoidable year-on-year profit decline.

(Units: Billions of yen)

■ Nonconsolidated forecasts	Fiscal 2022 forecasts	YoY
Core business gross profit	79.5	(5.0)
Expenses (-)	49.0	+0.0
Core business net income	30.5	(4.9)
Credit costs (-)	5.0	+0.8
Gain (loss) related to securities	3.5	+2.4
Ordinary income	32.0	(3.2)
Net income	21.5	(3.1)

■ Consolidated forecasts		
Ordinary income	34.5	(3.7)
Profit attributable to owners of parent	23.0	(3.4)

■ Reference: Long-term transition of profit

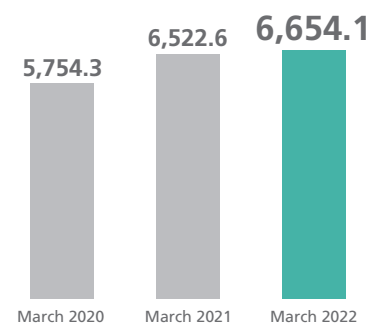


Financial and Non-Financial Highlights of the Group

Financial Highlights

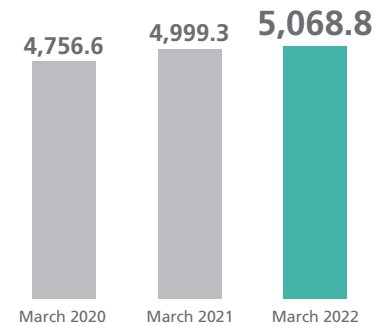
Balance of Deposits, etc.

(Units: Billions of yen)



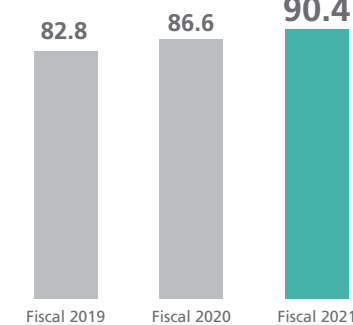
Balance of Loans

(Units: Billions of yen)



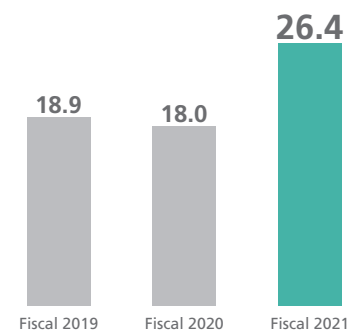
Consolidated Core Business Gross Profit

(Units: Billions of yen)



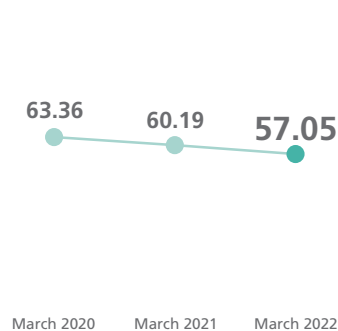
Profit Attributable to Owners of Parent

(Units: Billions of yen)



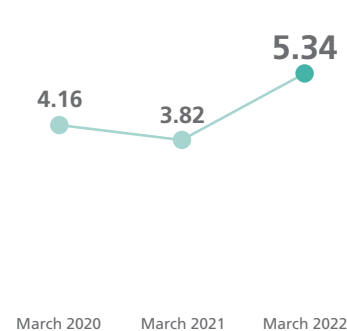
Consolidated Core OHR

(Units: %)



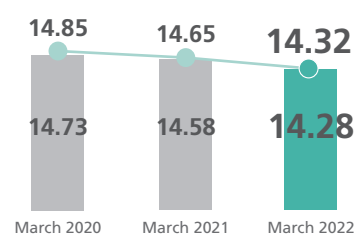
Consolidated ROE (shareholders' equity basis)

(Units: %)



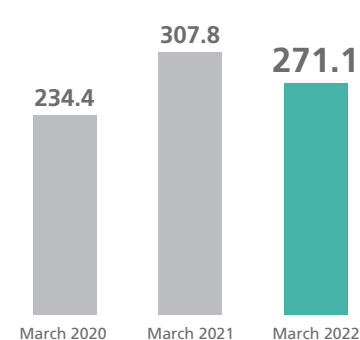
Consolidated Gross Equity Ratio and Consolidated Tier 1 ratio for Common Stock, etc. Tier 1 Ratio

■ Consolidated Tier 1 ratio for common stock, etc. Tier 1 ratio
● Consolidated Gross Equity Ratio
(Units: %)



Evaluation Gain on Securities

(Units: Billions of yen)

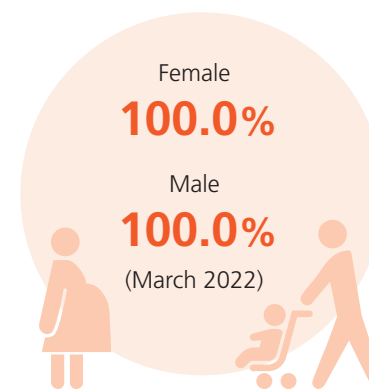


Credit Ratings

Japan Credit Rating Agency (JCR)
AA
Rating and Investment (R&I)
A+
Standard & Poor's (S&P)
A-

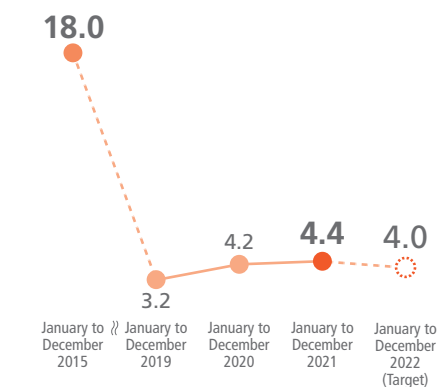
Non-financial Highlights

Ratio of Employees Taking Childcare Leave



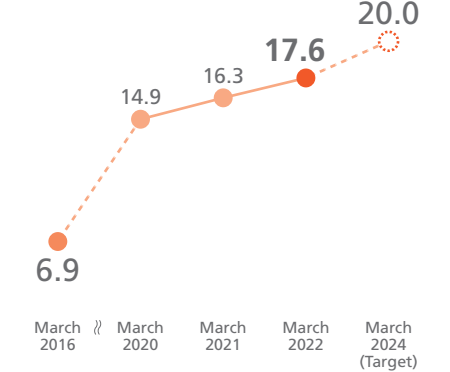
Overtime Work under Labor Standards Act

(Units: Hours)

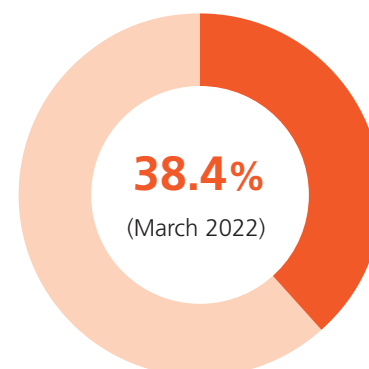


Female Manager Ratio

(Units: %)

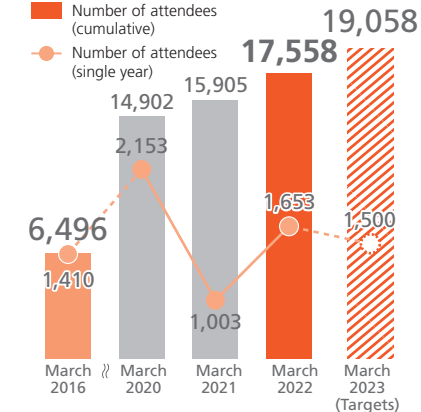


Independent Outside Directors Ratio



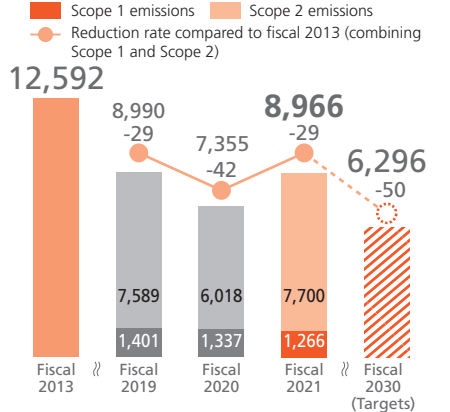
Number of students who attended Financial Education Class

(Units: Persons)



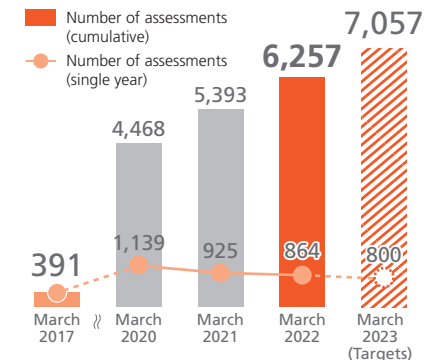
CO₂ Emission Reduction Rate

(Units: t, %)



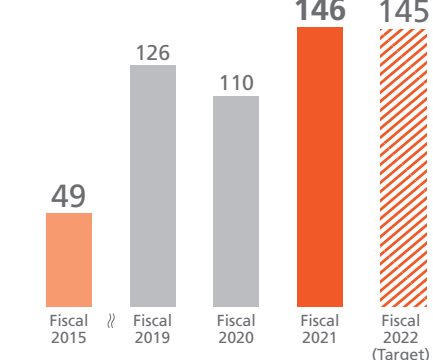
Number of business feasibility assessments

(Units: Assessments)



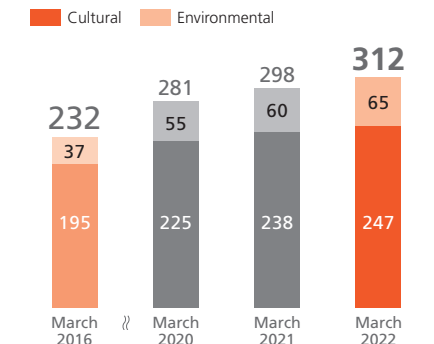
Number of cases for Business Succession and M&As Support

(Units: Cases)



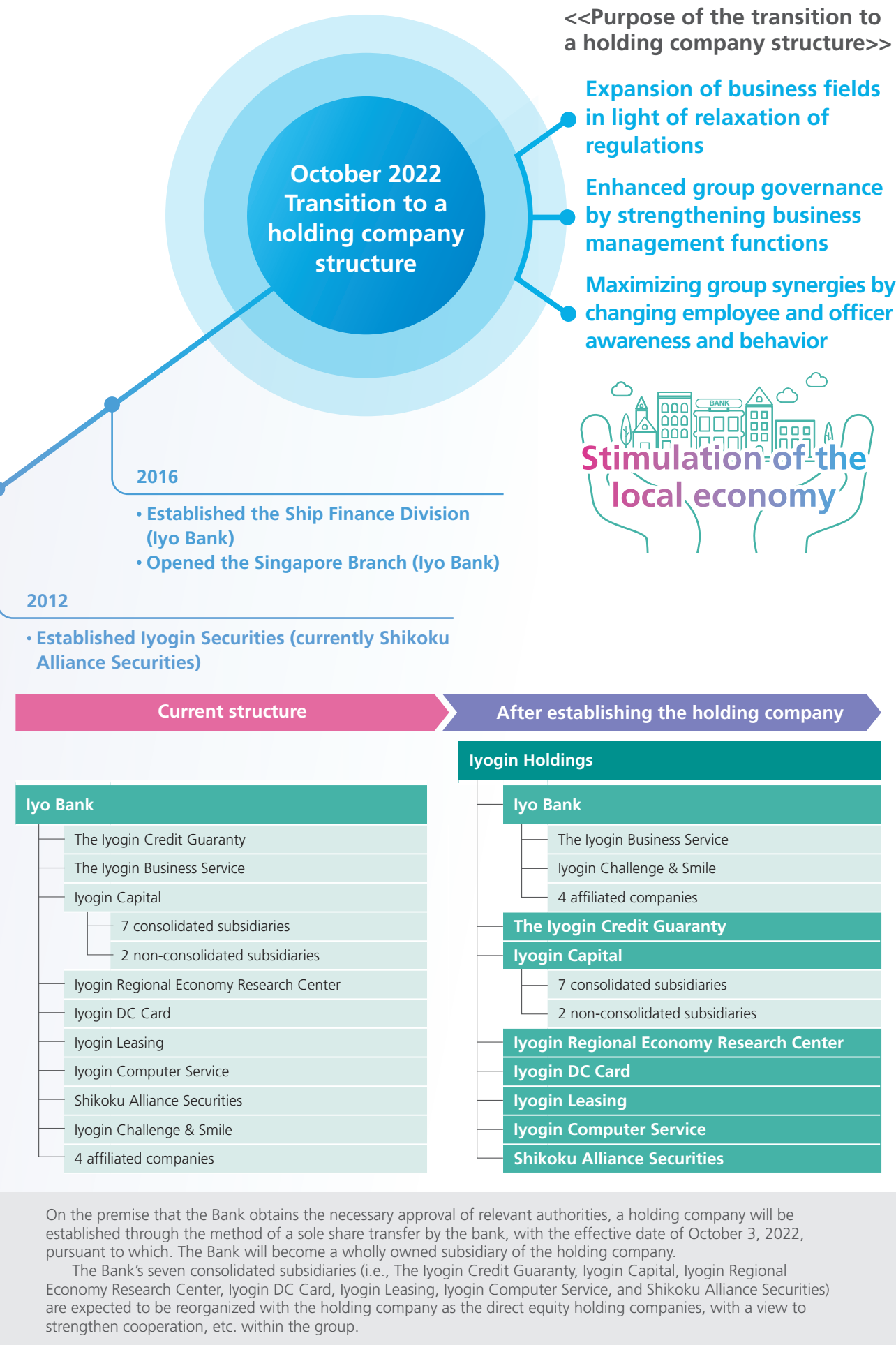
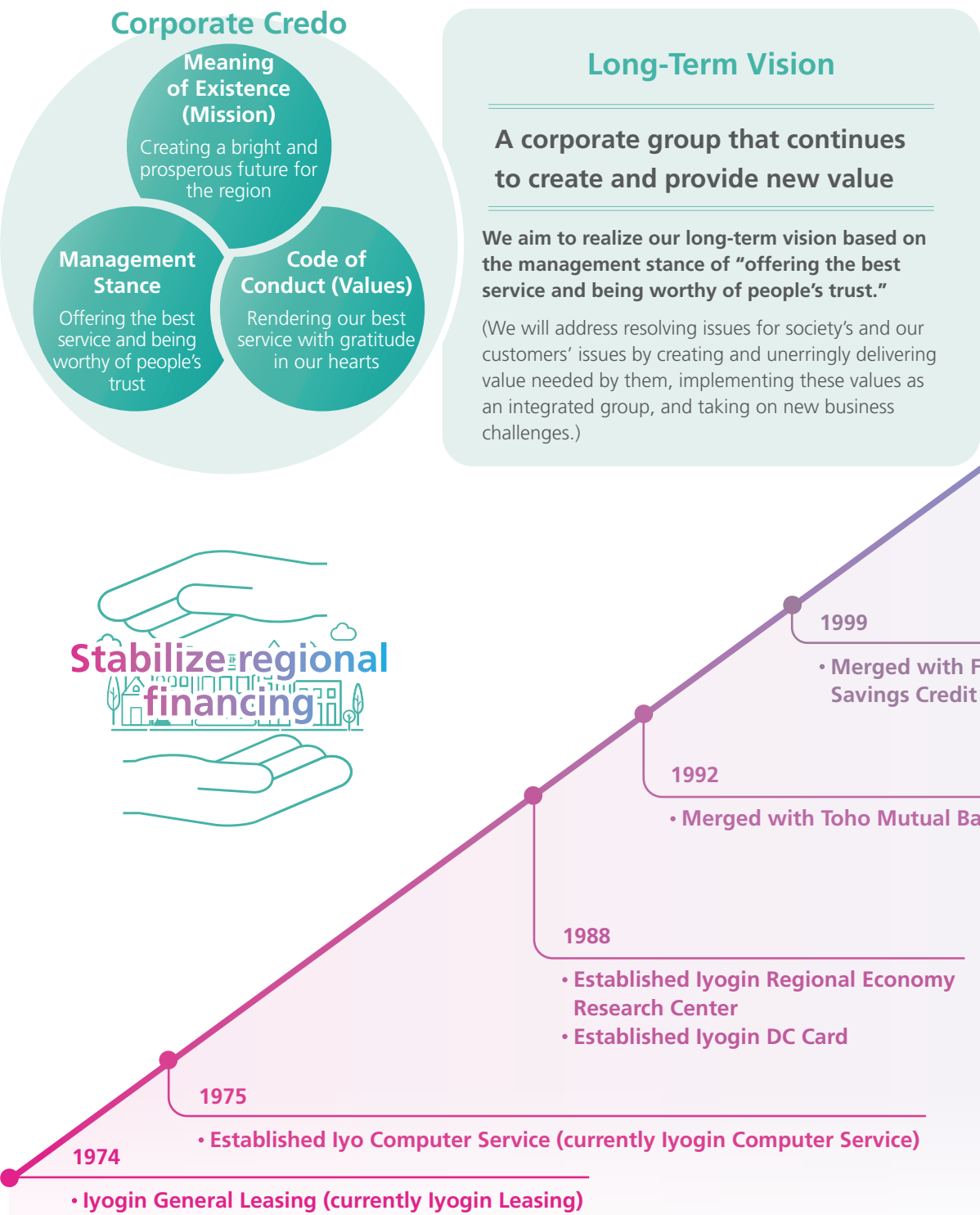
Subsidy Amount for Environmental and Cultural Organizations

(Units: Ten thousands of yen) Cumulative



Transition to Holding Company Structure

To achieve its Corporate Credo, 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. The Group will make a transition to a holding company structure to respond as a more cohesive group to diversified and enhanced customer needs. We thus aim to earn the unwavering trust of our shareholders, customers, local residents, and employees, which in turn will contribute to the realization of a sustainable society.



Current structure

Iyo Bank
The Iyogin Credit Guaranty
The Iyogin Business Service
Iyogin Capital <ul style="list-style-type: none">7 consolidated subsidiaries2 non-consolidated subsidiaries
Iyogin Regional Economy Research Center
Iyogin DC Card
Iyogin Leasing
Iyogin Computer Service
Shikoku Alliance Securities
Iyogin Challenge & Smile
4 affiliated companies

After establishing the holding company

Iyogin Holdings
Iyo Bank <ul style="list-style-type: none">The Iyogin Business ServiceIyogin Challenge & Smile4 affiliated companies
The Iyogin Credit Guaranty
Iyogin Capital <ul style="list-style-type: none">7 consolidated subsidiaries2 non-consolidated subsidiaries
Iyogin Regional Economy Research Center
Iyogin DC Card
Iyogin Leasing
Iyogin Computer Service
Shikoku Alliance Securities

On the premise that the Bank obtains the necessary approval of relevant authorities, a holding company will be established through the method of a sole share transfer by the bank, with the effective date of October 3, 2022, pursuant to which. The Bank will become a wholly owned subsidiary of the holding company.

The Bank's seven consolidated subsidiaries (i.e., The Iyogin Credit Guaranty, Iyogin Capital, Iyogin Regional Economy Research Center, Iyogin DC Card, Iyogin Leasing, Iyogin Computer Service, and Shikoku Alliance Securities) are expected to be reorganized with the holding company as the direct equity holding companies, with a view to strengthen cooperation, etc. within the group.

Management Commitment

Striving to be “a corporate group continuing to create and provide new value”

To all stakeholders:

The COVID-19 pandemic, which has been ongoing since 2020, has brought about significant changes in people's lifestyles, and in how corporate activities are conducted. We express our sincere sympathies to all who have been affected by the pandemic in one way or another. In addition, we are earnestly profoundly grateful to all who have been doing their utmost to prevent the spread of infections.

The COVID-19 crisis has caused a massive slowdown in social and economic activities. In addition, the emergence of geopolitical risks such as the situation in Ukraine has exacerbated supply chain disruptions, resulting in soaring prices of raw materials and energy. Under such severe economic conditions, we have been strongly reminded of the Group's mission as a regional financial institution that supports the regional economy.

The environment surrounding the banking industry is also changing, and new measures are required to respond to factors such as deregulation due to the revision of the Banking Act, and the goal of realizing carbon neutrality. The Group will strive to respond appropriately to these opportunities and challenges, and focus on management that contributes to regional sustainability.

In April 2021, the Group formulated a new long-term vision of becoming “a corporate group that continues to create and provide new value,” and started a new three-year Medium-Term Management Plan. This will further deepen and evolve the Digital-Human-Digital (DHD) model, which the Group has been working on since the Fiscal 2018 Medium-Term Management Plan. Furthermore, this autumn, we will transition to a holding company structure and launch “Iyogin Holdings (HD).” Going forward, we will further enhance Group synergies, and provide new and diverse services and value that contribute to the resolution of regional issues. Also, we will strive to achieve sustainable growth and enhance the corporate value of the Group.

Kenji Miyoshi The Iyo Bank
President and Group CEO

Management Commitment



Widely supporting a multitude of local industries based on the trust garnered over the past 144 years

The Group celebrates its 144th anniversary this year. Up until today, we have done our utmost to support the development of the local economy, and to help customers realize prosperous lifestyles. Among the Shikoku regional banks in Shikoku, we have the highest total amount of capital. Furthermore, in Ehime Prefecture, we have high market shares of 35.7% for loans and 53.3% for deposits. This shows that we have built a firm management foundation that enables us to be a leading bank not only in Ehime Prefecture but across the entire Setouchi region.

The Setouchi region, which includes our primary market Ehime Prefecture, has the characteristic of having a multitude of local industries. These include primary industries like agriculture and fishery, secondary industries such as paper and sanitary paper, machinery, and chemicals, as well as tertiary industries that include various services and tourism. The Group's strength lies in has touch points we have in each of these industries. Our strength lies in how we can abilities to provide a wide range of assistance through various forms of value provision, such as providing financial and consulting services, as well as support for branding. Furthermore, last year, we appointed an Executive Officer to be in charge of local industries, thereby creating a system where management support for the region is further strengthened. In fact, we provided so much support that customers were surprised, making comments such as "I can't believe a bank would go this far."

As an example of our initiatives aimed at local industries, we provided support for the shipbuilding and ocean transport industry. There are Ehime Prefecture has around 1,200 ocean-going vessels owned in Ehime Prefecture. The gross tonnage of new vessels built in Ehime was 1.87 million tons, the highest level in Japan, making the shipbuilding and ocean transport industry one of the dominant local industries. In particular, the

ocean transport market has become increasingly important, due to factors such as the surge in demand for large vessels owing to rising demand for ocean transport in recent years.

The Group has built a relationship of trust with "Ehime Owners (shipowners in Ehime)", who boast a global presence on par with Greek and Hong Kong shipowners. This trust was built up for over more than a century, dating back to the days when the shipowners mainly built coastal trading vessels were mainly built. The Group has supported their business development by providing stable funding. As a member of the local maritime cluster, the Bank recognizes that its role in ship finance is to contribute to the development of the entire maritime-related industry in Japan.

Going forward, in addition to our efforts in Japan, we will continue contributing to the development of the shipbuilding and ocean transport industry by utilizing the branch we opened in Singapore, the center of the maritime industry and the economic hub of Asia. Regarding the various other local industries, we will also provide a wide range of support, such as support for overseas expansion and support for market development.

Viewing deregulation as an opportunity, contributing to the region through diverse channels

In fiscal 2021, in a business environment where the COVID-19 crisis continued, the Group swiftly implemented COVID-related financing in order to provide financial support to customers. Furthermore, the "Support Team for COVID-19 Measures" established in 2020 is playing a central role in providing customers with a wide variety of support, with the support tailored to each customer. These include not only financial intermediary functions, but also support for core businesses, business restructuring, and the promotion of new businesses.

In addition, new business opportunities are emerging against the backdrop of deregulation related to the scope of business and investment, etc., due to the revision of the

Banking Act last year. While the conventional business model based on investment income from deposits and loans is becoming increasingly difficult to operate, the use of digital technology, which the Group is promoting as a key strategy, is creating new products and services. Through these efforts, we hope to create contact points with customers through a variety of channels, and provide new, more sophisticated customer experience value (CX). These reforms will lead to a tangible sense of contribution to the local community and motivation for the younger generation of our bank employees, and will also be a great opportunity for growth in terms of human resources.

As a new channel, we released the smartphone app "AGENT" in the previous fiscal year to realize the concept of having "Iyo Bank on your palm." Based on the concept of "transforming dealings with the bank from 'a visit' to 'an action'," the app allows customers to consult with bank employees from any location using the video chat function, without having to visit the bank. This is a warm service that can only be provided by regional banks. The Group intends to further improve CX by transforming the Bank into a form that suits customers without being bound by preconceived notions.

We formulated a new long-term vision adapted in response to current trends and changes in the market. "The Group as a whole" promoting "value creation" through the Medium-Term Management Plan

The Group formulated the new long-term vision in April 2021, while letting it overlap with the previous long-term vision formulated in April 2015, with the aim of becoming "a corporate group that continues to create and provide new value" over the next 10 years.

We set "Leading financial services group in the Setouchi region in terms of customer satisfaction" as the previous long-term vision, with the desire to become the financial services group most supported by customers in the Setouchi region, which is our management foundation. We have pursued convenience by making full use of digital technology, and bank employees have striven to provide meticulous consulting services that only humans can provide. Regarding the previous long-term vision, I was personally involved in formulating it as the General Manager of the General Planning Division, and we had repeated discussions within the bank about what a medium- to long-term sustainable strategy should be. This new long-term vision utilizes our experience in formulating such a previous long-term vision, and also reflects the negative interest rate monetary policy and the impact of COVID-19, etc. Going forward, the Group will continue to respond appropriately to the trend of deregulation while working as the entire Group as a whole to resolve customer issues.

In business fields that have a high degree of affinity with our core business of financial services, we will actively take on the challenges of collaborating with other industries or developing new businesses as a group.

It is undeniable that conventionally, in the banking industry, we have worked with values that emphasized "not failing" when it comes to risks and opportunities. However, in the coming era, we will not see innovation if we simply follow the conventional business model of banks. The important thing is

to not be limited to financial services, but to develop businesses that accurately ascertain risks and turn them into opportunities, without being limited to financial services, and to solve problems for local communities and people.

For example, in recent years, it has become essential to respond to carbon neutrality. In addition to responding to funding needs for equipment upgrades that reduce CO₂ emissions or for the use of natural energy, opportunities have emerged for a wide range of consulting proposals. There are many other new business opportunities that come with the changing times. Even in a situation where the local economy is shrinking due to population decline, we believe that we can draw up a scenario for sustainable growth using our ability to predict the future.

In fiscal 2021, we started the new Medium-Term Management Plan, which consists of "five business strategies" and "four plans." The former has been developed based on local communities' and our customers' issues and needs. The latter has been positioned as group-wide cross-sectoral efforts to support the business strategies, with an eye on a structural reform in light of long-term changes in the business environment. Based on the above, we are promoting our business operations. In particular, we will provide new value through a form of consulting where we raise problems and bring attention to latent needs that customers are not aware of.

In fiscal 2021, the first year of the plan, consolidated ordinary income was ¥38.2 billion and profit attributable to owners of parent was ¥26.4 billion, both of which were higher than the previous year and we secured profits exceeding earnings forecasts as well. Therefore, profits were secured. In fiscal 2023, the final year of the plan, we plan to secure consolidated core business gross profit of ¥86.0 billion and consolidated ROE at a level of 4.0%.

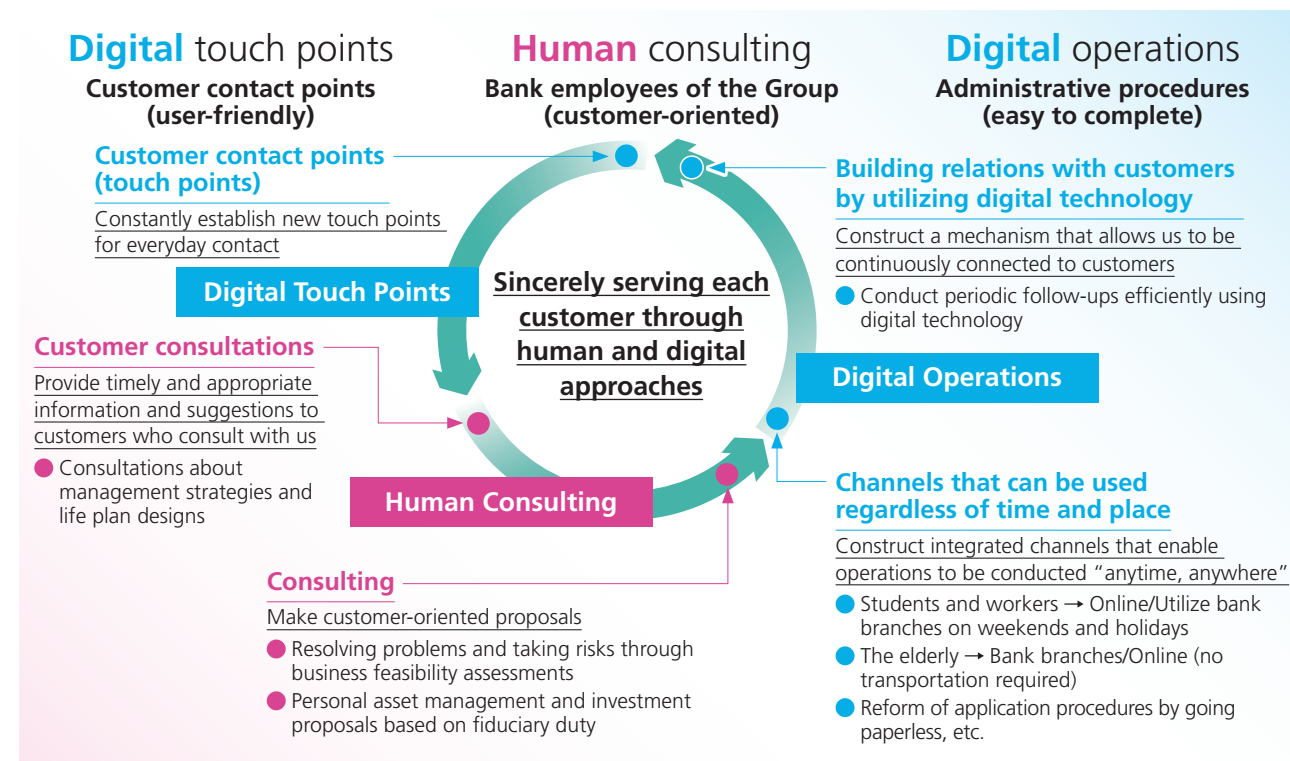
Going forward, as we aim to realize our new long-term vision and achieve targets in our new Medium-Term Management Plan, we always keep our corporate credo in mind when making management decisions. Our corporate credo of "creating a bright and prosperous future for the region" is our meaning of existence (purpose), and it is also positioned as our mission. Looking ahead, we will strive to realize our new long-term vision of becoming "a corporate group that continues to create and provide new value" by reminding all officers and employees, through the corporate credo, of the shared attitude and mindset that should be taken when facing customers.

Improving CX via "deepening and evolving the DHD model," so that each and every customer can make the "better choice"

The goal of "deepening and evolving the DHD model" is at the core of our efforts to realize our new long-term vision and achieve the targets of our new Medium-Term Management Plan. D-H-D (digital, human, digital) refers to a service model with three steps. First, we create a mechanism for seamless contact and continuous connection with customers through the use of D (digital touch points). Then, through H (human consulting), we make customer-oriented proposals with a sense of warmth that is unique to humans. Finally, through D (digital operations), we can make various procedures paperless and shorten processing time, so that procedures can be completed without the need to visit a store.

In fiscal 2015, the Bank was one of the first to develop BPR strategies that utilize digital technology, and began structural

Management Commitment



reforms of its banking operations. At the same time, we made effective use of the time and human resources that were created in the streamlining process and worked on resolving the issues of our customers. In terms of "deepening," we will dig deeper by reviewing and improving our existing legacy (assets), and in order to "evolve," we will provide new value by refining the creation of services and businesses. In both cases, the entire Group will take on challenges as a whole, in order to change the form of the Group.

Ultimately, the DHD model is a means and not an end. Today, our customers would like us to provide additional value in addition to financial intermediary functions, such as supporting for the recruitment of personnel, and help in resolving issues including that of business succession and M&As. After deepening and evolving the DHD model, we expect to produce consulting proposals that provide optimal value for a myriad of customer needs, thereby "enabling each and every customer to make the 'better choice'." While financial intermediation for deposits and loans will continue to be our main business, we aim to provide tailor-made products and services that meet the needs of each and every customer.

Looking ahead, we want to put the following into practice: further pursue the quality of "being customer-oriented" that we have cultivated over many years, look to the future, and pursue CX that will satisfy our customers. As a result, these will have the effect of improving the Group's earnings.

In order to accelerate these efforts, we implemented the PDCA cycle to practice and evaluate policy management, and started initiatives to improve CX while ensuring each front-line officer and employee is constantly conscious of CX. We actually believe that increasing the motivation of front-line employees such that they act autonomously, and continuously rotating the CX cycle where employees face customers, is leading to an increase in earnings.

Developing digital personnel is an important measure for deepening and evolving the DHD model, and the Group is

actively promoting it. In addition to tech personnel who are proficient in digital technology, through training and certification, etc., we are developing "digital business personnel" who can plan for commercialization as well, through training and certification, etc. We are in the process of constructing a system for nurturing expertise and appointing employees in stages, from starters to actual workers, and then to highly skilled workers.

Responding to customer needs that are becoming more diversified and sophisticated, by utilizing external resources such as open innovation and alliances

From the customer's point of view, there are no barriers between the Bank and the group companies, or between the financial industry and other business categories. As customer needs become more diverse and sophisticated, we need to create and provide new value to meet those needs when existing businesses cannot meet them. Therefore, where the Group's management resources are insufficient, as a multifaceted alliance strategy, we will work to resolve customer issues by supplementing our resources with open innovation and alliances.

Up until now, we have collaborated with other regional banks such as through the Shikoku Alliance and the TSUBASA Alliance, and utilized their functions and know-how. We have also concluded business partnership agreements with ANA (ALL NIPPON AIRWAYS CO., LTD.) group companies, Shikoku Electric Power Company, Incorporated, etc. to support efforts toward carbon neutrality and regional revitalization projects. Instead of working only within the framework of the banking organization, we proactively go out and innovate together with other industries. We will also take on the challenge of more flexible and proactive "exploration of knowledge," and the

entire Group will work together to play the role of providing optimal solutions, as a platform with diverse responsiveness that resolves issues in local communities.

Launching Iyogin HD to further strengthen group governance

On the precondition that we obtain the necessary approvals, etc. from the relevant authorities, we will launch "Iyogin Holdings (HD)" in October this year and transition to a holding company structure. By shifting to a holding company structure, it will become easy to expand our business fields, including into new businesses. Also, it will be possible to optimally allocate management resources throughout the Group, such as promoting the mobility of personnel within the Group. Accordingly, I believe that we can break away from the bank-centric culture and accelerate our sales as an integrated group. In addition, the upgrading of group governance and transformation in the awareness and behavior of officers and employees will bring the advantage of leading to the maximization of group synergies, such as improvement in the autonomy of group companies. This will bring the advantage of leading to the maximization of group synergies, such as faster decision-making.

Prior to the transition to a holding company structure, we introduced a Group Chief Officer System in the previous fiscal year. This will further strengthen the Group's business management system, promote Group-wide integrated and strategic initiatives, and allow us to continue strengthening group governance going forward.

We are also working on corporate governance, which strengthens our management foundation, as one of our top priorities. Among our efforts, we have formulated a "Skills Matrix" for the members of the Board of Directors, which consists of nine items. By utilizing the criteria for selecting and appointing personnel from both within and outside the Bank, we ensure diversity in the knowledge, expertise, and experience of the members. This enables team management where members can complement each other while demonstrating their individuality, and further enhance the team's abilities.

Sustainability management that has been passed down through the corporate credo

For the Group, which has grown along with the development of the region, the concept of sustainability management has been cherished and carefully passed down through our corporate credo of "creating a bright and prosperous future for the region." For example, we support local social welfare and cultural activities, implement environmental conservation activities, and provide financial education. Through these activities, we will continue to work on resolving problems in the local communities.

Last year, we announced our support for the TCFD and disclosed our CO₂ emissions reduction targets. Based on this, it is the policy of the Group to work towards the realization of a sustainable local community through efforts that contribute to resolving environmental issues, including the procurement of electricity that is generated by renewable energy.

The promotion of sustainable finance that reduces or avoids social and environmental risks will become increasingly important in the future. Last year, we signed the first Sustainability Linked Loan Agreement, first of its kind in Ehime

Prefecture, to fund the construction of a new stadium for FC Imabari, a local professional soccer team. In addition to the above, regarding climate change, decarbonization, etc., while accumulating know-how by responding to the demand for funding aimed at realizing a sustainable society, including climate change and decarbonization, the drawing of roadmaps for our customers' businesses is also positioned as a new form of value provision.

Continue challenging ourselves to create new value as the Iyo Bank Group, with "sail through uncharted waters valiantly" as our creed

Going forward, the Group will pursue a path to sustainably return profits to investors and other stakeholders. For instance, beyond paying out short-term cash dividends, we will investing accumulated capital towards the sustainability of the local region, and by continuing to provide new value, we can enable long-term returns. We believe that this is also the mission of regional financial institutions and is a way to return profits. Based on this idea, we will firmly meet expectations over the medium to long term by pursuing sustainability together with our stakeholders.

In this fiscal year, the second year of our new long-term vision and new Medium-Term Management Plan, we will continue to take on challenges without fear of failure. Even if we encounter a failure, we can learn from the experience and pursue new possibilities.

Looking at the conventional banking business, I suppose it was difficult to fully develop risk-taking management. However, from now on, based on my creed of "sail through uncharted waters valiantly," the Group will boldly challenge unexplored fields, overcome difficulties and trials, and create a new future. We plan to improve CX for local customers, and provide employees with better work styles and create job satisfaction.

Going forward, the Group will further deepen and evolve the "Digital-Human-Digital (DHD) model" to resolve regional and customer issues, and establish a management foundation for sustainable growth over the medium to long term. We will also continue striving to return profits to investors and shareholders. We sincerely hope that you will continue to support the Group in all our future endeavors.





Hiroshi Nagata
Senior Managing Director
(Representative Director)
Group CFO and CSO

Progress of Fiscal 2021 Medium-Term Management Plan

Regarding the progress of the major numerical targets set forth in the Fiscal 2021 Medium-Term Management Plan, in fiscal 2021, we secured high levels of profit, with consolidated core business gross profit at ¥90.4 billion and profit attributable to owners of parent at ¥26.4 billion. As a result, consolidated ROE on a shareholders' equity basis was 5.34% and consolidated core OHR was 57.05%, both at favorable levels.

The consolidated common stock Tier 1 ratio was 14.28%, slightly lower than the previous fiscal year, mainly due to a decrease in evaluation gain (loss) on securities due to sudden market fluctuations at the end of the fiscal year. We will strive to maintain and improve the ratio by continuing to work on asset control with an awareness of the risk-return balance, and accumulating profits to build up equity.

Items	Fiscal 2020 Results	Fiscal 2021 Results	Targets for Fiscal 2023 Targets
Consolidated core business gross profit	¥86.6 billion	¥90.4 billion	¥86.0 billion
Profit attributable to owners of parent	¥18.0 billion	¥26.4 billion	¥23.0 billion
Consolidated ROE (shareholders' equity basis)	3.82%	5.34%	4.0% or more
Consolidated core OHR	60.19%	57.05%	Approx. 60.0%
Consolidated common stock Tier 1 ratio	14.58%	14.28%	Approx. 15.0%

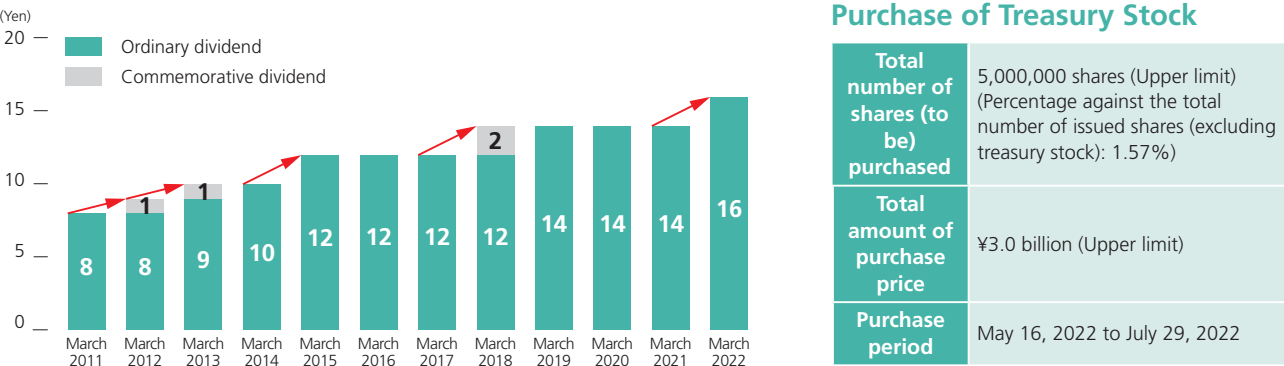
Capital Policy and Shareholder Returns

As a regional bank, the Bank takes on various risks including loans. In order to continue supporting the local communities that form the foundation of the Bank, we believe it is necessary to maintain adequate financial soundness by enhancing equity, which serves as a risk buffer.

In addition, as a bank that follows BIS standards, the Bank is required to ensure soundness on the premise of expanding equity. As our response to the finalization of Basel III, we will continue aiming to enhance equity so as to continue maintaining the equity ratio at a high level.

As described above, in order to ensure soundness as a regional bank that supports local communities, and to achieve equity enhancement in the medium to long term based on Basel III, as an equity ratio target in the Medium-Term Management Plan, we have set a consolidated common stock Tier 1 ratio of 15.0%.

Regarding shareholder returns, our basic policy is to maintain a stable dividend while striving to enhance equity within the capital balance. In particular, in order to maximally meet our shareholders' expectations, we will increase the dividend for fiscal 2021 by ¥2 from the previous year to ¥16 per share (including an interim dividend of ¥8). In addition, on May 13, we decided to purchase treasury stock with ¥3.0 billion as the upper limit of the purchase price. Going forward, in order to contribute to the maximization of long-term shareholder returns, we will continue to provide stable shareholder returns while maintaining a balance with equity.

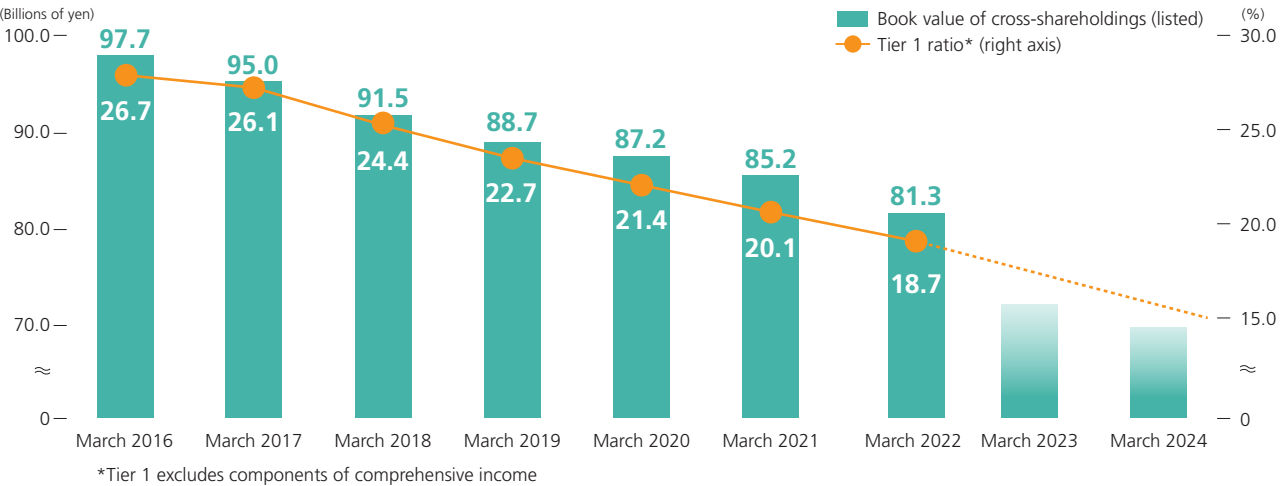


Policy on Cross-Shareholdings

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

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

At least once a year, the Bank submits the verification results of the rationality of holding each company's stocks to the Board of Directors for deliberation (most recent submission: May 2022). When there is little rationality for holding certain stocks, we will conduct negotiations to improve transactional conditions, etc. If there is no improvement, we will proceed with the sale of the cross-shareholdings after obtaining the full understanding of the business partner.



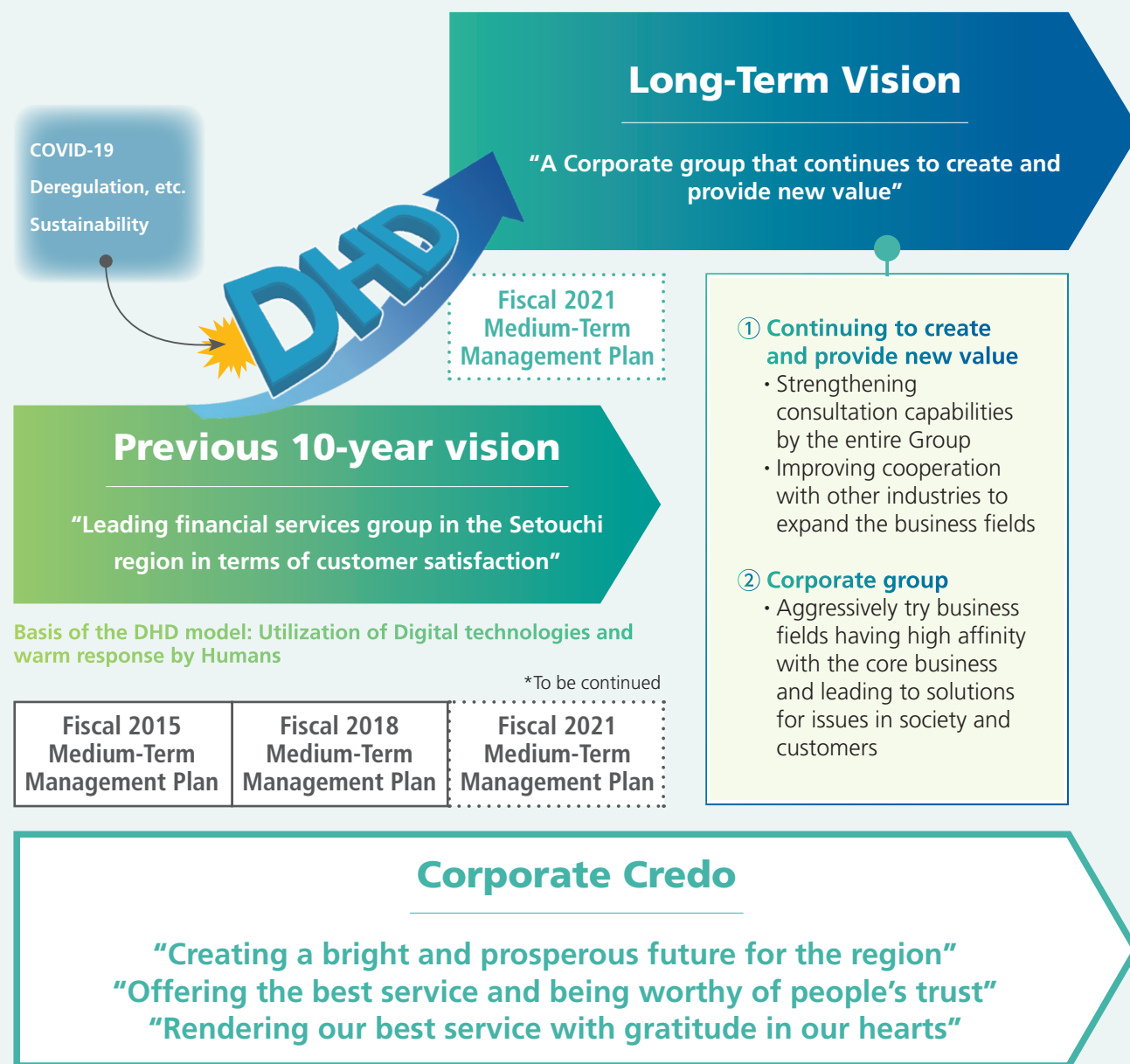
Ideal State in the Long Term (Long-Term Vision)

Long-Term Vision

Regarding the business environment surrounding the Bank, in addition to the structural socioeconomic changes due to Japan's shrinking and aging population and the maturing economy, the Bank is facing an irreversible trend of digitalization, the COVID-19 pandemic, and the need to respond to deregulation and sustainability.

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

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



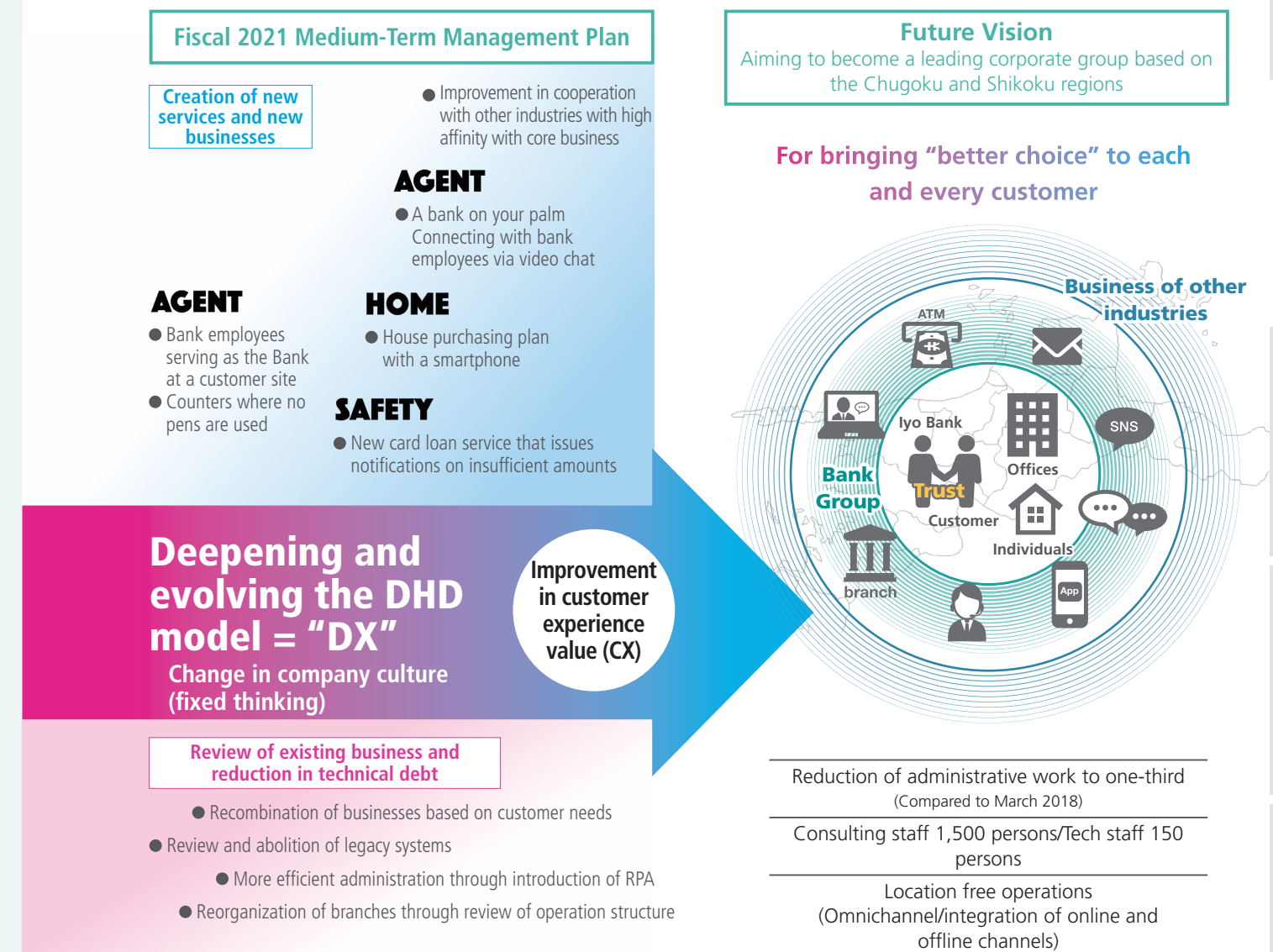
Future Vision Following the Long-Term Vision

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

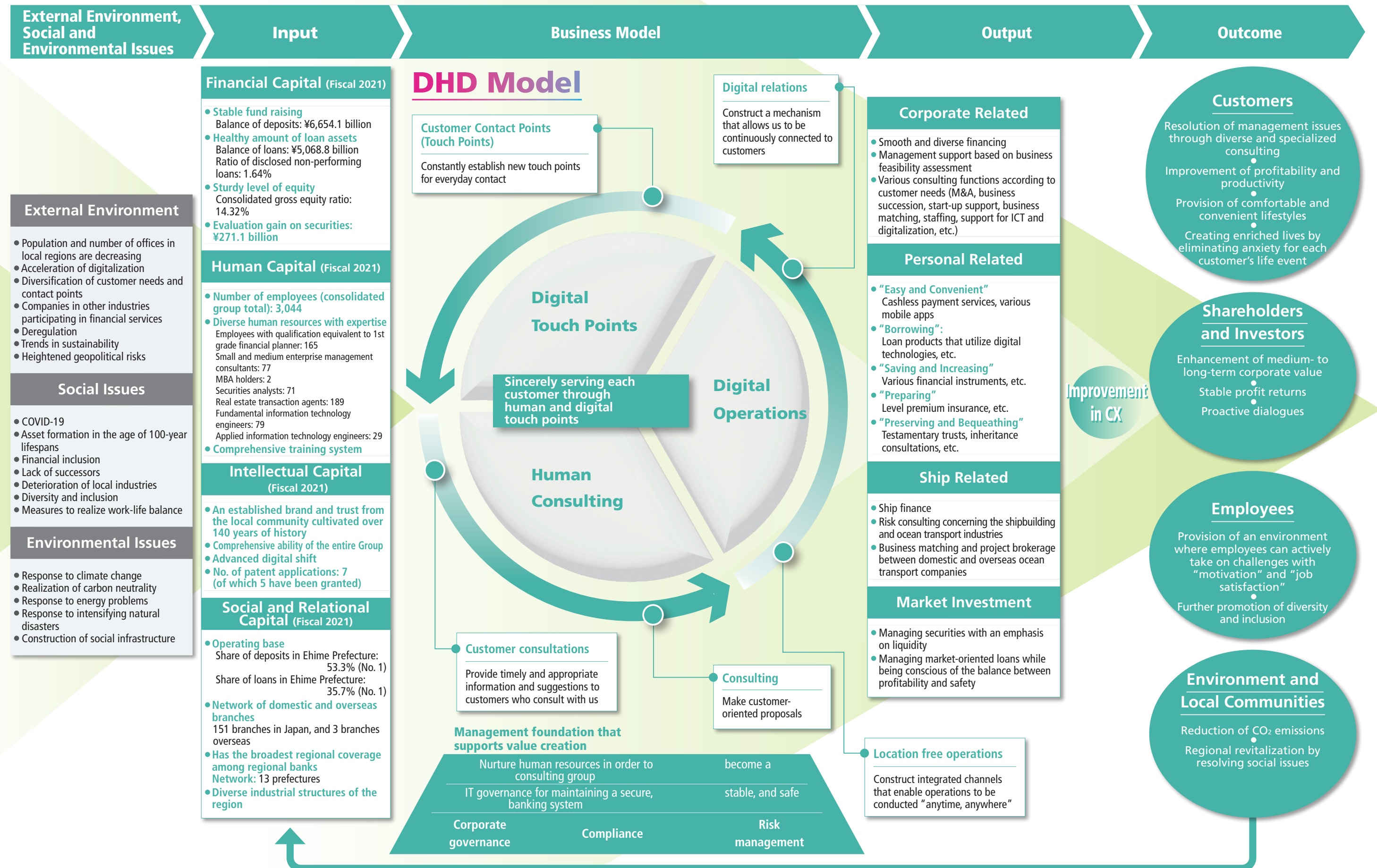
"Deepening and evolving the DHD model", which aims to build a business model for realizing the long-term vision, is about changing the company culture, and is oriented in the following two directions. "Deepening" is done by refining the power of "Humans" while utilizing digital technologies, as well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

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

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



Value Creation Process



Striving for Improving CX



Purpose of Improving CX

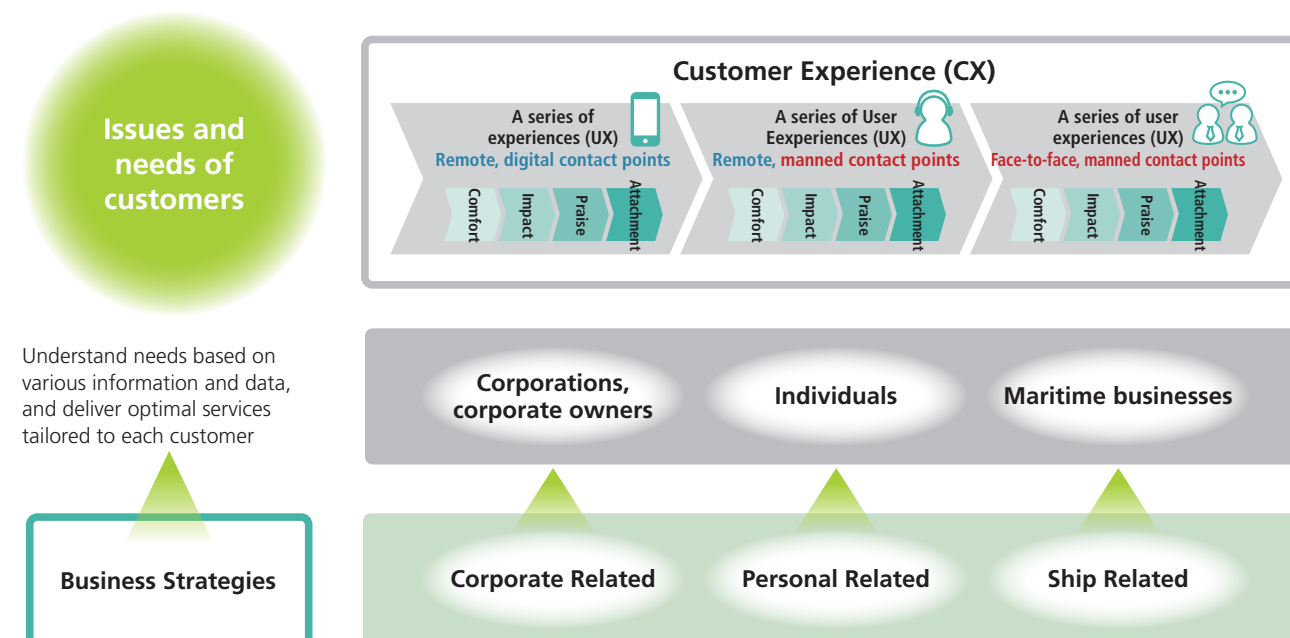
In 1984, the Bank introduced Total Quality Control (TQC). In line with the three basic philosophies of “being customer-oriented,” “putting quality first” and “respecting humanity,” for nearly 40 years, the Bank has endeavored to improve quality and resolve issues for our customers through activities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

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

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

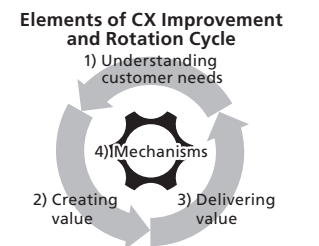
In order to resolve customer issues and needs, we aim to improve CX through the realization of a consistent customer experience across multiple channels, and strive to improve the UX (user experience) of each channel. Through these efforts, we aim to augment and enhance our “customer responsiveness.”

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



Elements of CX Improvement

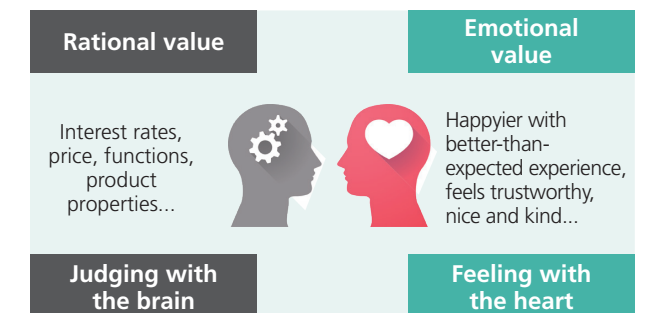
In order to improve CX, we believe it is important to (1) know our customers well, (2) create various forms of value including unprecedented new value, and (3) deliver them in a way that matches each customer's style. Accordingly, we are working on (4) the creation of new mechanisms and the development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



Strengthening Structures at Bank Branches

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

As one of our initiatives to improve emotional value, we are reinforcing structures at bank branches and focusing on improving experiences through human interaction. Striving to be a bank that is chosen by customers and offers a pleasant experience, we welcomed employees from other industries and incorporated third-party perspectives. Accordingly, the bank branches and Headquarters worked together to enhance customer service and response skills, and carried out activities to enhance the environment of bank branches.



Development of the DHD Brand

In order to demonstrate our efforts in DX (deepening and evolving the DHD model) and convey our thoughts, we have renewed our creative contents. Wishing to realize the concept of “banks that can always make people happy,” we have expressed the following ideas: “Transforming the Bank into a form that suits people” and “Human-friendly, affable digital technologies.”

Going forward, we will continue to provide value and experiences that are tailored to our customers.

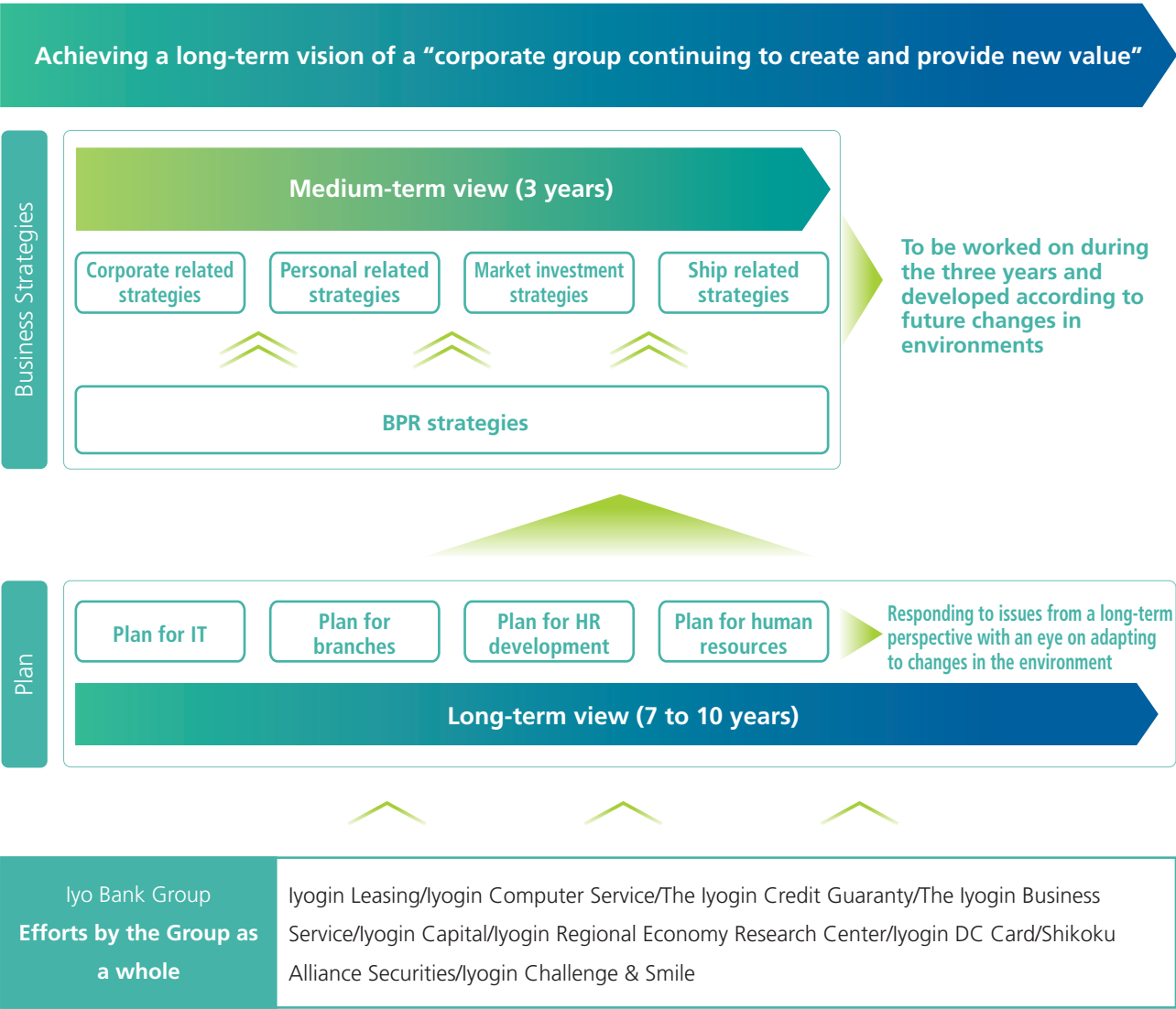


Overview and Progress of Medium-Term Management Plan

Amid significant changes in the business environment, our business starts from addressing local communities’ and our customers’ issues, which in turn contributes to their resolution, and leads to the Bank’s profit as well. We are keenly aware that this fundamental cycle facilitates regional development and also strengthens our management base. Such a stance is embodied in our meaning of existence, “creating a bright and prosperous future for the region.” This is the exact mission of the Bank. To fulfill the mission, we develop and implement strategies under the Medium-Term Management Plan, taking into account expected changes in the business environment. On the basis of such an approach, the Fiscal 2021 Medium-Term Management Plan was formulated in tandem with the new long-term vision.

The Fiscal 2021 Medium-Term Management Plan consists of business strategies and plans. The former has been developed based on local communities’ and our customers’ issues and needs. The latter has been positioned as group-wide efforts to support the business strategies, with an eye on a structural reform in light of long-term changes in the business environment. The Bank will work to further deepen and evolve the DHD model centered on the five business strategies and four plans. By doing so, we strive to strengthen relationships of trust with local communities and customers, and aim to improve sustainability as a corporate group.

Overview of Fiscal 2021 Medium-Term Management Plan



Basic Policy for Business Strategies and Plans

Business Strategies	Corporate related strategies	>>	Provide integrated solutions through cooperation between the Group, partner companies, etc. to improve customer experience value
	Personal related strategies	>>	Provide integrated solutions for each customer in all channels and realize enhancement in customer experience value
	Ship related strategies	>>	Appropriately grasp changes in the maritime industry’s business environment and support business investments that are optimal for customers
	Market investment strategies	>>	Be conscious of overall profit and loss that lead to stable profit and future profit, and diversify investments with a focus on liquidity
	BPR strategies	>>	Aim to increase productivity of the entire group by minimizing administrative and routine work and enhancing manpower available for customer interactions and planning work
Plan	Plan for IT	>>	Aim for the establishment of IT governance that not only achieves prompt and flexible digital response to the external environment and customer needs, and but also maintains a secure, stable, and safe banking system as well
	Plan for branches	>>	Aim to diversify customer touch points by rebuilding channels, including branches
	Plan for HR development	>>	Aim to become an organization group creating and providing diversified value by developing personnel who can work actively in areas of their expertise under a basic idea of “originating from customers”
	Plan for human resources	>>	Reassign manpower created by BPR strategies to focus areas and aim to build a structure enabling to systematically secure manpower that carries out business strategies

Major Numerical Targets

Items	Fiscal 2021 Results	Targets for Fiscal 2023
Consolidated core business gross profit	¥90.4 billion	¥86.0 billion
Profit attributable to owners of parent	¥26.4 billion	¥23.0 billion
Consolidated ROE (shareholders’ equity basis)	5.34%	4.0% or more
Consolidated core OHR	57.05%	Approx. 60.0%
Consolidated common stock Tier 1 ratio	14.28%	Approx. 15.0%

Corporate Related Strategies

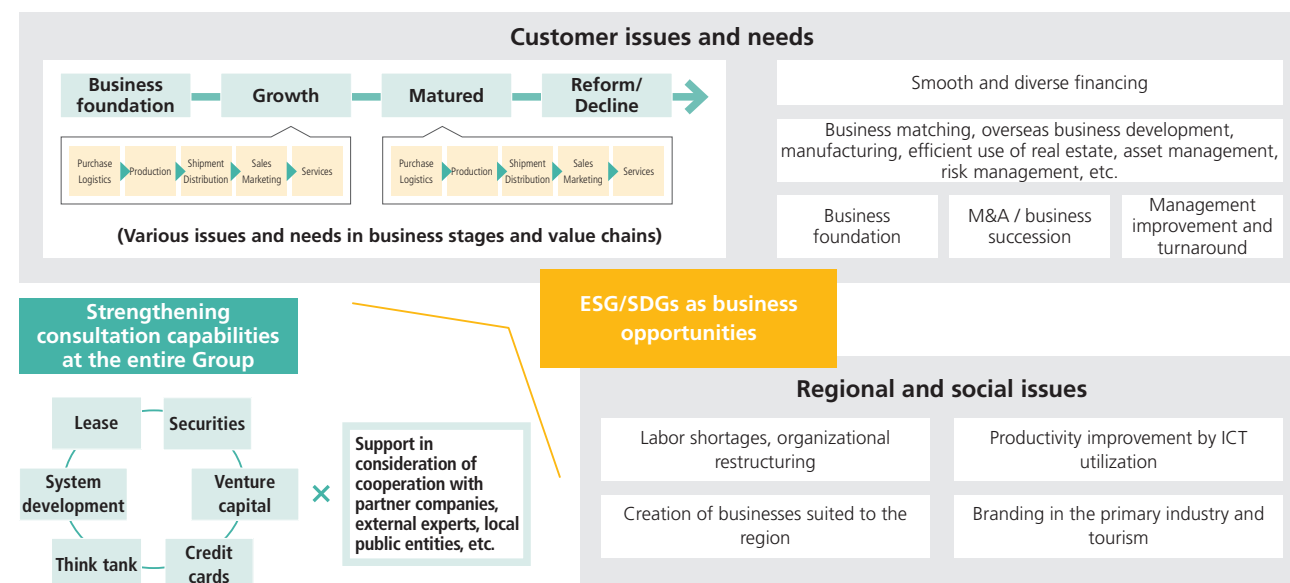
Provide integrated solutions through cooperation between the Group, partner companies, etc. to improve customer experience value

Amid the prolonged COVID-19 pandemic, in addition to the declining population and shrinking economy in rural areas, our customers' management issues and needs have become more sophisticated and diverse. They have extremely high expectations for financial institutions. Under such circumstances, the Bank, as a regional financial institution, intends to offer both financial and non-financial support in a comprehensive manner. To that end, we will strive to offer consulting services in cooperation with group companies and external institutions.

Fiscal 2021 Medium-Term Management Plan

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

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



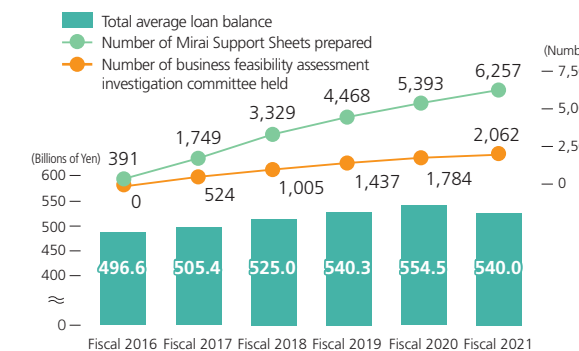
Initiatives Based on Business Feasibility Assessment

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

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

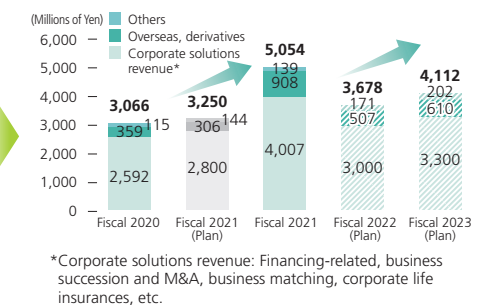
As a result of the above efforts, solution revenue for fiscal 2021 totaled approximately ¥5.0 billion, exceeding the plan by approximately ¥1.8 billion. We will continue to aim to create enhanced corporate value for customers and expand Group revenue by addressing customer issues and needs.

Sharing of Management Issues through Business Feasibility Assessment



Solution Revenue Results

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

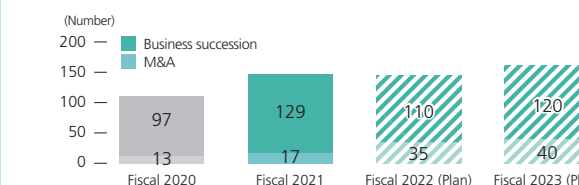


Key Efforts

We respond meticulously to changes in the business environment for customers by not only offering financing and other types of financial support but also helping customers address non-financial issues, such as COVID-19 and decarbonization. We will continue to take flexible measures, including expansion of consulting menu according to customer needs.

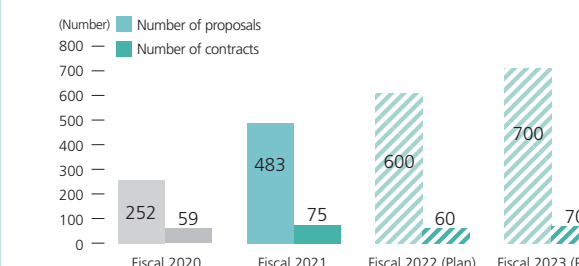
Support for M&As and Business Succession

Although M&As did not reach the plan due to the impact of COVID-19, business succession has progressed better than planned, with increased inheritance support for the wealthy.



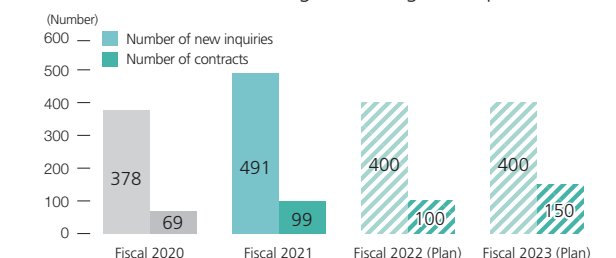
ICT Consulting

As a result of responding meticulously to changes in the business environment for customers such as the development of remote work environments, both the number of proposals and the number of contracts increased.



Staffing Business

A total of 869 inquiries including 168 contracts since the service started in April 2020. Started new job-seeking business (career advisor and recruiting advisor) in October 2021 and focused on staffing for management positions.



Financing

Started handling "ESG/SDGs Finance" and "green bonds" in April 2021.

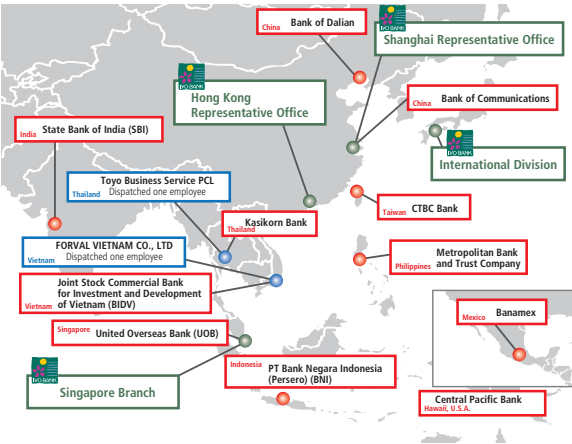
→ Supporting customers' efforts toward sustainable management, which is of increasing social interest



Corporate Related Strategies

Support for Overseas Business Development

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



CASE 1

Supporting Business Development in India through JICA's regional financial institutions cooperation project (first in Shikoku)

To support our customer's business in India, we filed a joint application to JICA's SMEs/SDGs business support program, with our business partners, with an eye to be accepted as a regional financial institutions cooperation project. This became the first successful application in Shikoku. The customer can take advantage of JICA's public nature, established reputation, and contacts and expand its overseas business smoothly.

The Bank will continue to use support schemes offered by public institutions and strengthen support for our customers' overseas business development.

CASE 2

Supporting export from Ehime Prefecture to Singapore using live streaming commerce

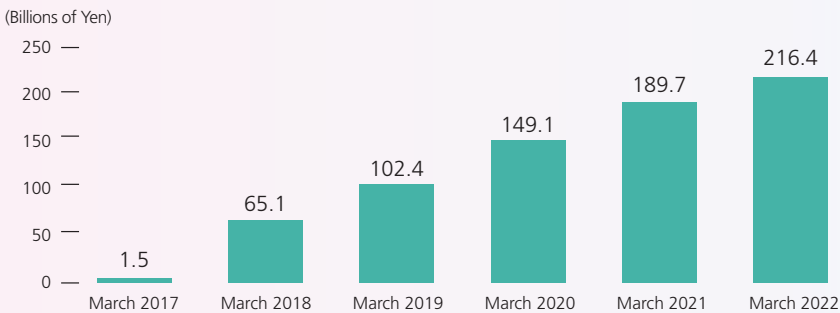
Using live streaming commerce, we helped export-oriented food companies in Ehime Prefecture expand overseas sales channels. This was a great test marketing opportunity for customers targeting Singapore, with the participation of 20 food companies in the prefecture. We will continue to provide indirect support for our customers' overseas expansion.



TOPIC Initiatives at the Singapore Branch

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

Singapore Branch Loan Balance



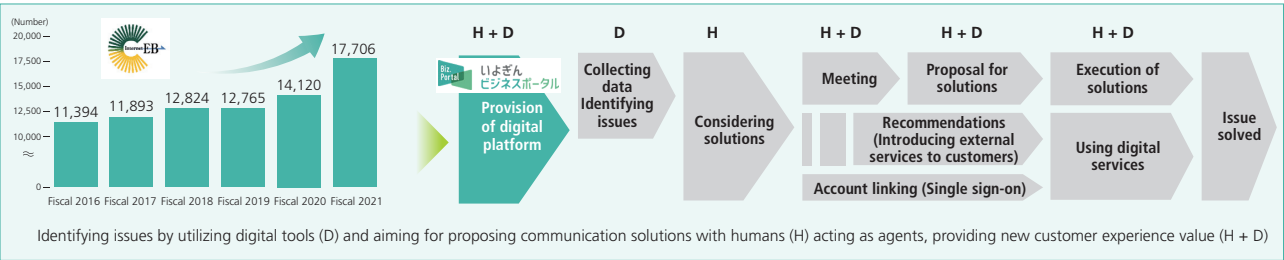
Introduction of Corporate Portal

In August 2022, we plan to release Iyogin Business Portal. It is a corporate digital platform that takes advantage of the authentication infrastructure for corporate internet banking and the customer base of approximately 18 thousand members, with an aim of supporting digitalization of companies in the region.

Iyogin Business Portal will be available for corporate internet banking; electronic delivery of a range of forms; and inquiries of information on other banks' accounts, using Money Forward, Inc.'s account aggregation technology.

We also aim to establish a model for introducing customers to other services without face-to-face meetings, such as offering a menu of solutions through the portal and recommending external paid services.

We are considering the development of further functions with an eye on bank employee use, thereby expanding its use as a new communication channel.



Cooperation with the Group, Partner Companies, etc.

In solving customers' management issues, we provide integrated solutions through not only the Bank but also cooperation between the Group, partner companies, etc. The entire Group will work together to address a wider range of issues, including those in fields beyond the scope of the Bank's expertise, and provide one-stop contact to respond to customer needs.

- Smooth and diverse financing
- Business matching
- Overseas business development
- Manufacturing
- Efficient use of real estate
- Asset management
- Risk Management
- Business foundation
- M&A/business succession
- Management improvement and turnaround
- Primary industries
- Staffing
- ICT consulting, etc.

Key Efforts of the Group

- Cooperate with Iyogin Leasing to support customers in capital investment
- Provide diverse funding sources amid uncertainties such as the COVID-19 pandemic



- Cooperate with IDC to provide settlement services targeting corporations
- Provide optimal solutions related to payments in line with the business scale and needs of the company
- Measures
 - Issuance of business owner credit cards in cooperation with Group companies targeting start-ups and sole proprietors
 - Business alliance with BNPL businesses
- Future measures
 - Expansion of B-to-B payment services (purchasing cards and services targeted at franchises)
- Cooperate with IRC to facilitate local government's digital transformation (DX)
- The Bank has entered into a collaboration agreement with Kihoku Town, NTT DOCOMO, INC., and Iyogin Regional Economy Research Center, Inc. to promote DX in Kihoku Town.
- The collaboration aims to solve issues in the region by taking advantage of the four parties' human resources, know-how, and networks and facilitating efficient DX.



Personal Related Strategies

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



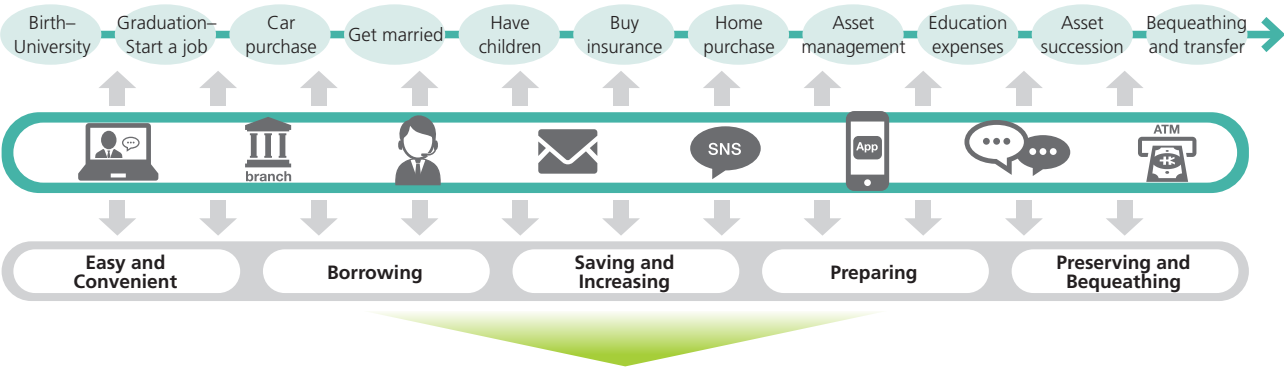
In the era of 100-year lifespans, it has become increasingly necessary for customers to design their futures, and build assets and prepare funds in a planned manner. The Bank will offer consulting services for better lives of customers, by staying close to their lives more than ever and making proposals according to their life plans and needs.

Fiscal 2021 Medium-Term Management Plan

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

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

Customer Issues and Needs



Key Action Plans	Amount of retail cashless settlements	Number of new SAFETY contracts	HOME HOME rate*1	Group assets in custody balance	Number of level premium insurance customers	Number of inheritance trust, etc. customers
Fiscal 2021 Results	¥27.7 billion	1,550	70%	¥617.1 billion	31,328	405
Fiscal 2021–2023 Cumulative Plan	¥40.0 billion*2	7,200	80% or more	¥677.0 billion*3	39,500	730

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

Consulting and Proposals According to Life Stages

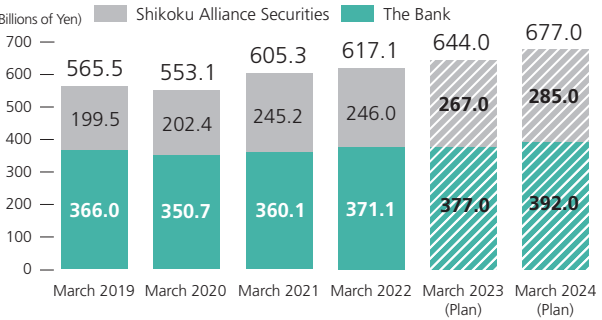
To fulfill each customer’s life plan, we provide optimal services and improve CX in response to three types of customer needs: “saving and increasing,” “preparing,” and “preserving and bequeathing.”

Life Stages	Asset Building Stage (20s - 40s)				Asset Using Stage (50s - 60s)		Asset Bequeathing Stage (70s -)
	Start a job	Get married	Have children	Home purchase	Children leave home	Retire	Receive pension
Needs	Saving and Increasing	For the future and elder years				While trying to prolong the asset life-span	
	Preparing	Protection in line with life events				Organizing protections for elder years	
	Preserving and Bequeathing					For beloved family members	

Saving and Increasing

To meet the needs for saving and increasing, we support stable, long-term asset formation according to customers’ dreams and concerns. Our basic policy is to diversify in terms of time, currency, and assets. We help our customers create a prosperous future by investing in mutual funds in installments to diversify in terms of time, taking advantage of tax breaks from such schemes as defined contribution pension plans (iDeCo) and Nippon Individual Savings Account (NISA), proposing portfolios using a financial asset analysis tool (iAD), and providing sophisticated consulting in cooperation with the Group’s securities company.

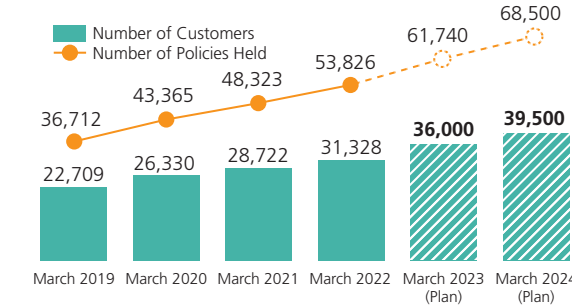
Change in Group Assets in Custody Balance



Preparing

We provide sophisticated insurance consulting in cooperation with HOKEN NO MADOGUCHI GROUP. This is to deliver safety and security through protection-type insurance, in response to customers’ wishes to prepare for imminent risks from changes in life events and alleviate concerns over future life design. In Ehime Prefecture, we have established dedicated insurance plazas and appointed insurance consultants whom customers can speak to at branches. Online consultation is available for those who cannot access such plazas or consultants, thereby creating a structure to offer services to a wide range of customers.

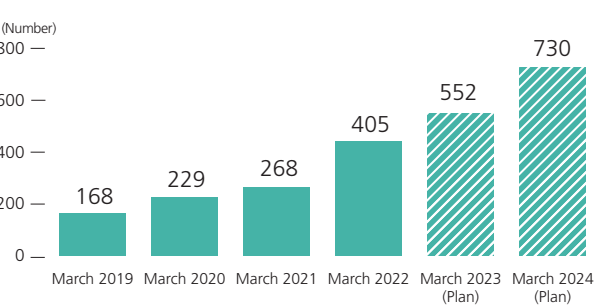
Level Premium Insurance



Preserving and Bequeathing

Population aging The needs for bequeathing have been increasing the needs for bequeathing due to the progress in aging of population, and the needs have also become sophisticated and diverse. To fulfill wishes of each customer, we offer a range of relevant products and services, including a wealth of life insurance products, will writing support, civil trust, and handling of the bequeathing process. We are thus prepared for total support while in life before until after the actual bequeathing event occurs. In recent years, longer life expectancy has increased the needs to prepare for nursing care and dementia as well. To meet such needs, we provide personalized one-stop consulting to accommodate our customers’ wishes, with relevant life insurance products and Magokoro Letter, a testamentary trust introduced in April 2021 that allows withdrawal while one is still alive.

Number of Customers of Trust-Related Contracts

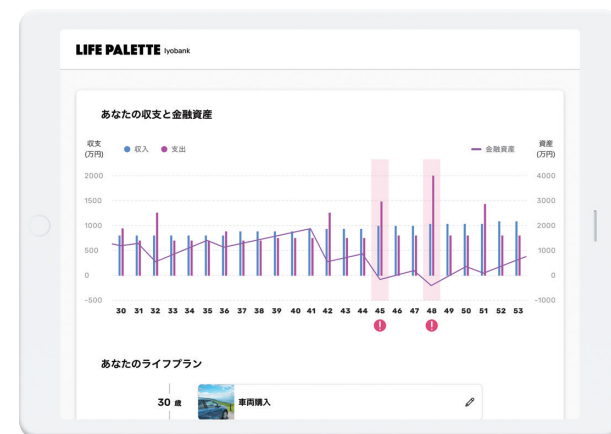


Personal Related Strategies

DHD Services

Simulation Tool That Allows Customers to Chart Various Future Plans

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



LIFE PALETTE

Providing value provided for customers

- To understand how to improve financial health and what product or service fits oneself most
- Finding not only money, but also how to realize one's dream
- Consult with an advisor

Evolving business model

- By taking action based on advance knowledge of users' life events, it makes timely proposals for adequate advice and product/service possible
- Enhancing appeal for customers in the mass retail category, which has been difficult to approach, by cooperation of various channels

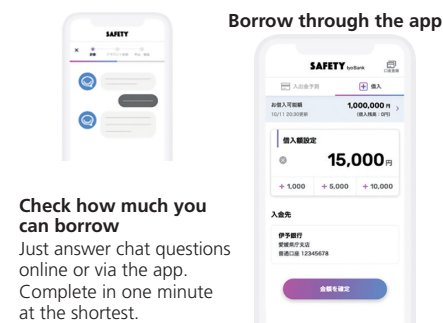


See here for service details



New Card Loan Service That Issues Notifications on Insufficient Amount

SAFETY, a digital card loan service, is an app that allows one-tap borrowing and repaying around the clock. It frees customers from lining at an ATM. The app displays scheduled deposits and withdrawals and notifies of insufficient balance, based on deposit balance, scheduled amounts of deposits and withdrawals, credit card statements, and other information. Customers can also increase the borrow amount through the app after starting the use. We renewed the service in February 2022 to introduce the Premium type, which offers a better interest rate even if the borrowing amount is small.



Check how much you can borrow
Just answer chat questions online or via the app. Complete in one minute at the shortest.

*This process does not identify an individual.
*Customers can apply for loans without going through the check.

Download here



SAFETY

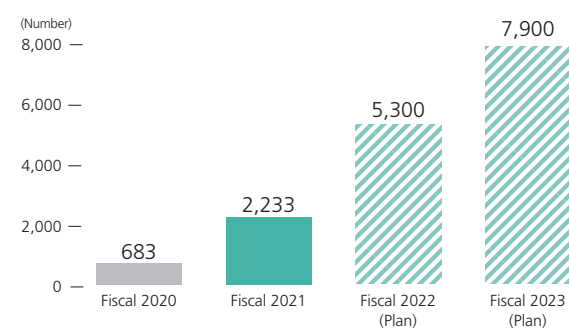
—“Card loan as an ordinary tool useful in daily life”—

Renewal to card loan “distinctively by bank” in February 2022

- Two types: “Standard,” and “Premium,” which requires an annual income certificate
- Interest rates for the Premium type are based on “risk ranking” instead of the “borrow amount”
- With the ability to start from a smaller borrow amount, then increase the amount when necessary (approx. 20% of the users have increased their borrow amount)

Drawing in ‘higher-class’ and ‘needs for additional funds’

Number of cumulative contracts



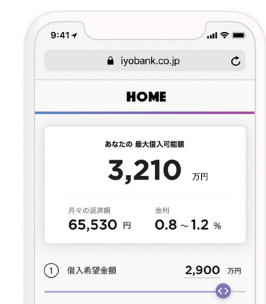
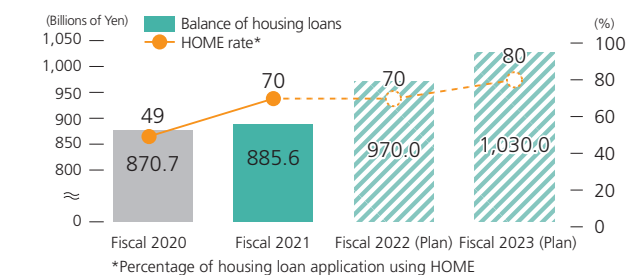
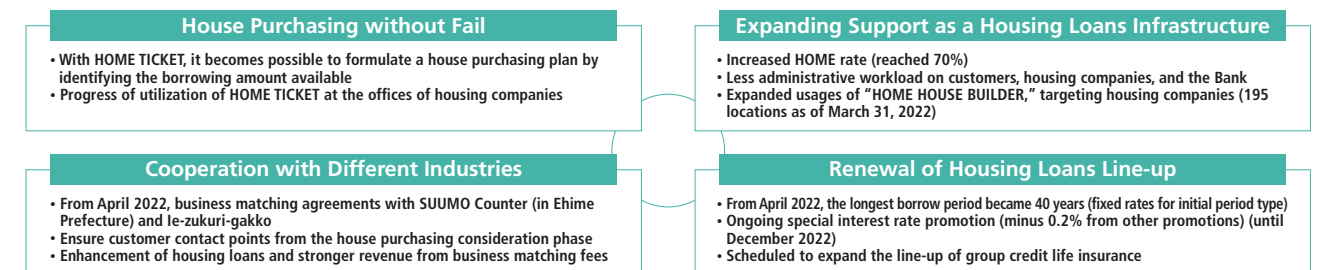
House Purchasing Plan with a Smartphone HOME

HOME, a smartphone-based digital housing loan service, allows customers to apply for housing loans and sign loan agreements around the clock.

The service has become more convenient with the enhancement of such related services as HOME TICKET, which simulates the borrowing amount available, and HOME HOUSE BUILDER, an online service for housing companies.

In April 2022, we renewed our housing loan product (fixed rates for initial period type products) line-up for the first time in approximately 11 years, for which the longest borrow period for fixed rates for initial period type products was extended from 35 years to 40 years. We have thus created a structure to meet a wide range of needs.

“From simply product provider to service provider responding to customers’ essential needs”



Download here



Iyo Bank on Your Palm AGENT

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

Adoption of agile development has allowed systematic enhancement of usability and addition of functions since the app's release in June 2021. For example, the balance inquiry, video chat appointment, and personal loan application functions have been added.

Ongoing Expansion of AGENT App Functions

- Adoption of the agile development method has allowed a constant expansion of functions since the June 2021 release.
- In December 2021, monthly balance, Visa debit overuse prevention line, and other functions were added, and the app became available for Android devices.
- In April 2022, we became the first bank in Western- Japan to issue real-time Visa debit statements.
- In July 2022, a new function was added to skip part of account registration procedures at branches and make it easier to start using the system.
- Further enhancement of usability and addition of functions are planned to offer new counter service experience to users.



Download here



Ship Related Strategies

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



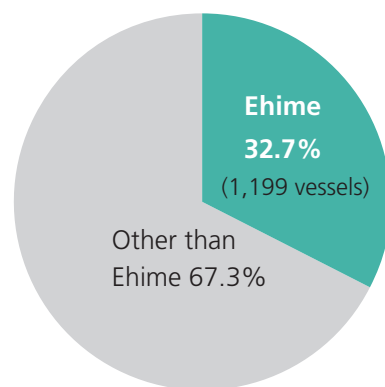
Ship Finance as Support to Local Industries and Role as a Member of the Maritime Cluster

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

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

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

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

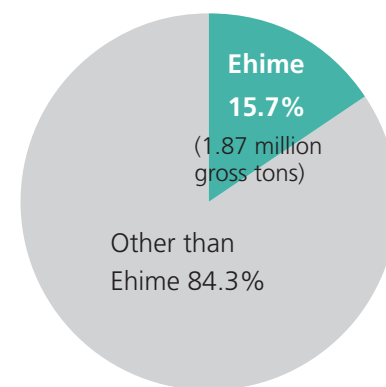


No. 1 in Japan

3,663 total vessels in Japan (including operators)

*Ranking excluding vessels owned by major ocean transport companies

New vessels constructed in Japan Fiscal 2020



No. 1 in Japan

11.92 million gross tons of new vessels constructed in Japan

Fiscal 2021 Medium-Term Management Plan

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

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

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

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

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

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

Deepening into Bank-wide efforts for more appropriate business feasibility assessments of the maritime industry

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

Understanding the industry and advancing efforts to solve problems through wide-ranging cooperation with maritime clusters centered on Tokyo and Imabari

Provision of Diverse Funding Sources

Implementing syndicated loans for high-priced ships, based on the framework of the TSUBASA Alliance, etc.

Enrichment in Activities Connecting Domestic and Overseas Maritime Industries

Aiming to provide new value unique to the Bank for business opportunities such as chartering and selling ships

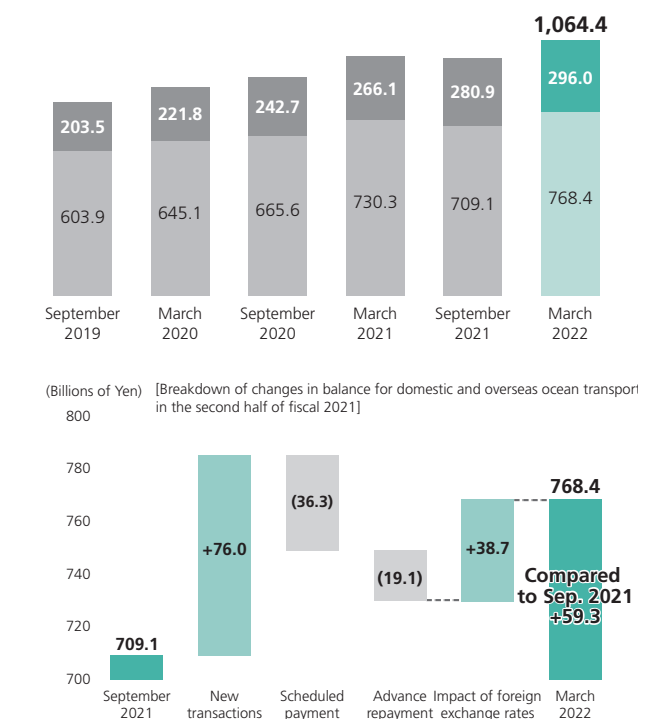
Balance for the Maritime Industry

As a result of the above initiatives, the loan balance for the maritime industry as of March 31, 2022 stood at ¥1,064.4 billion. Of the total loan balance, the balance for domestic ship finance was ¥768.4 billion, an increase of ¥59.3 billion from September 30, 2021. The balance for ship finance has been increasing thanks to the weaker yen, as well as to the support from ship owners who appreciate our stance on loans and have been regular customers of our financing. The increase has been taking place despite a reactionary decrease after last-minute constructions to complete by 2020 to meet the regulations and an increase in advance repayments due to ship sales against the backdrop of a used ship price surge. Loans for shipbuilding yards and other maritime-related businesses also increased since we responded to the needs for loans related to COVID-19 countermeasures and The Nippon Foundation's business foundation enhancement loans. In addition, the balance for overseas has been increasing steadily.

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

Loan Balance for the Maritime Industry

■ For other maritime industries and overseas (Billions of Yen)
■ For Domestic and overseas ocean transport



Market Investment Strategies

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



Investment Policy for Investing in Securities

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

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

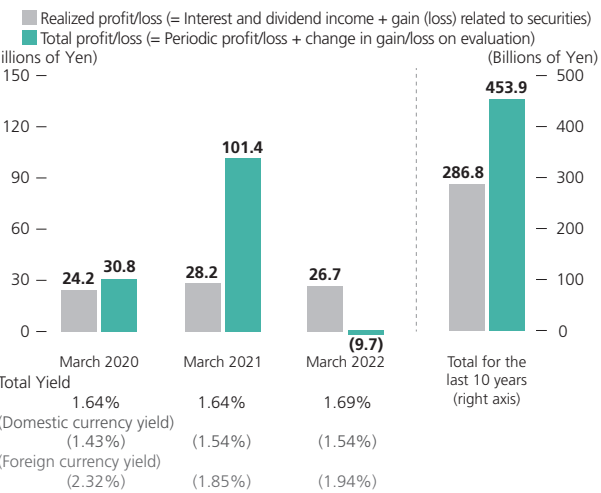
Anticipated interest rate rise worldwide, however, prompted us to restrict new investments and sell those bonds in fiscal 2021, significantly reducing the balance. In addition, the duration became shorter. As a result, we believe that we were able to rein in the expansion of evaluation loss caused by an interest rate rise, and the current portfolio ensures sufficient investment capacity that leads to future profit. Going forward, we plan to keep a close eye on interest rate trends and restore the balance by fiscal 2023, the final year of the Medium-Term Management Plan.

The duration of foreign bonds (without forex hedges) has become shorter as well, although the balance has remained roughly the same. The rapidly weakening yen expanded evaluation gain, and bond switching during the fiscal year improved investment yields. We plan to adjust the balance and implement strategic re-balancing according to the situation, while keeping a certain amount of balance.

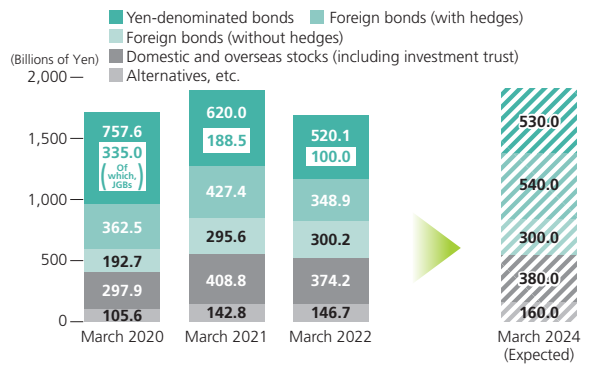
Investment Policy by Risk Category

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

Securities Performance



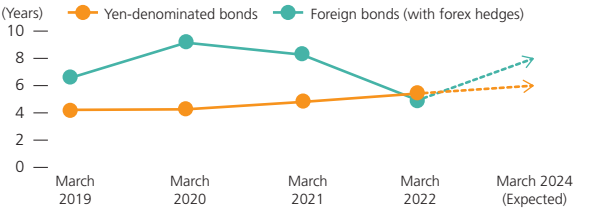
Balance of Securities at Market Value by Risk Category



Portfolio Risk Sensitivity (As of March 31, 2022)

- Yen-denominated bond portfolio 10BPV ¥2.8 billion
- Foreign bond portfolio (with forex hedges) 10BPV ¥1.8 billion
- Foreign bond portfolio (without forex hedges) 10BPV ¥1.8 billion / Exchange ¥10V ¥24.5 billion
- Stock portfolio Nikkei Stock Average ¥1,000V ¥9.9 billion

Duration

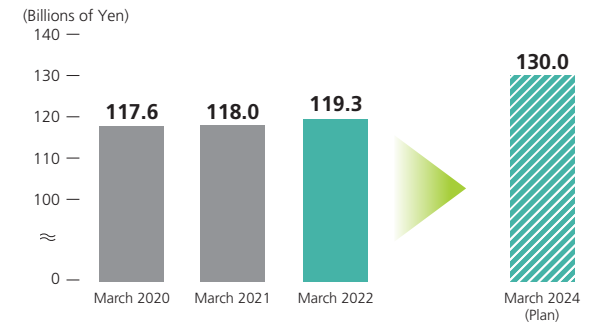


Policies for Loan Management and Foreign Currency Procurement

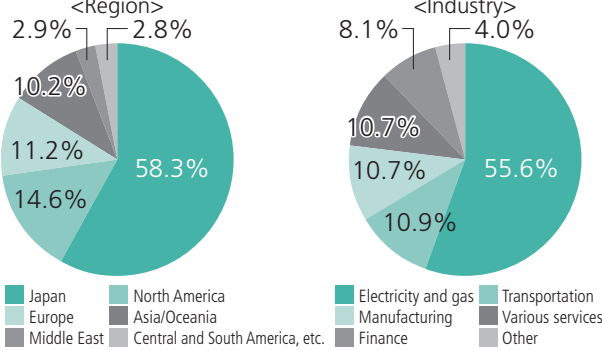
Since its establishment in 2014, the Financial Market Business Office has accumulated high-quality loan assets centered around domestic and overseas project finance, while being mindful of diversifying the portfolio. Our portfolio by region, while focusing on loans with the final risk lying in Japan, such as loans for solar, biomass, and wind power generation and other types of renewable energy and loans guaranteed or insured by a Japanese export credit agency.. Meanwhile, we diversify risk across the world, including North America, Europe, and Asia/Oceania. We will continue to accumulate loan assets with a focus on not only profitability and safety but also ESG, etc., which is attracting increasing interest in recent years. We aim for a loan balance of ¥130 billion by the end of fiscal 2023, the final year of the current Medium-Term Management Plan.

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

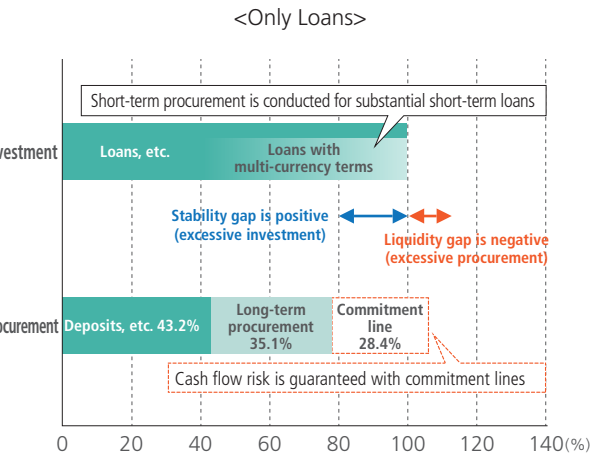
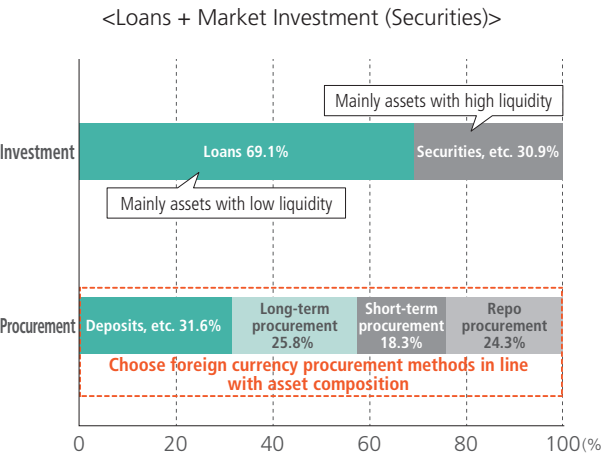
Loan Balance Plan (Financial Market Business Office)



Portfolio by Region and Industry (Financial Market Business Office)



Status of Foreign Currency Investment and Procurement [March 31, 2022]



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

BPR Strategies

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

Business Process Reengineering

Branches Shift Focus from Administrative Work to Problem Solving

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

Bank branches have taken measures under such concepts as “digitization and simplification of administrative work,” “cashless processing,” and “headquarters-centralized.” Specifically, we are minimizing administrative work at bank branches by introducing AGENT tablets, CUBE system for management of customer property in our custody, “electronic contracts for business feasibility loans”, and other digital tools, have been introduced. In addition, we are minimizing administrative work at bank branches and also by promoting Satto Madoguchi (Quick Counter) to reduce cash handling, expanding the area of headquarters-centralized operations, and cooperating with group companies. Our bank branches thus aim to shift their focus from administrative work to problem solving.

Digitization and Simplification of Administrative Work

We started full-fledged introduction of the reception tablet device AGENT in February 2019, and have completed the installation at all bank branches.

Looking to be the bank with the simplest administrative procedures in Japan, we have digitized approximately 40% of reception-related administrative work at bank branches.

In June 2021, the AGENT banking app was introduced. It is the first app in Japan that allows customers to go through bank procedures via video chat. Using the video chat function, customers can open bank accounts or change addresses as they listen to our staff and select answers to chat-style questions. Their identities are also checked online, and paper forms and seals are unnecessary. Being a new channel that offers the same user experience (UX) as branch counters, the app has made us realized “a bank on your palm,” accessible from any location with customers’ smartphones.



Cashless Processing

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



Headquarters-Centralizing Measures

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

Productivity Improvement at Headquarters

As productivity improves at bank branches, the headquarters is also working on the improvement of operational efficiency.

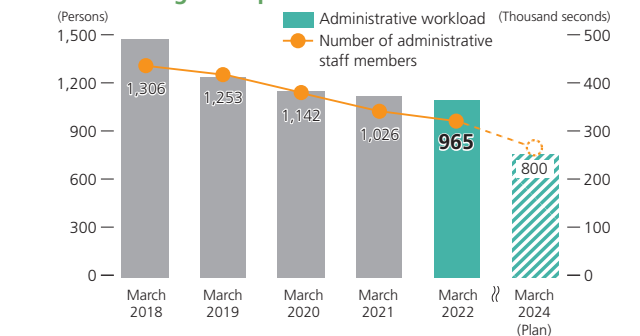
In December 2017, the CoE was set up in the General Planning Division., We have which has been striving to reduce workload at the headquarters mainly by using RPA to automate operations and making various application procedures digital and paperless through groupware use. In addition to automation, digitization, and other BPR measures including abolishment and simplification of administrative work, the Headquarters Administrative Work Support Center was set up in August 2020 to further reduce administrative workload. The center centrally handles general affairs operations in the headquarters.

Effects of Administrative Staff Downsizing and Workload Reduction

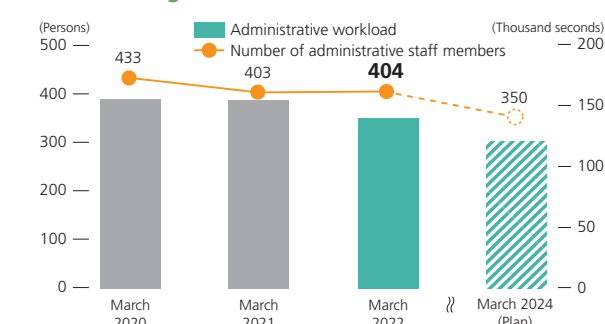
As a result of taking various BPR measures, we reduced 341 of administrative staff members in charge of operations (as of March 31, 2022) and 29 of those in charge of loans (as of March 31, 2022) from March 31, 2018. To allocate more time to problem solving for customers, surplus human resources generated by the reduction are reassigned to work in the sales field or on further headquarters-centralizing to enhance services in the digital field, thereby allocating more time to problem solving for customers.

As of March 31, 2022, yearly workload at the headquarters has decreased by approximately 133 thousand hours (equivalent to 68 staff members). We will take measures to further increase efficiency, with the goal of reducing yearly workload by 200 thousand hours by the final year of the current Medium-Term Management Plan.

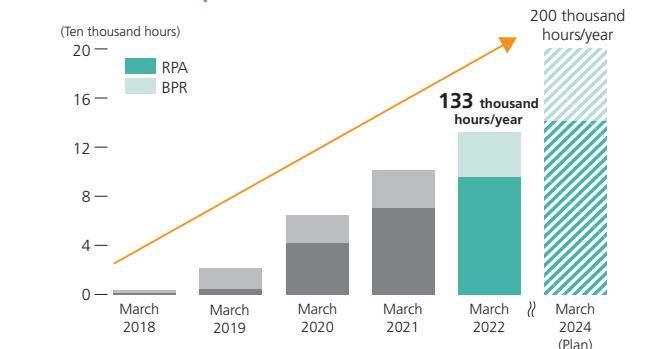
Staff in Charge of Operations



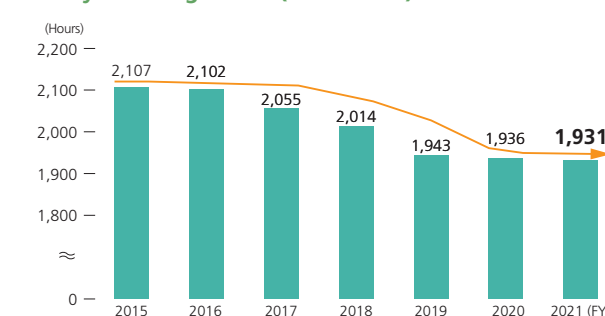
Staff in Charge of Loans



Effect of Headquarters Workload Reduction



Yearly Working Hours (Per Person)



*Reference: 8 hours × 245 days (365 days - annual holidays) = 1,960 hours

<Higher awareness on BPR by employees and officers>

→ Contribute to work style reforms

176-hour reduction of yearly working hours between 2015 and 2021

Plan for IT

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

Overview of Plan for IT

Our plan for IT focuses on (1) prompt and flexible digital response to the changing external environment and customer needs, (2) maintenance of a secure, stable, and safe banking system, and (3) establishment of IT governance to achieve (1) and (2).

(1) Prompt and Flexible Digital Response to the Changing External Environment and Customer Needs

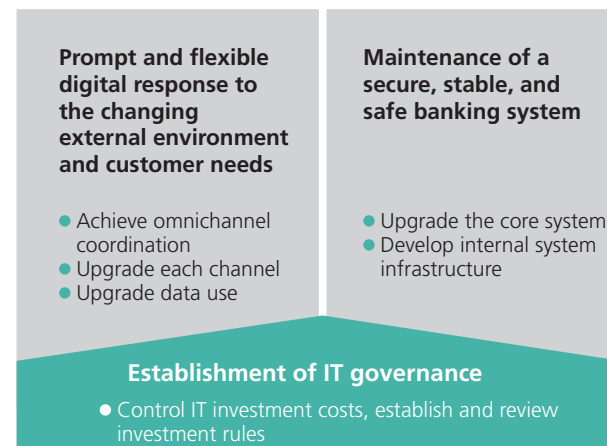
To improve customer experience (CX), we will establish an omnichannel system that offers better CX through any channel, upgrade each channel, and develop and upgrade the readiness for data use that creates added value.

(2) Maintenance of a Secure, Stable, and Safe Banking System

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

(3) Establishment of IT Governance

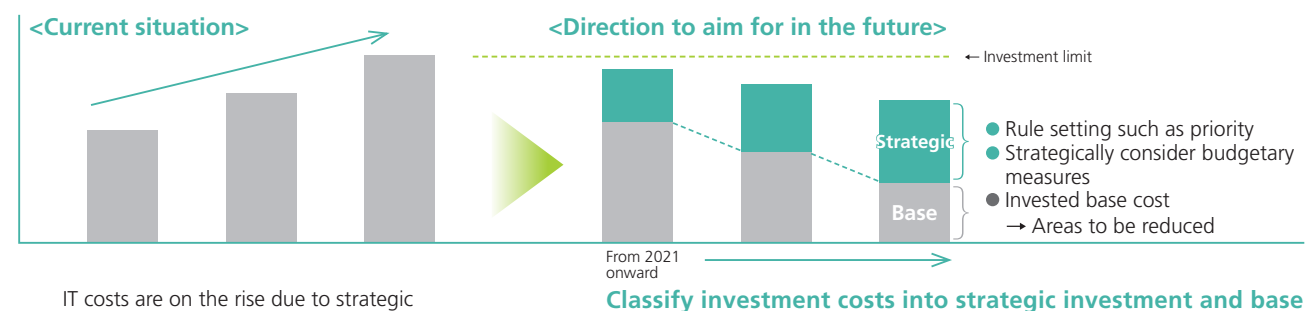
We aim for the optimization of IT investment by controlling IT investment costs and establishing and reviewing investment rules.



Efforts for Optimization of IT Investment

To control rising IT costs appropriately, we visualize the current situation from different perspectives, such as by system or by category. We have also been working to refine forecasts for system renewal costs and other long-term IT costs.

In addition, we aim to reduce base IT costs and invest in IT based on overall optimization. To this end, we will assess the business value of existing IT assets will be assessed, develop and implement criteria for disposing of low-value IT assets will be developed and implemented, and review the process for formulating IT investment and development projects will be reviewed.



Issues to be addressed (1)

- Appropriate control of rising IT costs

Issues to be addressed (2)

- Optimization of constantly increasing IT assets
 - Reduce base costs
 - Make room for strategic investment
- IT investment based on overall optimization

Sophistication of long-term investment forecasts

- Visualization of current IT costs from different perspectives, such as by system or by category, as well as refined forecast for long-term IT costs.

Establishment and review of IT investment rules

- Development of criteria for IT asset renewal and disposal (trial IT asset assessment)
 - Assess the business value of existing IT assets and develop and implement criteria for disposing of low-value IT assets
- Prioritization of IT investment and development projects and review of the plan formulation process

Plan for Branches

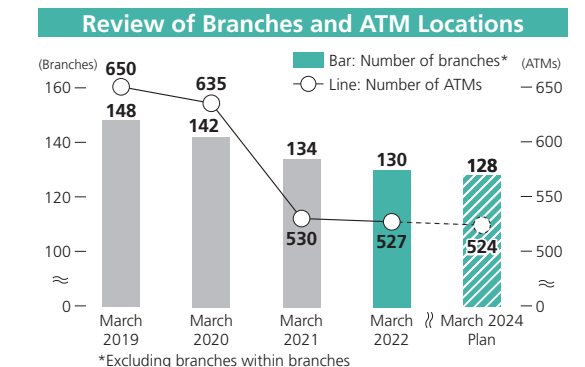
Aim to diversify customer touch points by rebuilding channels, including branches

Optimization of Branch and ATM Locations

Since the previous Medium-Term Management Plan, we have been reviewing our branch locations while maintaining customer touch points, in light of the decline in regional population and branch foot traffic.

The number of installed ATMs has also been reduced against a background of increases in cashless settlements.

We will continue to aim for optimal allocation of branches and ATMs in line with changing customer behavioral patterns and diversifying needs.



Extension of Business Hours and Introduction of Next-generation Branches

Having branches is regional banks' strength absent from online banks. As a place to solve customers' problems, which can only be done by humans, the importance of branches is increasing. Since October 2021, the Bank has extended business hours of consultation counters to 5 p.m. at 33 regional core branches, while increasing efficiency of branch operations. We thus work to improve convenience and deliver added value for our customers.

In addition, we have introduced 101 next-generation branches, for which Satto Madoguchi (Quick Counter; semi-self terminals) and AGENT tablets etc. have been introduced, have been introduced to 101 next-generation branches as of March 31, 2022. We will continue with the layout changes in a planned manner to turn all branches into next-generation branches.

Review of Branch Functions	
Review of business hours	Extension of business hours: 33 branches *Excluding account transactions Adoption of lunch break: 7 branches
Introduction of the Group Head system	Core branches (full-service banking): 28 branches Linked branches (branches specialized in individual and counter services): 57 branches
Shift to labor-saving branches	Branches located in government offices: 5 branches

Effective Use of Branches and Assets

Broad regional coverage, a strength of the Bank, means that we have many branches at convenient locations. We have taken the opportunity of renovating aged branches to consider including rental spaces in the reconstructed building, targeting at third parties, based on regional needs.

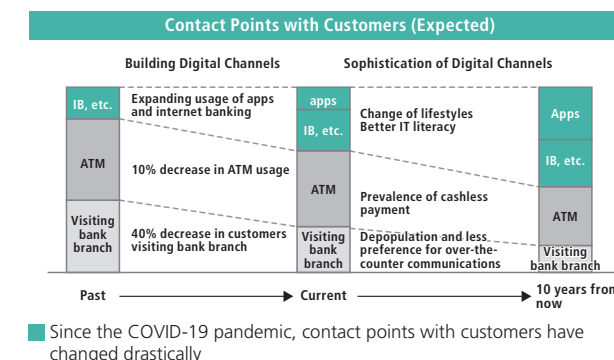
Preparations are underway for the renovation of Fukuoka Branch and Nagoya Branch. We are considering their effective use as office buildings based on regional needs. We will continue to use the Bank's branches and assets effectively and contribute to liveliness and revitalization according to regional needs.



Rebuilding Channels of Contact Points with Customers

Main touch points between customers and banks have conventionally been branches. As a new channel succeeding branches and ATMs, we released in June 2021 the AGENT app, which can provide the same customer experience as at a counter reception. Iyogin SMART and Iyogin SMART plus have also been introduced as new branch styles. Thus, we are striving to diversify customer touch points.

We will continue to diversify channels through which we connect with customers, by expanding branch functions and upgrading banking apps. In addition, we will link real channels, digital channels, and humans with each other and strive to build channels that are locally rooted and convenient for customers.



Iyogin SMART	
● Newly establishing micro branches for the purpose of maintaining contact points with local customers	いよぎん SMART
Introduced in August 2021 (2 branches) - Nakayama and Kaminada	
Iyogin SMART plus	
● Newly establishing branches specialized in transactions to respond to customers' diversified needs	いよぎん SMART plus
To be introduced in August 2022 (4 branches) - Wake, Johoku, Kuwabara, and Awai	

Plan for HR Development

Aim to become an organization group creating and providing diversified value by developing personnel who can work actively in areas of their expertise under a basic idea of "originating from customers"

Overview of Plan for HR Development

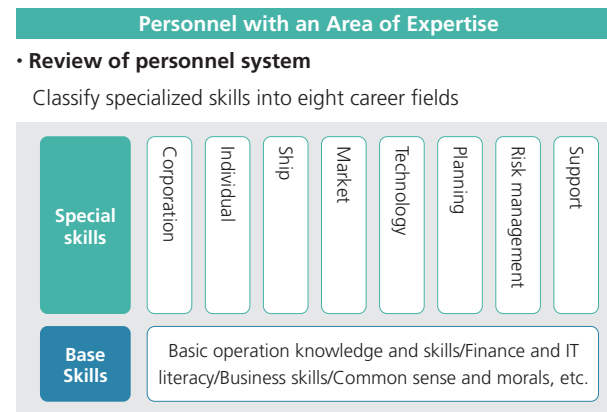
Our plan for HR development continues to aim to become an organization creating and providing diversified value by developing personnel who can work actively in areas of their expertise under a basic idea of "originating from customers." Based on this stance, we take measures to improve base skills and special skills.

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 knowledge and skills required for a wide range of employees. We expect all employees and officers to identify and develop their strengths and improve base skills to collectively form a group of consultants. To that end, our HR development measures are centered around three pillars: (1) development of personnel with an area of expertise, instead of generalists; (2) establishment of an environment which facilitates autonomous learning; and (3) responses to diversifying careers.

(1) Personnel with an Area of Expertise

We revised our personnel system and reclassified the generalist career track into eight career fields: corporation, individual, ship, market, technology, planning, risk management, and support. We thus facilitate capacity and skill development with a focus on strengths and areas of expertise and aim to develop higher-level personnel. Other initiatives include introduction of screening tests to assign personnel with high aptitude and prevent mismatches, as well as expansion of the short-term trainee system to offer trial opportunities.



(2) Establishment of an Environment Which Facilitates Autonomous Learning

For employees' autonomous learning and growth, we plan to visualize skill requirements for each career field and provide guidance to help them envision on the directions they will grow.

We have also developed an environment where employees can make effective use of their time to learn. Specific initiatives include continuation and expansion of online training, introduction of education and training apps for all new employees, and expansion of online learning tools.

Establishment of an Environment Which Facilitates Autonomous Learning

- **Implementing online training and start of shorter classes on demand**
- **Introduction of education and training apps for all new employees**
- **Expansion of online learning tools**



(3) Responses to Diversifying Careers

We have made training programs by business field open to all employees, instead of nominating participants. We have also eased location restrictions by implementing online training, in response to workstyle changes happening due to diversified values. In addition, our public qualification acquisition incentive system has been expanded to motivate employees to obtain advanced qualifications. We thus develop personnel with high levels of expertise.

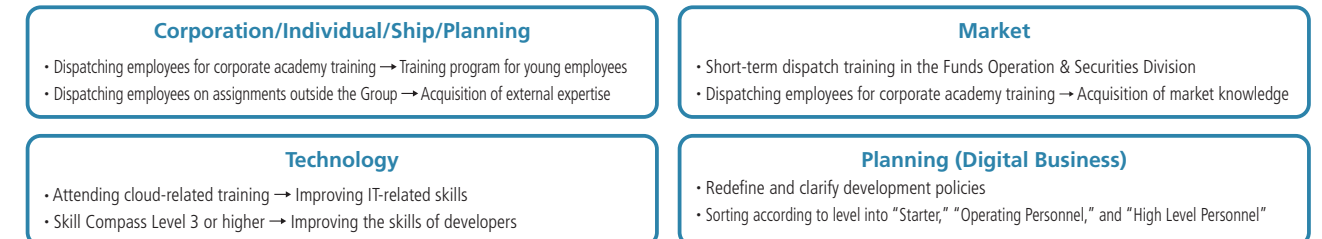
Responses to Diversifying Careers

- **Introducing training programs by business (field) open to all employees**
- **Promotion of challenges to advanced qualifications**
Continuation and expansion of qualification acquisition incentive system

Improving Special Skills

As for special skills, we develop personnel with higher-level skills in four fields: "corporation/individual/ship/planning", "market", "technology", and "planning (digital business)".

Our policy is to improve special skills by implementing development in which and develop personnel who can deliver greater value to customers. Departments in charge at the headquarters may play a central role in the development, and employees may be dispatched to specialized institutions, including those outside the Group, to develop personnel who can deliver greater value to customers.



◆ Digital Business HR Development ◆

Under the Fiscal 2021 Medium-Term Management Plan, we have formulated a plan for the development of digital business personnel. We classify the kind of personnel we aim to develop into three layers: "Starter," "Operating Personnel," and "High Level Personnel." Training and other development programs are implemented for each layer.

(1) Starter

(Personnel with basic knowledge in digital affairs and digital literacy)

We aim to improve base skills of all employees and officers by making Information Technology Passport a requirement for promotion and having them go through digital business learning and DIA testing.

For extra skills, Digital Business Basic Workshop open to all employees, digital personnel short-term trainee training, and TSUBASA joint training for digital personnel constantly take place. We thus identify and develop digital personnel candidates.

(2) Operating Personnel

(Personnel with knowledge in digital planning and design, data analysis, etc., capable of smoothly promoting projects and operations)

Through OJT, external training, and other opportunities, we aim to develop personnel, mainly employees in the headquarters, with knowledge and skills above a certain level.

Since March 2022, we have been offering practical knowledge and skills through "practical training on digital business", which is for employees who do not have much professional experience in the digital field. The training allows participants to learn necessary knowledge and skills as operating personnel, such as IT, system development, requirement definition, and project management. The course includes lectures by specialized divisions and departments and external speakers and e-learning.

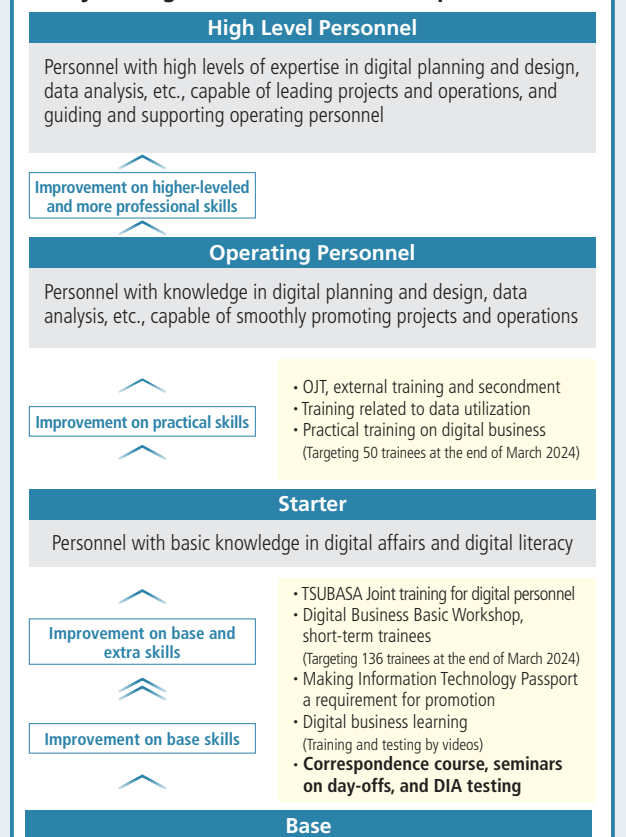
(3) High Level Personnel

(Personnel with high levels of expertise in digital planning and design, data analysis, etc., capable of leading projects and operations, and guiding and supporting operating personnel)

We develop high level personnel, who has high levels of expertise based on accumulated project leader experiences and obtaining highly-difficult qualifications, and can guide and support operating personnel.

In addition, we intend to actively recruit mid-career personnel with specialized knowledge and experience.


Policy for digital business HR development



Response to Climate Change

~ Initiatives for TCFD Recommendations ~

In February 2021, we 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, we will strengthen information disclosure related to climate change, based on the framework of TCFD Recommendations.



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

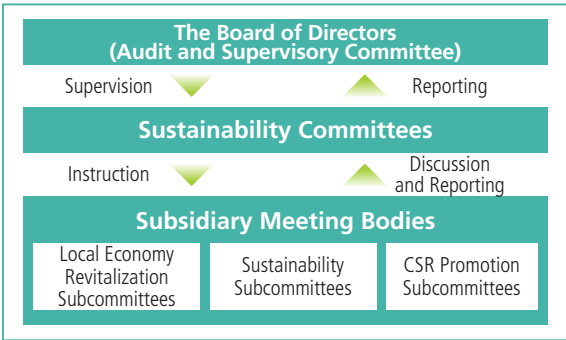
***1 TCFD (Task Force on Climate-related Financial Disclosures)**

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

1. Governance

<Policy>

Under the Corporate Credo 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.



Purpose of establishment

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

Composition and Structure

Chairperson: President

Members: Directors, General Managers of related divisions of the headquarters, and presidents of group companies

<Structure>

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

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

Matters to be discussed are submitted and reported to the 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.

Matters to be discussed

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

Major agendas in fiscal 2021 (related to environmental and climate change)

- Setting of sustainable finance target
- Conclusion of “Collaboration Agreement with Shikoku Electric Power Company, Incorporated to Support Initiatives toward Local Carbon Neutrality” with Shikoku Electric Power Company, Incorporated
- Establishment of support team for carbon neutrality measures
- Expressing endorsement to “GX League Basic Concept”

2. Strategies

Considering responses to climate change from perspectives of both opportunities and risks, the Bank is proceeding with respective initiatives.

<Opportunities>

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

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

<Risks>

As risks of climate change, we recognize transition migration risks and physical risks are recognized. It is required to take measures for both direct impacts on our 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. Target sectors are selected 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 Bank's portfolio (credit amount).

<Scenario Analysis>

Transition Risks

In relation to transition risks, for our “electricity and gas” sector, we will consider initiatives related to risks such as strengthened regulations, etc. for transition to a lower-carbon decarbonized society are considered, based on “Orderly scenario*2” and “Disorderly Scenario*3” announced by the Network for Greening the Financial System (NGFS).

Physical Risks

In relation to physical risks, for the Bank's business borrowers, we implemented the scenario analysis about an increase in credit-related expense caused by occurrence of flood damage which resulted in financial impacts on business borrowers and damages on real-estate collateral due to occurrence of flood damage, under “RCP 2.6 Scenario (2°C Scenario)” and “RCP 8.5 Scenario (4°C Scenario)”. The analysis result is as shown right

*2 In this scenario, as an emission reduction policy is early introduced early and gradually strengthened, impacts of both the migration transition risks and the physical risks are assumed to remain at relatively low levels.

*3 In this scenario, as the implementation of emission reduction policy is delayed, or countries, regions, and sectors are in disarray about the introduction and progress of the policy or progress of countermeasures, impacts of transition risks come to surface, while the impacts of physical risks are assumed to be small. However, with the emission reduction policy finally introduced, impacts of physical risks are assumed to be small.

Physical Risks

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

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

Results of Scenario Analysis Concerning Physical Risks

Occurrence of flood damage caused by climate change	
Financial impacts on business borrowers	Damage on real-estate collateral
Direct damage	Decrease in sales due to suspension of operations
	Impairment of collateral value
Increase in credit-related expense upon occurrence of flood damage	
Scenarios	RCP 2.6 Scenario (2°C Scenario) and RCP 8.5 Scenario (4°C Scenario) publicized by the Intergovernmental Panel on Climate Change (IPCC)
Analysis target	The Bank's business borrowers
Analysis method	Calculate an increase in credit-related expenses in consideration of financial impacts on business borrowers and damage on real-estate collateral upon occurrence of flood damage and damage on real-estate collateral, as well as the probability of flood damage for each of the climate change scenarios.
Analysis period	Until 2050, based on data as of March 31, 2021
Analysis result	A total of ¥4.6 billion to ¥7.5 billion increase in credit-related expense

Response to Climate Change ~ Initiatives for TCFD Recommendations ~

3. Risk Management

<Management system for risks of climate change>

We are aware that transition risks and physical risks caused by climate change have impacts on the Bank’s business activities, and financial positions, etc.

Going forward, we will comprehend and analyze impacts related to such risks, and consider the establishment of a management system in the framework of integrated risk management.

<Policies on investments and loans for specified sectors>

In investments and loans for specified sectors that are highly likely to facilitate negative impacts on the environment and society including climate change, we have determined and publicized our policy of making decisions on transactions after indicating the environmental and social risks, etc. to recognize, and taking measures in light of respective properties. In order to mitigate or avoid such risks, we take measures in light of respective properties by checking how the customer has responded to the risks, for example.

Especially, our attitude for the initiatives has been stipulated as a rule in order to strictly control investments and loans for the “coal-fired power generation” sector which includes risks of increasing concern over climate change and air pollution.

Policies on investments and loans by sector

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

<Integration into business feasibility assessment>

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

4. Benchmark and Targets

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

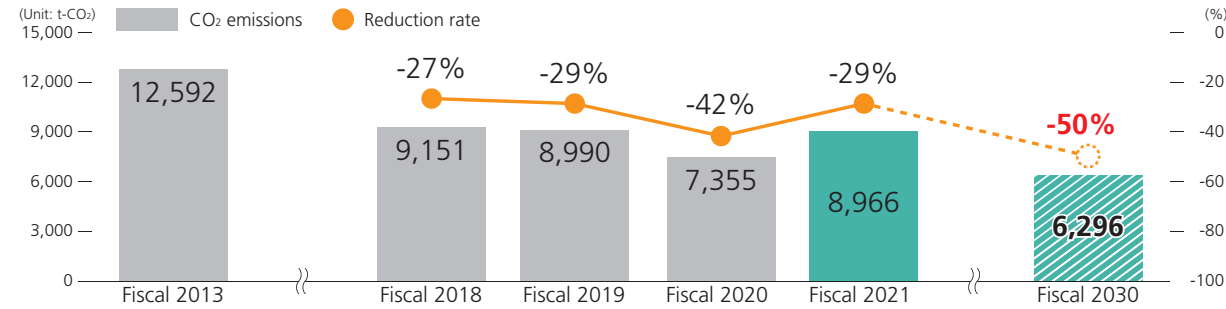
<CO₂ emission reduction>

Reduction target: By Fiscal 2030, reducing our CO₂ emissions*4 by 50% compared to the level in fiscal 2013

Results of emissions and reduction

	Fiscal 2013	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
Scope 1 (Direct emission)	—	1,521 t	1,401 t	1,337 t	1,266 t
Scope 2 (Indirect emission)	—	7,630 t	7,589 t	6,018 t	7,700 t
Total	12,592 t	9,151 t	8,990 t	7,355 t	8,966 t
Results of reduction (compared to fiscal 2013)	—	(27.3) %	(28.6) %	(41.6) %	(28.8) %

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



<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” in Iyo Bank: 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, as well as investments and loans related to business foundation and business succession

Results in Fiscal 2021: ¥92.6 billion (including ¥60.9 billion in the environmental area)

Initiatives for Sustainable Growth

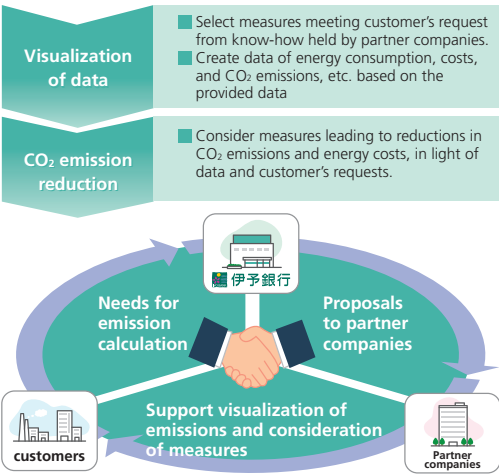
Environment

<Support Team for Carbon Neutrality Measures>

In order to support the realization of carbon neutrality of regional society and companies, the “Support Team for Carbon Neutrality Measures” was established in March 2022, for the purpose of enabling bank branches and the headquarters to work together on customer needs which are diversifying day to day. Regarding initiatives for climate change issues as one of the important management issues, Iyogin Group is aiming to realize the sustainable society by supporting initiatives toward regional carbon neutrality.

■ Support for calculating CO₂ emission

In cooperation with partner companies, we support “visualization” of customer’s CO₂ emissions.



Support by the Support Team for Carbon Neutrality Measures	
Major support menu	Structure
<ul style="list-style-type: none">• Business matching service<ul style="list-style-type: none">Support for calculating CO₂ emissionSupport for applying for subsidies, etc.Support for introducing renewable energy system• Finance<ul style="list-style-type: none">ESG/SDGs Finance• Consulting Service<ul style="list-style-type: none">Iyogin SDGs Diagnosis Service• Support service for autonomous bodies<ul style="list-style-type: none">Support for creation of private-public initiatives• Training service<ul style="list-style-type: none">SDGs card game	<ul style="list-style-type: none">• Corporate Consulting Division• Regional Vitalization Division• Iyogin Regional Economy Research Center (IRC)

■ SDGs Card Game

We provide training menus that deepen understanding about Regarding SDGs, which is highly compatible with initiatives toward carbon neutrality of local communities and companies, we provide training menus that deepen its understanding, just like playing games.



<Collaboration Agreement with Shikoku Electric Power Company, Incorporated>

On February 25, 2022, the Bank entered into a collaboration agreement with Shikoku Electric Power Company, Incorporated to support initiatives toward local carbon neutrality.

Regarding initiatives for climate change issues as one of the important management issues, Shikoku Electric Power Company and the Bank will contribute to the realization of a sustainable society by powerfully supporting initiatives toward carbon neutrality in an entire region, in addition to reducing the companies’ own greenhouse gas emissions.

Purpose of Collaboration

Support initiatives for carbon neutrality of local communities and companies mainly in Ehime prefecture, by promoting mutual close collaboration and cooperative activities between Shikoku Electric Power Company and the Bank.

Overview of Collaboration

- ① Providing information and proposals to support initiatives toward carbon neutrality
- ② Introducing products and services, etc., that the two companies (including Group companies) provide to support initiatives toward carbon neutrality
- ③ Development of products and services, etc., to support initiatives toward carbon neutrality
- ④ Activities raising awareness to support initiatives toward carbon neutrality



<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	7.62ha
Iyo Bank Evergreen Forest in Toon	7.63ha
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. 3,250 trees in total (contributing to approx. 66t increase in carbon sink)• Periodical weeding• Holding forest school● Donation to forest creation activities, etc. (¥1 million every fiscal year)● Disseminating information on details of activities	

<Iyo Bank Environment Foundation “Evergreen” (public trust)>

We partly subsidize activities by organizations and individuals that are engaged in environmental preservation activities in Ehime Prefecture. In commemoration of the 130th anniversary in business, we established the foundation in 2008, and have granted subsidies of approx. ¥65 million to 179 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



“Tada Eco-group Tanpopo”, a grantee in Fiscal 2021

<Society for promoting development of community with forest>

The Bank is serving as a secretariat of this society which was inaugurated in August 2010. Aiming to create real forests all over a town, the society is conducting activities to green a community by planting trees. So far, 89 companies and groups have joined the society, and approx. 52,000 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. ▼



<Revitalization of Local Economy by Business Foundation Support>

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

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

■ “The 7th Iyogin Business Plan Competition” held in July 2021
Determined eight prize winners from among 68 applicants in total

Grand Prix

Optium Biotechnologies Inc.

- Venture company founded in cooperation with Ehime University
- Invested by Iyogin Capital (September 2021)
- Awarded in the innovation category at “the 4th Shikoku Alliance Business Plan Competition”

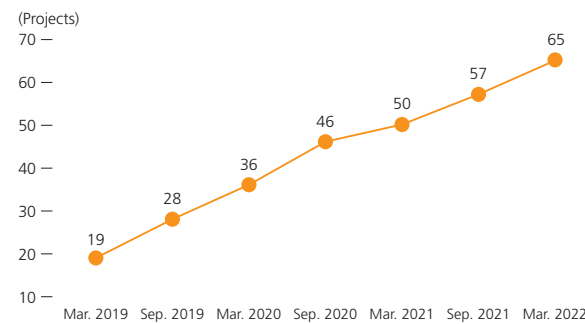


<Revitalization of Local Economy through Crowd Funding>

We formed a business tie-up with a crowd funding operator in September 2018, and started subsidiary business that support projects related to business foundation and regional revitalization, in commemoration of the Bank's 140th anniversary of its foundation. (Details of subsidy: The Bank grants subsidies equal to a half of commission to be paid to a crowd funding operator (up to ¥250,000) to those who achieved the target amount of a project.)

We have supported 65 projects as of the end of March 2022, and will support those who started or aim to start business, as well as business operators who make efforts for regional revitalization.

Number (cumulative)



<“Tourist Town Development Project Using Historical Resources” in Ozu City>

Using historical resources such as townhouses and traditional Japanese houses remaining in a castle town in Ozu City, we have been working on development of a tourist town, where “the development of a community” aiming to have local citizens lead fulfilling lives and “tourism promotion” to attract people from outside are implemented in an integrated manner. The Bank is playing roles of financing, provision of information on real estates, and inviting store operators.

Time	Details
April 2018	Entered into the Collaboration Agreement among Ozu city, Value Management Co., Ltd., NOTE (general incorporated association), NOTE K.K., and Iyo Bank
August 2018 -	Dispatched our bank employee to KITA. MANAGEMENT, a regional DMO (general incorporated association) established by Ozu City
February 2020	A total of ¥200 million Ozu town development fund set up with investment by Organization for Promoting Urban Development (general incorporated foundation) and Iyo Bank
July 2020 -	“NIPPONIA HOTEL OZU CASTLE TOWN”, a distributed hotel, (22 buildings with 28 rooms as of April 2022) and “OZU CASTLE STAY” started



<Revitalization of Local Economy in Cooperation with ANA Group>

In August 2021, we entered into the collaboration agreement on services related to promotion of regional revitalization with ANA Akindo Co., Ltd. engaged in regional revitalization services in ANA Group, for the first time as a financial institution in Japan.

The purposes of this agreement are to work on the dissemination of information on Ehime Prefecture, development of products using regional resources, and expansion of sales channels, by using the Bank's regional network, and domestic and overseas sales channels and human resources possessed by ANA Group.

So far, by using subsidies from Japan Tourism Agency, we have jointly implemented the “development project for new souvenirs of Ehime” in which development and sales of souvenirs using products made in Ehime are supported, as well as “Green Tourism Monitor Tour.”

■ Entered into the collaboration agreement on services related to promotion of regional revitalization

Outline of the agreement

- ✓ Opening up sales channels of local products
- ✓ Discovery/assistance and marketing of new business
- ✓ Facilitating support for promotion activities, such as ensuring human resources in primary industries and finding new sales channels

ANA Akindo Co., Ltd.

* The company engaged in regional revitalization services in ANA Group



Iyo Bank

Details of previous initiatives

- ✓ Development of new souvenirs of Ehime
- ✓ Proposal of crowd funding for souvenirs developers
- ✓ Implementation of Green Tourism Monitor Tour



First in regional banks

<Revitalization of Local Economy in Cooperation with Autonomous Bodies and Companies in Other Industries>

In March 2022, we entered into the “Comprehensive Collaboration Agreement to Promote DX with Industries That Utilize Space Technology” with Ehime Prefecture and Japan Manned Space Systems Corporation. (This is the first initiative for which Japan Manned Space Systems Corporation entered into the collaboration agreement with a financial institution.)

In the recent space industry, AI, IoT, and other new technologies have been more utilized, and, in terms of players, a paradigm shift from public sectors to private sectors has progressed. Accordingly, private use of space technologies has been getting closer to us.

Under such circumstances, the purpose of this agreement is to promote DX of various industries by conducting educational activities for business operators in the prefecture about the use of space technologies, etc., in collaboration with Japan Manned Space Systems Corporation, one and only private company in the domestic manned space industry.

Going forward, it is scheduled to conduct activities for introducing a farm field management system using an artificial satellite provided by Japan Manned Space Systems Corporation, and hold seminars on the space industry for business operators.

■ Entered into “Comprehensive Collaboration Agreement to Promote DX with Industries That Utilize Space Technology”

Contents Overview of Collaboration

- ✓ DX utilizing space technology
- ✓ Matching with companies in Ehime Prefecture
- ✓ Responding to consultations on development of space technology and taking part in space industries

Ehime Prefecture



Japan Manned Space Systems Corporation



Iyo Bank

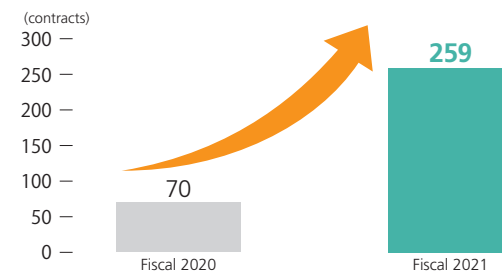


First in regional banks

<Iyogin SDGs Diagnosis Service>

Since December 2020, for the purpose of supporting efforts for SDGs by local companies, we have been providing "Iyogin SDGs Diagnosis Service." The number of cases of supporting SDGs declaration was 329 in total. We will support customers who are making efforts for achieving SDGs, through provision of reports on the results of evaluation of progress in the initiatives for SDGs, as well as assistance for formulating an SDGs declaration.

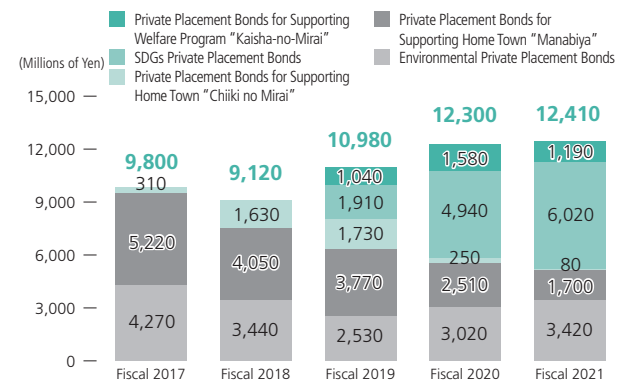
Number of contracts



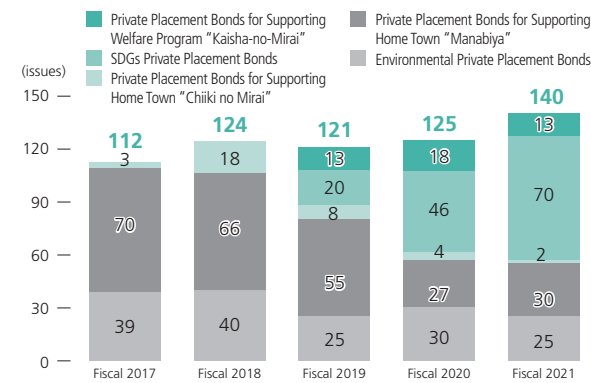
<ESG/SDGs-related Private Placement Bonds>

We financially support customers working on ESG/SDGs through, for example, "SDGs Private Placement Bonds" in which companies making efforts for achieving SDGs receive favorable treatment in a coupon rate, and Private Placement Bonds for Supporting Welfare Program "Kaisha-no-Mirai (Future of Company)" in which part of bond issue commissions is used to partly subsidize expenses for improving welfare programs.

Amount



Number of issues



<Response to COVID-19>

Mainly for the service industry, which has been considerably affected by the COVID-19 pandemic, we have provided financial aid amounting to approx. ¥220 billion, putting emphasis on proposals consistent with customer's situation and needs.

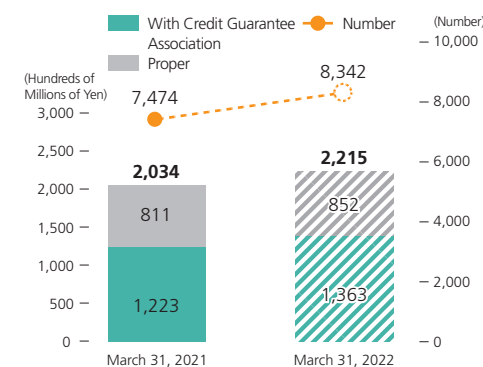
With the Support Team for COVID-19 Measures established on April 30, 2020, we have responded to various issues customers would face when conducting business activities, for example, business matching, ICT consulting, business succession, M&A, staffing, manufacturer support, tourism/primary industries support, and overseas business support.

By providing strong financial and non-financial support for customers facing difficulties, we will minimize negative impacts of the COVID-19 infection, and assist management adapted to the era of coexistence with COVID-19.

Number of cases responded to by Support Team for COVID-19 Measures

Items	No. of cases	Items	No. of cases
Business matching	105	Financing	34
ICT	50	Crowd Funding	8
Manufacturing	13	Subsidies for Business Restructuring Subsidies	377
Business succession, M&A	6	Other	47
Total			640

Cumulative amount of COVID-19-related loans



Initiatives for Social Contribution

In accordance with the corporate credo, "Creating a bright and prosperous future for the region", the Iyo Bank Group has worked on social contribution activities for many years, along with business activities. Going forward, we will continue to make efforts for solving issues of regional society through provision of support in a wide range of areas such as culture, education, and welfare.



<IRC New Leader Seminar>

Since 1989, "IRC New Leader Seminar" has been held for young business operators. This seminar had been held for the purpose of fostering young business operators who will play important roles in the next generation, and thereby contributing to sustainable development of regional society, through provision of practical opportunities for personal development that are helpful for management, as well as ones for mutual exchange and creation of networks. (As of the end of March 2022, a total of 1,298 participants). The seminar, a period of which is one year, includes lectures with prestigious lecturers, and active opinion exchanges through group presentation.

<Financial Education Class>

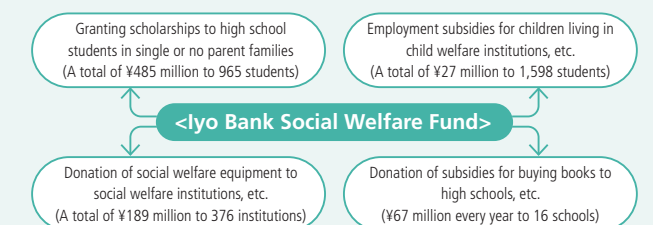
Since 2007, the Bank has held "Financial Education Class" for the purpose of enabling children who will play important roles in the future of the region to gain correct financial knowledge. As of the end of March 2022, a total of approx. 18,000 children has participated in the class.

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



<Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)>

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



<Regional Cultural Activity Assistance Program>

While Ehime Prefecture is a region where diverse tradition and culture have taken root, a number of organizations have difficulties in continuing activities due to a shortage of successors and operational funds. In light of such contexts, the Bank established this program in 1992, and has worked on succession of regional tradition and culture, through granting part of funds for activities of parties which carry out "grassroots" cultural activities in Ehime. (¥247 million to 1,274 groups in total)



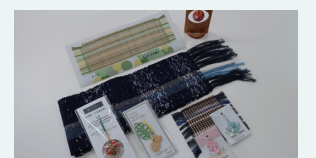
<Tennis club/Women's softball club>

We have made efforts to improve regional competitive abilities and promote sports in the region, for example, by holding sports classes for children with major players who are active in domestic top leagues. Also, the women's softball club has participated in "NITORI JD.LEAGUE", a new league which started in March 2022.



<Iyogin Challenge & Smile Co., Ltd.>

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



Diversity & Inclusion

We position Regarding Diversity & Inclusion as a source of competitiveness, and, as part of its value creation process, we have worked on the three issues collectively, i.e., the work style reforms, the promotion of women's participation, and health management. Thereby, we are aiming to be the best company in the Setouchi region, where people can work comfortably, at which people want to work, and which contributes to creation of the region's future as growing with it in the Setouchi region.

<Work Style Reforms>

To be a company where people can autonomously work

In the Bank-wide campaign "Smart Working Challenge", we are striving for the management reforms, the changes in mindset, the operational reforms, and the ability development. In terms of systems, we have introduced the complete flexible working hour system, the working-hour interval system, and the telecommuting system to promote autonomous and flexible ways of working and reduce overtime work. In addition, to transform into an autonomous organization with diversity, we have introduced the business casual attire and the side job system.

Apart from them, we have improved tools to respond to ways of working in the era of coexistence with COVID-19. For example, we distribute smartphones and iPads for business use, and computers exclusively for telecommuting, as well as introducing devices dedicated for Zoom as well.

As a result, overtime working hours and paid leave utilization rate became 4.4 hours and 73.3%, respectively, in 2021.

To be a company where people can work vigorously in a highly productive way

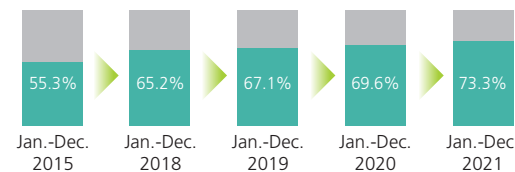
To improve productivity, it is required to strive not only to reduce input (labor input) with a reduction in working hours and an increase in paid leave utilization rate, but also to maximize output (added value) by improving engagement of each worker (an indicator for how much workers are making proactive efforts with self-motivation for contribution.)

Iyo Bank has introduced "wevox", an engagement detection tool, for all employees. By conducting a simple questionnaire survey using a smartphone once a month, each workplace's status of engagement is visualized and analyzed. Based on its result, the PDCA cycle is quickly implemented to improve engagement through meetings at respective workplaces, aiming at leading it to enhancement of organizational abilities and an improvement in business results. With such efforts, we will aim at creating a workplace in which employees can feel much more worth working for pride.

Changes in overtime working hours



Changes in paid leave utilization rate



Side Job System

- About 30 employees have side jobs.
→ Growing into human capital assets with extensive knowledge and skills

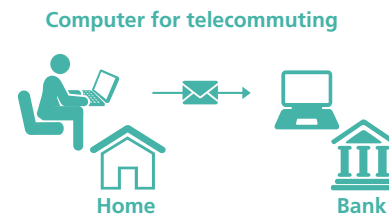


Examples of side jobs

- Creator of animation
- Referee of soccer
- Website development, etc.

Telecommuting System

- Introduced the telecommuting system for employees who want to work at home in April 2021



Business Casual Attire

- Pilot run from August 2020 and official introduction in April 2021



<Promotion of Women's Participation>

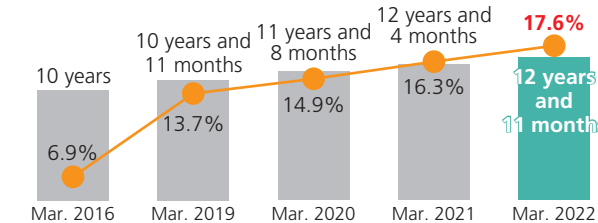
To be a company where female employees can happily work, pursuing both private life and work

We believe it is important to change men's consciousness about child rearing in order to be a company where women can work comfortably. Therefore, we encourage male employees to take the childcare leave, and have achieved 100% of the childcare leave utilization rate for men and women since fiscal 2016.

Also, in order to support women's continuous employment and career building, we established a day-care center for children on a premise, "Iyogin Kid's Land." As corporate social responsibility, we will develop an environment where children who will be responsible for the next generation can grow up healthily, and support employees who raise children while working.

With these efforts, the female manager ratio and the average years of service of female employees have been improved year by year. Accordingly, we have obtained "Platinum Kurumin Certification" (for companies supporting child rearing) and "Eruboshi Certification (three stars)" (for companies excellent in efforts for promotion of women's participation).

Female Manager Ratio/Average Years of Service



Obtained "Platinum Kurumin Certification"



Obtained "Eruboshi Certification (three stars)"



<Health and Productivity Management>

To be a company that supports employees' mental and physical health

The corporate sustainable growth is supported by "human resources." Therefore, without each employee's mental and physical health, sound development of companies cannot be expected. With such mindset, in addition to initiatives to maintain and increase employees' mental and physical health, we also strive to increase employees' awareness of health, and proactively support their voluntary activities for health.

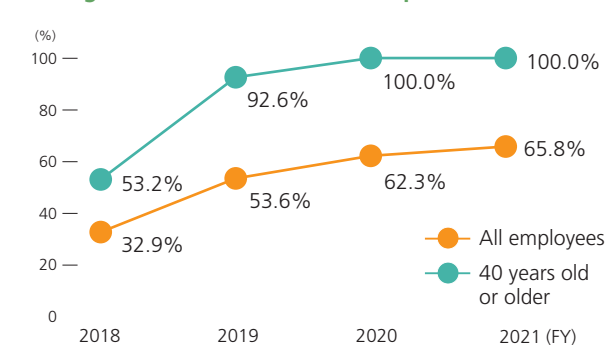
To be more specific, as a population approach, we lend a wearable terminal "Fitbit", subsidize costs for health checkups, and suppress long working hours. As a high-risk approach, we obligate employees at 40 years old or over to take health checkups, provide health guidance using the health management system, and take measures for preventing health disorders of employees working for long hours (face-to-face guidance by an industrial doctor). With such efforts, we are working to improve absenteeism and presenteeism.

In addition, we are conducting activities conscious about well-being. For example, we have participated, as an initial member, in "Well-being Ehime", Japan's first regional organization, which aims at promoting health and productivity management in the region in collaboration. The organization collaborates with companies, autonomous bodies, schools, etc. within Ehime Prefecture. and also provides support for employees working while receiving medical treatment, such as introducing the system of shorter working hours for cancer treatment, etc.

With these efforts, the Bank was recognized in the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category).



Changes in ratio of health checkups taken



Changes in the number of employees who worked overtime for over 70 hours

Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
100 persons	21 persons	34 persons	18 persons

Ratio of employees who exercise regularly

Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021
18.1%	22.8%	23.2%	24.5%

Strong Management Foundation (Governance)

<Basic Concept>

Iyo Bank has established a 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 corporate credo, the Bank 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 among shareholders, customers, regional citizens, and our employees and other stakeholders, etc., and improving corporate value and management soundness while fulfilling social responsibilities as a regional bank.

In order to achieve sustainable growth and improvement in medium- and long-term corporate value through realization of appropriate corporate governance, the Bank has 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

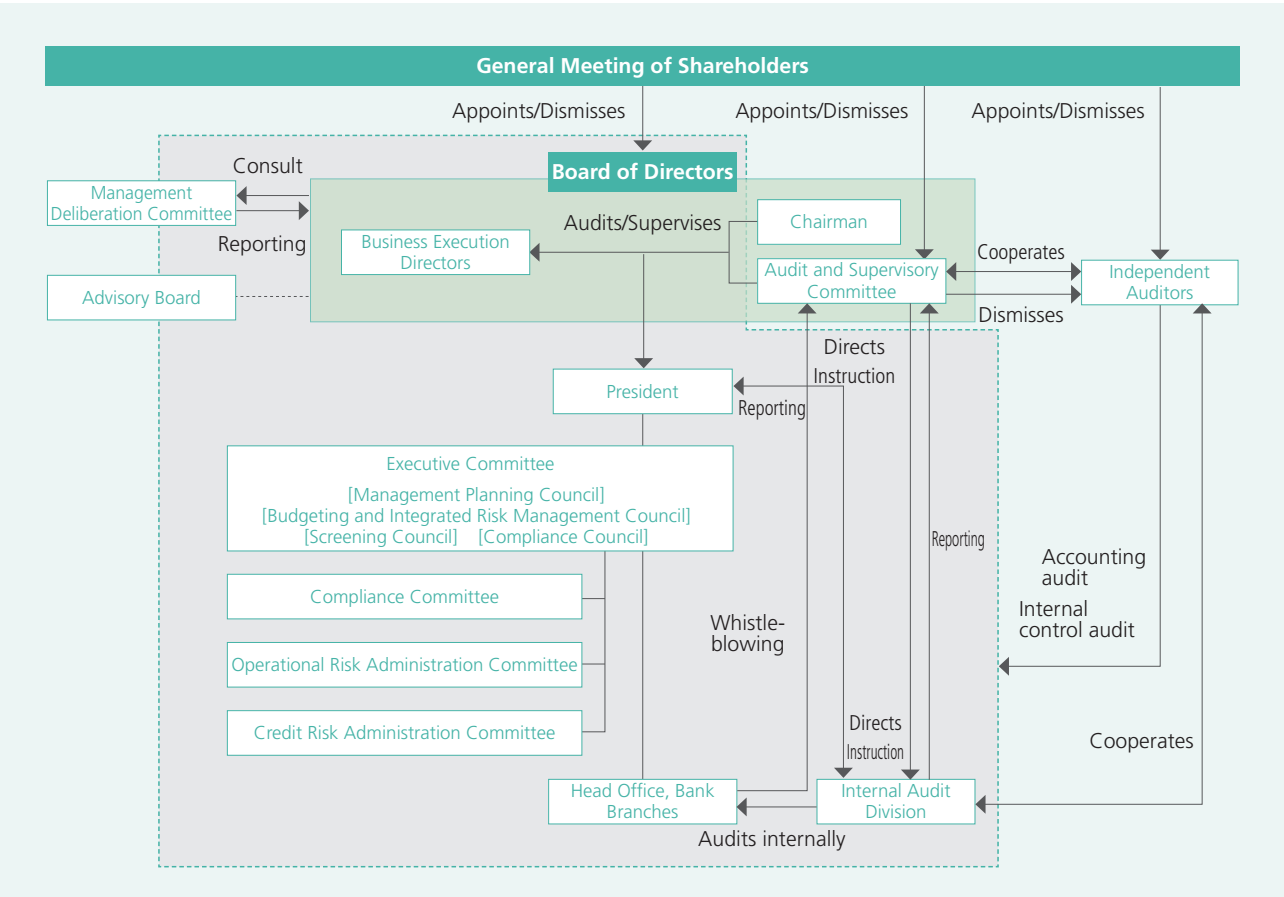
Corporate Governance Guideline

Please refer to our website. ▼

<https://www.iyobank.co.jp/about/csr/governance/guideline.html>

<Corporate Governance Structure>

The Bank has adopted the system of “Company with an Audit and Supervisory Committee” for the purpose of strengthening audit/supervision functions and corporate governance, and increasing management efficiency by swiftly making decisions with delegation of authority. The Bank has 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 each function.



Board of Directors

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

Composition of the Board of Directors Skills Matrix

			Business strategies and corporate management	Marketing	Personnel affairs and talent development	Risk management	Asset management and international affairs	Corporate screening	Digital and ICT	Finance and accounting	Law and legal affairs
Directors Not Serving as Audit and Supervisory Committee Members	Iwao Otsuka	Chairman	●	●	●	●					
	Kenji Miyoshi	President	●	●	●	●	●		●	●	
	Hiroshi Nagata	Senior Managing Director	●			●	●		●	●	
	Kensei Yamamoto	Managing Director	●	●	●	●				●	
	Masamichi Ito	Managing Director		●				●			
	Hirohisa Senba	Managing Director		●				●			
	Koichi Kihara	Managing Director	●	●		●			●	●	
Directors (Audit and Supervisory Committee Members)	Tetsuo Takeuchi	Audit and Supervisory Committee Member	●	●	●		●		●		
	Kaname Saeki	Audit and Supervisory Committee Member (Outside)	●	●	●	●					
	Junko Miyoshi	Audit and Supervisory Committee Member (Outside)	●	●	●	●					
	Keiji Joko	Audit and Supervisory Committee Member (Outside)	●		●	●		●			
	Yuichi Ohashi	Audit and Supervisory Committee Member (Outside)	●		●	●					
	Yoriko Noma	Audit and Supervisory Committee Member (Outside)				●					●

*In relation to concurrent positions at other companies of Directors (including Directors serving as Audit and Supervisory Committee Members), the policy is to make Directors (including Directors serving as Audit and Supervisory Committee Members) 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 officers at other listed companies are as follows.

- Iwao Otsuka (Chairman): Director (Audit and Supervisory Committee Member) (Outside), Shikoku Electric Power Company, Incorporated
- Tetsuo Takeuchi (Director (Audit and Supervisory Committee Member)): Director (Audit and Supervisory Committee Member) (Outside), Daiki Axis Co., Ltd.
- Yoriko Noma (Director (Audit and Supervisory Committee Member)): Auditor & Supervisory Board Member (Outside), AJIS Co., Ltd.; Director (Outside), Welco Holdings Co., Ltd

Major agendas and resolved matters of the Board of Directors in fiscal 2021	
<ul style="list-style-type: none">● Status of voting rights execution for cross-shareholdings, and verification of reasonableness of holdings● Application for selection of new market segment associated with the changes in market segments of the Tokyo Stock Exchange● Setting targets for reducing CO2 emissions based on TCFD Recommendations● Amendments to “Policies on investments and loans for specified sectors” and publication thereof● Setting and disclosure of the sustainable finance targets● Consideration about the transition to the holding company system	<ul style="list-style-type: none">● Outline of amendments to the Corporate Governance Code, and our present situation and issues● Response to COVID-19● Amendments to “the Basic Policy Concerning Countermeasures against Money Laundering and Terrorism Funding”● Formulation of “Management Plan for Fiscal 2022”● Implementation of evaluation of the Board of Directors● Issuance of Integrated Report

Audit and Supervisory Committee

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

Strong Management Foundation (Governance)

Management Deliberation Committee

The Bank has established the Management Deliberation Committee (a voluntary nomination and compensation committee) as an advisory body to the Board of Directors, to enhance independence, objectivity, and accountability of the Board of Directors’ functions related to nominations and compensation, etc. for Directors and Executive Officers. The Management Deliberation Committee, which is positioned as an advisory body to the Board of Directors, is composed of a majority of members who are Independent Outside Directors.

Advisory Board

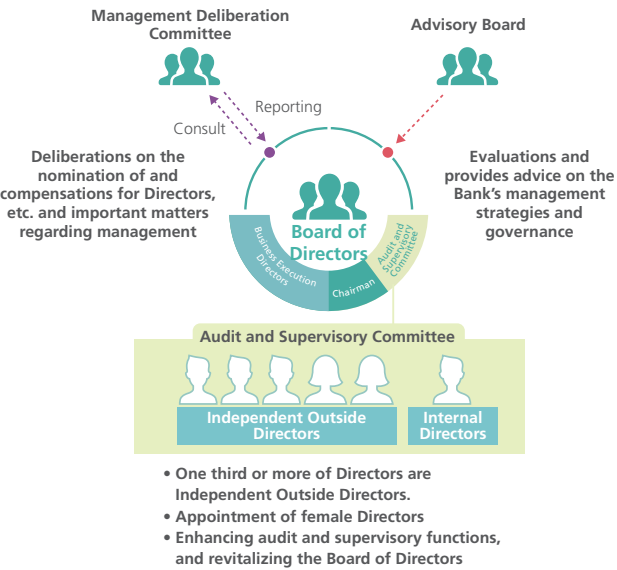
The Bank has established the Advisory Board chaired by the president, in order to introduce external perspectives regarding the Group’s management strategies and governance, aiming at. To ensure the management transparency and objectivity of the Group, further strengthening the management base and contributing to the local community, we are introducing 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
Kaname Saeki	—	Mr. Kaname Saeki has been engaged in the management of IYOTETSU Group Co., Ltd. for many years and held important positions in local groups including the Chairman of the Ehime Prefectural Federation of Chambers of Commerce and Industry, and has a wealth of experience and high-level insight on corporate management and organizational operation. For the reason above, the Bank has appointed him as an Outside Director in the expectation that his supervision and advice primarily in the view of business strategies, risk management and a stronger governance structure, will contribute to the improvement of corporate value of the Bank over the medium to long term.
Junko Miyoshi	Chairman, Ability Center inc.	Ms. Junko Miyoshi has been engaged in the management of Ability Center inc. for many years, and has a wealth of experience and high-level insight on corporate management. For the reason above, the Bank has appointed her as an Outside Directors in the expectation that her appropriate supervision and advice primarily in the view of business strategies, risk management, and diversity and inclusion promotion will contribute to the improvement of corporate value of the Bank over the medium- to long-term.
Keiji Joko	—	Mr. Keiji Joko held important positions in the area of public administration including the Deputy Governor of Ehime prefecture, and has a wealth of experience and high-level insight on organizational operation and local public administration. For the reason above, the Bank has appointed him as an Outside Directors in the expectation that his appropriate supervision and advice primarily in the view of a stronger governance structure and regional development will contribute to the improvement of corporate value of the Bank over the medium- to long-term.
Yuichi Ohashi	Director, Minamimatsuyama Hospital Eye Center, Social Medical Corporation Jinyuukai	Mr. Yuichi Ohashi held important positions including the President of Ehime University and Director of Ehime University Hospital, and has a wealth of experience and high-level insight on organizational operation and industry-academia collaboration, as well as advanced expertise in the educational field. For the reason above, the Bank has selected him as an Outside Director in the expectation that his appropriate supervision and advice primarily in the view of a stronger governance structure, industry-academia collaboration and human resource development will contribute to the improvement of corporate value of the Bank over the medium to long term.
Yoriko Noma	Partner, Miyakezaka Sogo Law Offices Audit & Supervisory Board Member (Outside), AJIS Co., Ltd. Director (Outside), Wellco Holdings Co., Ltd.	Ms. Yoriko Noma has a wealth of experience, high-level insight, and advanced expertise on corporate legal affairs as an attorney. For the reason above, the Bank has appointed her as an Outside Director in the expectation that her appropriate supervision and advice primarily in the view of legal compliance and diversity promotion will contribute to the improvement of corporate value of the Bank over the medium to long term.

*Among the above five Outside Directors, there are ordinary finance or other transactions between the Bank and entities where four Outside Directors excluding Ms. Noma are from or holding significant concurrent positions. However, none of them violates the standards of independence provided for by the Bank.
*For the standards of independence provided for by the Bank, please see “Reference Documents for the General Meeting of Shareholders” of NOTICE OF CONVOCAION OF THE 119TH ANNUAL GENERAL MEETING OF SHAREHOLDERS on our website. <https://www.iyobank.co.jp/about/ir/kabusikikabunusijouhou/soukai.html>



<Evaluation of the Board of Directors>

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

In relation to the evaluation of the Board of Directors in Fiscal 2021, with an outside organization involved, an anonymous survey on composition and operation of the Board of Directors, and support systems for Directors was conducted for all Directors who are members of the Board of Directors. At the Board of Directors meeting in April 2022, results of the survey were reported by the outside organization. The results were In April and May in 2022, the Board of Directors analyzed, discussed, and evaluated at the Board of Directors meetings held in April and May 2022the results.

Results of Effectiveness Evaluation	Measures for Future Issues
<ul style="list-style-type: none">As a result, the Board of Directors was positively evaluated, deemed to function without problems, in general.Meanwhile, it is considered as an issue to strive to further improve the Board of Directors’ functions. To this end, an efficiency in discussion should be increased with improvement in preparation of materials and explanation method by a responsible divisions and a better way of explanation, and more opportunities should be provided to share awareness of important management issues, and discuss them with Outside Directors.	<ul style="list-style-type: none">For the matters recognized as issues in Fiscal 2021 as shown in the left column, we intend to compose the Board of Directors’ materials focusing on priorities to increase the efficiency and improve deliberations.In order to improve the effectiveness of the Board of Directors, we will also make efforts to provide more opportunities to allow Representative Directors and Outside Directors to have free discussions so that they can share awareness and discuss each other by, for example, increasing opportunities for free discussions among them.

<Compensation System for Officers>

Total amount of compensations, etc. by segment of Director, and total amount of compensations, etc. by type (Fiscal 2021)

Segment of Director	Number of persons	Total amount of compensations, etc. (Millions of Yen)				Ratio of performance-based portion
			Base pay	Performance-based compensation	Non-monetary compensation	
Directors (excluding Directors serving as Audit and Supervisory Committee Members)	9 persons	314	195	34	84	14.8%
Directors (Audit and Supervisory Committee Members)	9 persons	54	54	0	0	—

*The above number of persons and the amount of compensations, etc. to be paid include two Directors (excluding Directors serving as Audit and Supervisory Committee Members) and three Directors serving as Audit and Supervisory Committee Members who left office at the General Meeting of Shareholders held on June 29, 2021.

Indicators of performance results related to the performance-based compensation, and amount calculation method (in and after July 2021)

The performance-based compensation is comprised of a short-term incentive based on the Bank’s performance and a medium-term incentive based on the qualitative evaluation of individual Directors (excluding Directors serving as Audit and Supervisory Committee Members).

An amount of the short-term incentive for each Director (excluding Directors serving as Audit and Supervisory Committee) is calculated by multiplying a base payment amount determined with non-consolidated core business gross profit, non-consolidated core business net income, and profit attributable to owners of parent as indicators by points distributed according to a job position, in order to make the incentive related to comprehensive earning capacity in consideration of not only the Iyo Bank’s business results, but also consolidated business results.

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

Strong Management Foundation
(Governance)

Board of Directors and Executive Officers

(as of June 29, 2022)

Directors



Chairman
Iwao Otsuka

April 1976 Joined the Bank
June 2003 General Manager, Oita Branch
August 2006 General Manager, Human Resources Division
June 2007 Director, General Manager, Human Resources Division
June 2008 Director, General Manager, Head Office, Business Department
June 2010 Managing Director, General Manager, Branch Banking Group
June 2011 Senior Managing Director (Representative Director)
June 2012 President (Representative Director)
April 2020 Chairman (Representative Director)
April 2021 Chairman (current position)



President (Representative Director), Group CEO*
Kenji Miyoshi

April 1982 Joined the Bank
August 2009 General Manager, Osaka Kita Branch
August 2012 General Manager, Funds Operation & Securities Division
June 2014 Executive Officer, General Manager, General Planning Division; General Manager, Subsidiaries & Affiliates Department, General Planning Division; General Manager, ICT Strategy Planning Department, General Planning Division
June 2015 Managing Executive Officer, General Manager, General Planning Division; General Manager, Subsidiaries & Affiliates Department, General Planning Division; General Manager, ICT Strategy Planning Division; General Manager, General Manager, General Planning Division
June 2016 Managing Executive Officer, Deputy General Manager, Branch Banking Group
June 2017 Managing Director
June 2019 Senior Managing Director (Representative Director)
April 2020 President (Representative Director) (current position)



Senior Managing Director (Representative Director), Group CFO*; CSO*
Hiroshi Nagata

April 1987 Joined the Bank
February 2015 Acting General Manager, General Planning Division
June 2016 General Manager, General Planning Division; General Manager, Subsidiaries & Affiliates Department, General Planning Division
June 2017 Executive Officer, General Manager, General Planning Division; General Manager, Subsidiaries & Affiliates Department, General Planning Division
June 2019 Managing Executive Officer, General Manager, General Planning Division; General Manager, Subsidiaries & Affiliates Department, General Planning Division
June 2021 Managing Director
June 2022 Senior Managing Director (Representative Director) (current position)



Managing Director, Group CRO*
Kensei Yamamoto

April 1985 Joined the Bank
August 2013 General Manager, Solution Business Division; General Manager, Corporate Growth Support Office, Solution Business Division; General Manager, Growth Industrialization Support Office, Solution Business Division
May 2015 Group Head, Yawatahama Group; General Manager, Yawatahama Branch
June 2015 Executive Officer, Group Head, Yawatahama Group; General Manager, Yawatahama Branch
June 2017 Managing Executive Officer, Deputy General Manager, Branch Banking Group; General Manager, Corporate & Retail Banking Planning Division; General Manager, Business Support Center, Corporate & Retail Banking Planning Division
August 2018 Managing Executive Officer, General Manager, Head Office, Business Department
June 2020 Managing Director, General Manager, Branch Banking Group
June 2021 Managing Director (current position)



Managing Director, Group CCO*
Masamichi Ito

April 1985 Joined the Bank
June 2014 General Manager, Oita Branch
August 2016 General Manager, Hiroshima Branch
June 2017 Executive Officer, General Manager, Hiroshima Branch
June 2019 Managing Executive Officer, General Manager, Ship Finance Division
June 2021 Managing Director (current position)



Managing Director, General Manager, Corporate Branch Banking Group, Group CWBO*
Hirohisa Senba

April 1988 Joined the Bank
October 2016 Group Head, Hashihama Group; General Manager, Hashihama Branch
August 2017 General Manager, Credit Division
June 2018 Executive Officer, General Manager, Credit Division
June 2019 Executive Officer, General Manager, Tokyo Branch; General Manager, Financial Market Business Office
June 2020 Managing Executive Officer, General Manager, Tokyo Branch; General Manager, Financial Market Business Office
June 2021 Managing Director, General Manager, Branch Banking Group
June 2022 Managing Director, General Manager, Corporate Branch Banking Group (current position)



Managing Director, General Manager, Personal Branch Banking Group, Group CRBO*

Koichi Kihara

April 1989 Joined the Bank
February 2016 General Manager, Shinjuku Branch
August 2018 General Manager, Corporate & Retail Banking Planning Division
June 2019 Executive Officer, General Manager, Corporate & Retail Banking Planning Division
June 2020 Managing Executive Officer, General Manager, Corporate & Retail Banking Planning Division
June 2021 Managing Executive Officer, Deputy General Manager, Branch Banking Group
June 2022 Managing Director, General Manager, Personal Branch Banking Group (current position)

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

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

Directors Serving as Audit and Supervisory Committee Members



Audit and Supervisory Committee Member
Tetsuo Takeuchi

April 1980 Joined the Bank
February 2008 Acting General Manager, Systems Development Division
August 2009 General Manager, Systems Development Division
June 2011 Director, General Manager, Systems Development Division
June 2015 Managing Executive Officer, General Manager of Systems Development Division
June 2016 Managing Director, Chief Information Officer
June 2020 Senior Managing Director, Chief Information Officer
April 2021 Senior Managing Director
June 2021 Director (Audit and Supervisory Committee Member) (current position)



Audit and Supervisory Committee Member
Kaname Saeki

April 1968 Joined Teito Rapid Transit Authority
March 1975 Joined Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
June 1995 General Manager, Engineering Division, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
June 1997 Director, General Manager, Engineering Division, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
May 1998 Director, General Manager, Railway Division, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
June 1999 Director, General Manager, Railway & Vehicles Division, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
June 2001 Managing Director, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
June 2005 Senior Managing Director, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
April 2006 President and Representative Director, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
June 2012 Outside Auditor, the Bank
June 2015 Representative Director and Chairman, Iyo Railway Co., Ltd. (currently IYOTETSU Group Co., Ltd.)
June 2015 Director (Audit and Supervisory Committee Member), the Bank (current position)
June 2020 Director and Advisor, IYOTETSU Group Co., Ltd.
June 2022 Retired as Director and Advisor, IYOTETSU Group Co., Ltd.



Audit and Supervisory Committee Member
Junko Miyoshi

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



Audit and Supervisory Committee Member
Keiji Joko

April 1968 Joined Ehime Prefectural Government
April 2006 General Manager, Economics and Labor Department, Ehime Prefecture
April 2008 General Manager, 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 Retired as Special Advisor, Ehime Prefecture
June 2015 Chairman, Ehime Guarantee
March 2019 Retired as Chairman, Ehime Guarantee
June 2019 Director (Audit and Supervisory Committee Member), the Bank (current position)



Audit and Supervisory Committee Member
Yuichi Ohashi

July 1992 Professor, Ehime University School of Medicine
March 2003 Director, Ehime University Hospital
March 2006 Executive Director, Ehime University
April 2009 Executive Director and Vice President, Ehime University
April 2015 President, Ehime University
March 2021 Retired as President, Ehime University
April 2021 Director, Minamimatsuyama Hospital Eye Center, Social Medical Corporation Jinyuukai (current position)
June 2021 Director (Audit and Supervisory Committee Member), the Bank (current position)



Audit and Supervisory Committee Member
Yoriko Noma

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
June 2008 Retired as Auditor, Oracle Corporation Japan
April 2017 Director, Japan Intellectual Property Arbitration Center
March 2018 Retired as Director, Japan Intellectual Property Arbitration Center
June 2021 Director (Audit and Supervisory Committee Member), the Bank (current position)
(Significant concurrent positions)
Auditor & Supervisory Board Member (Outside), AIJS Co., Ltd.
Director (Outside), Welco Holdings Co., Ltd.

Executive Officer

Senior Managing Executive Officer	Keijiro Joko	Group CIO Chairman, Iyogin Computer Service Company Limited
Managing Executive Officer	Shinya Fujita	President and Representative Director, Iyogin Leasing Company Limited
Managing Executive Officer	Yasuji Fujita	Group Head, Imabari Group; General Manager, Imabari Branch; General Manager, Nakahama Branch; General Manager, Chikami Branch
Managing Executive Officer	Kazuya Chikata	General Manager, Internal Audit Division
Managing Executive Officer	Yoshiki Kume	In charge of local industries, Branch Banking Group
Managing Executive Officer	Naoaki Fujita	General Manager, Funds Operation & Securities Division
Managing Executive Officer	Takashi Tokunaga	General Manager, Head Office, Business Department
Executive Officer	Toshiki Hamaguchi	President and Representative Director, Iyogin Capital Company Limited
Executive Officer	Yasumi Inada	General Manager, Systems Development Division
Executive Officer	Norihiko Kawasaki	General Manager, Corporate Consulting Division

Executive Officer	Kazushige Yano	General Manager, International Division; General Manager, International Affairs Office, International Division
Executive Officer	Masahiko Kimura	General Manager, Tokyo Branch; General Manager, Financial Market Business Office
Executive Officer	Sasaki Nobuyuki	Niihama Group Head; General Manager, Niihama Branch; General Manager, Noborimichi Branch
Executive Officer	Takeshi Watanabe	General Manager, Human Resources Division; General Manager, Diversity Promotion Office, Human Resources Division; General Manager, Health Management Promotion Office
Executive Officer	Takashi Sagayama	General Manager, Business Marketing Division
Executive Officer	Takashi Murakami	General Manager, Osaka Branch
Executive Officer	Ryuji Nishihara	Group Head, Takamatsu Group; General Manager, Takamatsu Branch
Executive Officer	Tetsuya Matsuzaki	General Manager, Hiroshima Branch
Executive Officer	Shuhei Kurita	Shikoku Alliance Securities Co., Ltd. President and Representative Director

<Basic Concept>

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

On the other hand, for a bank, 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 bank to set reasonable profit targets after factoring in all conceivable risks, and control the risks with appropriate measures.

Under such circumstances, Iyo Bank treats risk management as a priority issue. Each fiscal year, the Board of Directors compiles a 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 Bank's risk management framework has the following four main pillars: 1. legal observance under the Compliance Committee; 2. managing revenue-generating risk assets under the ALM Committee; 3. risk management that focuses on curbing credit risk by the Credit Risk Administration Committee; and 4. management of operational risk that should be minimized such as administrative and system risks, under the Operational Risk Administration Committee.

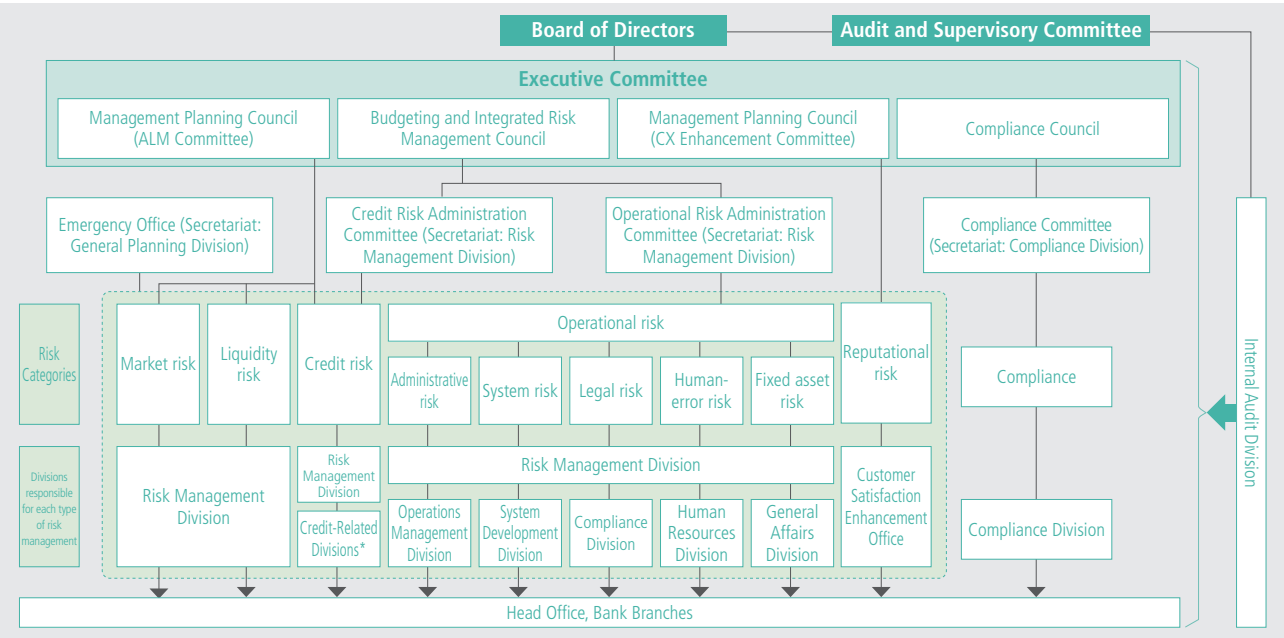
The ALM Committee assesses the Bank's risk exposure is assessed by the ALM Committee by quantifying market and credit risk, aiming to put in place optimal fund management and procurement structures are put in place, and to assure stable earnings over the medium and long term.

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

On the other hand, the 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. With regard to administrative risk, system risk, legal risk, human-error risk, and fixed asset risk, which together constitute operational risk, organization-wide responses, including the establishment assignment of supervising offices for each risk category of risk, and rigorous risk management. At the same time, as a supervisory body, the Risk Management Division is responsible for improving the management system.

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

Risk Management Framework [Current]



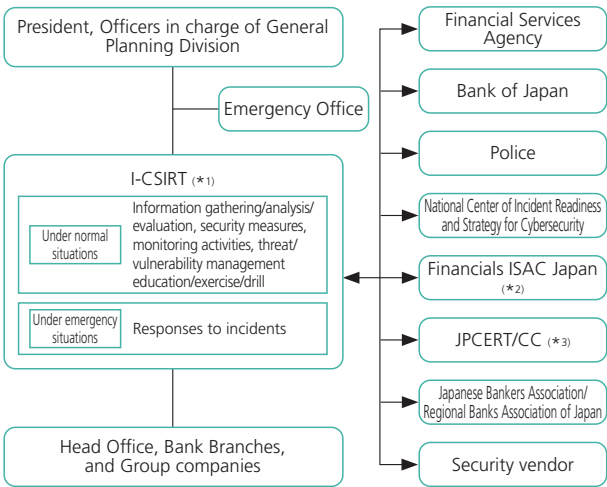
*Credit Division, Ship Finance Division, Customer Loan Center

Risk Category

Market risk	In order to properly manage market risk and maintain the Bank's soundness and profitability, the Bank has conducted integrated management of market risk under a risk management structure centering on the ALM Committee. The ALM Committee also coordinates basic policies on investment and procurement, risk management plans, and hedging strategies by analyzing the profitability structure and forecasting the market and the economic environment. The Risk Management Division, set up as an 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 Bank 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 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", which underlies the management, such as design, verification, and monitoring of operation of the system. On the other hand, the credit-related divisions (Credit Division, Ship Finance Division, Customer Loan Center) conduct strict and comprehensive screening in consideration of customers' financial condition, purposes for the loan and ability to repay, ensuring independence from the sales promotion divisions.
Operational risk	The Bank 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. Divisions responsible for each type of risk management manage respective risks from a professional perspective, and Risk Management Division, as a supervisor for operational risk, comprehends and manages the entire operational risk. Striving to identify not only risks which came to surface but also potential ones, the 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 Customer Satisfaction Enhancement Office, promptly reported to management, and reflected in operations.

<Measures for Cybersecurity>

In order to respond to the threat of cyberattacks, a cross-organizational body I-CSIRT*1 has been established for the purpose of facilitating mutual cooperation and communication among respective divisions including the Group companies under emergency and normal situations to respond to threat of cyberattacks, a cross-organizational body I-CSIRT*1 has been established to develop a system for early warning and emergency responses against cyberattacks.



(*1) CSIRT of Iyo Bank. 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>

Apart from these risk management structures, we have formulated a business continuity plan based on the business continuity policy in a time of emergency established in preparation for the occurrence of emergency situations which may threaten our business continuity, such as large-scale earthquakes and other natural disasters, as well as the spread of infectious diseases.

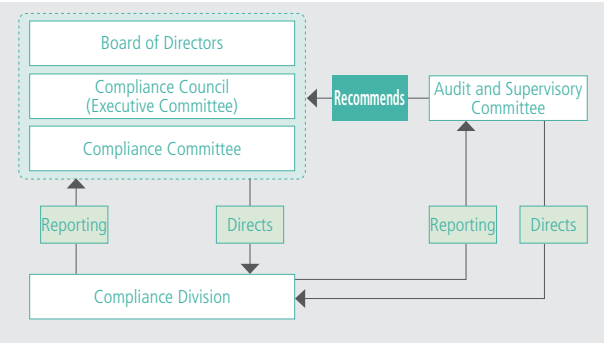
Also, to improve effectiveness of the business continuity plan, a Director in charge of General Planning Division is assigned as a business continuity management supervisor. Under his/her instructions and supervision, the business continuity structure is developed, where various measures are taken even at normal times in preparation for the Nankai Trough earthquake, heavy rainfall, cyberattacks, and the spread of infectious diseases, and the effectiveness of the business continuity plan is verified through periodical drills to improve the plan continuously.

<Compliance Structure>

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

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

In addition, for the purpose of fostering and improving mindset for compliance, lectures on compliance are held at all level-based workshops, and compliance training sessions are also held at each workplace on a regular basis.

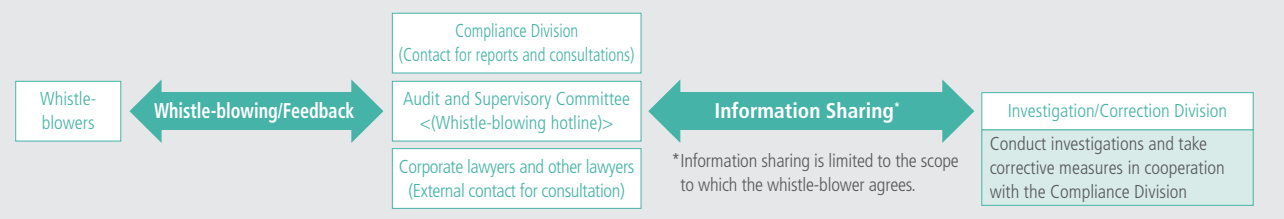


<Whistle-blowing System>

For the purpose of early detection and correction of violation of laws and regulations, etc., we are making efforts for the appropriate operation of the whistle-blowing system.

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

In accordance with the Whistleblower Protection Act, we thoroughly keep the secret and prohibit disadvantageous treatment in order to enable a whistle-blower to use the contacts and hotline without hesitation.



<Customer Protection (Management of customer protection, etc.)>

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

<Countermeasures against Money Laundering and Terrorism Funding>

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

Establishment of Centralized Control Structure

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

Continuous Customer Management

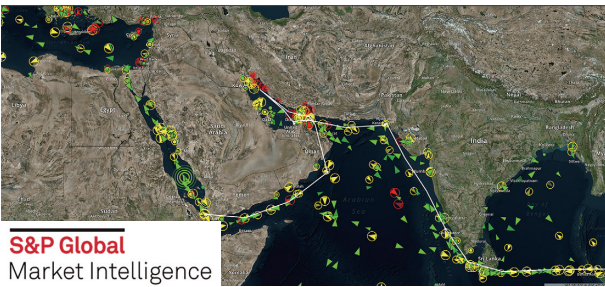
As continuous customer management, we have been checking customer information on a regular basis since October 2020.

Transaction filtering/monitoring

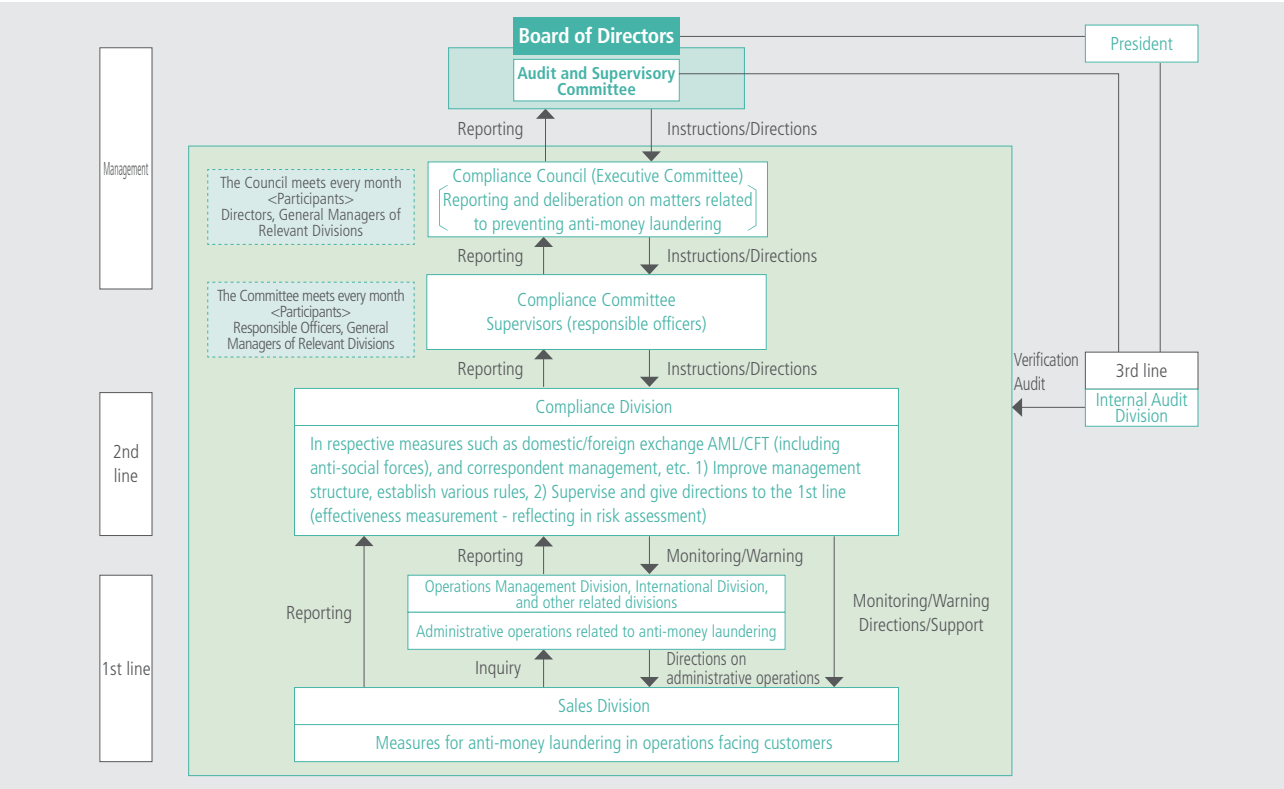
In September 2016, we introduced a transaction filtering system to prevent transactions with high-risk customers by checking against multiple blacklists collectively. In October 2016, with a transaction monitoring system introduced, we established a mechanism to detect suspicious transactions and have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

Measures for overseas loans

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



Organizational structure for preventing anti-money laundering



Joint consideration with TSUBASA AML Center

In October 2020, the AML Center was established within TSUBASA Alliance Co., Ltd.

Aiming to advance AML measures with collective knowledge of each bank and streamline overlapping operations, AML Center has operated smoothly.



Creating a new awareness of governance in the Group through transition to a holding company structure

Director serving as Audit and Supervisory Committee Member

Yoriko Noma



Q1 Regarding the Governance System

Advanced initiatives and a corporate culture of openness

A year has passed since I was appointed as an Outside Director in June last year. Until then, through cases I undertook as a lawyer, my image of banks was one of rigidity. However, after taking office, that image was overturned in a good way.

The Bank actively implements advanced initiatives, such as the smartphone app “AGENT” that allows customers to have the same experience as visiting a bank in person through a video call, the adoption of business casual attire, mandatory childcare leave for men, and opening branches that are like salons. I truly feel that the Bank is putting into practice its long-term vision of being “a corporate group that continues to create and provide new value.”

The Bank’s atmosphere is one of openness, where it is easy to participate in meetings, and at the same time, information is thoroughly shared. In 2015, the Bank transitioned to a company with an Audit and Supervisory Committee. Currently, the Board of Directors has 13 members, of whom six are Directors serving as Audit and Supervisory Committee Members, five are independent Outside Directors, and two are women. Communication between Representative Directors and the Audit and Supervisory Committee takes place frequently at Directors’ meetings and other periodic meetings, etc. Frank exchanges of opinions have been possible regarding management issues and the preparation of an audit environment for the Audit and Supervisory Committee.

Raising awareness of intellectual property within the Group

As a lawyer, I mainly specialize in intellectual property rights, corporate law, and corporate revitalization. By capitalizing on the knowledge I have accumulated thus far, I wish to contribute to the strengthening of risk management and compliance systems in banking operations. For instance, I speak in light of my own awareness of diversity, etc., and offer opinions related to intellectual property from the viewpoint of an expert. In the future, I believe that the Bank will be required to make effective use of the intellectual property it owns.

In addition, since I am not from Ehime Prefecture, and I am a woman, to some extent, I can be deemed as being in a minority position among the Officers of the Bank. I plan to make proposals that can be utilized in management from a new perspective, such as the utilization of diverse human resources.

Building up group governance following the transition to a holding company structure

With the transition to a holding company structure scheduled for October this year, the Bank is striving to upgrade its governance system through initiatives to reform its governance.

The Group contains a wide range of companies, from financial services companies to software companies and think tanks. There is a need to break away from the corporate culture that has been centered on banks, and to improve the independence of group companies by upgrading group governance and reforming the awareness and behavior of officers and employees. In order to prevent the Bank from looking down on the Group from above, and to prevent group companies from thinking of themselves as subsidiaries, I will continue to monitor the effectiveness of the Group’s business management structure and business management more than ever before.

Q2 The Future of Iyo Bank

Promotion of diversity management and sustainability

I believe that it is imperative for the Bank to promote initiatives for diversity management. Organizations tend to lose their vitality when they are too homogenous. To prevent this from happening, it is essential to recruit, promote, and utilize diverse human resources. Going forward, the Bank must encourage diverse personnel to come up with good ideas and provide new value to customers through clashes of their diverse perspectives and values.

Governance reform centered on sustainability is also an urgent issue. The Bank has set the following goals: reduce CO₂ emissions by 50% compared to fiscal 2013 by 2030, and achieve a total of ¥1.4 trillion in sustainability finance from fiscal 2021 to fiscal 2030, of which ¥700 billion is in the environmental sector. We are working on SDGs by newly establishing the Sustainability Committee and its subsidiary meeting body, the Sustainability Subcommittees.

I believe it is important for the Bank to conduct the following two practices: set an example as a leading company in the region by implementing diversity management and sustainability initiatives, and actively support companies that are making similar efforts.

Wanting to contribute to the local economy with the pride of the Group

The Bank celebrates its 145th anniversary in this fiscal year. Up until now, we have experienced turmoil, such as wars and financial crises. I believe the Bank’s credibility is a gift we have received owing to our constant commitment to self-transformation, and how we are always thinking about a “prosperous future” and striving to “provide advanced, high-quality, comprehensive financial information services wholeheartedly.” Today, we live in times that is very difficult to navigate. However, conversely, I also see this as an opportunity for the Bank to repeatedly self-transform while keeping these traditions, so as to achieve further development.

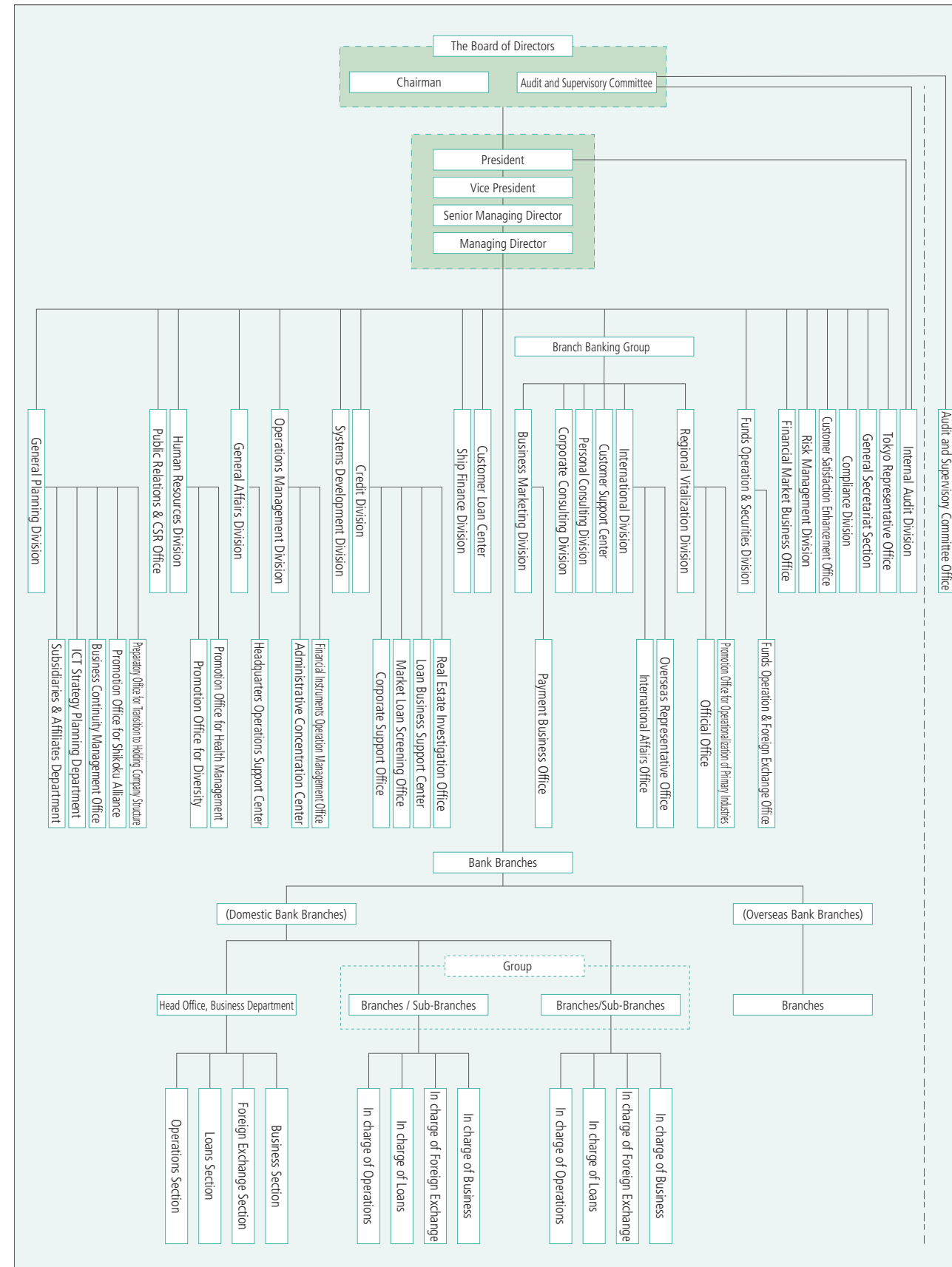
Although Ehime has a strong economic foundation, going forward, I believe that we should contribute to new initiatives such as nurturing startup companies from Ehime.

Even after the transition to a holding company structure, it is important for each group company to be proud of themselves, and to flexibly promote various activities to “create a bright and prosperous future for the region.”

Even before I became a Director, I have been riding a road bike, which is my hobby, and have traveled around the Shimanami Kaido, etc. many times. I love Iyo because of its scenic beauty and warm climate. I strongly hope that this beautiful land will remain forever, and that more industries will flourish and more people will come to gather here. To that end, the role played by the Bank is significant, and by constantly working on self-improvement, I would like to be fully involved in this endeavor.



Organizational Chart



Consolidated Balance Sheet

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
ASSETS			
Cash and due from banks	¥1,514,760	¥1,415,522	\$12,376,501
Monetary claims purchased	6,211	6,834	50,747
Trading account securities	525	649	4,289
Money held in trust	5,767	6,427	47,119
Securities (Notes 2-1,2-4 and 2-8)	1,681,624	1,897,768	13,739,880
Loans and bills discounted (Notes 2-2,2-3,2-4 and 2-5)	5,046,997	4,975,984	41,237,004
Reserve for loan losses	(37,600)	(37,043)	(307,214)
Foreign exchange (Note 2-3)	11,310	8,596	92,409
Lease receivables and investment assets	29,992	31,680	245,052
Other assets (Note 2-4)	136,839	100,097	1,118,057
Tangible fixed assets (Note 2-7)	72,507	72,991	592,425
Intangible fixed assets	9,424	9,035	76,999
Net defined benefit asset	37,842	33,201	309,191
Deferred tax assets	197	195	1,609
Customers' liabilities for acceptances and guarantees	28,396	28,796	232,012
Total assets	¥8,544,797	¥8,550,739	\$69,816,136
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits (Note 2-4)	¥6,626,125	¥6,495,645	\$54,139,431
Call money and bills sold	7,343	61,624	59,996
Payables under repurchase agreements (Note 2-4)	74,232	199,289	606,520
Payables under securities lending transactions (Note 2-4)	139,898	91,604	1,143,050
Borrowed money (Note 2-4)	750,302	743,645	6,130,419
Foreign exchange	1,837	266	15,009
Borrowed money from trust account	554	5	4,526
Other liabilities	86,086	76,058	703,374
Accrued employees' bonuses	1,781	1,785	14,551
Net defined benefit liability	10,712	11,326	87,523
Reserve for losses on repayment of dormant bank accounts	1,175	1,652	9,600
Reserve for contingent losses	881	703	7,198
Reverse for share-based payments	413	289	3,374
Reserve under the special laws	3	3	24
Deferred tax liabilities	73,730	87,228	602,418
Deferred taxes on revaluation excess (Note 2-6)	9,520	9,573	77,784
Acceptances and guarantees	28,396	28,796	232,012
Total liabilities	7,812,998	7,809,498	63,836,898
Net assets			
Common stock			
Authorized — 600,000,000 shares			
Issued — 323,775,366 shares	20,948	20,948	171,157
Capital surplus	20,289	20,352	165,773
Retained earnings	468,487	446,871	3,827,820
Treasury stock	(4,871)	(5,045)	(39,799)
Total stockholders' equity	504,854	483,127	4,124,961
Valuation difference on available-for-sale securities	190,431	222,338	1,555,935
Net deferred gains (losses) on derivatives under hedge accounting	1,152	(374)	9,412
Land revaluation excess (Note 2-6)	19,058	19,178	155,715
Remeasurements of defined benefit plans	8,973	8,279	73,314
Total accumulated other comprehensive income	219,616	249,421	1,794,394
Stock acquisition rights	208	273	1,699
Non-controlling interests	7,119	8,418	58,166
Total net assets	731,798	741,240	5,979,230
Total liabilities and net assets	¥8,544,797	¥8,550,739	\$69,816,136

See Notes to Consolidated Financial Statements.

Consolidated Statement of Income

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
INCOME			
Interest and dividend income:			
Interest on loans and discounts	¥ 48,852	¥ 49,572	\$ 399,150
Interest and dividends on securities	24,816	25,530	202,761
Interest on receivables under resale agreements	—	(160)	—
Other interest income	2,028	1,049	16,569
Fees and commissions	14,415	14,321	117,779
Other operating income	36,656	29,882	299,501
Other income	7,220	4,655	58,991
Total income	133,990	124,852	1,094,778
EXPENSES			
Interest expense:			
Interest on deposits	1,529	1,722	12,492
Interest on borrowings and rediscounts	256	974	2,091
Interest on payables under repurchase agreements	70	187	571
Interest on payables under securities lending transactions	78	12	637
Other interest expense	1,082	1,479	8,840
Fees and commissions	5,032	5,319	41,114
Other operating expenses	30,522	21,308	249,383
General and administrative expenses (Note 3-1)	49,771	51,909	406,659
Other expenses (Notes 3-2)	7,870	16,138	64,302
Total expenses	96,214	99,052	786,126
Income before income taxes	37,776	25,799	308,652
Income taxes			
Current	10,302	8,845	84,173
Deferred	847	(1,295)	6,920
Total taxes	11,149	7,549	91,094
Profit	26,626	18,250	217,550
Profit attributable to noncontrolling interests	208	162	1,699
Profit attributable to owners of parent	¥ 26,417	¥ 18,088	\$ 215,842

Per share of common stock (yen and U.S. dollars):	Yen	U.S. dollars (Note 1-1)
Basic net income	¥83.39	¥57.12
Diluted net income	83.32	57.05
Dividends	16.00	14.00
		0.13

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Profit	¥ 26,626	¥18,250	\$ 217,550
Other comprehensive income (Note 4-1)	(31,213)	64,428	(255,029)
Valuation difference on available-for-sale securities	(33,435)	56,666	(273,184)
Net deferred gains (losses) on derivatives under hedge accounting	1,527	(1,167)	12,476
Remeasurements of defined benefit plans	693	8,929	5,662
Comprehensive income	¥ (4,587)	¥82,678	\$ (37,478)
Comprehensive income attributable to:			
Owners of parent	¥ (3,267)	¥81,413	\$ (26,693)
Noncontrolling interests	(1,319)	1,265	(10,777)

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Net Assets

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2022

	Millions of yen				
	Stockholders' equity				Total stockholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
For the year ended March 31, 2022					
Balance at the beginning of the accounting period	¥20,948	¥20,352	¥446,871	¥(5,045)	¥483,127
Cumulative effects of changes in accounting policies			(167)		(167)
Restated balance	20,948	20,352	446,704	(5,045)	482,959
Changes during the accounting period					
Dividends			(4,754)		(4,754)
Profit attributable to owners of parent			26,417		26,417
Purchase of treasury stock				(638)	(638)
Disposal of treasury stock		(62)		812	750
Reversal of land revaluation excess			119		119
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	(62)	21,782	174	21,894
Balance at the end of the accounting period	¥20,948	¥20,289	¥468,487	¥(4,871)	¥504,854

	Thousands of U.S. dollars (Note 1-1)				
	Stockholders' equity				Total stockholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
For the year ended March 31, 2022					
Balance at the beginning of the accounting period	\$171,157	\$166,288	\$3,651,205	\$(41,220)	\$3,947,438
Cumulative effects of changes in accounting policies			(1,364)		(1,364)
Restated balance	171,157	166,288	3,649,840	(41,220)	3,946,065
Changes during the accounting period					
Dividends			(38,843)		(38,843)
Profit attributable to owners of parent			215,842		215,842
Purchase of treasury stock				(5,212)	(5,212)
Disposal of treasury stock		(506)		6,634	6,127
Reversal of land revaluation excess			972		972
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	(506)	177,972	1,421	178,887
Balance at the end of the accounting period	\$171,157	\$165,773	\$3,827,820	\$(39,799)	\$4,124,961

	Millions of yen							
	Accumulated other comprehensive income				Total accumulated other comprehensive income	Stock acquisition rights	Noncontrolling interests	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				
For the year ended March 31, 2022								
Balance at the beginning of the accounting period	¥222,338	¥ (374)	¥19,178	¥8,279	¥249,421	¥273	¥ 8,418	¥741,240
Cumulative effects of changes in accounting policies								(167)
Restated balance	222,338	(374)	19,178	8,279	249,421	273	8,418	741,073
Changes during the accounting period								
Dividends								(4,754)
Profit attributable to owners of parent								26,417
Purchase of treasury stock								(638)
Disposal of treasury stock								750
Reversal of land revaluation excess								119
Changes in items other than stockholders' equity, net	(31,906)	1,527	(119)	693	(29,804)	(65)	(1,299)	(31,169)
Total changes during the accounting period	(31,906)	1,527	(119)	693	(29,804)	(65)	(1,299)	(9,274)
Balance at the end of the accounting period	¥190,431	¥1,152	¥19,058	¥8,973	¥219,616	¥208	¥ 7,119	¥731,798

Consolidated Statement of Cash Flows

The Iyo Bank, Ltd. and its Consolidated Subsidiaries
For the year ended March 31, 2022

	Thousands of U.S. dollars (Note 1-1)							
	Accumulated other comprehensive income					Stock acquisition rights	Noncontrolling interests	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			
For the year ended March 31, 2022								
Balance at the beginning of the accounting period	\$1,816,635	\$(3,055)	\$156,695	\$67,644	\$2,037,919	\$2,230	\$ 68,780	\$6,056,377
Cumulative effects of changes in accounting policies								(1,364)
Restated balance	1,816,635	(3,055)	156,695	67,644	2,037,919	2,230	68,780	6,055,012
Changes during the accounting period								
Dividends								(38,843)
Profit attributable to owners of parent								215,842
Purchase of treasury stock								(5,212)
Disposal of treasury stock								6,127
Reversal of land revaluation excess								972
Changes in items other than stockholders' equity, net	(260,691)	12,476	(972)	5,662	(243,516)	(531)	(10,613)	(254,669)
Total changes during the accounting period	(260,691)	12,476	(972)	5,662	(243,516)	(531)	(10,613)	(75,774)
Balance at the end of the accounting period	\$1,555,935	\$ 9,412	\$155,715	\$73,314	\$1,794,394	\$1,699	\$ 58,166	\$5,979,230

	Millions of yen				
	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
For the year ended March 31, 2021					
Balance at the beginning of the accounting period	¥20,948	¥14,578	¥433,082	¥(5,131)	¥463,478
Changes during the accounting period					
Dividends			(4,436)		(4,436)
Profit attributable to owners of parent			18,088		18,088
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		11		86	98
Reversal of land revaluation excess			137		137
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary		5,761			5,761
Changes in items other than stockholders' equity, net					
Total changes during the accounting period	—	5,773	13,789	85	19,648
Balance at the end of the accounting period	¥20,948	¥20,352	¥446,871	¥(5,045)	¥483,127

	Millions of yen							
	Accumulated other comprehensive income					Stock acquisition rights	Noncontrolling interests	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			
For the year ended March 31, 2021								
Balance at the beginning of the accounting period	¥166,775	¥792	¥19,315	¥(650)	¥186,233	¥343	¥21,792	¥671,848
Changes during the accounting period								
Dividends								(4,436)
Profit attributable to owners of parent								18,088
Purchase of treasury stock								(0)
Disposal of treasury stock								98
Reversal of land revaluation excess								137
Increase (decrease) in equity resulting from the acquisition of shares of a consolidated subsidiary							(5,761)	—
Changes in items other than stockholders' equity, net	55,563	(1,167)	(137)	8,929	63,187	(69)	(7,612)	55,505
Total changes during the accounting period	55,563	(1,167)	(137)	8,929	63,187	(69)	(13,374)	69,392
Balance at the end of the accounting period	¥222,338	¥(374)	¥19,178	¥8,279	¥249,421	¥273	¥8,418	¥741,240

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Cash flows from operating activities			
Income before income taxes	¥ 37,776	¥ 25,799	\$ 308,652
Depreciation	5,077	5,089	41,482
Impairment losses	421	200	3,439
Increase (decrease) in reserve for loan losses	557	5,668	4,551
Increase (decrease) in accrued employees' bonuses	(3)	136	(24)
Decrease (increase) in net defined benefit asset	(4,640)	(14,467)	(37,911)
Increase (decrease) in net defined benefit liability	(614)	(1,160)	(5,016)
Increase (decrease) in reserve for losses on repayment of dormant bank accounts	(476)	(741)	(3,889)
Increase (decrease) in reserve for contingent losses	178	111	1,454
Increase (decrease) in reserve for share-based payments	123	97	1,004
Increase (decrease) in reserve under special laws	0	0	0
Interest and dividend income	(75,698)	(75,992)	(618,498)
Interest expense	3,017	4,376	24,650
Securities losses (gains), net	(1,169)	(3,604)	(9,551)
Money in trust losses (gains), net	49	(14)	400
Foreign exchange losses (gains), net	(36,592)	(9,498)	(298,978)
Losses (gains) on disposal of tangible fixed assets, net	41	171	334
Net changes in loans and bills discounted	(71,012)	(242,893)	(580,210)
Net changes in deposits	130,480	766,902	1,066,100
Net changes in borrowed money (excluding subordinated borrowings)	6,656	(26,732)	54,383
Net changes in due from banks	(542)	(759)	(4,428)
Net changes in call loans	610	356,890	4,984
Net changes in call money	(179,337)	12,938	(1,465,291)
Net changes in payables under securities lending transactions	48,293	(106,832)	394,582
Net changes in foreign exchange assets	(2,713)	2,144	(22,166)
Net changes in foreign exchange liabilities	1,571	(29)	12,836
Net changes in lease receivables and investment assets	1,687	2,123	13,783
Net increase (decrease) in borrowed money from trust account	549	(23)	4,485
Interest income received	77,215	74,857	630,893
Interest expense paid	(3,195)	(5,171)	(26,105)
Other	11,478	16,990	93,782
Subtotal	(50,207)	786,579	(410,221)
Income taxes paid	(10,035)	(7,845)	(81,991)
Net cash provided by (used in) operating activities	(60,242)	778,734	(492,213)
Cash flows from investing activities			
Purchases of securities	(1,027,100)	(864,892)	(8,392,025)
Proceeds from sales of securities	1,039,949	594,326	8,497,009
Proceeds from maturities of securities	155,652	206,516	1,271,770
Increase in money held in trust	(83)	(3,073)	(678)
Decrease in money held in trust	910	3,516	7,435
Purchases of tangible fixed assets	(2,517)	(2,849)	(20,565)
Proceeds from sales of tangible fixed assets	84	154	686
Purchases of intangible fixed assets	(3,254)	(3,448)	(26,587)
Net cash provided by (used in) investing activities	163,640	(69,750)	1,337,037
Cash flows from financing activities			
Proceeds from share issuance to noncontrolling stockholders	22	52	179
Repayments to noncontrolling shareholders	(0)	(3)	(0)
Cash dividends paid	(4,754)	(4,436)	(38,843)
Cash dividends paid to noncontrolling stockholders	(2)	(5)	(16)
Purchases of treasury stock	(638)	(0)	(5,212)
Proceeds from sales of treasury stock	638	0	5,212
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(8,921)	—
Net cash provided by (used in) financing activities	(4,734)	(13,314)	(38,679)
Foreign currency translation adjustments			
Net increase (decrease) in cash and cash equivalents	98,696	695,675	806,405
Cash and cash equivalents at the beginning of year	1,413,563	717,887	11,549,660
Cash and cash equivalents at the end of year (Note 6-1)	¥ 1,512,259	¥1,413,563	\$12,356,066

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

The Iyo Bank, Ltd. and Its Consolidated Subsidiaries
For the year ended March 31, 2022

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 The Iyo Bank, Ltd. (the “Bank”) 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, 2022, which was ¥122.39 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 Bank can distribute as dividends is calculated based on the unconsolidated financial statements of the Bank 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 Bank and the following 16 consolidated subsidiaries.

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

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

(2) The consolidated financial statements exclude the following subsidiary.

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

Iyogin-Ehime University Originated Venture Support Fund Investment Business Limited Partnership and Iyo Evergreen Business Succession Support Fund II Investment Business Limited Partnership are excluded from the scope of consolidation because its assets, ordinary income, net income, retained earnings and accumulated other comprehensive income are immaterial to the consolidated financial statements.

No unconsolidated subsidiary is accounted for by the equity method. Iyogin-Ehime University Originated Venture Support Fund Investment Business Limited Partnership and Iyo Evergreen Business Succession Support Fund II Investment Business Limited Partnership are excluded from the scope of the equity method because its net income and retained earnings are immaterial to the consolidated financial statements.

2 Affiliated companies not accounted for by the equity method

The consolidated financial statements exclude the following affiliated companies.

- Iyogin REVIC Investments Company Limited
- Shikoku Alliance Capital Co., Ltd.
- Ozu Town Creation Fund
- Shikoku Brand Co., Ltd.

Iyogin REVIC Investments Company Limited, Shikoku Alliance Capital Co., Ltd, Ozu Town Creation Fund and Shikoku Brand Co., Ltd. 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 Bank 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 Bank and its consolidated subsidiaries 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 15 – 40 years for buildings and 5 – 10 years for equipment.
- ② Depreciation for intangible fixed assets, except for lease assets, of the Bank and its consolidated subsidiaries is recorded using the straight-line method. Internal use software costs of the Bank and its consolidated subsidiaries 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 Bank and its consolidated subsidiaries write off loans and make provisions for possible loan losses. For loans to insolvent customers who are undergoing bankruptcy or other collection proceedings or who are in a similar financial condition, the reserve for possible loan losses is provided in the full amount of such loans, excluding amounts written off and the portion that is estimated to be recoverable due to the existence of security interests or guarantees. For the unsecured and unguaranteed portions of loans to customers not in the above circumstances but for who there is a high probability of becoming so, the reserve for possible loan losses is provided for the estimated unrecoverable amounts determined after an evaluation of the customer’s overall financial condition.

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

With regard to other receivables, the Bank 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, 2022 and 2021, the estimated unrecoverable amounts were ¥20,345 million (\$166,230 thousand) and ¥19,347 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 bank’s shares to the bank’s directors (excluding the audit committee members) and executive officers under the internal share delivery regulations.

(10) Reserve under special laws

Reserve under 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.

(11) Accounting method for retirement benefits

In calculating retirement benefit obligations, 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 the Company's 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.

(12) Foreign currency translations

Foreign currency assets and liabilities and the accounts of overseas branches of the Bank are translated into yen at the rates prevailing at the consolidated balance sheet date. Consolidated subsidiaries' foreign currency assets and liabilities are translated into yen at the rate prevailing at their respective balance sheet dates.

(13) 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 Bank 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.

(14) Significant hedge accounting methods

- ① Hedge interest rate risk
In order to hedge the interest rate risk associated with various financial assets and liabilities, the Bank 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, the Bank and its consolidated subsidiaries apply the exceptional treatment permitted for interest rate swaps. The 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.

The Bank 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.

(15) 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.

(16) Application of consolidated tax payment system

The Bank and certain of its consolidated subsidiaries have adopted a consolidated tax payment system with the Bank as the taxable parent company. The Bank submitted a required notification of not transitioning to the group tax sharing system before the end of the current fiscal year.

(17) Significant Accounting Estimates

Reserve for loan losses

- ① Carrying amounts were ¥37,600 million (\$307,214 thousand) and ¥37,043 million at March 31, 2022 and 2021, respectively.
(Note) The amount includes ¥7,310 million (\$59,727 thousand) and ¥8,681 million at March 31, 2022 and 2021, respectively, reflecting the effects of the COVID-19.
- ② Information on the nature of significant accounting estimates for identified items
 - (a) Method in making the accounting estimates
For the calculation of Reserve for loan losses, See (5) Reserve for possible loan losses of "4 Significant accounting policies."
 - (b) Key assumptions used in making the accounting estimates
The main assumption is "Credit risk of loans in determining debtor classification." "Credit risk of loans in determining debtor classification" was determined by evaluating the repayment capacity of each debtor based on its financial condition, cash flow, profitability, etc.
In addition, for loans that have been restructured due to the impact of the COVID-19 or for debtors in specific industries that are highly affected by the COVID-19, it was highly assumed to have a deterioration in their future financial condition, cash flow, profitability, etc. than other debtors.
 - (c) The effect on the next year's financial statements
Changes for the original assumption due to the inflection in the performance of individual debtors or the impact of the spread of the COVID-19 could effect on reserve for loan losses of the consolidated financial statements for the following fiscal year.

(18) Per share data

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

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

(Changes in Accounting Policies)

1. Application of Accounting Standard for Revenue Recognition, etc.

The Bank has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the current fiscal year. In line with the application, the Bank recognizes revenue upon the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those goods and services. The impact of this application on the consolidated financial statements for the current fiscal year was immaterial.

In accordance with the transitional treatment stipulated in Accounting Standard for Revenue Recognition Paragraph 89(3), notes to revenue recognition for the previous fiscal year are not provided.

2. Application of Accounting Standard for Fair Value Measurement, etc.

The Bank has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter the "Fair Value Measurement Standard") and other standards from the beginning of the current fiscal year. In accordance with Paragraph 8 of the Fair Value Measurement Standard, the Bank has revised its fair value adjustment method used to determine the fair value of derivative transactions to maximize the use of relevant observable inputs estimated from derivatives and other instruments traded in the market. This revision comes in line with the application of the Fair Value Measurement Standard and other standards. In accordance with the transitional treatment provided for in Paragraph 20 of the Fair Value Measurement Standard, the cumulative effects of retrospective application of the new accounting policy prior to the beginning of the current fiscal year were reflected in retained earnings at the beginning of the current fiscal year. As a result, retained earnings, other assets, other liabilities, deferred tax liabilities and stockholders' equity per share as of April 1, 2021 decreased by ¥167 million, ¥382 million, ¥141 million, ¥73 million and ¥0.52, respectively.

In the notes to its financial instruments, the Bank has decided to make notes regarding matters related to the breakdown of fair value by the level of the financial instruments. In accordance with the transitional treatment stipulated in the Implementation Guidance on Disclosure of Fair Value of Financial Instruments (ASBJ Guidance No. 19, July 4th, 2019) Paragraph 7(4), however, notes to the relevant matters of the previous fiscal year were not provided.

(Accounting standards not yet adopted)

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

1 Overview

The handling of the calculation and notes for the market value of investment trusts and the handling of the notes for the market value of investment in partnerships, etc., that record the amount equivalent to the share in the balance sheet in net amount have been stipulated.

2 Effective date

Effective from the beginning of the fiscal year ending March 31, 2023.

- 3 The impact of the adoption of this accounting standard is expected to be insignificant.

(Additional Information)

The share-based payment program using the trust

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

(1) Overview of transactions

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

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

(2) Shares of the Bank held by the trust

- ① Shares of the Bank held by the trust are recorded as treasury stock in net assets at the book value in the Bank.
- ② The book value of the trust at March 31, 2022 and 2021 was ¥781 million (\$6,381 thousand) and ¥191 million, respectively.
- ③ The number of shares of the Bank held by the Trust at March 31, 2022 and 2021 was 1,186 thousand shares and 247 thousand shares, respectively.

(Notes to Consolidated Balance Sheet)

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

Stocks in unconsolidated subsidiaries and affiliates amounted to ¥100 million (\$817 thousand) and ¥100 million at March 31, 2022 and 2021, respectively.

Investments in unconsolidated subsidiaries and affiliates amounted to ¥264 million (\$2,157 thousand) and ¥212 million at March 31, 2022 and 2021, 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)
	2022	2021	2022
Bankrupt and quasi-bankrupt loans	¥ 1,980	¥ 3,823	\$ 16,177
Doubtful loans	63,388	54,228	517,918
Substandard loans	23,780	16,845	194,296
Loans overdue three months or more	2,076	1,790	16,962
Restructured loans	21,704	15,055	177,334
Subtotal	89,148	74,897	728,392
Normal loans	5,257,437	5,187,898	42,956,426
Total	¥5,346,586	¥5,262,796	\$43,684,827

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.

(Changes in presentation method)

In line with the enforcement of the Cabinet Office Ordinance for Partial Revision of the Ordinance for Enforcement of the Banking Act, etc., (Cabinet Office Ordinance No. 3, January 24, 2020) as of March 31, 2022, the classification of “risk management loans” required to be disclosed under the Banking Act is presented in accordance with the classification of loans to be disclosed defined in the Act on Emergency Measures for the Revitalization of Financial Functions.

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 ¥13,719 million (\$112,092 thousand) and ¥13,187 million at March 31, 2022 and 2021, respectively.

2-4. ASSETS PLEDGED

Assets pledged as collateral were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Securities	¥ 573,692	¥ 710,931	\$ 4,687,409
Loans	682,501	661,447	5,576,444
Total	¥1,256,194	¥1,372,378	\$10,263,861

The above pledged assets secure the following liabilities:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Deposits	¥ 26,345	¥ 26,029	\$ 215,254
Payables under repurchase agreements	74,232	199,289	606,520
Payables under securities lending transactions	139,898	91,604	1,143,050
Borrowed money	736,356	732,257	6,016,471

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)
	2022	2021	2022
Securities	¥ 406	¥ 434	\$ 3,317
Other assets	35,000	50,000	285,971

Other assets above mentioned were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Initial margins of futures markets	¥ 2,612	¥ 292	\$ 21,341
Cash collateral paid for financial instruments	35,983	10,239	294,002
Guarantees	72	74	588
Security deposits	295	276	2,410

2-5. COMMITMENT LINES

Commitment line agreements related to loans are agreements which oblige the Bank and its consolidated subsidiaries to lend funds up to certain limits agreed to in advance. The Bank 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, 2022 and 2021 amounted to ¥1,270,918 million (\$10,384,165 thousand) and ¥1,247,214 million, respectively. Of these amounts, ¥1,115,276 million (\$9,112,476 thousand) and ¥1,105,322 million as of March 31, 2022 and 2021, 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 Bank 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 Bank’s or a consolidated subsidiary’s

credit. The Bank 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 Bank 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 Bank 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 ¥13,271 million (\$108,432 thousand) and ¥12,635 million at March 31, 2022 and 2021, respectively.

2-7. TANGIBLE FIXED ASSETS

Accumulated depreciation of tangible fixed assets at March 31, 2022 and 2021 amounted to ¥55,193 million (\$450,960 thousand) and ¥54,267 million, respectively. The amounts that were directly offset against acquisition costs as of March 31, 2022 and 2021 were ¥8,224 million (\$67,195 thousand) and ¥8,243 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 ¥61,743 million (\$504,477 thousand) and ¥62,323 million at March 31, 2022 and 2021, respectively.

2-9. MONEY TRUSTS TO BE INDEMNIFIED

The principal amount of money trusts to be indemnified by the Bank and its consolidated subsidiaries was ¥554 million (\$4,526 thousand) and ¥5 million at March 31, 2022 and 2021, respectively.

(Notes to Consolidated Statement of Income)

3-1. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses included salaries and allowances in the amount of ¥21,146 million (\$172,775 thousand) and ¥21,173 million at March 31, 2022 and 2021, respectively.

3-2. OTHER EXPENSES

Other expenses consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Loans written off	¥ 16	¥ 20	\$ 130
Securities written off	274	106	2,238

(Notes to Consolidated Statement of Comprehensive Income)

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Valuation difference on available-for-sale securities			
Incurred during the period	¥(47,547)	¥ 85,864	\$ (388,487)
Reclassification adjustments	(1,188)	(3,717)	(9,706)
Before tax effect adjustments	(48,736)	82,147	(398,202)
Tax effect	15,300	(25,480)	125,010
Valuation difference on available-for-sale securities	(33,435)	56,666	(273,184)
Net deferred gains (losses) on derivatives under hedge accounting			
Incurred during the period	1,322	(2,895)	10,801
Reclassification adjustments	875	1,215	7,149
Before tax effect adjustments	2,197	(1,680)	17,950
Tax effect	(670)	512	(5,474)
Net deferred gains (losses) on derivatives under hedge accounting	1,527	(1,167)	12,476
Remeasurements of defined benefit plans			
Incurred during the period	3,015	13,263	24,634
Reclassification adjustments	(2,016)	(415)	(16,471)
Before tax effect adjustments	998	12,848	8,154
Tax effect	(304)	(3,918)	(2,483)
Remeasurements of defined benefit plans	693	8,929	5,662
The total amount of other comprehensive income	¥(31,213)	¥ 64,428	\$ (255,029)

(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, 2022 and 2021 were as follows:

	(Thousands)			
	2022			
	Number of shares at the beginning of the accounting period	Increase in number of shares during the accounting period	Decrease in number of shares during the accounting period	Number of shares at the end of the accounting period
Shares issued				
Common stock	323,775	—	—	323,775
Total	323,775	—	—	323,775
Treasury stock				
Common stock	7,104	1,001	1,142	6,962
Total	7,104	1,001	1,142	6,962

- 1 The increase in number of shares of treasury stock was due to the purchase of treasury stock by the Trust for the share-based payment system (1,000 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 disposal of treasury stock in line with a third-party allotment of newly issued shares to the Trust for the share-based payment system (1,000 thousand shares), the delivered shares of the Bank through the Trust (61 thousand shares) and the exercise of stock acquisition rights (81 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 Bank's shares held by the Trust for the share-based payment system (247 thousand shares and 1,186 thousand shares, respectively).

	(Thousands)			
	2021			
	Number of shares at the beginning of the accounting period	Increase in number of shares during the accounting period	Decrease in number of shares during the accounting period	Number of shares at the end of the accounting period
Shares issued				
Common stock	323,775	—	—	323,775
Total	323,775	—	—	323,775
Treasury stock				
Common stock	7,222	1	119	7,104
Total	7,222	1	119	7,104

- 1 The increase in number of shares of treasury stock was from the purchase of fractional shares (1 thousand shares)
- 2 The decrease in number of shares of treasury stock was due to the delivered shares of the Bank through the Trust (36 thousand shares) and the exercise of stock acquisition rights (82 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 Bank's shares held by the Trust for the share-based payment system (284 thousand shares and 247 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, 2022 and 2021 were as follows:

2022								
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 Bank	Stock acquisition rights as stock options			—			208	1,699
Total				—			208	1,699

2021							
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 Bank	Stock acquisition rights as stock options			—			273
Total				—			273

5-3. Dividends

The following dividends were paid in the year ended March 31, 2022 and March 31, 2021, respectively.

2022							
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 14, 2021	Common stock	¥2,218	\$18,122	¥7.00	\$0.05	March 31, 2021	June 8, 2021
Directors' meeting held on November 12, 2021	Common stock	¥2,535	\$20,712	¥8.00	\$0.06	September 30, 2021	December 10, 2021

1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 14, 2021 includes ¥1 million (\$8 thousand) in dividends to the Bank's shares held by the Trust for the share-based payment system.
2. The total amount of dividends on common stock resolved at the Directors' meeting held on November 12, 2021 includes ¥1 million (\$8 thousand) in dividends to the Bank's shares held by the Trust for the share-based payment system.

Dividends whose record date is attributable to the year ended March 31, 2022 but which became effective after March 31, 2022

Date of resolution	Type of shares	Amount of dividends		Source of dividends	Cash dividends per share			
		Millions of yen	Thousands of U.S. dollars (Note 1-1)		Yen	U.S. dollars (Note 1-1)	Record date	Effective date
Directors' meeting held on May 13, 2022	Common stock	¥2,543	\$20,777	Retained earnings	¥8.00	\$0.06	March 31, 2022	June 9, 2022

The total amount of dividends on common stock includes ¥9 million (\$73 thousand) in dividends to the Bank's shares held by the Trust for the share-based payment system.

2021					
Date of resolution	Type of shares	Amount of dividends		Record date	Effective date
		Millions of yen	Cash dividends per share		
Directors' meeting held on May 26, 2020	Common stock	¥2,217	¥7.00	March 31, 2020	June 5, 2020
Directors' meeting held on November 6, 2020	Common stock	¥2,218	¥7.00	September 30, 2020	December 10, 2020

1. The total amount of dividends on common stock resolved at the Directors' meeting held on May 26, 2020 includes ¥1 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 6, 2020 includes ¥1 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, 2021 but which became effective after March 31, 2021

Date of resolution	Type of shares	Amount of dividends	Source of dividends	Cash dividends per share	Record date	Effective date
		Millions of yen		Yen		
Directors' meeting held on May 14, 2021	Common stock	¥2,218	Retained earnings	¥7.00	March 31, 2021	June 8, 2021

The total amount of dividends on common stock includes ¥1 million in dividends to the Bank'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)
	2022	2021	2022
Cash and due from banks in the balance sheets	¥1,514,760	¥1,415,522	\$12,376,501
Due from banks, except for deposits with the Bank of Japan	(2,500)	(1,958)	(20,426)
Cash and cash equivalents in the statements of cash flows	¥1,512,259	¥1,413,563	\$12,356,066

(Notes to Financial Instruments)

1 Financial instruments

(1) Policy on financial instruments

The Bank and its consolidated subsidiaries engage mainly in the financial services business and provide lending services and leasing services. Accordingly, the Bank 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 Bank also engages in derivative transactions as part of its ALM.

(2) Descriptions and risks of financial instruments

The financial assets of the Bank and its consolidated subsidiaries consist mainly of loans to customers, which are subject to default risk. Also, the Bank holds securities that are mainly stocks, bonds and mutual funds for

investment, management or trading purposes. They are subject to the issuer’s credit risk, interest rate risk and market price risk.

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

The Bank’s derivative transactions include interest rate swaps. The Bank 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 Bank to foreign exchange and interest rate risks.

(3) Risk management system for financial products

① Credit risk management

The Bank prescribes its credit risk management policy in its “Risk Management Plan,” which is issued by the Board of Directors biannually. In particular, the Bank diversifies credit risk by ensuring that credit granted is not overconcentrated in certain customers, groups or industries. The Bank periodically analyzes and evaluates the credit conditions classified by internal ratings, business area and industry. The Bank 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 Bank manages each customer’ credit in compliance with its “Internal Rating System,” part of the Bank’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 and is divided into three divisions: the Credit Division - responsible for planning credit-related services, assessing customers’ loans, offering management consultations on corporate rehabilitation, managing problem loans, assessing collaterals and providing other services; the Ship Finance Division – responsible for assessing loans, including those in the shipping and shipbuilding industries; and the Customer Loan Center - responsible for assessing personal loans. 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.

The credit granted by the consolidated subsidiaries is managed for each customer along with the credit granted by the Bank. RMD also manages the credit risk of issuers and counterparty risk in derivative transactions by monitoring and periodically evaluating credit information and market prices.

② Market risk management

In order to properly manage market risk and maintain the Bank’s soundness and profitability, the Bank has established a comprehensive risk management structure set forth by the ALM Committee. The 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 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 Bank 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 Bank 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 Bank 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, 2022 and 2021, the quantity of market risk (expected loss), which included equity risk and interest rate risk, amounted to ¥174.0 billion (\$1,421 million) and ¥199.8 billion, respectively.

The Bank 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 Bank 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 money and bills sold, payables under repurchase agreements and payables under securities lending transactions because their fair market values approximate the corresponding book values due to their short-term settlements.

	Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2022			2022		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Monetary claims purchased	¥ 6,211	¥ 6,211	¥ —	\$ 50,747	\$ 50,747	\$ —
(2) Trading account securities						
Trading securities	525	525	—	4,289	4,289	—
(3) Money held in trust	5,767	5,767	—	47,119	47,119	—
(4) Securities						
Available-for-sale securities	1,660,146	1,660,146	—	13,564,392	13,564,392	—
(5) Loans and bills discounted	5,046,997	4,953,866		41,237,004	40,476,068	
Reserve for loan losses (*1)	(35,923)			(293,512)		
	5,011,073	4,953,866	(57,206)	40,943,483	40,476,068	(467,407)
Total Assets	¥6,683,724	¥6,626,517	¥(57,206)	\$54,610,049	\$54,142,634	\$ (467,407)
(1) Deposits	¥6,021,850	¥6,021,381	¥ (469)	\$49,202,140	\$49,198,308	\$ (3,832)
(2) Negotiable certificates of deposit	604,275	604,275	(0)	4,937,290	4,937,290	(0)
(3) Borrowed money	750,302	749,978	(324)	6,130,419	6,127,771	(2,647)
Total Liabilities	¥7,376,428	¥7,375,634	¥ (793)	\$60,269,858	\$60,263,371	\$ (6,479)
Derivative Transactions (*2)						
Derivative transactions to which hedge accounting is not applied	¥ (7,533)	¥ (7,533)	¥ —	\$ (61,549)	\$ (61,549)	\$ —
Derivative transactions to which hedge accounting is applied (*3)	(18,844)	(18,844)	—	(153,966)	(153,966)	—
Total Derivative Transactions	¥ (26,378)	¥ (26,378)	¥ —	\$ (215,524)	\$ (215,524)	\$ —

(*1) General and specific reserves for loan losses relevant to loans and bills discounted are excluded.
(*2) 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.
(*3) Derivative transactions to which hedge accounting is applied are interest rate swaps, etc., designated as hedging instruments to offset market fluctuations of loans and bills discounted in hedged items. The Bank uses mainly deferred hedges. The Bank applies the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (PITF No. 40, March 17, 2022) to these hedging relationships.
(*4) Immaterial items are omitted.

	Millions of yen		
	2021		
	Book value	Fair value	Difference
(1) Monetary claims purchased	¥ 6,834	¥ 6,834	¥ —
(2) Trading account securities			
Trading securities	649	649	—
(3) Money held in trust	6,427	6,427	—
(4) Securities			
Available-for-sale securities	1,878,329	1,878,329	—
(5) Loans and bills discounted	4,975,984	4,896,054	
Reserve for loan losses (*1)	(35,526)		
	4,940,458	4,896,054	(44,403)
Total Assets	¥6,832,699	¥6,788,295	¥(44,403)
(1) Deposits	¥5,963,676	¥5,963,765	¥ 89
(2) Negotiable certificates of deposit	531,969	531,969	—
(3) Borrowed money	743,645	743,686	40
Total Liabilities	¥7,239,291	¥7,239,421	¥ 130
Derivative Transactions (*2)			
Derivative transactions to which hedge accounting is not applied	¥ 2,329	¥ 2,329	¥ —
Derivative transactions to which hedge accounting is applied	(7,166)	(7,166)	—
Total Derivative Transactions	¥ (4,837)	¥ (4,837)	¥ —

(*1) General and specific reserves for loan losses relevant to loans and bills discounted are excluded.
(*2) 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.
(*3) Derivative transactions to which hedge accounting is applied are interest rate swaps, etc., designated as hedging instruments to offset market fluctuations of loans and bills discounted in hedged items. The Bank uses mainly deferred hedges. The Bank applies the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (PITF No. 40, September 29, 2020) to these hedging relationships.
(*4) Immaterial items are omitted.

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

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Equity and other securities without fair market value (*1) (*2)	¥13,685	¥13,649	\$111,814
Investments in partnerships, etc. (*3)	7,792	5,788	63,665

(*1) Equity and other securities without fair market value include unlisted stocks, which are not included in the disclosure of fair value in accordance with Paragraph 5 of the Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, March 31, 2020).
(*2) An impairment loss of ¥66 million was recorded for unlisted stocks during the current fiscal year.
(*3) Investments in partnerships, etc., include mainly silent partnerships and investment partnerships. These items are not included in the disclosure of fair value in accordance with Paragraph 27 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019).

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

	Millions of yen					
	2022					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥1,462,276	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims purchased	4,054	—	—	—	—	2,157
Securities	48,193	279,954	251,122	189,328	242,870	123,518
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	48,193	279,954	251,122	189,328	242,870	123,518
Japanese government bonds	—	9,500	57,500	10,000	—	16,000
Municipal bonds	15,395	32,031	62,869	62,875	77,556	41,206
Corporate bonds	22,250	43,386	15,106	2,277	1,366	10,267
Loans and bills discounted (*)	1,172,155	906,863	726,860	539,493	556,469	1,052,488
Total	¥2,686,679	¥1,186,818	¥977,982	¥728,822	¥799,339	¥1,178,165

	Millions of yen					
	2021					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	¥1,365,176	¥ —	¥ —	¥ —	¥ —	¥ —
Monetary claims purchased	3,911	—	—	—	—	2,911
Securities	147,030	104,177	190,471	202,469	315,186	341,650
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	147,030	104,177	190,471	202,469	315,186	341,650
Japanese government bonds	91,100	—	63,500	3,500	10,000	16,000
Municipal bonds	30,408	30,816	43,231	63,955	76,948	40,335
Corporate bonds	20,310	41,937	23,722	962	2,459	12,197
Loans and bills discounted (*)	1,152,470	895,548	745,139	530,836	539,218	1,024,919
Total	¥2,668,588	¥999,725	¥935,610	¥733,306	¥854,404	¥1,369,481

	Thousands of U.S. dollars (Note 1-1)					
	2022					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Due from banks	\$11,947,675	\$ —	\$ —	\$ —	\$ —	\$ —
Monetary claims purchased	33,123	—	—	—	—	17,623
Securities	393,765	2,287,392	2,051,817	1,546,923	1,984,394	1,009,216
Held-to-maturity debt securities	—	—	—	—	—	—
Securities with maturities	393,765	2,287,392	2,051,817	1,546,923	1,984,394	1,009,216
Japanese government bonds	—	77,620	469,809	81,706	—	130,729
Municipal bonds	125,786	261,712	513,677	513,726	633,679	336,677
Corporate bonds	181,795	354,489	123,425	18,604	11,161	83,887
Loans and bills discounted (*)	9,577,212	7,409,616	5,938,883	4,407,982	4,546,686	8,599,460
Total	\$21,951,785	\$9,697,017	\$7,990,701	\$5,954,914	\$6,531,080	\$9,626,317

(*) 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 ¥65,199 million (\$532,715 thousand) and ¥57,924 million at March 31, 2022 and 2021, respectively, and loans and bills with no maturities amounted to ¥27,466 million (\$224,413 thousand) and ¥29,928 million at March 31, 2022 and 2021, respectively.

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

	Millions of yen					
	2022					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥5,640,299	¥347,878	¥30,535	¥1,213	¥1,922	¥ —
Negotiable certificates of deposit	604,265	10	—	—	—	—
Call money and bills sold	7,343	—	—	—	—	—
Payables under repurchase agreements	74,232	—	—	—	—	—
Payables under securities lending transactions	139,898	—	—	—	—	—
Borrowed money	539,885	185,028	22,487	891	773	1,235
Total	¥7,005,925	¥532,917	¥53,023	¥2,105	¥2,695	¥1,235

	Millions of yen					
	2021					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	¥5,598,460	¥328,346	¥ 34,025	¥1,047	¥1,795	¥ —
Negotiable certificates of deposit	531,969	—	—	—	—	—
Call money and bills sold	61,624	—	—	—	—	—
Payables under repurchase agreements	199,289	—	—	—	—	—
Payables under securities lending transactions	91,604	—	—	—	—	—
Borrowed money	435,587	105,313	202,138	238	236	130
Total	¥6,918,535	¥433,660	¥236,163	¥1,286	¥2,032	¥130

	Thousands of U.S. dollars (Note 1-1)					
	2022					
	Within 1 year	1-3 years	3-5 years	5-7 years	7-10 years	Over 10 years
Deposits (*)	\$46,084,639	\$2,842,372	\$249,489	\$ 9,910	\$15,703	\$ —
Negotiable certificates of deposit	4,937,208	81	—	—	—	—
Call money and bills sold	59,996	—	—	—	—	—
Payables under repurchase agreements	606,520	—	—	—	—	—
Payables under securities lending transactions	1,143,050	—	—	—	—	—
Borrowed money	4,411,185	1,511,790	183,732	7,280	6,315	10,090
Total	\$57,242,626	\$4,354,252	\$433,229	\$17,199	\$22,019	\$10,090

(*) Demand deposits are included in “Within 1 year.”

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

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

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

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

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

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

(1) Financial instruments measured at fair value

As of March 31, 2022

Classification	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥ —	¥ —	¥ 2,157	¥ 2,157	\$ —	\$ —	\$ 17,623	\$ 17,623
Trading account securities								
Trading securities								
Japanese government bonds	525	—	—	525	4,289	—	—	4,289
Money held in trust	—	—	1,507	1,507	—	—	12,313	12,313
Securities:								
Available-for-sale securities								
Japanese government bonds	18,130	81,845	—	99,975	148,133	668,722	—	816,855
Municipal bonds	—	294,005	—	294,005	—	2,402,197	—	2,402,197
Corporate bonds	—	50,295	62,393	112,689	—	410,940	509,788	920,736
Equity securities	331,294	449	—	331,744	2,706,871	3,668	—	2,710,548
Others	456,549	150,038	11,273	617,861	3,730,280	1,225,900	92,107	5,048,296
Total Assets	¥806,499	¥576,635	¥77,332	¥1,460,467	\$6,589,582	\$4,711,455	\$631,849	\$11,932,894
Derivative transactions								
Interest rate-related derivatives	¥ —	¥ 5,115	¥ —	¥ 5,115	\$ —	\$ 41,792	\$ —	\$ 41,792
Currency-related derivatives	—	(31,492)	—	(31,492)	—	(257,308)	—	(257,308)
Bond-related derivatives	—	—	—	—	—	—	—	—
Credit derivatives	—	—	(0)	(0)	—	—	(0)	(0)
Total Derivative Transactions	¥ —	¥ (26,377)	¥ (0)	¥ (26,378)	\$ —	\$ (215,515)	\$ (0)	\$ (215,524)

(*) The above table does not include investment trusts that applied the transitional treatment stipulated in Paragraph 26 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019). The amount of such investment trusts in the consolidated balance sheet was ¥203,869 million (\$1,665,732 thousand).

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

As of March 31, 2022

Classification	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Monetary claims purchased	¥—	¥ —	¥ 4,054	¥ 4,054	\$—	\$ —	\$ 33,123	\$ 33,123
Money held in trust	—	—	4,260	4,260	—	—	34,806	34,806
Loans:	—	—	4,953,866	4,953,866	—	—	40,476,068	40,476,068
Total Assets	¥—	¥ —	¥4,962,181	¥ 4,962,181	\$—	\$ —	\$40,544,006	\$40,544,006
Deposits:	¥—	¥6,021,381	¥ —	¥ —	\$—	\$49,198,308	\$ —	\$ —
Negotiable certificates of deposit	—	604,275	—	—	—	4,937,290	—	—
Borrowed money:	—	749,978	—	—	—	6,127,771	—	—
Total Derivative Transactions	¥—	¥7,375,634	¥ —	¥ —	\$—	\$60,263,371	\$ —	\$ —

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.

Of corporate bonds, private placement bonds with guarantee obligations are measured as the present value discounted at a rate that reflects the proper market rate corresponding to the remaining period and credit risk based on the internal rating. As these discount rates are unobservable inputs, such private placement bonds are classified as Level 3 fair value. Securities that do not fall under these classifications are measured based on prices quoted by correspondent financial institutions and are classified as Level 3 fair value based on the inputs used for the quoted prices.

Loans and bills discounted

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

Loans and bills with short-term contractual terms (within one year) are classified as Level 3 fair value because their fair value approximates the book value and such book value is considered as the fair value. In addition, loans to bankrupt borrowers, substantially bankrupt borrowers and potentially bankrupt borrowers are classified as Level 3 fair value. Their fair value approximates the consolidated balance sheet amount as of the consolidated balance sheet date less the reserve for loan losses since the loan losses are calculated based on the estimated collectable amount from collateral and/or guarantees. Of loans and bills discounted, loans and bills discounted with no maturity due to conditions such as limiting the loans to the value of pledged assets are classified as Level 3 fair value.

Their fair value is deemed as the book value since the fair value is expected to approximate the book value considering the estimated loan period, interest rate and other conditions.

Liabilities

Deposits and negotiable certificates of deposit

The fair value of demand deposits is considered the payable amount as of the consolidated balance sheet date (the book value). In addition, 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 Bank. 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 Bank 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 Bank. These items are classified as Level 2 fair value.

Derivative transactions

Derivative transactions using unadjusted market prices in active markets are classified as Level 1 fair value and includes bond futures.However, as most derivative transactions are traded over the counter and their market prices are not announced, their fair value is calculated using valuation techniques, including the present value model and the option pricing model. These valuation techniques input mainly interest rates, foreign exchange rates, volatilities and others. In addition, the valuation amount is adjusted based on the credit risk of counterparties and the Bank. 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, 2022)

Classification	Valuation technique	Significant unobservable input	Range of inputs	Weighted average of inputs
Securities: Corporate bonds	Discounted present value method	Discount rate	0.1%-16.8%	0.50%

(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, 2022)

	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	¥ 2,922	¥ —	¥ (11)	¥ (753)	¥—	¥—	¥ 2,157
Money held in trust	1,257	(85)	252	83	—	—	1,507
Securities:							
Available-for-sale securities							
Corporate bonds	63,137	1	4	(749)	—	—	62,393
Others	12,583	—	(9)	(1,300)	—	—	11,273
Total Derivative Transactions							
Credit derivatives	(2)	1	—	—	—	—	(0)

	Thousands of U.S. dollars (Note 1-1)							Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)
	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	\$ 23,874	\$ —	\$ (89)	\$ (6,152)	\$—	\$—	\$ 17,623	\$ —
Money held in trust	10,270	(694)	2,058	678	—	—	12,313	(694)
Securities:								
Available-for-sale securities								
Corporate bonds	515,867	8	32	(6,119)	—	—	509,788	—
Others	102,810	—	(73)	(10,621)	—	—	92,107	—
Total Derivative Transactions								
Credit derivatives	(16)	8	—	—	—	—	(0)	(0)

(*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 Bank 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 Bank 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 Bank.

(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 LIBOR and swap rates. These adjustment rates comprise risk premiums required by market participants against uncertainties on cash flows arising mainly from credit risks. A significant increase (decrease) in discount rates generally leads to a significant decrease (rise) of fair value.

(Notes to Securities)

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

1 Trading securities:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Unrealized gains (losses) included in profit and loss for the fiscal year	¥(19)	¥(16)	\$(155)

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)		
	2022			2021			2022		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with unrealized gains									
Equity securities	¥ 314,181	¥ 69,125	¥245,055	¥ 363,242	¥ 70,440	¥292,801	\$ 2,567,047	\$ 564,792	\$2,002,246
Bonds	301,341	292,616	8,725	431,109	421,561	9,547	2,462,137	2,390,848	71,288
Japanese government bonds	99,975	95,587	4,388	119,985	116,895	3,090	816,855	781,003	35,852
Municipal bonds	137,594	134,524	3,070	226,478	221,733	4,745	1,124,225	1,099,142	25,083
Corporate bonds	63,771	62,504	1,266	84,645	82,933	1,712	521,047	510,695	10,343
Other	561,494	513,993	47,501	632,551	584,427	48,123	4,587,744	4,199,632	388,111
Total	¥1,177,017	¥ 875,735	¥301,282	¥1,426,903	¥1,076,429	¥350,473	\$ 9,616,937	\$ 7,155,282	\$2,461,655
Securities with unrealized losses									
Equity securities	¥ 17,563	¥ 23,577	¥ (6,013)	¥ 16,347	¥ 21,489	¥ (5,141)	\$ 143,500	\$ 192,638	\$ (49,129)
Bonds	205,328	206,860	(1,531)	171,289	172,815	(1,526)	1,677,653	1,690,170	(12,509)
Japanese government bonds	—	—	—	68,552	69,375	(823)	—	—	—
Municipal bonds	156,411	157,517	(1,106)	63,852	64,096	(243)	1,277,972	1,287,008	(9,036)
Corporate bonds	48,917	49,343	(425)	38,885	39,344	(459)	399,681	403,162	(3,472)
Other	262,393	272,817	(10,424)	266,711	278,091	(11,379)	2,143,908	2,229,079	(85,170)
Total	485,285	503,255	(17,969)	454,349	472,396	(18,046)	3,965,070	4,111,896	(146,817)
Total	¥1,662,303	¥1,378,990	¥283,312	¥1,881,252	¥1,548,825	¥332,426	\$13,582,016	\$11,267,178	\$2,314,829

4 Available-for-sale securities sold:

	Millions of yen			Millions of yen			Thousands of U.S. dollars (Note 1-1)		
	2022			2021			2022		
	Amount sold	Gains	Losses	Amount sold	Gains	Losses	Amount sold	Gains	Losses
Equity securities	¥ 8,483	¥ 4,783	¥ 818	¥ 4,704	¥ 2,763	¥ 223	\$ 69,311	\$ 39,079	\$ 6,683
Bonds	523	1	—	589	2	—	4,273	8	—
Corporate bonds	523	1	—	589	2	—	4,273	8	—
Other	929,886	13,685	16,170	488,156	8,259	7,116	7,597,728	111,814	132,118
Total	¥938,893	¥18,470	¥16,988	¥493,449	¥11,025	¥7,340	\$7,671,321	\$150,911	\$138,802

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 ¥246 million (\$2,009 thousand), including ¥208 million (\$1,699 thousand) of equity securities and ¥38 million (\$310 thousand) of bonds at March 31, 2022, and ¥16 million, including ¥16 million of equity securities at March 31, 2021. 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)
	2022	2021	2022
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)	5,767	6,427	47,119
Acquisition cost	5,436	6,349	44,415
Difference	330	78	2,696
Unrealized gains	330	78	2,696
Unrealized losses	—	—	—

(Notes to Valuation difference on available-for-sale securities)

Valuation difference on available-for-sale securities were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Valuation gains			
Available-for-sale securities	¥283,437	¥ 332,426	\$2,315,850
Other money held in trust	330	78	2,696
Deferred tax liabilities	(86,927)	(102,228)	(710,245)
Valuation difference on available-for-sale securities (before adjustment for minority interests)	196,841	230,276	1,608,309
Noncontrolling interests	(6,409)	(7,938)	(52,365)
Valuation difference on available-for-sale securities	¥190,431	¥ 222,338	\$1,555,935

(Note) Exchange translation differences, etc., related to foreign currency denominated equity and other securities without fair market value and investments in partnerships, etc., are included above in Available-for-sale securities of Valuation gains.

(Notes to Derivative Transactions)

At March 31, 2022

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)			
	2022				2022			
	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:								
Swaps:								
Receive fixed rate and pay floating rate	¥110,664	¥110,654	¥(1,021)	¥(1,021)	\$904,191	\$904,109	\$ (8,342)	\$ (8,342)
Receive floating rate and pay fixed rate	110,664	110,654	2,295	2,295	904,191	904,109	18,751	18,751
Total	—	—	¥ 1,274	¥ 1,274	—	—	\$10,409	\$10,409

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)			
	2022				2022			
	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	¥493,137	¥416,969	¥ 247	¥ 247	\$4,029,226	\$3,406,887	\$ 2,018	\$ 2,018
Forward exchange contracts:								
Sell	333,693	61,056	(22,530)	(22,530)	2,726,472	498,864	(184,083)	(184,083)
Buy	255,749	60,837	13,514	13,514	2,089,623	497,074	110,417	110,417
Currency options:								
Sell	75,505	49,253	(2,768)	(609)	616,921	402,426	(22,616)	(4,975)
Buy	75,505	49,253	2,729	909	616,921	402,426	22,297	7,427
Total	—	—	¥ (8,807)	¥ (8,467)	—	—	\$ (71,958)	\$ (69,180)

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

(3) Credit derivatives

	Millions of yen				Thousands of U.S. dollars (Note 1-1)			
	2022				2022			
	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:								
Credit default swaps								
Sell	¥1,000	¥—	¥ (0)	¥ (0)	\$8,170	\$—	\$ (0)	\$ (0)
Buy	—	—	—	—	—	—	—	—
Total	—	—	¥ (0)	¥ (0)	—	—	\$ (0)	\$ (0)

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)			
	2022				2022			
	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	¥2,050	¥—	¥(24)	¥—	\$16,749	\$—	\$ (196)	\$—
Buy	2,050	—	24	—	16,749	—	196	—
Total	—	—	¥ —	¥—	—	—	\$ —	\$—

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

2 Derivative transactions to which hedge accounting was applied

Derivative transactions to which hedge accounting was applied are set forth in the tables below.

The contract amount do not reflect the market risk associated with the derivatives.

(1) Interest rate contracts

		Millions of yen				Thousands of U.S. dollars (Note 1-1)			
		2022				2022			
Method of hedge accounting	Hedged items	Contract amount	Portion maturing over one year	Fair value	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	¥364,756	¥364,756	¥3,840		\$2,980,276	\$2,980,276	\$31,375	
Total	—	—	—	¥3,840	—	—	—	\$31,375	

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			Thousands of U.S. dollars (Note 1-1)		
		2022			2022		
Method of hedge accounting	Hedged items	Contract amount	Portion maturing over one year	Fair value	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method							
Currency swaps	Foreign currency	¥261,245	¥212,289	¥(22,691)	\$2,134,528	\$1,734,528	\$(185,399)
Fund related swaps	monetary assets	649	—	5	5,302	—	40
Total		—	—	¥(22,685)	—	—	\$(185,350)

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, 2021

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			
	2021			Recognized gains (losses)
	Contract amount	Portion maturing over one year	Fair value	
Over-the-counter transactions:				
Swaps:				
Receive fixed rate and pay floating rate	¥81,450	¥76,292	¥1,619	¥1,619
Receive floating rate and pay fixed rate	81,450	76,292	(669)	(669)
Total	—	—	¥ 950	¥ 950

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			
	2021			Recognized gains (losses)
	Contract amount	Portion maturing over one year	Fair value	
Over-the-counter transactions:				
Currency swaps	¥389,160	¥362,590	¥ 150	¥ 150
Forward exchange contracts:				
Sell	267,668	135,092	(3,055)	(3,055)
Buy	226,168	29,942	4,286	4,286
Currency options:				
Sell	80,822	53,070	(2,462)	378
Buy	80,822	53,070	2,462	273
Total	—	—	¥ 1,381	¥ 2,034

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

(3) Credit derivatives

	Millions of yen			
	2021			Recognized gains (losses)
	Contract amount	Portion maturing over one year	Fair value	
Over-the-counter transactions:				
Credit default swaps				
Sell	¥1,000	¥1,000	¥ (2)	¥ (2)
Buy	—	—	—	—
Total	—	—	¥ (2)	¥ (2)

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			
	2021			Recognized gains (losses)
	Contract amount	Portion maturing over one year	Fair value	
Over-the-counter transactions:				
Earthquake derivatives				
Sell	¥1,500	¥—	¥ (27)	¥—
Buy	1,500	—	27	—
Total	—	—	¥ —	¥—

Transactions above for which the values were not readily determinable are stated at cost.

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		
		2021		Fair value
		Contract amount	Portion maturing over one year	
Deferral hedge method	Interest rate swaps	—	—	—
	Receive fixed rate and pay floating rate			
	Receive floating rate and pay fixed rate			
Total		¥302,523	¥302,523	¥(722)
Total		—	—	¥(722)

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		
		2021		
Method of hedge accounting	Hedged item	Contract amount	Portion maturing over one year	Fair value
Deferral hedge method				
Currency swaps	Foreign currency	¥218,488	¥195,039	¥(6,392)
Fund related swaps	monetary assets	3,120	—	(52)
Total		—	—	¥(6,444)

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 Bank consist of a defined benefit corporate pension fund plan and a retirement lump-sum grant system. Extra retirement benefits may be paid upon the retirement of employees. In addition, the Bank set up a retirement benefit trust. On April 1, 2014, the Bank transformed its corporate pension fund plan to a cash balance plan and established a defined contribution pension plan.

On April 1,2021, consolidated subsidiaries established a defined contribution pension plan.

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)
	2022	2021	2022
Retirement benefit obligations at the beginning of the period	¥69,876	¥72,032	\$570,928
Service cost	2,305	2,362	18,833
Interest cost	234	170	1,911
Actuarial differences incurred	(851)	(1,259)	(6,953)
Retirement benefits paid	(3,627)	(3,429)	(29,634)
Prior service cost	—	—	—
Retirement benefit obligations at the end of the period	67,936	69,876	555,078

(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)
	2022	2021	2022
Pension assets at the beginning of the period	¥91,750	¥78,279	\$749,652
Expected return on pension assets	786	1,042	6,422
Actuarial differences incurred	2,163	12,003	17,673
Employer's contributions	2,728	2,726	22,289
Retirement benefits paid	(2,363)	(2,301)	(19,307)
Pension assets at the end of the period	95,066	91,750	776,746

(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)
	2022	2021	2022
Retirement benefit obligations of the savings plan	¥ 67,487	¥ 69,460	\$ 551,409
Pension assets	(95,066)	(91,750)	(776,746)
	(27,578)	(22,289)	(225,328)
Retirement benefit obligations of the non-savings plan	449	415	3,668
Net liabilities and assets recorded on the consolidated balance sheets	(27,129)	(21,874)	(221,660)
Net defined benefit liability	10,712	11,326	87,523
Net defined benefit asset	(37,842)	(33,201)	(309,191)
Net liabilities and assets on the consolidated balance sheets	(27,129)	(21,874)	(221,660)

(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)
	2022	2021	2022
Service cost	¥ 2,113	¥ 2,171	\$ 17,264
Interest cost	234	170	1,911
Expected return on pension assets	(789)	(1,042)	(6,446)
Recognized actuarial differences	(1,419)	181	(11,594)
Amortization of prior service cost	(597)	(597)	(4,877)
	(456)	883	(3,725)

(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)
	2022	2021	2022
Prior service cost	¥ (597)	¥ (597)	\$ (4,877)
Actuarial differences	1,595	13,445	13,032
Total	998	12,848	8,154

(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)
	2022	2021	2022
Unrecognized prior service cost	¥ (1,462)	¥ (2,059)	\$ (11,945)
Unrecognized actuarial differences	(11,448)	(9,853)	(93,537)
Total	(12,910)	(11,912)	(105,482)

(7) *Pension assets*

① Pension asset portfolio

	2022	2021
Bonds	48.1%	46.9%
Equity securities	44.8%	46.3%
Other	7.1%	6.8%
Total	100.0%	100.0%

(Note) 34.3% of the total pension assets as of March 31, 2022 (33.4% as of March 31, 2021) represent assets in the retirement benefit trust for the corporate pension fund, 4.1% of which as of March 31, 2022 (4.0% as of March 31, 2021) corresponds to the lump-sum grant system.

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

The long-term expected rate of return on pension assets is determined based on the average investment yield on the pension assets for the past three years. When the average rate is below 1.25% or above 2.0%, it is stated as 1.25% and 2.0%, respectively.

(8) *Actuarial assumptions*

The weighted average rate for assumptions used for the actuarial computation of the retirement benefit obligations for the years ended March 31, 2022 and 2021 were as follows:

	2022	2021
<i>Discount rates</i>		
Retirement lump-sum grant system	0.20%	0.10%
Corporate pension fund plans	0.50%	0.40%
<i>Long-term expected return on assets</i>		
Pension assets of corporate pension fund	2.00%	1.37%
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 Bank and its consolidated subsidiaries to the defined contribution plans was ¥361 million (\$2,949 thousand) and ¥334 million at March 31, 2022 and 2021, respectively.

(Notes to Stock Options)

1 *Outline of stock options and changes*

At the 115th Ordinary General Meeting of Shareholders held on Jun. 28, 2018, the Bank abolished compensation type stock options and introduced a share-based payment system using the trust.

In line with the introduction of this system, the Bank will not grant new stock options. However, the unexercised stock acquisition rights already granted as stock options will continue to exist.

(1) *Outline of stock options*

	2017 Stock Options	2016 Stock Options	2015 Stock Options	2014 Stock Options	2013 Stock Options	2012 Stock Options	2011 Stock Options
Title and number of grantees	Directors of the Bank: 8 Executive Officers of the Bank: 12	Directors of the Bank: 7 Executive Officers of the Bank: 15	Directors of the Bank: 7 Executive Officers of the Bank: 14	Directors of the Bank: 16 Executive Officers of the Bank: 4	Directors of the Bank: 18	Directors of the Bank: 17	Directors of the Bank: 17
Number of stock options (*)	Common shares: 140,900	Common shares: 184,600	Common shares: 79,500	Common shares: 123,100	Common shares: 140,900	Common shares: 199,500	Common shares: 156,800
Grant date	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	July 15, 2017 to July 14, 2047	July 16, 2016 to July 15, 2046	July 16, 2015 to July 15, 2045	July 17, 2014 to July 16, 2044	July 17, 2013 to July 16, 2043	July 18, 2012 to July 17, 2042	July 16, 2011 to July 15, 2041

(*) Reported in terms of shares of stock

(2) *Stock options granted and changes*

The table below represents stock options outstanding at the year-end and the number of stock options is converted into the number of stock.

① Number of stock options

	2017 Stock Options shares	2016 Stock Options shares	2015 Stock Options shares	2014 Stock Options shares	2013 Stock Options shares	2012 Stock Options shares	2011 Stock Options shares
Before vesting							
Previous fiscal year-end	81,000	77,900	29,900	38,200	31,900	46,800	27,800
Granted	—	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—	—
Vested	18,000	17,400	5,600	8,800	10,400	15,200	6,300
Outstanding	63,000	60,500	24,300	29,400	21,500	31,600	21,500
After vesting							
Previous fiscal year-end	—	—	—	—	—	—	—
Vested	18,000	17,400	5,600	8,800	10,400	15,200	6,300
Exercised	18,000	17,400	5,600	8,800	10,400	15,200	6,300
Forfeited	—	—	—	—	—	—	—
Exercisable	—	—	—	—	—	—	—

② Price information

	2017 Stock Options Yen (U.S. dollars)	2016 Stock Options Yen (U.S. dollars)	2015 Stock Options Yen (U.S. dollars)	2014 Stock Options Yen (U.S. dollars)	2013 Stock Options Yen (U.S. dollars)	2012 Stock Options Yen (U.S. dollars)	2011 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	¥543 (\$4) per share	¥543 (\$4) per share	¥ 543 (\$4) per share	¥543 (\$4) per share	¥543 (\$4) per share	¥543 (\$4) per share	¥543 (\$4) per share
Fair value at the grant date	¥867 (\$7) per share	¥601 (\$4) per share	¥1,473 (\$12) per share	¥989 (\$8) per share	¥918 (\$7) per share	¥550 (\$4) per share	¥704 (\$5) 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 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)
	2022	2021	2022
Deferred tax assets:			
Excess reserve for loan losses	¥ 16,221	¥ 15,910	\$ 132,535
Impairment loss on land	671	622	5,482
Accrued employees' bonuses	536	546	4,379
Excess depreciation	488	497	3,987
Write-down of securities	441	399	3,603
Reserve for losses on repayments on dormant bank accounts	358	503	2,925
Other	2,281	2,319	18,637
Valuation reserve	(943)	(924)	(7,704)
Total deferred tax assets	20,056	19,875	163,869
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥(86,853)	¥(102,138)	\$ (709,641)
Retirement benefit asset	(5,338)	(3,873)	(43,614)
Deferred gains on real property	(893)	(896)	(7,296)
Net deferred gains (losses) on derivatives under hedge accounting	(505)	—	(4,126)
Total deferred tax liabilities	(93,590)	(106,908)	(764,686)
Net deferred tax liabilities:	¥(73,533)	¥ (87,032)	\$ (600,808)

(Notes to Revenue Recognition)

Disaggregation of revenue from contracts with customers (as of March 31, 2022)

	Millions of yen					Thousands of U.S. dollars (Note 1-1)				
	Reportable segments			Other businesses	Total	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total			Commercial Banking	Leasing	Total		
Fees and commissions										
Deposit and loan services	¥ 3,531	¥ —	¥ 3,531	¥ —	¥ 3,531	\$ 28,850	\$ —	\$ 28,850	\$ —	\$ 28,850
Foreign exchange services	3,226	—	3,226	—	3,226	26,358	—	26,358	—	26,358
Securities-related services	965	—	965	1,236	2,202	7,884	—	7,884	10,098	17,991
Other services	3,808	—	3,808	267	4,076	31,113	—	31,113	2,181	33,303
Ordinary income from contracts with customers	11,532	—	11,532	1,503	13,036	94,223	—	94,223	12,280	106,511
Ordinary income from other items above	103,170	16,468	119,638	1,296	120,935	842,961	134,553	977,514	10,589	988,111
Ordinary income from external customers	¥114,702	¥16,468	¥131,170	¥2,800	¥133,971	\$937,184	\$134,553	\$1,071,737	\$22,877	\$1,094,623

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.

(Notes to Segment Information)

1 Summary of reportable segments

Reportable segments are components of the Bank and its consolidated subsidiaries 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 Bank and 16 consolidated subsidiaries (16 consolidated subsidiaries as of March 31, 2021) are engaged mainly in the financial services business that includes commercial banking services and leasing services. Therefore, the Bank and its consolidated subsidiaries’ 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 A reconciliation of the statutory tax rate and effective tax rate for the years ended March 31, 2022 and 2021 were as follows:

For the fiscal year ended March 31, 2022 and 2021, a reconciliation of the statutory tax rate and the effective income tax rate is not stated as the difference between the two was less than 5% of the statutory tax rate.

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, 2022 and 2021 were as follows:

	Millions of yen						
	2022						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	¥ 114,702	¥16,468	¥ 131,170	¥ 2,800	¥ 133,971	¥ —	¥ 133,971
Intersegment	541	358	899	1,901	2,801	(2,801)	—
Total	¥ 115,244	¥16,826	¥ 132,070	¥ 4,701	¥ 136,772	¥ (2,801)	¥ 133,971
Segment profit	¥ 37,284	¥ 521	¥ 37,805	¥ 424	¥ 38,230	¥ 9	¥ 38,239
Segment assets	¥8,521,345	¥55,768	¥8,577,114	¥13,759	¥8,590,874	¥(46,076)	¥8,544,797
Segment debt	¥7,804,876	¥35,497	¥7,840,374	¥ 6,658	¥7,847,032	¥(34,033)	¥7,812,998
Other items							
Depreciation	¥ 5,091	¥ 34	¥ 5,126	¥ 38	¥ 5,164	¥ (87)	¥ 5,077
Interest income received	75,672	130	75,803	3	75,806	(108)	75,698
Interest expense paid	3,002	104	3,107	4	3,112	(94)	3,017
Extraordinary income	19	—	19	—	19	—	19
Gain on disposal of noncurrent assets	(19)	—	(19)	—	(19)	—	(19)
Extraordinary losses	482	—	482	0	482	—	482
Losses on disposal of fixed assets	(60)	—	(60)	(0)	(60)	—	(60)
Impairment loss	(421)	—	(421)	—	(421)	—	(421)
Provision of reserve for financial products transaction liabilities	—	—	—	(0)	(0)	—	(0)
Tax expense	10,812	169	10,981	163	11,145	4	11,149
Increase in tangible fixed assets and intangible fixed assets	6,007	3	6,011	30	6,041	(82)	5,958

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 not included in the reportable segments.
- Adjustments are as below.
 - Adjustment of segment profit includes eliminations of intersegment transactions of ¥9 million (\$73 thousand).
 - Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥46,076 million (\$376,468 thousand).
 - Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥34,033 million (\$278,070 thousand).
 - Eliminations of intersegment transactions include adjustment of depreciation of negative ¥87 million (\$710 thousand), adjustment of interest income received of negative ¥108 million (\$882 thousand), adjustment of interest expense paid of negative ¥94 million (\$768 thousand), adjustment of tax expense of ¥4 million (\$32 thousand) and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥82 million (\$669 thousand).
- Segment profit is adjusted to ordinary income in the consolidated statement of income.

	Millions of yen						
	2021						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	¥ 104,986	¥16,692	¥ 121,678	¥ 3,138	¥ 124,817	¥ —	¥ 124,817
Intersegment	598	424	1,023	1,968	2,992	(2,992)	—
Total	¥ 105,584	¥17,117	¥ 122,702	¥ 5,107	¥ 127,809	¥ (2,992)	¥ 124,817
Segment profit	¥ 25,093	¥ 583	¥ 25,677	¥ 489	¥ 26,167	¥ 5	¥ 26,172
Segment assets	¥8,517,978	¥65,562	¥8,583,541	¥15,304	¥8,598,846	¥(48,106)	¥8,550,739
Segment debt	¥7,797,071	¥40,009	¥7,837,080	¥ 8,462	¥7,845,543	¥(36,044)	¥7,809,498
Other items							
Depreciation	¥ 5,130	¥ 29	¥ 5,160	¥ 46	¥ 5,206	¥ (117)	¥ 5,089
Interest income received	75,986	119	76,106	3	76,110	(118)	75,992
Interest expense paid	4,358	115	4,474	6	4,481	(105)	4,376
Extraordinary income	34	—	34	—	34	—	34
Gain on disposal of noncurrent assets	(34)	—	(34)	—	(34)	—	(34)
Extraordinary losses	406	0	406	0	407	—	407
Losses on disposal of fixed assets	(206)	(0)	(206)	(0)	(206)	—	(206)
Impairment loss	(200)	—	(200)	—	(200)	—	(200)
Provision of reserve for financial products transaction liabilities	—	—	—	(0)	(0)	—	(0)
Tax expense	7,201	196	7,397	159	7,556	(7)	7,549
Increase in tangible fixed assets and intangible fixed assets	7,506	89	7,595	36	7,631	(92)	7,539

- 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 not included in the reportable segments.
 - Adjustments are as below.
 - Adjustment of segment profit includes eliminations of intersegment transactions of ¥5 million.
 - Adjustment of segment assets includes eliminations of intersegment transactions of negative ¥48,106 million.
 - Adjustment of segment debt includes eliminations of intersegment transactions of negative ¥36,044 million.
 - Eliminations of intersegment transactions include adjustment of depreciation of negative ¥117 million, adjustment of interest income received of negative ¥118 million, adjustment of interest expense paid of negative ¥105 million, adjustment of tax expense of negative ¥7 million and adjustment of increase in tangible fixed assets and intangible fixed assets of negative ¥92 million.
 - Segment profit is adjusted to ordinary income in the consolidated statement of income.

	Thousands of U.S. dollars (Note 1-1)						
	2022						
	Reportable segments			Other businesses	Total	Adjustments	Consolidated total
	Commercial Banking	Leasing	Total				
Ordinary income							
Customers	\$ 937,184	\$134,553	\$ 1,071,737	\$ 22,877	\$ 1,094,623	\$ —	\$ 1,094,623
Intersegment	4,420	2,925	7,345	15,532	22,885	(22,885)	—
Total	\$ 941,612	\$137,478	\$ 1,079,091	\$ 38,410	\$ 1,117,509	\$ (22,885)	\$ 1,094,623
Segment profit	\$ 304,632	\$ 4,256	\$ 308,889	\$ 3,464	\$ 312,362	\$ 73	\$ 312,435
Segment assets	\$69,624,519	\$455,658	\$70,080,186	\$112,419	\$70,192,613	\$(376,468)	\$69,816,136
Segment debt	\$63,770,536	\$290,031	\$64,060,576	\$ 54,399	\$64,114,976	\$(278,070)	\$63,836,898
Other items							
Depreciation	\$ 41,596	\$ 277	\$ 41,882	\$ 310	\$ 42,192	\$ (710)	\$ 41,482
Interest income received	618,285	1,062	619,356	24	619,380	(882)	618,498
Interest expense paid	24,528	849	25,386	32	25,426	(768)	24,650
Extraordinary income	155	—	155	—	155	—	155
Gain on disposal of noncurrent assets	(155)	—	(155)	—	(155)	—	(155)
Extraordinary losses	3,938	—	3,938	0	3,938	—	3,938
Losses on disposal of fixed assets	(490)	—	(490)	(0)	(490)	—	(490)
Impairment loss	(3,439)	—	(3,439)	—	(3,439)	—	(3,439)
Provision of reserve for financial products transaction liabilities	—	—	—	(0)	(0)	—	(0)
Tax expense	88,340	1,380	89,721	1,331	91,061	32	91,094
Increase in tangible fixed assets and intangible fixed assets	49,080	24	49,113	245	49,358	(669)	48,680

(4) Related information

Information by service

	Millions of yen				
	2022				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	¥52,033	¥43,547	¥16,468	¥21,922	¥133,971
	Millions of yen				
	2021				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	¥52,795	¥36,895	¥16,692	¥18,434	¥124,817
	Thousands of U.S dollars (Note 1-1)				
	2022				
	Loans	Securities investments	Lease	Other businesses	Total
Ordinary income customers	\$425,140	\$355,805	\$134,553	\$179,115	\$1,094,623
	Millions of yen				
	2022				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	¥421	¥—	¥421	¥—	¥421
	Millions of yen				
	2021				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	¥200	¥—	¥200	¥—	¥200
	Thousands of U.S dollars (Note 1-1)				
	2022				
	Reportable segments			Other businesses	Total
	Commercial Banking	Leasing	Total		
Impairment loss	\$3,439	\$—	\$3,439	\$—	\$3,439

(Notes to Related Party Transactions)
For the year ended March 31, 2022

(1) Transactions between the Bank 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	—	Temporary staffing	Temporary staffing	¥2	—	¥—

Type	Name	Location	Capital (Thousands of U.S. dollars)	Business	Ownerships of voting rights (%)	Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc	Ehime	\$408	Temporary staffing	—	Temporary staffing	Temporary staffing	\$16	—	\$—

- (Notes)
- The conditions of the above transactions were the same as these of arm’s length transactions.
 - Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

(2) Transactions between consolidated subsidiaries of the Bank 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	19.2%	Direct holding	Temporary staffing	Temporary staffing	¥22	Other liabilities	¥0

Type	Name	Location	Capital (Thousands of U.S. dollars)	Business	Ownerships of voting rights (%)		Relationship	Transactions	Transaction amount (Thousands of U.S. dollars)	Account	Outstanding balance (Thousands of U.S. dollars)
Companies in which a majority of voting rights is owned by a director or the director's close relatives	Ability Center, Inc	Ehime	\$408	Temporary staffing	19.2%	Direct holding	Temporary staffing	Temporary staffing	\$179	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 and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

For the year ended March 31, 2021

(1) Transactions between the Bank 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	—		Temporary staffing	Temporary staffing	¥2	—	¥—

(Notes)

1. The conditions of the above transactions were the same as those of arm’s length transactions.
2. Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

(2) Transactions between consolidated subsidiaries of the Bank 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	19.2%	Direct holding	Temporary staffing	Temporary staffing	¥26	Other liabilities	¥—

(Notes)

1. The conditions of the above transactions were the same as those of arm’s length transactions.
2. Ms. Junko Miyoshi, a director and Supervisory Committee member, has a close relative who owns a majority of the voting rights of Ability Center, Inc.

(Consolidated Supplementary Schedules)

1 BORROWED MONEY AND LEASE LIABILITIES

Borrowed money consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1-1)
	2022	2021	2022
Borrowings from banks	¥750,302	¥743,645	\$6,130,419
Lease liabilities (due within one year)	291	270	2,377
Lease liabilities (due after one year)	1,435	1,544	11,724

The weighted average interest rates on the outstanding balances at March 31, 2022 and 2021 were as follows:

	2022	2021
Borrowings from banks	0.06%	0.02%
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 Bank 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)

(Transition to Holding Company Structure through a Sole Share Transfer)

The Bank resolved to transform to a holding company structure by incorporating “Iyogin Holdings, Inc.” a holding company (the wholly owning parent company) (the “Holding Company”) at the Board of Directors meeting held on May 13, 2022 through a sole-share transfer (the “Share Transfer”) dated October 3, 2022 (scheduled), on the assumption that approval at the annual stockholder’s meeting and necessary approvals of the relevant authorities would be obtained.

The Share Transfer plan was approved at the annual stockholder’s meeting on June 29, 2022.

1. Objectives of the Share Transfer

The Bank defined the meaning of its existence in its corporate credo: “creating a bright and prosperous future for the region,” and has made efforts to stabilize regional financing and stimulate the local economy through the expansion, etc., of finance-related services by merging with Toho Mutual Bank and Fuji Savings Credit Union and establishing group subsidiaries for leasing services and securities services, etc.

While doing so, the business environment surrounding regional financial institutions has changed greatly due to circumstances such as the normalization of a low-interest policy, changes in spending behavior, changes to the social structure such as the decreasing population and the diversification and enhancement of customer needs in conjunction with progressing digitalization. In response, the Bank is seeking to improve its corporate value as a group, grounded on the importance of sustainability and in light of the impact of the COVID-19 pandemic, and it recognizes that it faces the task of changing its business model to contribute to growth in the local economy.

Therefore, the Bank established its long-term vision to become a “corporate group continuing to create and provide new value” in its Fiscal 2021 Medium-Term Management Plan that commenced in April last year, further deepening and evolving the “Digital-Human-Digital Model”* it has been pursuing and has worked as a unified group to transform its business model.

In order to further move forward with this transformation, the Bank has decided to transition to a holding company structure with the objective of expanding its fields of business in light of the relaxation of

regulations, enhancing group governance by strengthening business management functions and maximizing group synergies.

With the transition to a holding company structure, the Bank will strive to grow the Iyogin group sustainably and improve its corporate value by promoting changes in employee and officer awareness and behavior and creating a structure that can respond as a cohesive group to diversified and enhanced customer needs, with the aim of earning the unwavering trust of its shareholders, customers, employees and local residents, which in turn will contribute to the realization of a sustainable society.

As a result of the Share Transfer, the Bank will become a wholly owned subsidiary of the Holding Company and the shares of the Bank will be delisted. However, we plan to make an application to list the Holding Company shares that will be delivered to all shareholders as consideration for the Bank’s shares on the Prime Market of the Tokyo Stock Exchange, Inc. (“TSE”). The listing date is subject to review by TSE, but is planned for October 3, 2022, which is the date of registration for the establishment of the Holding Company (the effective date of the Share Transfer), and we intend to effectively maintain the listing of shares.

* Focusing on customer service by utilizing digital technology to expand points of contact with customers and thoroughly streamline administrative procedures.

2. Outline of the Share Transfer

(1) Schedule

Record date for ordinary general meeting of shareholders: March 31, 2022 (Thursday)
Board of directors meeting to approve the share transfer plan: May 13, 2022 (Friday)
Ordinary general meeting of shareholders to approve the share transfer plan: June 29, 2022 (Wednesday)
Delisting of the shares of the Bank: September 29, 2022 (Thursday) (scheduled)
Registration of establishment of the Holding Company (effective date): October 3, 2022 (Monday) (scheduled)
Listing of the shares of the Holding Company: October 3, 2022 (Monday) (scheduled)
Note that this schedule is subject to change as necessary due to the progress in the Share Transfer procedures or for any other reasons.

(2) Format

Sole share transfer with the Holding Company as the wholly owning parent company incorporated through a share transfer and the Bank as the wholly owned subsidiary resulting from a share transfer.

(3) Details of allotment

Company name	Iyogin Holdings, Inc. (wholly owning parent company incorporated through a share transfer)	The Iyo Bank, Ltd. (wholly owned subsidiary resulting from a share transfer)
Share transfer ratio	1	1

(i) Ratio

All shareholders of the Bank entered or recorded in the Bank’s shareholder register immediately prior to the time that the Holding Company acquires all of the issued shares of the Bank pursuant to the Share Transfer (the “Reference Time”) will receive an allotment of one share of common stock of the Holding Company per share of common stock of the Bank that they hold.

(ii) Number of shares per unit

The Holding Company will adopt a share unit system with one unit equaling 100 shares.

(iii) Basis for calculation of the share transfer ratio

The Share Transfer will establish the Holding Company alone as the wholly owning parent company of the Bank by the Bank’s sole share transfer, and there will be no change in the shareholding structure of the Bank or the Holding Company at the time of the Share Transfer.

Therefore, with the principal concern that no disadvantage be caused to the shareholders of the Bank, each shareholder will receive an allotment of one share of the common stock of the Holding Company per share of the common stock of the Bank. Therefore, no third-party calculation of the share transfer ratio has been conducted.

(iv) Results, methods and the basis of calculation by a third party organization

For the reasons described in (iii) above, no third party organization has calculated the share transfer ratio.

(v) Number of new shares to be delivered

Number of new shares: 317,998,884 shares of common stock (subject to change)

However, if there is a change in the total number of issued shares of the Bank prior to the Share Transfer taking effect, there will also be a change in the number of new shares to be delivered by the Holding Company. Because the treasury shares held by the Bank that are able to be retired in practice will be retired by the Reference Time, the 5,776,482 treasury shares held by the Bank as of March 31, 2022 are excluded from the new shares to be delivered in the above calculation. Furthermore, if the number of treasury shares held by the Bank as of March 31, 2022 has changed by the Reference Time, such as the case in which the Bank’s shareholders have exercised the right to request a purchase of shares, the number of new shares to be delivered by the Holding Company will change accordingly.

(4) Matters regarding share options and bonds with share options involved with the Share Transfer

The holders of stock options issued by the Bank will be delivered and allotted equivalent stock options of the Holding Company in exchange for the stock options of the Bank. The Bank has not issued bonds with share options.

(5) Handling of new listing of the Holding Company

The Bank intends to make an application to list the shares of the newly established Holding Company on the Prime Market of TSE (Technical Listing) as of October 3, 2022. Because the Bank will become a wholly owned subsidiary of the Holding Company through the Share Transfer, the shares of the Bank are expected to be delisted from the Prime Market of TSE as of September 29, 2022, before listing the shares of the Holding Company.

The delisting date may change as determined in accordance with TSE’s rules.

3. Outline of the Holding Company to be Newly Established Through the Share Transfer (wholly owning parent company incorporated through a share transfer) (scheduled)

(1) Name	Iyogin Holdings, Inc.
(2) Address	1 Minami-Horibata-cho, Matsuyama-shi, Ehime
(3) Representatives, directors and executives, etc. expected to assume office	Chairman Iwao Otsuka (Currently: Chairman, Iyo Bank) President and Director (Representative Director) Kenji Miyoshi (Currently: President, Iyo Bank) Director, Senior Managing Executive Officer (Representative Director) Hiroshi Nagata (Currently: Senior Managing Director, Iyo Bank) Director, Managing Executive Officer Kensei Yamamoto (Currently: Managing Director, Iyo Bank) Director (Audit and Supervisory Committee Member) Tetsuo Takeuchi (Currently: Director, Iyo Bank) Director (Audit and Supervisory Committee Member) Junko Miyoshi (Currently: Outside Director, Iyo Bank) Director (Audit and Supervisory Committee Member) Keiji Joko (Currently: Outside Director, Iyo Bank) Director (Audit and Supervisory Committee Member) Yoriko Noma (Currently: Outside Director, Iyo Bank) (Note) The Directors (Audit and Supervisory Committee Members) Ms. Junko Miyoshi, Mr. Keiji Joko, and Ms. Yoriko Noma are outside directors defined in Article 2(xv) of the Companies Act.
(4) Amount of stated capital	¥20,000 million (\$163 million)
(5) Net assets	Not yet decided
(6) Total assets	Not yet decided
(7) Description of business	<ul style="list-style-type: none">Management and operation of banks and other companies that may be subsidiaries pursuant to the Banking Act and any and all business incidental or related theretoOther business that may be conducted by a holding company of a bank pursuant to the Banking Act

4. Outline of Accounting Treatment of the Share Transfer

The Share Transfer constitutes a common control transaction for the purpose of corporate accounting and, therefore, does not affect profit and loss.

(Repurchase of Treasury Stock)

The Bank resolved to repurchase its treasury stock in accordance with Article 33 of Articles of Incorporation based on Article 459, Paragraph 1, Item 1 of the Companies Act of Japan at its Board of Directors meeting held on May 13, 2022 in order to enhance shareholder return, to improve capital efficiency and implement flexible capital policies.

- Class of Share: Common Stock
- Total number of shares of common stock to be repurchased: Up to 5,000,000 shares
- Total amount: Up to ¥3,000 million (\$24 million)
- Repurchase method: Auction market on Tokyo Stock Exchange
- Period: From May 16, 2022 to July 29, 2022

Nonconsolidated Balance Sheet (Unaudited)

The Iyo Bank, Ltd.
March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
ASSETS			
Cash and due from banks	¥1,513,960	¥1,415,244	\$12,369,964
Monetary claims purchased	6,211	6,834	50,747
Trading account securities	525	649	4,289
Money held in trust	1,507	1,257	12,313
Securities	1,686,455	1,890,539	13,779,352
Loans and bills discounted	5,068,841	4,999,333	41,415,483
Reserve for loan losses	(33,749)	(32,784)	(275,749)
Foreign exchange	11,310	8,596	92,409
Other assets	121,272	84,243	990,865
Tangible fixed assets	71,531	71,896	584,451
Intangible fixed assets	9,397	9,013	76,779
Prepaid pension cost	26,954	23,166	220,230
Customers' liabilities for acceptances and guarantees	28,396	28,796	232,012
Total assets	¥8,512,616	¥8,506,787	\$69,553,198
LIABILITIES AND NET ASSETS			
Liabilities			
Deposits	¥6,654,132	¥6,522,633	\$54,368,265
Call money	7,343	61,624	59,996
Payables under repurchase agreements	74,232	199,289	606,520
Payables under securities lending transactions	139,898	91,604	1,143,050
Borrowed money	744,751	738,176	6,085,064
Foreign exchange	1,837	266	15,009
Borrowed money from trust account	554	5	4,526
Other liabilities	74,540	63,008	609,036
Accrued employees' bonuses	1,613	1,626	13,179
Employees' severance and retirement benefits	12,286	12,789	100,384
Reserve for losses on repayment of dormant bank accounts	1,175	1,652	9,600
Reserve for contingent losses	881	703	7,198
Reserve for share-based payments	413	289	3,374
Deferred tax liabilities	67,142	76,848	548,590
Deferred taxes on revaluation excess	9,520	9,573	77,784
Acceptances and guarantees	28,396	28,796	232,012
Total liabilities	7,818,723	7,808,888	63,883,675
Net assets			
Common stock			
Authorized — 600,000,000 shares			
Issued — 323,775,366 shares	20,948	20,948	171,157
Capital surplus	10,480	10,480	85,627
Legal reserve	20,948	20,948	171,157
Other retained earnings	438,382	418,816	3,581,844
Treasury stock	(6,103)	(6,508)	(49,865)
Valuation difference on available-for-sale securities	188,816	214,136	1,542,740
Net deferred gains (losses) on derivatives under hedge accounting	1,152	(374)	9,412
Land revaluation excess	19,058	19,178	155,715
Stock acquisition rights	208	273	1,699
Total net assets	693,892	697,899	5,669,515
Total liabilities and net assets	¥8,512,616	¥8,506,787	\$69,553,198

Nonconsolidated Statement of Income (Unaudited)

The Iyo Bank, Ltd.
For the year ended March 31, 2022

	Millions of yen		Thousands of U.S. dollars
	2022	2021	2022
INCOME			
Interest and dividend income:			
Interest on loans and discounts	¥ 48,929	¥ 49,654	\$399,779
Interest and dividends on securities	24,506	25,176	200,228
Interest on receivables under resale agreements	—	(160)	—
Other interest income	2,022	1,041	16,520
Fees and commissions	12,625	12,664	103,153
Other operating income	18,776	11,321	153,411
Other income	7,301	4,764	59,653
Total income	114,161	104,463	932,764
EXPENSES			
Interest expense:			
Interest on deposits	1,529	1,724	12,492
Interest on borrowings and rediscounts	242	956	1,977
Interest on payables under repurchase agreements	70	187	571
Interest on payables under securities lending transactions	78	12	637
Other interest expense	1,080	1,477	8,824
Fees and commissions	6,325	6,462	51,679
Other operating expenses	15,257	5,767	124,658
General and administrative expenses	47,240	49,370	385,979
Other expenses	7,564	15,100	61,802
Total expenses	79,390	81,058	648,664
Income before income taxes	34,771	23,404	284,100
Income taxes:			
Current	9,404	8,093	76,836
Deferred	706	(1,368)	5,768
Net income	¥24,660	¥ 16,679	\$201,487

	Yen	U.S. dollars
Basic net income per share	¥77.84	¥52.67
Diluted net income per share	77.78	52.61
		0.63
		0.63

Nonconsolidated Statement of Changes in Net Assets (Unaudited)

The Iyo Bank, Ltd.
For the year ended March 31, 2022

	Millions of yen			
	Stockholders' equity			
	Capital surplus			
	Common stock	Capital reserve	Other capital surplus	Total capital surplus
For the year ended March 31, 2022				
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥ —	¥10,480
Cumulative effects of changes in accounting polices				
Restated balance	20,948	10,480	—	10,480
Changes during the accounting period				
Dividends				
Reversal of deferred gains on real property				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(292)	(292)
Transfer of loss on disposal of treasury stock			292	292
Reversal of land revaluation excess				
Changes in items other than stockholders' equity, net				
Total changes during the accounting period	—	—	—	—
Balance at the end of the accounting period	¥20,948	¥10,480	¥ —	¥10,480

	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, 2022				
Balance at the beginning of the accounting period	\$171,157	\$85,627	\$ —	\$85,627
Cumulative effects of changes in accounting polices				
Restated balance	171,157	85,627	—	85,627
Changes during the accounting period				
Dividends				
Reversal of deferred gains on real property				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(2,385)	(2,385)
Transfer of loss on disposal of treasury stock			2,385	2,385
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	\$171,157	\$85,627	\$ —	\$85,627

	Millions of yen						
	Stockholders' equity						
	Retained earnings						
	Other retained earnings				Total retained earnings	Treasury stock	Total stockholders' equity
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward			
For the year ended March 31, 2022							
Balance at the beginning of the accounting period	¥20,948	¥2,041	¥398,594	¥ 18,180	¥439,765	¥(6,508)	¥464,686
Cumulative effects of changes in accounting polices				(167)	(167)		(167)
Restated balance	20,948	2,041	398,594	18,013	439,598	(6,508)	464,519
Changes during the accounting period							
Dividends				(4,754)	(4,754)		(4,754)
Reversal of deferred gains on real property		(6)		6	—		
Provision of general reserve			12,000	(12,000)	—		
Net income				24,660	24,660		24,660
Purchase of treasury stock						(638)	(638)
Disposal of treasury stock						1,043	750
Transfer of loss on disposal of treasury stock				(292)	(292)		—
Reversal of land revaluation excess				119	119		119
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(6)	12,000	7,739	19,732	405	20,137
Balance at the end of the accounting period	¥20,948	¥2,035	¥410,594	¥ 25,752	¥459,330	¥(6,103)	¥484,656

	Thousands of U.S. dollars						
	Stockholders' equity						
	Retained earnings						
	Other retained earnings						Total stockholders' equity
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	
For the year ended March 31, 2022							
Balance at the beginning of the accounting period	\$171,157	\$16,676	\$3,256,753	\$148,541	\$3,593,144	\$(53,174)	\$3,796,764
Cumulative effects of changes in accounting policies				(1,364)	(1,364)		(1,364)
Restated balance	171,157	16,676	3,256,753	147,177	3,591,780	(53,174)	3,795,399
Changes during the accounting period							
Dividends				(38,843)	(38,843)		(38,843)
Reversal of deferred gains on real property		(49)		49	—		
Provision of general reserve			98,047	(98,047)	—		
Net income				201,487	201,487		201,487
Purchase of treasury stock						(5,212)	(5,212)
Disposal of treasury stock						8,521	6,127
Transfer of loss on disposal of treasury stock				(2,385)	(2,385)		—
Reversal of land revaluation excess				972	972		972
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(49)	98,047	63,232	161,222	3,309	164,531
Balance at the end of the accounting period	\$171,157	\$16,627	\$3,354,800	\$210,409	\$3,753,002	\$(49,865)	\$3,959,931

	Millions of yen						
	Valuation and translation adjustments						
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Stock acquisition rights	Total net assets	
For the year ended March 31, 2022							
Balance at the beginning of the accounting period	¥214,136	¥ (374)	¥19,178	¥232,939	¥273	¥697,899	
Cumulative effects of changes in accounting policies						(167)	
Restated balance	214,136	(374)	19,178	232,939	273	697,732	
Changes during the accounting period							
Dividends						(4,754)	
Reversal of deferred gains on real property							
Provision of general reserve							
Net income						24,660	
Purchase of treasury stock						(638)	
Disposal of treasury stock						750	
Transfer of loss on disposal of treasury stock							
Reversal of land revaluation excess						119	
Changes in items other than stockholders' equity, net	(25,320)	1,527	(119)	(23,911)	(65)	(23,977)	
Total changes during the accounting period	(25,320)	1,527	(119)	(23,911)	(65)	(3,839)	
Balance at the end of the accounting period	¥188,816	¥1,152	¥19,058	¥209,027	¥208	¥693,892	

	Thousands of U.S. dollars						
	Valuation and translation adjustments						
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Stock acquisition rights	Total net assets	
For the year ended March 31, 2022							
Balance at the beginning of the accounting period	\$1,749,620	\$(3,055)	\$156,695	\$1,903,251	\$2,230	\$5,702,255	
Cumulative effects of changes in accounting policies						(1,364)	
Restated balance	1,749,620	(3,055)	156,695	1,903,251	2,230	5,700,890	
Changes during the accounting period							
Dividends						(38,843)	
Reversal of deferred gains on real property							
Provision of general reserve							
Net income						201,487	
Purchase of treasury stock						(5,212)	
Disposal of treasury stock						6,127	
Transfer of loss on disposal of treasury stock							
Reversal of land revaluation excess						972	
Changes in items other than stockholders' equity, net	(206,879)	12,476	(972)	(195,367)	(531)	(195,906)	
Total changes during the accounting period	(206,879)	12,476	(972)	(195,367)	(531)	(31,366)	
Balance at the end of the accounting period	\$1,542,740	\$ 9,412	\$155,715	\$1,707,876	\$1,699	\$5,669,515	

	Millions of yen			
	Stockholders' equity			
	Capital surplus			
	Common stock	Capital reserve	Other capital surplus	Total capital surplus
For the year ended March 31, 2021				
Balance at the beginning of the accounting period	¥20,948	¥10,480	¥—	¥10,480
Changes during the accounting period				
Dividends				
Reversal of deferred gains on real property				
Provision of general reserve				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			(6)	(6)
Transfer of loss on disposal of treasury stock			6	6
Reversal of land revaluation excess				
Changes in items other than stockholders' equity, net				
Total changes during the accounting period	—	—	—	—
Balance at the end of the accounting period	¥20,948	¥10,480	¥—	¥10,480

	Millions of yen						
	Stockholders' equity						
	Retained earnings						
	Other retained earnings						Total stockholders' equity
	Legal reserve	Deferred gains on real property	General reserve	Retained earnings brought forward	Total retained earnings	Treasury stock	
For the year ended March 31, 2021							
Balance at the beginning of the accounting period	¥20,948	¥2,048	¥384,594	¥ 19,799	¥427,390	¥(6,611)	¥452,208
Changes during the accounting period							
Dividends				(4,436)	(4,436)		(4,436)
Reversal of deferred gains on real property		(6)		6	—		
Provision of general reserve			14,000	(14,000)	—		
Net income				16,679	16,679		16,679
Purchase of treasury stock						(0)	(0)
Disposal of treasury stock						104	98
Transfer of loss on disposal of treasury stock				(6)	(6)		—
Reversal of land revaluation excess				137	137		137
Changes in items other than stockholders' equity, net							
Total changes during the accounting period	—	(6)	14,000	(1,618)	12,374	103	12,477
Balance at the end of the accounting period	¥20,948	¥2,041	¥398,594	¥ 18,180	¥439,765	¥(6,508)	¥464,686

	Millions of yen						
	Valuation and translation adjustments						
	Valuation difference on available-for-sale securities	Net deferred gains (losses) on derivatives under hedge accounting	Land revaluation excess	Total valuation and translation adjustments	Stock acquisition rights	Total net assets	
For the year ended March 31, 2021							
Balance at the beginning of the accounting period	¥163,329	¥ 792	¥19,315	¥183,437	¥343	¥635,989	
Changes during the accounting period							
Dividends						(4,436)	
Reversal of deferred gains on real property							
Provision of general reserve							
Net income						16,679	
Purchase of treasury stock						(0)	
Disposal of treasury stock						98	
Transfer of loss on disposal of treasury stock							
Reversal of land revaluation excess						137	
Changes in items other than stockholders' equity, net	50,807	(1,167)	(137)	49,502	(69)	49,432	
Total changes during the accounting period	50,807	(1,167)	(137)	49,502	(69)	61,910	
Balance at the end of the accounting period	¥214,136	¥(374)	¥19,178	¥232,939	¥273	¥697,899	

Corporate Profile

Head Office	1, Minami-Horibata-cho, Matsuyama-shi, Ehime, Japan
Foundation	March 15, 1878 (The 29th National Bank)
Capital	¥20,900 million (Total number of issued shares: 323,775 thousand shares)
Number of employees	13 Officers, 2,670 employees (excluding temporary and secondment staff)
Number of branches	151 domestic (including 22 branches within branches, 9 sub-branches), 1 overseas (Singapore)
	2 overseas representative offices (Shanghai, Hong Kong)
Consolidated equity ratio (BIS standards)	14.32%
Consolidated subsidiaries	16 companies
Consolidated employees (excluding temporary staff)	3,044 persons



Composition of Shareholders

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	55	26	1,147	189	35	24,949	26,403	—
Number of shares held (in units)	8,019	1,251,189	44,218	933,408	340,620	387	656,687	3,234,528	322,566
<div>Proportion (%)</div>	0.25	38.68	1.37	28.86	10.53	0.01	20.30	100.00	—

(Note) Of the 5,776,482 shares of treasury shares, 57,764 units are included in “Individuals and others” and 82 shares are included in “Status of odd stocks”.

Major Shareholders

Name	Location	Shares held (thousands of shares)	Ratio of acquired shares to total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd.	2-11-3 Hamamatsu-cho, Minato-ku, Tokyo	36,008	11.32
Custody Bank of Japan, Ltd.	1-8-12 Harumi, Chuo-ku, Tokyo	32,807	10.31
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	8,878	2.79
Meiji Yasuda Life Insurance Company	2-1-1 Marunouchi, Chiyoda-ku, Tokyo	8,867	2.78
Daio Kaiun Co., Ltd.	7-35 Mishimakamiya-cho, Shikokuchuo-shi, Ehime	6,000	1.88
Sumitomo Forestry Co., Ltd.	1-3-2 Otemachi, Chiyoda-ku, Tokyo	5,911	1.85
Sumitomo Life Insurance Company	7-18-24 Tsukiji, Chuo-ku, Tokyo	5,415	1.70
Employee stock ownership of Iyo Bank	1, Minami-Horibata-cho, Matsuyama-shi, Ehime, Japan	4,985	1.56
Sompo Japan Insurance Inc.	1-26-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	4,293	1.35
IYOTETSU Group Co., Ltd.	4-4-1 Minatomachi, Matsuyama-shi, Ehime	3,844	1.20
Total	—	117,013	36.79

(Notes) 1. The number of shares held by The Master Trust Bank of Japan, Ltd., associated with trust services is 36,008 thousand shares. The breakdown of which is 35,308 thousand shares in the trust account and 700 thousand shares in the retirement benefit trust account.
2. The number of the shares held by Custody Bank of Japan, Ltd., associated with trust services is 32,807 thousand shares are related to the trust business. The breakdown of which is 25,359 thousand shares in the trust account, 6,049 thousand shares in the retirement benefit trust account, 182 thousand shares in the pension trust account, 196 thousand shares in the pension *tokkin* special pension account (a type of corporate investment fund managed by a trust bank), and 1,019 thousand shares in the securities investment trust account.

