

Fiscal 2015 Earnings Briefing



"Ehime Iyashi-no Nanyo Haku 2016" is underway
(March 26 to November 20)

June 3, 2016

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I . Summary of Earnings for Fiscal 2015



Profit and Loss Conditions in Fiscal 2015

- Although core business net income, ordinary income, and net income were down year-on-year compared to historical highs in the previous year, high levels were maintained

Earnings for Fiscal 2015 (Nonconsolidated)

(Units: Millions of yen)

	Fiscal 2015	YoY	Increase/ Decrease	Fiscal 2014
Core business gross profit (Note 1)	80,573	(6,027)	(7.0)%	86,600
Interest and dividend income	74,061	(6,390)		80,451
Fees and commissions	5,267	+243		5,024
Of which, revenue on assets in custody	1,651	(176)		1,827
Other operating income (Excluding profit/loss associated with bonds including JGBs, etc.)	1,244	+120		1,124
Expenses (-)	48,180	(1,137)	(2.3)%	49,317
Personnel expenses	26,123	(476)		26,599
Nonpersonnel expenses	19,362	(954)		20,316
Taxes	2,695	+294		2,401
Core business net income (Note 2)	32,392	(4,891)	(13.1)%	37,283
Credit costs (-) ①+②-③-④	1,816	+3,725		(1,909)
Provision of reserve for general loan losses ①	(1,340)	(1,340)		-
Amortization of non-performing loans ②	4,509	+4,288		221
Reversal of reserve for loan losses ③	-	(974)		974
Recoveries of written off claims ④	1,351	+195		1,156
Gain (loss) related to securities	5,080	+1,865		3,215
Gain (loss) related to bonds including JGBs	902	(1,199)		2,101
Gain (loss) related to stock, etc.	4,178	+3,064		1,114
Other temporary gain (loss)	2,520	+366		2,154
Ordinary income	38,176	(6,386)	(14.3)%	44,562
Extraordinary income (loss)	(783)	+425		(1,208)
Income before income taxes	37,393	(5,961)		43,354
Net income	24,092	(2,405)	(9.1)%	26,497
Ordinary revenue	101,886	(5,190)	(4.8)%	107,076
Business net income	34,635	(4,749)	(12.1)%	39,384

(Note 1) Core business gross profit: "Business gross profit" excluding profit/loss related to bonds including JGBs, etc.

(Note 2) Core business net income: Core business gross profit - Expenses

Key factors in increase / decrease, etc. (YoY)

Core business gross profit: Down ¥6,027 million YoY

① Interest and dividend income down due to declines in loan interest and interest and dividends from securities

Expenses: Down ¥1,137 million YoY

Core business net income down as core business gross profit declined, down ¥4,891 million YoY

Credit costs: Up ¥3,725 million YoY

① Provision of reserve for general loan losses increased due to lower reversal resulting from YoY decline in loan loss results, etc.

② Amortization of non-performing loans increased due to an increase in downgrades, etc.

Gain (loss) related to securities: Up ¥1,865 million YoY

Gain (loss) related to bonds including JGBs (Down ¥1,199 million YoY)

① Gain (loss) related to bonds including JGBs down due to lower gains on sales of bonds

Gain (loss) related to stock, etc. (Up ¥3,064 million YoY)

① Gain (loss) related to stock, etc. up due to increase in gains on sales of securities, etc.

Due to a decrease in core business net income and an increase in credit costs, ordinary income decreased, down ¥6,386 million YoY

Extraordinary income (loss): Up ¥425 million YoY

As a result, net income was down ¥2,405 million YoY

[Reference] Breakdown of credit costs (Units: Millions of yen)

	Fiscal 2015	Fiscal 2014	YoY
Credit costs (-) ①+②-③	1,816	(1,909)	+3,725
① Provision of reserve for general loan losses	(1,340)	(2,420)	+1,080
② Amortization of non-performing loans	4,509	1,666	+2,843
Of which, provision of reserve for individual loan losses	4,067	1,445	+2,622
③ Recoveries of written off claims	1,351	1,156	+195

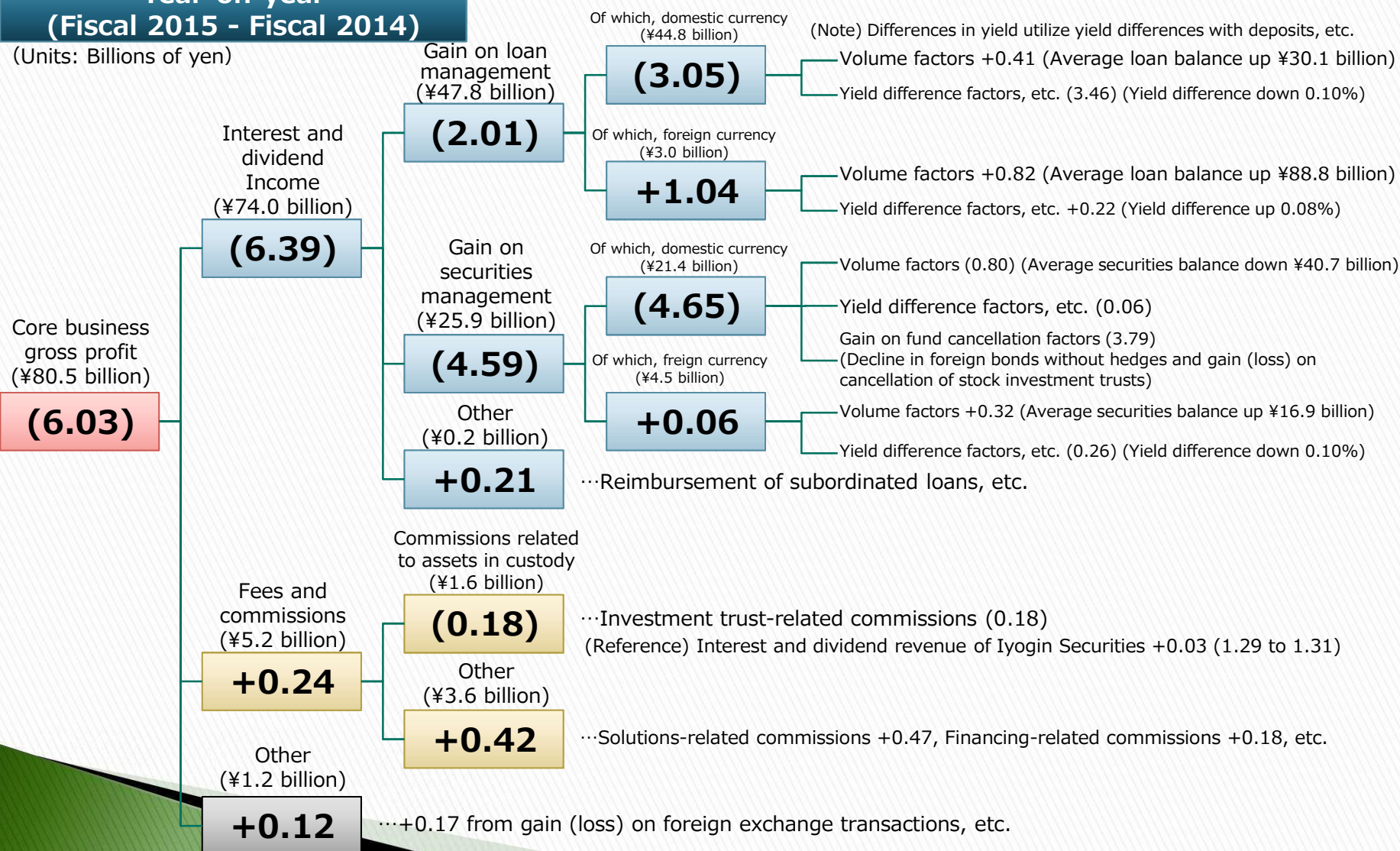
(Note) During fiscal 2014, the total of provision of reserve for general loan losses and provision of reserve for individual loan losses are recorded in reversal of reserve for loan losses.

Factors in Increase / Decrease in Core Gross Business Profit (Fiscal 2015)

- Interest and dividend income was down due to a contraction in yield on loans and deposits as well as reduced gain on securities fund cancellation
- Fees and commissions were up due to higher solutions-related commissions and financing-related commissions, etc.

Year-on-year (Fiscal 2015 - Fiscal 2014)

(Units: Billions of yen)



Conditions in Loans, Deposits, and Assets in Custody

- “Deposits, etc.” were up 1.2% year-on-year, and “loans” were up 1.1% year-on-year. **Loans and deposits both grew for the 19th consecutive year.**

Balance of deposits, etc. by region

(Units: Billions of yen)

Region	Fiscal 2014	Fiscal 2015	YoY	Increase/Decrease
Within Ehime Prefecture	4,165.6	4,217.3	+51.7	+1.2%
Shikoku (excluding Ehime)	218.4	236.7	+18.3	+8.4%
Kyushu	168.3	175.4	+7.1	+4.2%
Chugoku	238.3	228.9	(9.4)	(4.0)%
Kinki	113.6	132.5	+19.0	+16.7%
Tokyo and Nagoya	360.0	328.1	(31.9)	(8.9)%
Overseas, etc.	17.4	24.0	+6.7	+38.3%
Total	5,281.7	5,343.1	+61.4	+1.2%

Balance of assets in custody

(Units: Billions of yen)

	Fiscal 2014	Fiscal 2015	YoY	Increase/Decrease
Group assets in custody	463.9	464.9	+1.0	+0.2%
Balance at the Bank	357.6	333.4	(24.2)	(6.8)%
Balance at Iyogin Securities	106.2	131.5	+25.3	+23.8%
Sales of Group assets in custody	117.4	110.4	(7.0)	(6.0)%
Sales at the Bank	62.6	55.3	(7.3)	(11.7)%
Sales at Iyogin Securities	54.8	55.1	+0.3	+0.5%

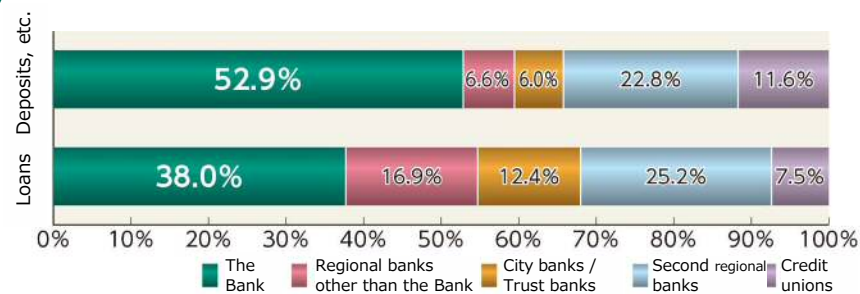
Balance of loans by region

(Units: Billions of yen)

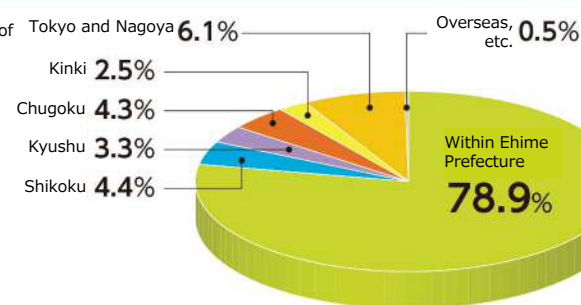
Region	Fiscal 2014	Fiscal 2015	YoY	Increase/Decrease
Within Ehime Prefecture	2,224.6	2,206.3	(18.2)	(0.8)%
Shikoku (excluding Ehime)	234.0	238.9	+5.0	+2.1%
Kyushu	250.8	258.7	+7.9	+3.2%
Chugoku	322.1	328.2	+6.2	+1.9%
Kinki	276.3	272.7	(3.6)	(1.3)%
Tokyo and Nagoya	542.2	557.3	+15.2	+2.8%
Financial Market Business Office	20.0	48.7	+28.7	+143.6%
Total	3,869.9	3,911.1	+41.2	+1.1%

*Please refer to pages 15 and 16 of the Reference Materials section for the breakdown, etc. of the balance of loans and deposits at the end of the period.

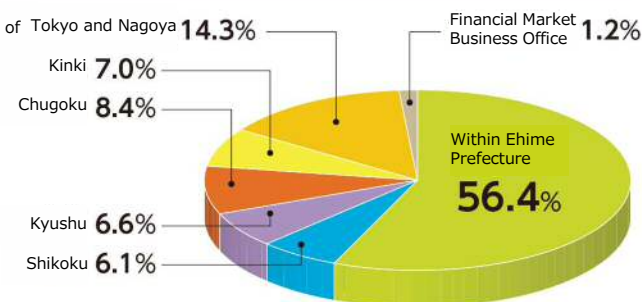
Share within Ehime Prefecture as of March 31, 2016
(excluding Japan Post, agricultural cooperatives, etc.)



Composition by region for balance of deposits, etc.



Composition by region for balance of loans



Conditions in Credit Costs and Disclosed Non-performing Loans

- Credit costs up year-on-year due to factors such as lower reversal resulting from a decline in loan loss results, etc.
- Ratio of disclosed non-performing loans was 1.64%, maintaining a low level

Credit costs by factor

(Units: Billions of yen)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	YoY
Credit costs total	7.5	3.7	(1.9)	1.8	+3.7
Provision of reserve for general loan losses	(1.2)	1.1	(2.4)	(1.3)	+1.1
Amortization of non-performing loans	10.6	4.0	1.6	4.5	+2.8
Bankruptcies	2.4	0.3	0.5	1.4	+0.8
Downgrades, etc.	10.2	5.7	4.6	5.9	+1.3
Upgrades and collections	(2.1)	(2.0)	(3.5)	(2.8)	+0.7
Recoveries of written off claims (-)	1.8	1.4	1.1	1.3	+0.2
Credit management expense ratio (*)	0.21%	0.10%	(0.05%)	0.05%	+0.10P

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

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

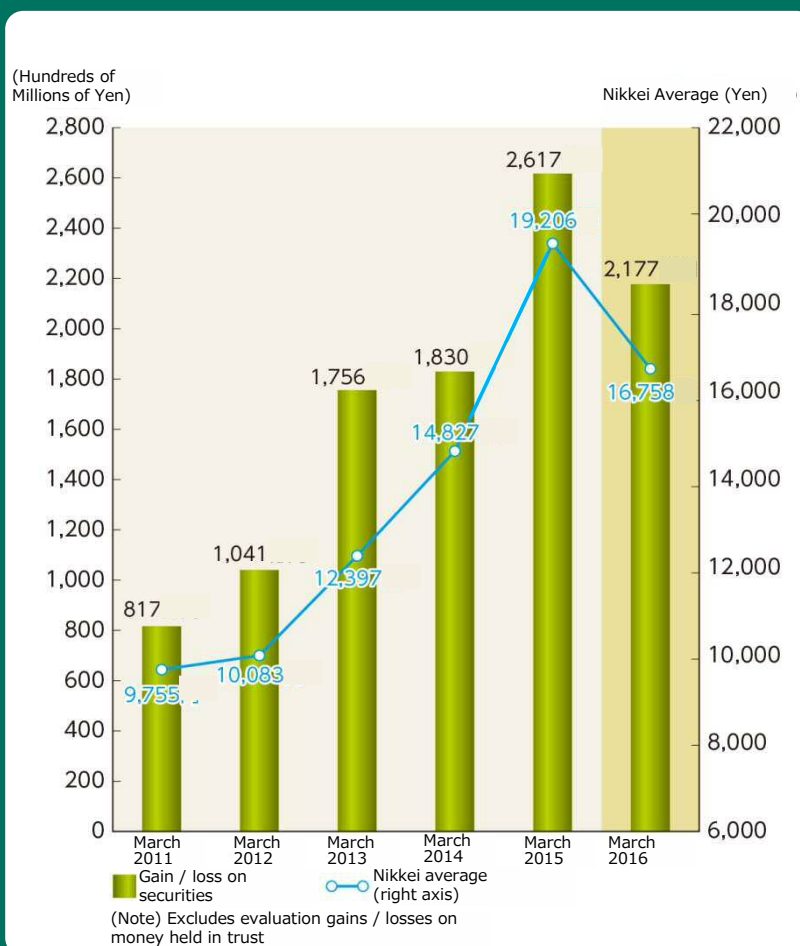
(Units: Billions of yen)

	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	YoY
Loans to bankrupt or effectively bankrupt borrowers	10.8	6.6	3.8	4.2	+0.4
Doubtful assets	53.1	51.9	50.2	45.5	(4.7)
Credit subject to specific risk management	18.5	17.2	17.2	16.9	(0.3)
Total disclosed non-performing loans	82.5	75.8	71.3	66.7	(4.6)
Ratio of disclosed non-performing loans	2.18%	1.96%	1.77%	1.64%	(0.13P)

Conditions in Evaluation Gain / Loss on Securities and Equity Ratio

- Evaluation gain on securities was ¥217.7 billion, **maintaining a top class level among regional banks**
- Consolidated equity ratio (BIS standards) was 15.42%, (common stock, etc.) Tier 1 ratio was 14.04%

Evaluation Gain on Securities (Nonconsolidated)



Consolidated (Gross) Equity Ratio





II. Main Strategies and Progress of the Fiscal 2015 Medium-Term Management Plan

**~ First Stage for 150 ~
(From April 2015 to March 2018)**



Numerical Targets of the Fiscal 2015 Medium-Term Management Plan

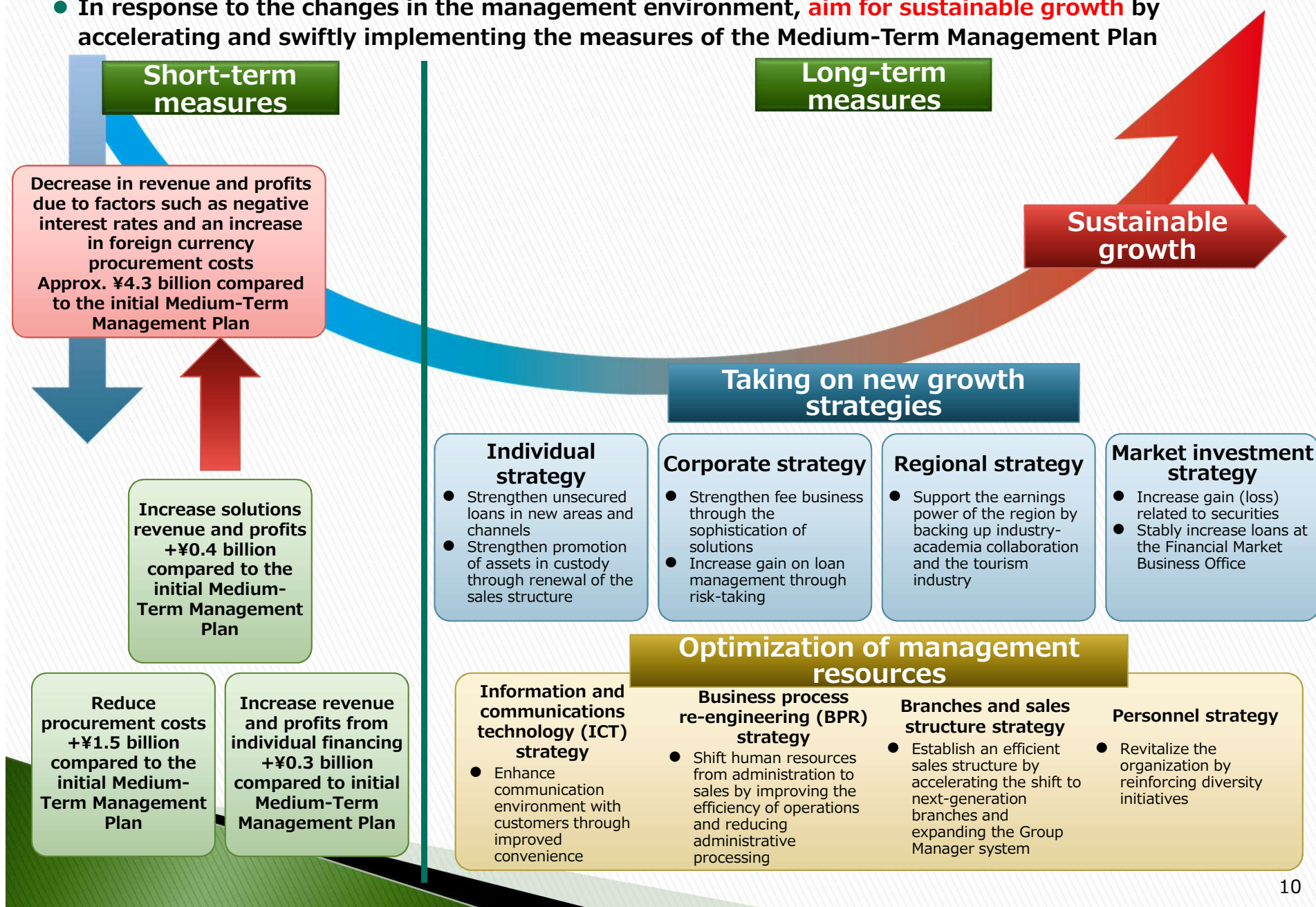
- Numerical targets were partially revised in response to drastic changes in the management environment
- Despite an expected severe management environment, aim to achieve a higher level of income compared to any time in the past

Item	Fiscal 2015 Results	Fiscal 2017 Initial Targets	Fiscal 2017 Revised Targets
Net income	¥24.0 billion	¥25.0 billion	<u>¥22.0 billion</u>
Loans (average)	¥3,902.8 billion	¥4,065.0 billion	¥4,065.0 billion
Deposits (average)	¥5,342.7 billion	¥5,540.0 billion	<u>¥5,450.0 billion</u>
Consolidated assets in custody	¥464.9 billion	¥570.0 billion	¥570.0 billion
Core OHR	59.79%	60.0% or less	<u>65.0% or less</u>
Equity ratio (BIS standard)	15.42%	15.0% or more	15.0% or more
Ratio of non-performing loans	1.64%	2.0% or less	2.0% or less
ROE (net asset basis)	6.40%	6.0% or more	<u>5.0% or more</u>



Responding to Changes in the Management Environment

- In response to the changes in the management environment, **aim for sustainable growth** by accelerating and swiftly implementing the measures of the Medium-Term Management Plan



Plans for Loans, Deposits, and Assets in Custody

- Deposits, etc., are planned to be increased approx. ¥200.0 billion during the three years of the Medium-Term Management Plan, with an average balance totaling **¥5,450.0 billion** during fiscal 2017
- Loans are planned to be increased approx. ¥280.0 billion during the three years of the Medium-Term Management Plan, with an average balance totaling **¥4,065.0 billion** during fiscal 2017

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

(Units: Billions of yen)

	Fiscal 2014 results	Fiscal 2015			Fiscal 2016		Fiscal 2017		
		Results	Vs. Plans	YoY	Plans	YoY	Plans	YoY	Increase/decrease during the Plan
Average deposits, etc., balance	5,247.7	5,342.7	+7.8	+95.0	5,355.0	+12.2	5,450.0	+95.0	+202.2
Of which, individual deposits	3,311.7	3,358.5	(4.5)	+46.8	3,384.0	+25.5	3,424.0	+40.0	+112.3
Group assets in custody balance (including Iyogin Securities)	463.9	464.9	(25.1)	+1.0	525.0	+60.1	570.0	+45.0	+106.1
Of which, balance of assets in custody at the Bank	357.6	333.4	(34.6)	(24.2)	379.0	+45.6	414.0	+35.0	+56.4
Of which, balance at Iyogin Securities	106.2	131.5	+9.5	+25.3	146.0	+14.5	156.0	+10.0	+49.7

Plans for average loan balance

(Units: Billions of yen)

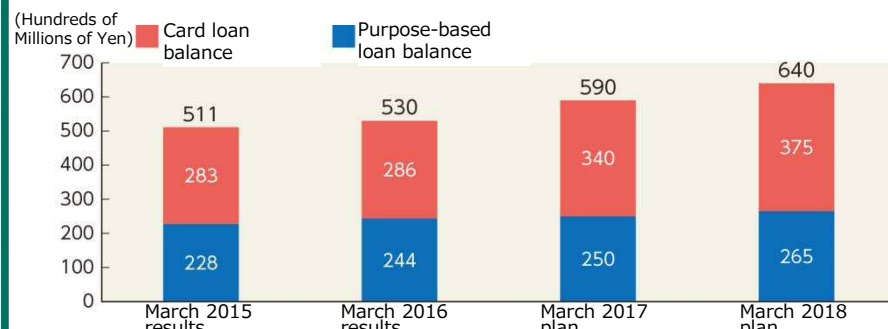
	Fiscal 2014 results	Fiscal 2015			Fiscal 2016		Fiscal 2017		
		Results	Vs. Plans	YoY	Plans	YoY	Plans	YoY	Increase/decrease during the Plan
Average loan balance	3,783.9	3,902.8	+7.8	+118.9	3,960.0	+57.2	4,065.0	+105.0	+281.0
Corporate loans	2,650.8	2,702.5	(20.5)	+51.7	2,705.0	+2.5	2,770.0	+65.0	+119.2
Of which, within Ehime	1,290.8	1,286.5	(17.5)	(4.2)	1,250.0	(36.5)	1,272.0	+22.0	(18.7)
Individual loans	906.9	932.2	+12.2	+25.3	964.0	+31.8	979.0	+15.0	+72.1
Municipal loans	219.5	232.5	+12.5	+13.0	227.0	(5.5)	228.0	+1.0	+8.5
Financial Market Business Office	6.8	35.6	+3.7	+28.9	64.0	+28.4	88.0	+24.0	+81.3

[Individual Strategy I] Strengthen Revenue and Profit Strength from Individual Financing

- **Respond to customer needs** through the provision of attractive products and the use of diverse channels

Offer Support for Life Events of Young Customers and Asset Builders

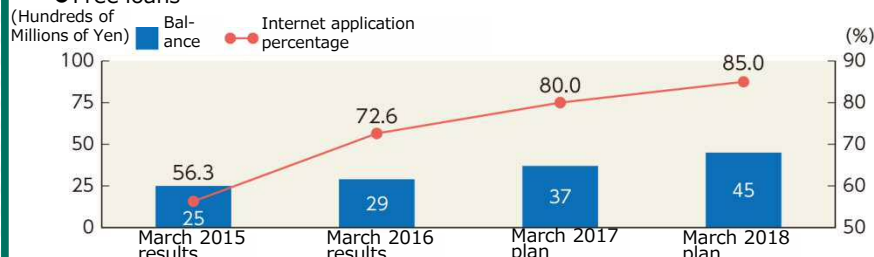
● Unsecured loans



● Percentage of applications for non-face-to-face transactions (via website)



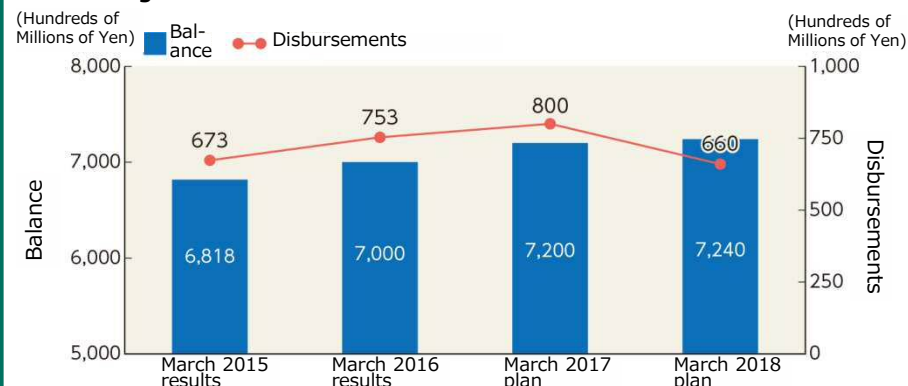
● Free loans



- Start handling of loans for individuals at Internet branches (February 2016)
- Cultivate markets outside the prefecture through Internet branches and new products (May 2016)
- Aggressive promotion through TV commercials and Internet advertising (first half of 2016)
- Promotion of use through an increase in the maximum amount of credit, etc. for existing card loan customers (first half of 2016)
- Expansion of lineup of products that enable the entire loan procedure to be completed online (second half of 2016)

Respond to the Needs of Housing Acquisition and Refinancing for Asset Builders

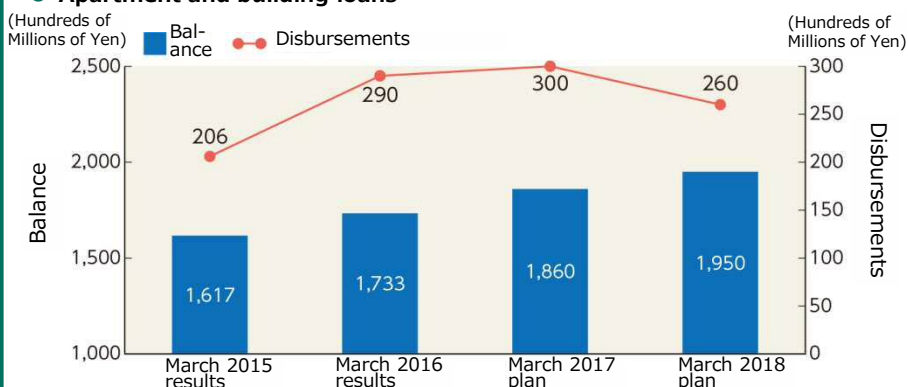
● Housing loans



- Start handling of "Life Support Group Credit" with enhanced protection
- Continuation of phased interest rate type products and thorough enforcement of measures for housing companies
- Simplification of procedures and establishment of rapid screening systems

Respond to the Needs of Inheritance Measures of Affluent Clients

● Apartment and building loans



- Thorough enforcement of measures for housing companies and strengthening of relations with affluent clients
- Promoting refinancing through information gathering from information bases and existing customers

[Individual Strategy II] Renewal of Sales Structure of Assets in Custody

- Realize efficient sales activities with the start of sales of assets in custody using tablet devices to **strengthen the promotion of assets in custody**
- **Improve customer convenience** by shifting the main account for assets in custody sales to an Iyogin Securities brokerage account

Start Sales of Assets in Custody Using Tablet Devices

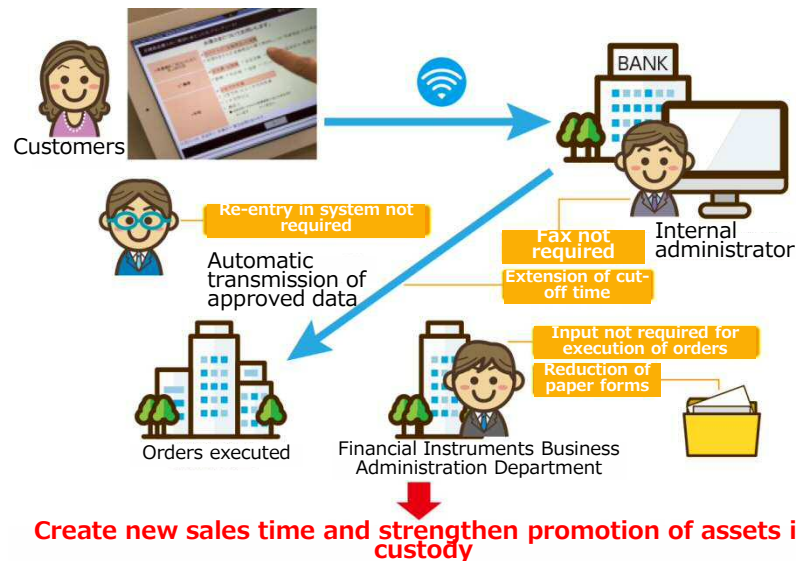
- Improve the efficiency of sales activities using tablet devices



Acceptance of various transactions

- Account opening
- Solicitation and cancellation of investment trusts
- Savings trusts policies
- Purchase and cancellation of bonds

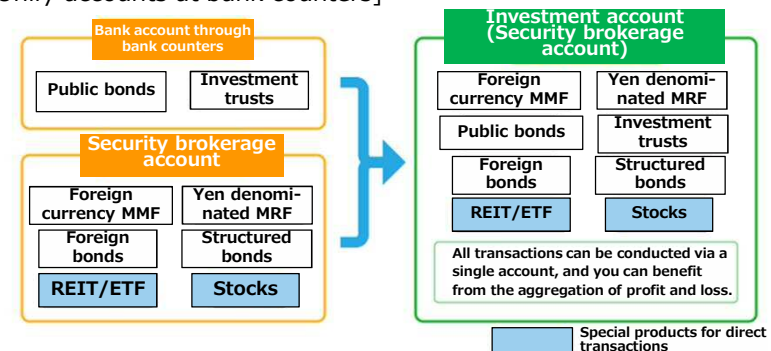
[Processing flow for tablet devices]



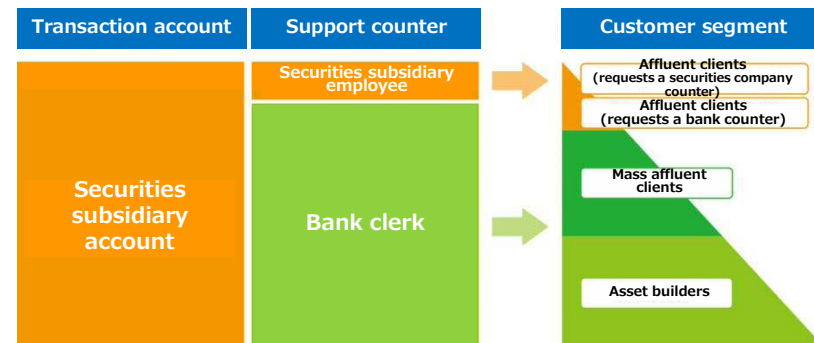
Shift to Integrated Bank and Securities Accounts

- By utilizing the Iyogin Securities brokerage account (called an investment account) at bank counters, support a wide variety of asset management needs and offer the benefits of uniform taxation for financial instruments

[Unify accounts at bank counters]



[Target customers and the corresponding channel]



[Individual Strategy III] Expand the Base of the Insurance Plaza

- Open new insurance plazas to total six shops within the prefecture, and strengthen sales structure through walk-in shops

Open Two Additional Shops in April 2016

- Iyogin Insurance Plaza Kume opened within Kume Branch and Iyogin Insurance Plaza Aeon Mall Imabarishintoshi started in a newly opened commercial facility

● Insurance Plaza Kume

- Opened in a residential area with a neighboring population of 170,000
- Attract customers mainly from internal introductions of consultation customers from branches in the area



● Insurance Plaza Aeon Mall Imabarishintoshi

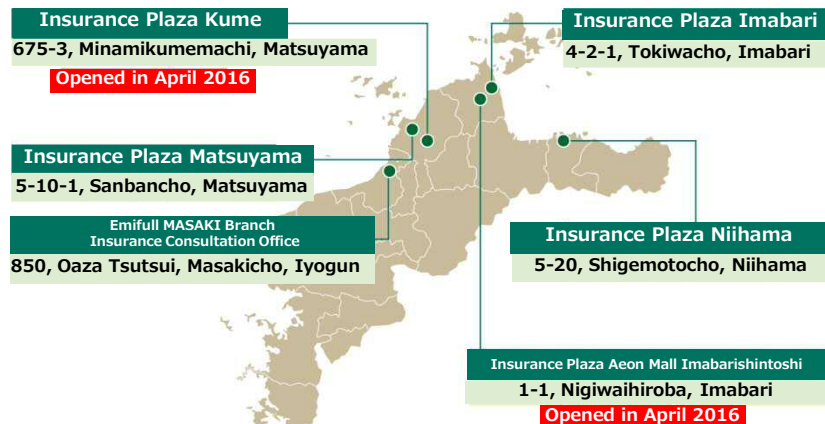
- Sole opening of an insurance plaza within a wide-area commercial facility
- Attract mainly Aeon Mall visitors using the “Insurance Counter@Iyo Bank” logo mark



Insurance Plaza Shops in Ehime Prefecture

- Expand to a total of six shops within the prefecture with the addition of two shops

● Insurance plaza shops



● Level premium insurance sales plan (including shops/branches other than insurance plazas)



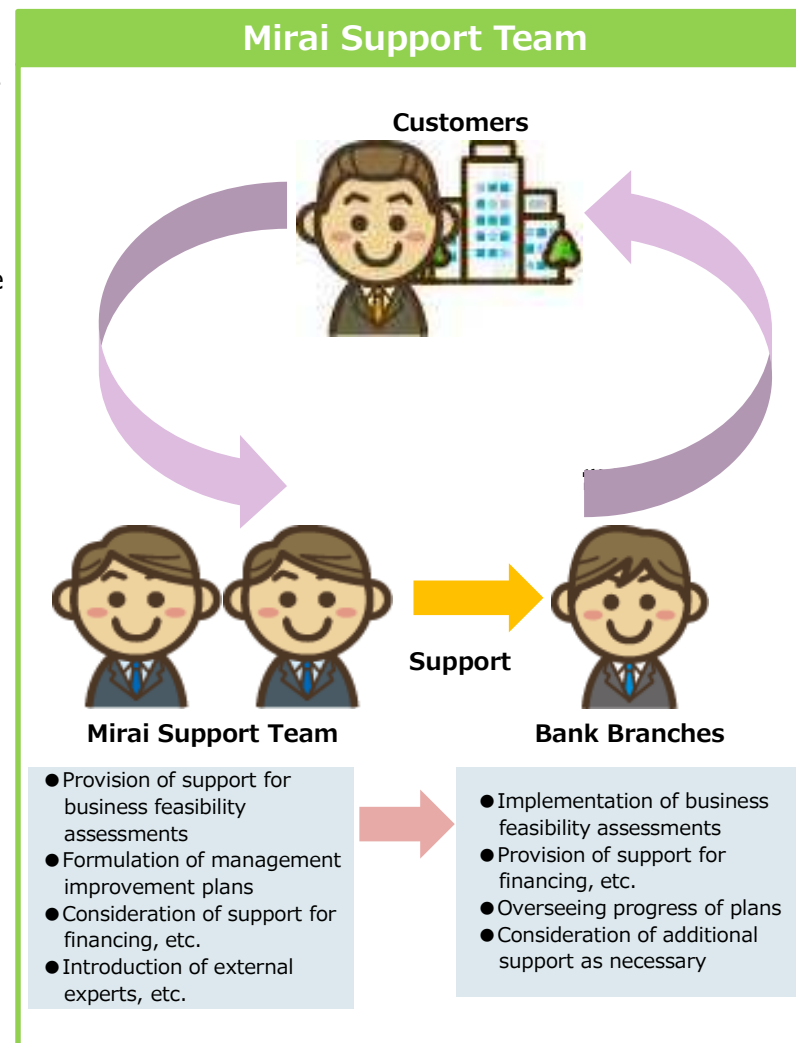
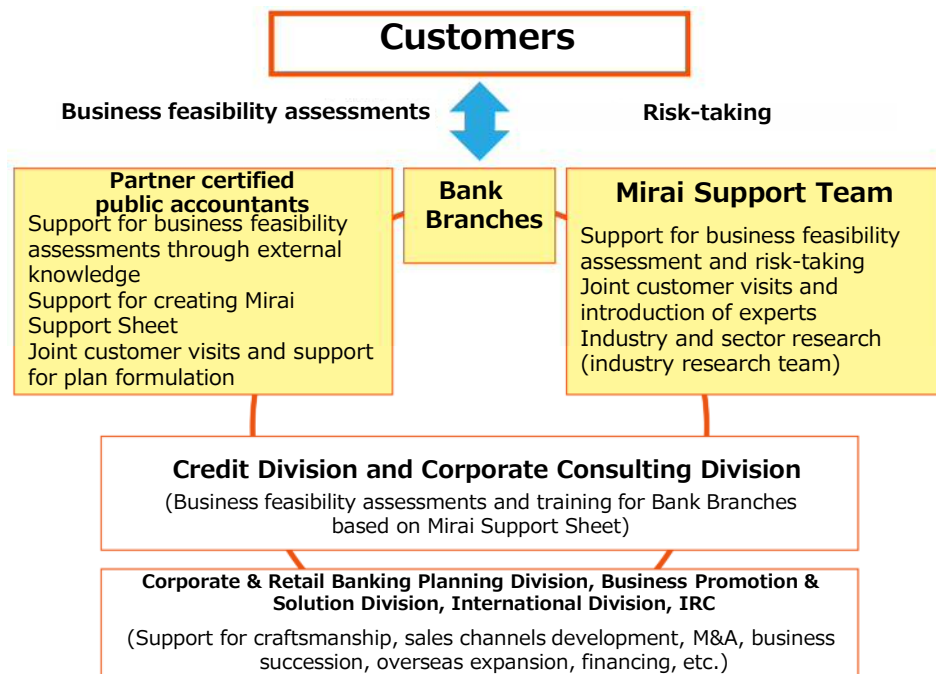
[Corporate Strategy I] Measures for Business Feasibility Assessments

- Strengthen measures to improve the management condition of customers by promoting business feasibility assessments
- The Mirai Support Team will **support business feasibility assessments and risk-taking measures** at Bank Branches

Business Feasibility Assessments

- **Promotion of financing, etc. based on business feasibility assessments**
 - Its objective is to assess the customer's management issues and growth potential in consideration of industrial research and analysis of the external environment (business feasibility assessment), and offer financing and solutions (sales promotion) aimed at resolving these issues and providing support for growth
 - In April 2016, the Mirai Support Team was formed as a Head Office organization to support business feasibility assessments and risk-taking measures at Bank Branches and strengthened business feasibility assessment efforts by also incorporating external knowledge in partnership with local certified public accountants

[Business feasibility assessment promotion structure] (from April 2016)



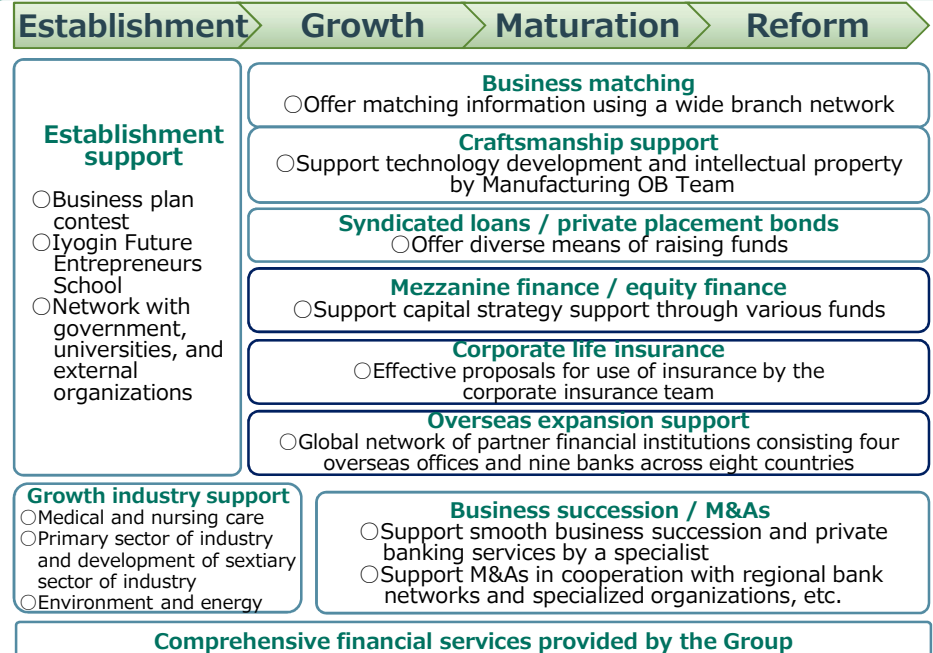
[Corporate Strategy II] Strengthen Solutions Revenue and Profits

● Strengthen fee business through provision of solutions

Revenue and Profit Plan for Domestic Solutions Division



Support based on the Business Stages of the Customer



Strengthening of Solutions Menu

- **Iyo Growth Support Fund (mezzanine fund)**
Offers means of raising funds through preferred stocks and subordinated loans for mid-level businesses and small and medium-sized businesses engaged in the development of new businesses, business succession, and business regeneration
- **Corporate life insurance**
Strengthen sales structure through a three-member corporate insurance team (two secondees from life insurance companies) in order to support needs including business succession and preparations of retirement allowance
- **Support business expansion and sales channel expansion in cooperation with trading companies**
Investment made in and employees dispatched to an affiliate of ITOCHU Corporation in order to leverage the network and knowledge of a trading company and support business expansion and sales channel expansion by customers across regions, cities, or countries

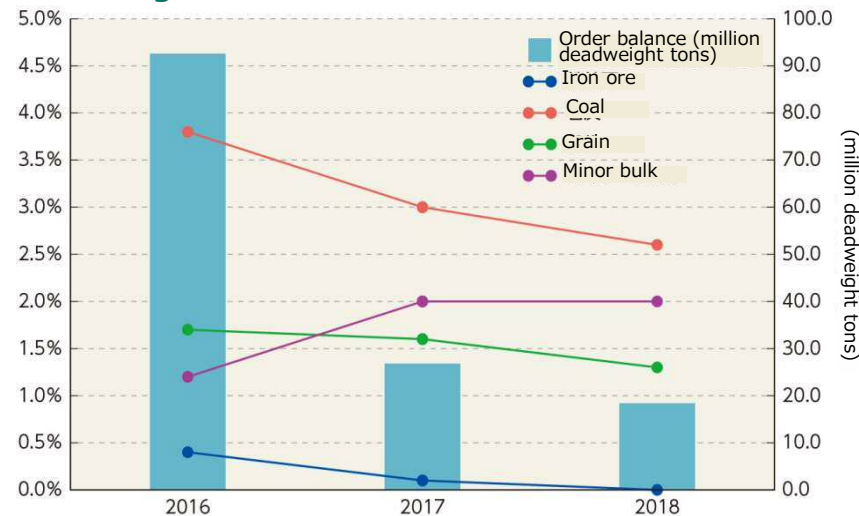
Strengthen Overseas Expansion Support

- **Business alliance with the Mexican State Government**
In Mexico where Japanese companies mainly in the automobile industry continue to venture into, we entered into a business alliance with the Mexican state government to strengthen our support structure (January 2016)
- **First local briefing session held by overseas office managers**
A local briefing session was held in Matsuyama by managers of four of our overseas offices (March 2016)
- **Holding overseas business panel**
Regional Bank Joint Business Panel in Ho Chi Minh (May 2016)
- **Conducting overseas observation missions**
Second observation mission to Vietnam for nursing care providers (July 2016)

[Corporate Strategy III] Measures for Financing for Ocean Transport-Related Businesses I (Dry Bulk Market Conditions)

Dry Bulk Transport Demand and Supply

● Dry bulk ship order balance and expected volumes for each cargo



Source: "Nippon Yusen: Marine Cargo Movement and Ship Demand and Supply Outlook", "Clarksons Research: Shipping Intelligence Weekly"

● Dry bulk transport demand

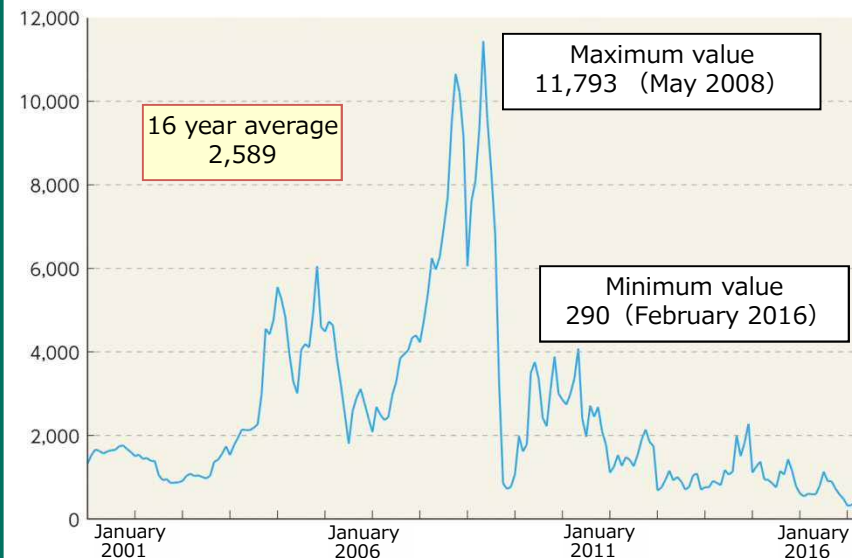
- While growth in demand for transport of iron ore is expected to be sluggish, growth in demand for transport of coal is expected to be strong, despite its susceptibility to import trends in China and India
- Growth is expected for grains and minor bulk in line with growth of the global economy

● Dry bulk transport supply

- As a result of delays and cancellations, etc. of ship deliveries, the global delivery of dry bulk ships in 2016 is expected to remain around 50 million tons compared to the order balance of 96 million tons
- Dry bulk scrap from January to March 2016 was 14.1 million tons, and if this pace is continued the annual scrap volume will be around 56 million tons

Future Market Outlook

● Baltic Dry Index trends



● Future market outlook

- While transport demand for cargo other than iron ore is expected to a certain extent, a self-sustained recovery of the market is projected if the supply volume of dry bulk ships will gradually decrease
- Over the short term, the BDI (Baltic Dry Index) is on a recovery trend compared to its record low of 290 in February of this year

[Corporate Strategy IV] Measures for Financing for Ocean Transport-Related Businesses II (Status of Ocean Transport-Related Financing)

- Enhance the support system for the ocean transport-related industry and **further contribute to the Maritime Business Cluster**

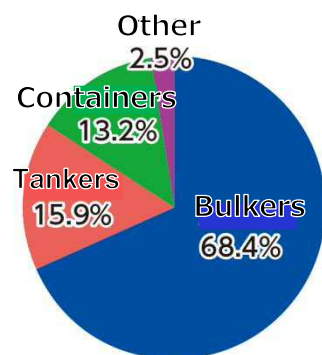
Trend of Ocean Transport-Related Financing

● Balance of ocean transport-related financing

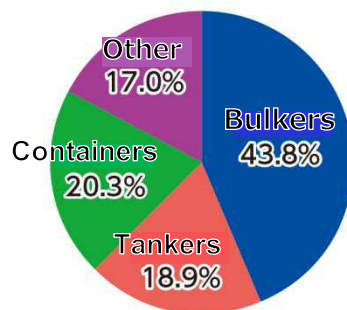
(Hundreds of millions of yen)



● Ratio of new projects by ship type



Results from April 2014 to March 2016



Plan for April 2016 to March 2018

Characteristics of Ocean Transport-Related Financing and Status of Our Partner Ship Owners

- **Establish a strong relationship with leading ship owners with durable business structure**
 - Transactions with 60% of Ehime ship owners, concentrating on leading ship owners
- **Corporate finance based on information disclosure**
- **Continued strict risk management**
 - Implement periodic stress testing for exchange rates, interest, charterage, etc.
- **Financing stance that is unaffected by market condition**
 - Utilize accumulated know-how from many years of ship financing
- **Financing demand projections**
 - New shipbuilding projects that are mostly confirmed for the next two years are 53 ships
 - Flexibly respond to increasing size and variety of ships
 - While time is required for recovery in the dry bulk market, stable capital needs are expected to continue into the future
- **Status of partner ship owners**
 - Ship owners have accumulated cash reserves amid the yen depreciation, and has the durability to withstand a slowdown in the dry bulk market conditions
 - Increase foreign exchange hedging ratio through currency changes in preparation for the yen appreciation in the future

Transformation of Organizational Structure for the Development of the Maritime Business Cluster

- **Establishment of Ship Finance Division**
 - "Ship Finance Office" promoted to "Ship Finance Division"
- **Establishment of a support structure in view of the entire ocean transport-related industry**
 - Endeavor to develop more sophisticated functions including risk management and environmental analysis for the entire industry rather than merely an individual screening function for each partner ship owner, in order to contribute to the further development of the Maritime Business Cluster

[Regional Strategy] Measures for Regional Revitalization

- **Shift to the execution stage of regional revitalization of Ehime Prefecture given the completion of the regional comprehensive strategies of local governments within the Prefecture**
- **Increase the inflow of people into the Prefecture and generate regional earnings power through tourism industry support via a wide-area cooperation**

Participation in Regional Population Vision and Comprehensive Strategy Formulation Committee

- Actively make proposals as a member of Formulation Committee composed of industry, government, academia, finance, labor, etc., and support the earnings power of the region by the entire Bank

Sustainable development of the regional economy

Growth of regional industry

Support based on business feasibility assessments

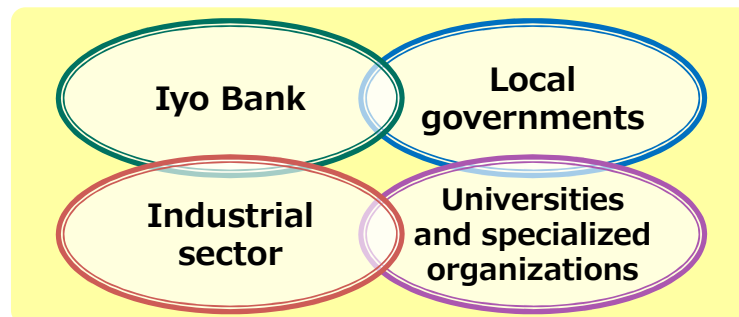
- Business financing, various funds
- Solutions

Increase the inflow of people into the Prefecture

Tourism, moving into the prefecture, settling in the prefecture

- Japanese-version DMO
- Japanese-version CCRC

Collaboration support



Industry-Academia Collaboration Support

- **Six universities within Ehime Prefecture participate in “COC + Business” aimed at improving the employment rate of graduates for local companies**
 - Aim to increase employment rate at local companies by 10% in five years
- **Establishment of Iyogin Ehime University Venture Support Fund with the objective of supporting the business development of venture companies**
 - Aim to create new industries and employment
- **Providing “Collaborative Regional Innovation (Iyo Bank) Endowment Course” at the Faculty of Collaborative Regional Innovation of Ehime University**
 - Aim for human resources development that contributes to regional revitalization

Tourism Industry Support

- **“Setouchi DMO” and “Tourism Fund” established in collaboration with six regional banks in the Setouchi region and Development Bank of Japan**
 - Promotion of “Setouchi Brand Development” through wide-range cooperation by the seven prefectures in the Setouchi region
 - Provide growth funds to tourism related businesses in an aim to improve added value and generate employment
- **Cycling**
 - Spread the appeal of cycling in Ehime Prefecture by broadcasting a cycling movie produced jointly by Ehime Prefecture and related cities and towns on YouTube, etc.

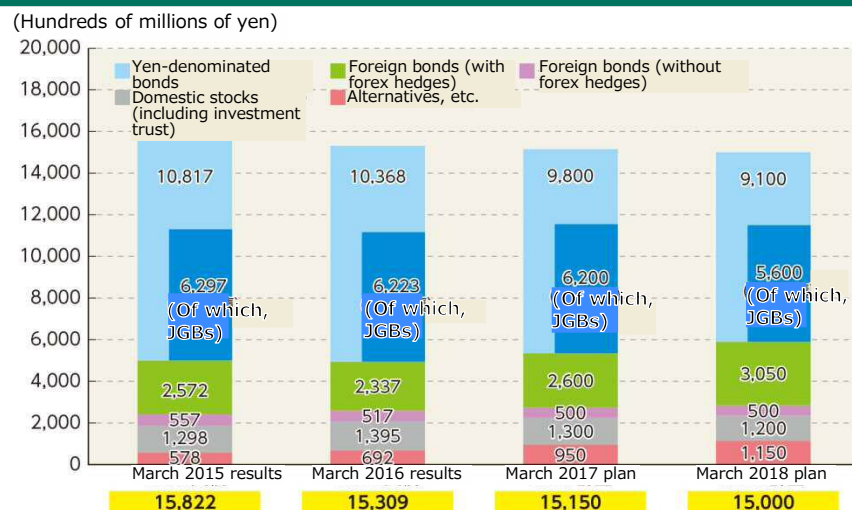
[Market Investment Strategy I] Policies and Plans for Securities Investments under the Negative Interest Rate Environment

- Promote diversified investment in consideration of interrelations, etc., between each asset to create a portfolio with superior risk versus return
- Incorporate gain (loss) related to securities into asset management revenue to **maintain and strengthen total revenue and profit strength**

New Investment Policy by Risk Category

(Risk category)	(New investment policy)	(Direction)
Yen-denominated bonds	Hold back on simple yen interest rate risk-taking under the negative interest rate environment and consider investment in inflation-indexed JGBs and credit-linked bonds.	
Foreign bonds (with forex hedges)	Increase balance from the perspective of diversified investment. Partially lean towards credit risk with a focus on U.S., German, and French government bonds while also taking into consideration the procurement of foreign currency.	
Foreign bonds (without forex hedges)	Strategic re-balancing in line with foreign exchange market trends.	
Domestic stocks (including investment trust)	Assess and classify stocks held in terms of investment and policy, and sell off stocks if the necessity of holding is not recognized.	
Alternatives, etc.	Secure stable carrying, benefiting from medium- to long-term growth, and investment in new areas.	

Book Balance of Securities by Risk Category



Asset Management Revenue, Gain (Loss) Related to Securities, and Yield

Asset management revenue and securities profit and loss

(Units: Billions of yen)

	March 2015 results	March 2016 results	March 2017 plan	March 2018 plan
Asset management revenue	32.1	27.5	24.0	24.5
Securities profit / loss	+3.2	+5.0	+7.5	+11.0
Total	35.3	32.5	31.5	35.5

Yield



Portfolio Risk Sensitivity and Duration

Portfolio risk sensitivity

Impact of fluctuations in interest rates, stock prices, and exchange rates on gain (loss) related to securities

Yen bond portfolio	10BPV	¥4.2 billion
Stock portfolio	Nikkei Stock Average ¥1,000V	¥15.5 billion
Forex portfolio	USD/JPY ¥10V	¥5.0 billion

(*As of the end of March 2016)

Duration



[Market Investment Strategy II] Strengthen New Management and Procurement of Foreign Currency

- Financial Market Business Office **making a contribution to earnings** due to solid increase in balance
- **Achieve stable procurement of foreign currency** in consideration of characteristics, etc. of foreign currency investment

Active Investment by Financial Market Business Office

● Year-end Balance Targets



● Industry and region diversification (balance as of March 31, 2016, Units: Billions of yen)

[By region]

	Amount	Composition
Japan	15.2	31.2%
Asia	14.2	29.0%
United States	9.2	19.0%
Europe	5.2	10.7%
Middle East	3.8	7.7%
South America	1.1	2.3%
Total	48.7	100.0%

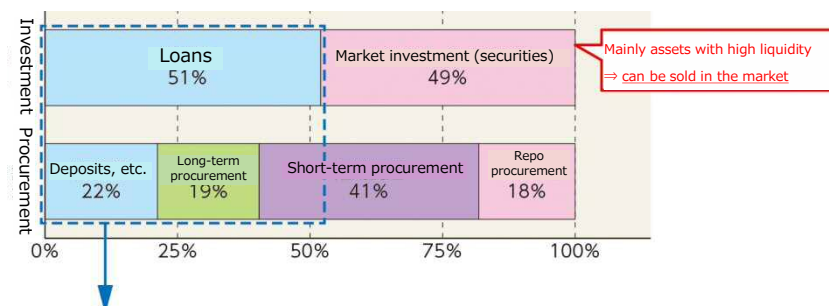
[By industry]

	Amount	Composition
Manufacturing	14.0	28.7%
Electronics / Gas / Infrastructure	18.2	37.3%
Information communications	2.4	4.9%
Transportation	8.4	17.2%
Wholesale and Retail	3.0	6.2%
Finance	2.8	5.7%
Total	48.7	100.0%

Status of Foreign Currency Investment and Procurement (March 31, 2016)

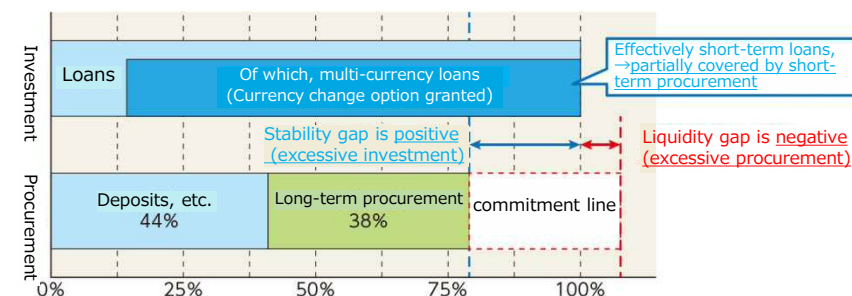
- Foreign currency investment consists of approximately 50% loans and approximately 50% securities
- Securities are mainly sovereign bonds and bank bonds with high liquidity
→ Assets that can be sold in the market and immediately converted into cash

<Loans + market investment (securities)>



- Sufficient liquidity is secured for loans through deposits, long-term procurement, and commitment lines
⇒ **Liquidity gap is negative (excessive procurement)**
- While the stability gap is positive (excessive procurement), this is partially covered by short-term procurement considering that the majority of loans have the characteristic of being multi-currency loans (≠ short-term loans)

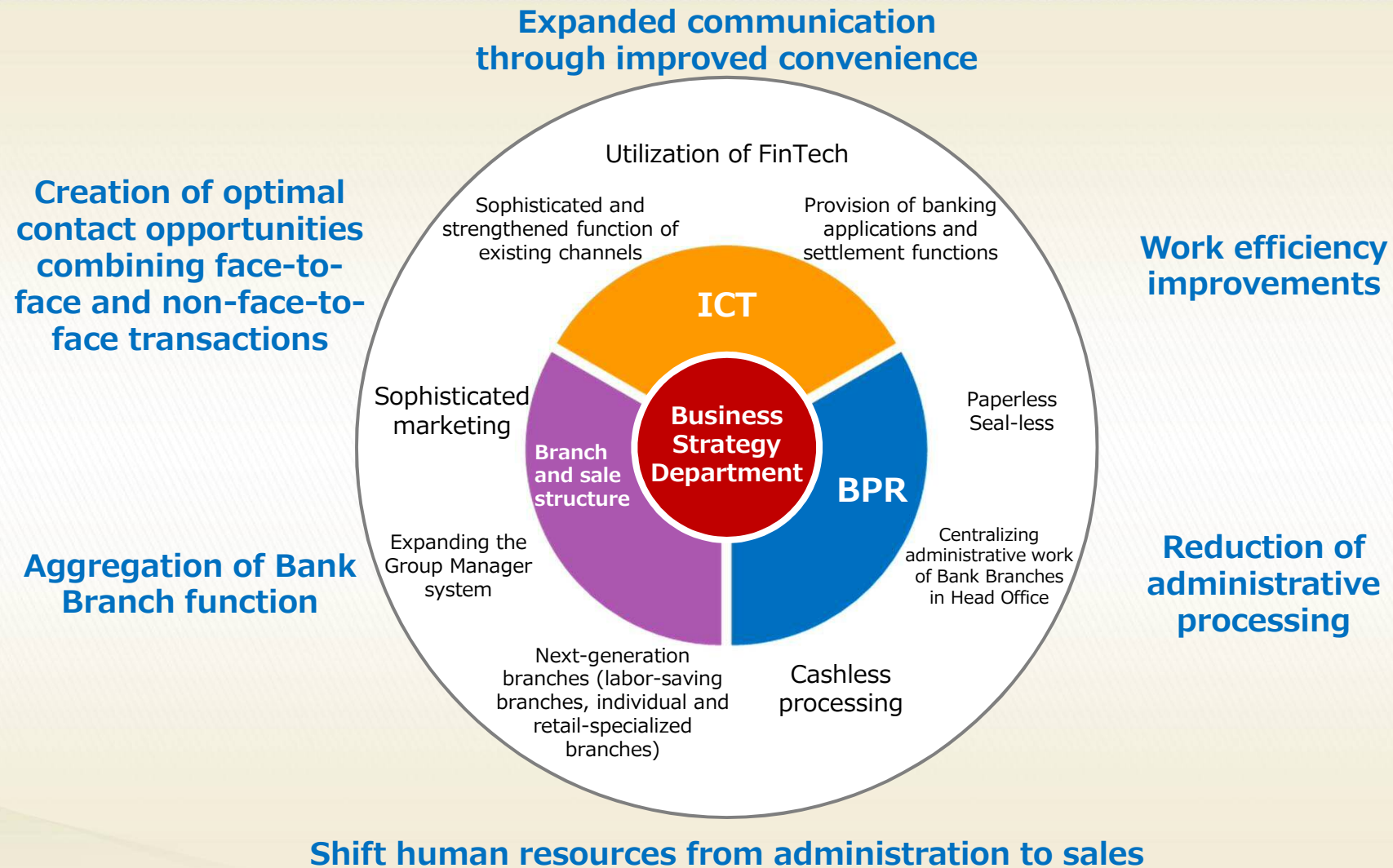
<Only loans>



Liquidity gap: Loans - (deposits, etc. + long-term procurement + commitment line)
Stability gap: Loans - (deposits, etc. + long-term procurement)

[Strategies of Branch and Sales Structure, BPR and ICT I] Optimize Management Resources

- Accelerate **uniform efforts towards branch and sales structure strategy, BPR strategy, and ICT strategy** in order to achieve synergies in an aim to optimize management resources



[Strategies of Branch and Sales Structure, BPR and ICT II] Examples of Measures

The Self-Operating "Quick Counter" Bank Counter

- **Test-launch of self-operation from January 2016**

- ATMs installed in counters realize cashless processing for deposits and withdrawals, transfer, and tax processing that involve cash
- Trial is currently underway at four branches, and there are plans to develop dedicated terminals for more advanced operations



"Pepper," a Humanoid Robot

- **Development of the Bank's dedicated application in April 2016**

- First in the banking industry to introduce an application that estimates the gender and age of the customer and provides information on recommended products
- Also working in Kume Branch following its service in Emifull MASAKI Branch



Individual and Retail-Specialized Branches

- **Conversion of Omachi Branch into an individual customer-dedicated branch in February 2016**

- Achieve a reduction in administrative work load and an operation with a smaller number of personnel by specializing in operations for individuals
- Set up individual consultation booths in consideration of privacy issues, and enable consultations on inheritance and asset management in a calm atmosphere



Measures for FinTech

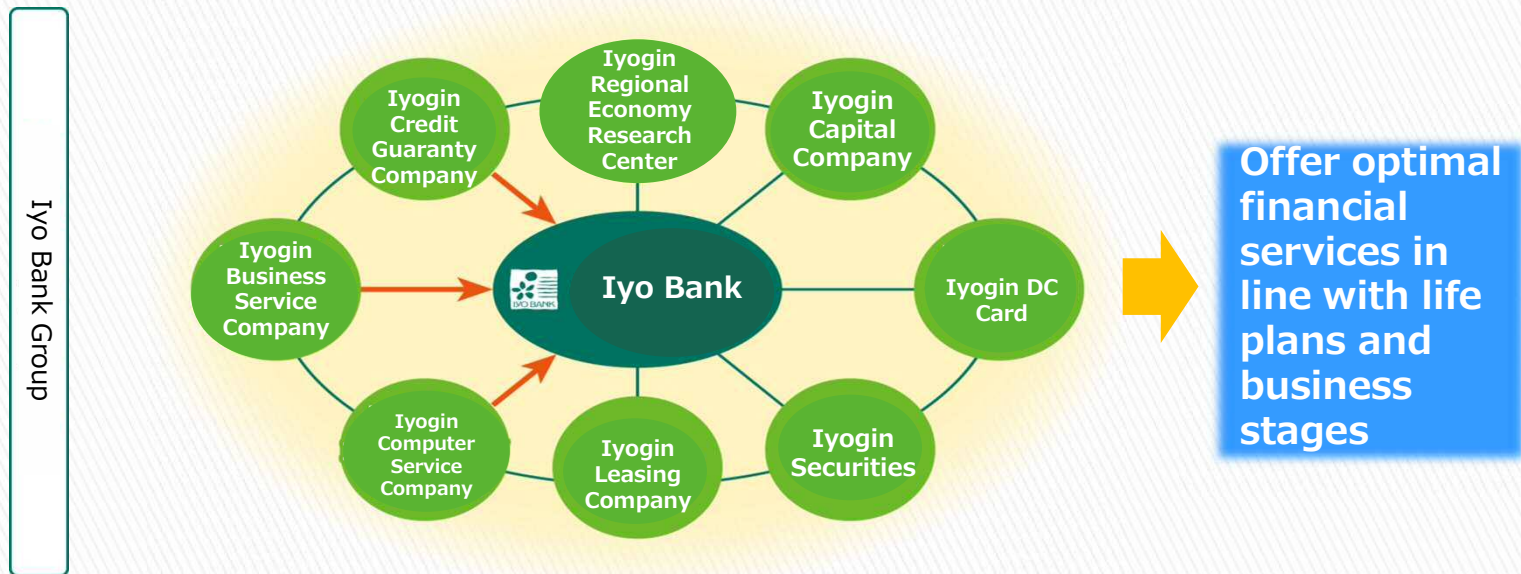
- **Collaboration and cooperation in stages with other banks and FinTech companies**

- Partnered with LINE Pay in June 2016 for immediate account transfers, and will gradually expand services offered, including settlement, asset control, and asset management
- Participated in the "TSUBASA Alliance for Enhancing the Financial System" in March 2016, and plan to establish a joint venture in July



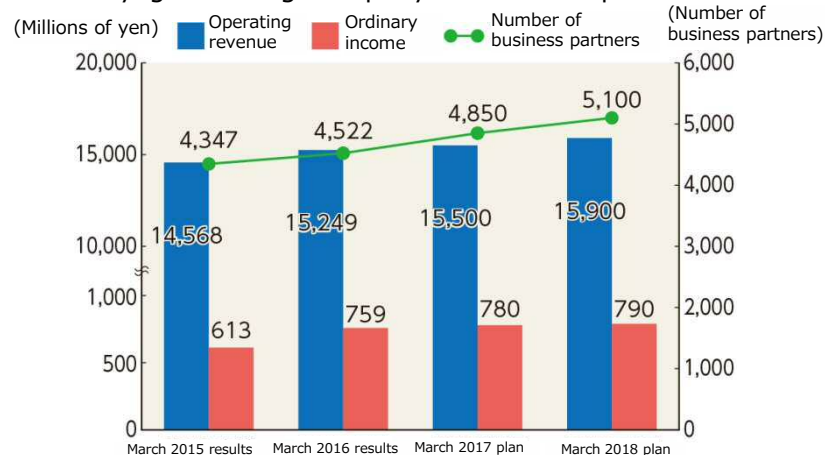
[Group Strategy] Augment Combined Group Capabilities

- Strengthen Group ties in an aim to become **the No. 1 financial services group in terms of customer satisfaction in the Setouchi region**



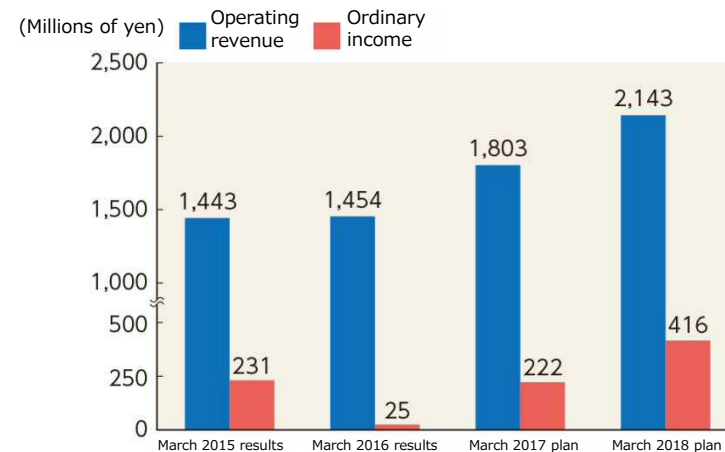
Promotion of Lease Transactions

- Iyogin Leasing Company: results and plans



Strengthened Bank-Securities Coordination

- Iyogin Securities: results and plans



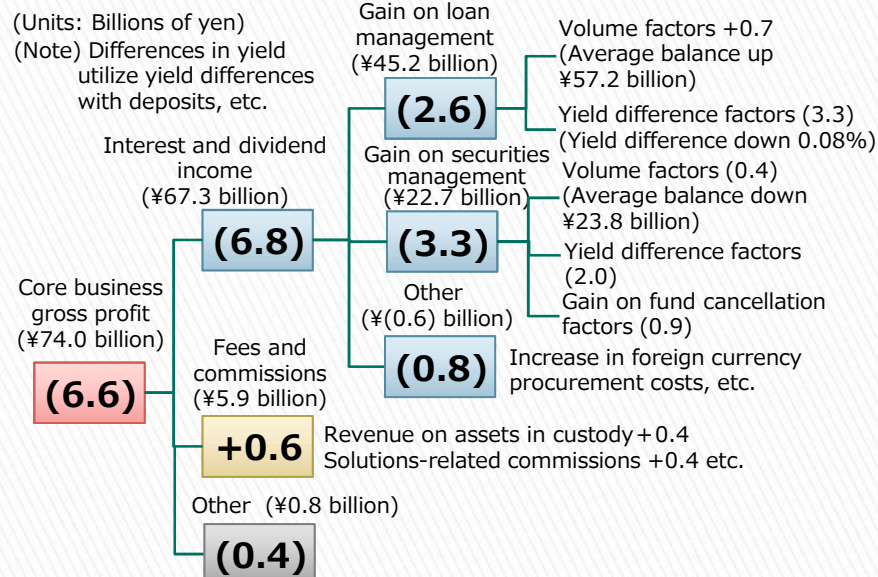
Profit / Loss Forecasts and Shareholder Return for Fiscal 2016

- Interest and dividend income to decline due to contraction in yield difference on deposits and loans and lower gain on fund cancellation
- Fees and commissions to increase due to increases in revenues on assets in custody and solutions-related commissions, etc.
- Although each income level is forecast to decrease, net income to maintain certain levels

(Units: Billions of yen)

	Fiscal 2015 results		Fiscal 2016 forecast			
	Intermedi-ate results		Intermedi-ate forecast	YoY		YoY
Core business gross profit	42.9	80.5	36.7	(6.2)	74.0	(6.6)
Of which, interest and dividend income	39.6	74.0	33.4	(6.1)	67.3	(6.8)
Of which, fees and commissions	2.7	5.2	2.9	+0.3	5.9	+0.6
Expenses (-)	24.1	48.1	24.7	+0.6	49.0	+0.8
Of which, personnel expenses	13.0	26.1	13.1	+0.1	26.3	+0.1
Of which, nonpersonnel expenses	9.6	19.3	10.0	+0.4	19.8	+0.4
Core business net income	18.7	32.3	12.0	(6.8)	25.0	(7.4)
Credit costs (-)	0.7	1.8	1.4	+0.7	2.3	+0.5
Gain (loss) related to securities	2.8	5.0	1.9	(0.9)	7.5	+2.4
Ordinary income	22.2	38.1	13.0	(9.2)	31.0	(7.2)
Net income	14.3	24.0	8.5	(5.9)	21.0	(3.1)

Factors Contributing to Increase / Decrease in Core Business Gross Profit (Fiscal 2016 - Fiscal 2015)



Shareholder Return

- **Continue stable dividends**
Continue stable dividends while working to secure a management foundation through strengthening the financial standing via internal reserves
- **Dividends (dividends per share)**

	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016 (forecasts)
Dividends	¥9	¥10	¥10	¥12	¥12	¥12
Net income	¥18.3 billion	¥18.2 billion	¥25.5 billion	¥26.4 billion	¥24.0 billion	¥21.0 billion



<For inquiries regarding this document> Tachibana, General Planning Division, Iyo Bank
 TEL:089-941-1141/FAX:089-946-9104 E-Mail:iyo010bqh1@iyobank.co.jp

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

A photograph of a traditional wooden suspension bridge spanning a river. Several people are walking across the bridge, and several bicycles are parked on it. The bridge is made of wooden planks and has a simple rope railing. The river below is clear, showing rocks and some greenery. The background is filled with lush green trees and foliage.

Iyo Bank Fiscal 2015 Earnings Briefing: Reference Materials



June 3, 2016

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Status of Revenue and Risk Management Pg

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Iyo Bank Profile

Head Office	Matsuyama, Ehime Prefecture
Year of 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, 2,705 employees (excluding temporary staff)
Number of branches	151 domestic (including 7 sub-branches), 1 overseas (Hong Kong)
	3 overseas representative offices (New York, Shanghai, Singapore)
External credit ratings	AA-: Rating and Investment (R&I)
	A-: Standard & Poor's (S&P)
	AA: Japan Credit Rating Agency (JCR)

Consolidated equity ratio (BIS standards)	15.42%
Consolidated subsidiaries	13 companies
Consolidated employees (excluding temporary staff)	3,024 persons

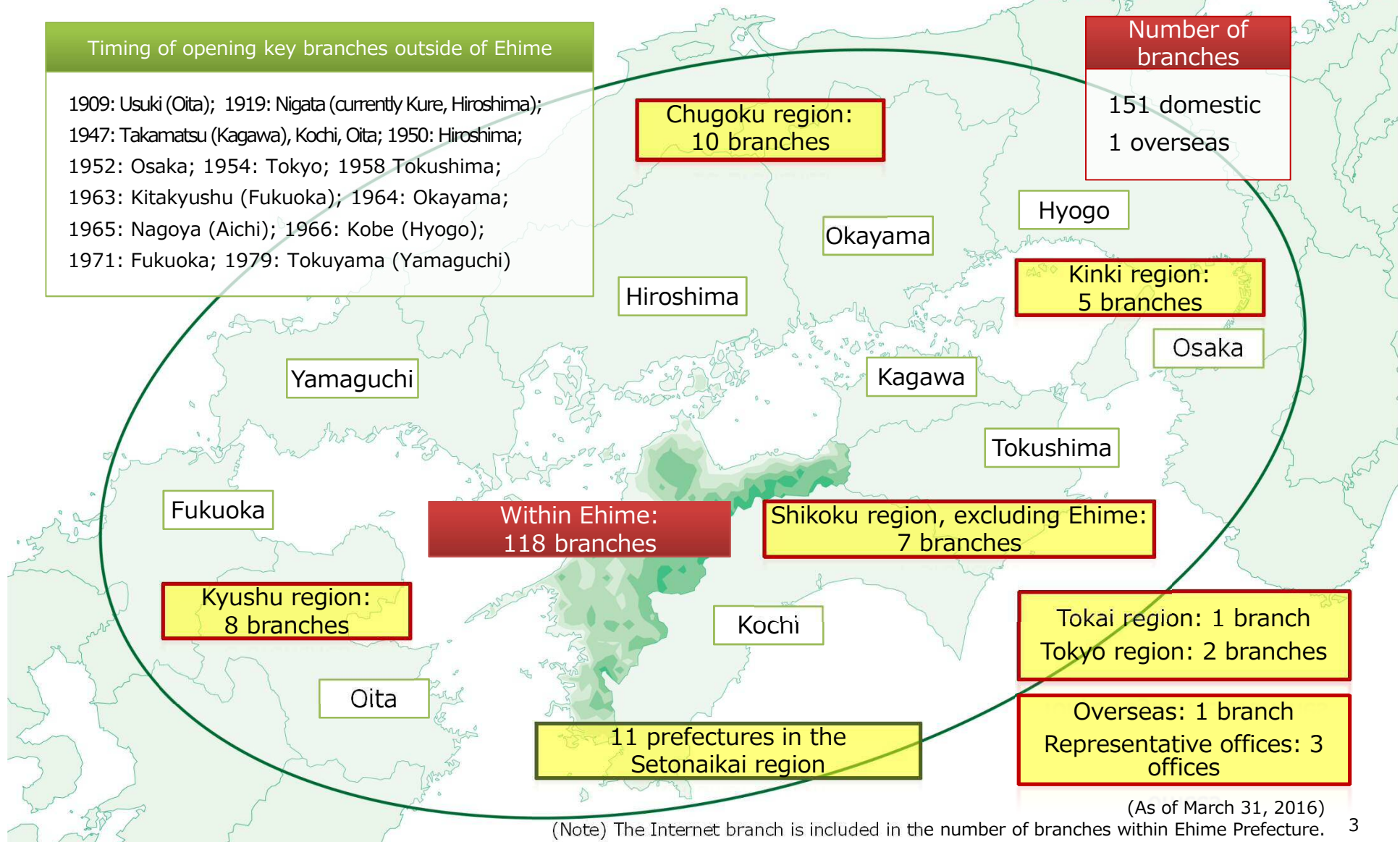
(As of March 31, 2016)

Branch Network

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

Timing of opening key branches outside of Ehime

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

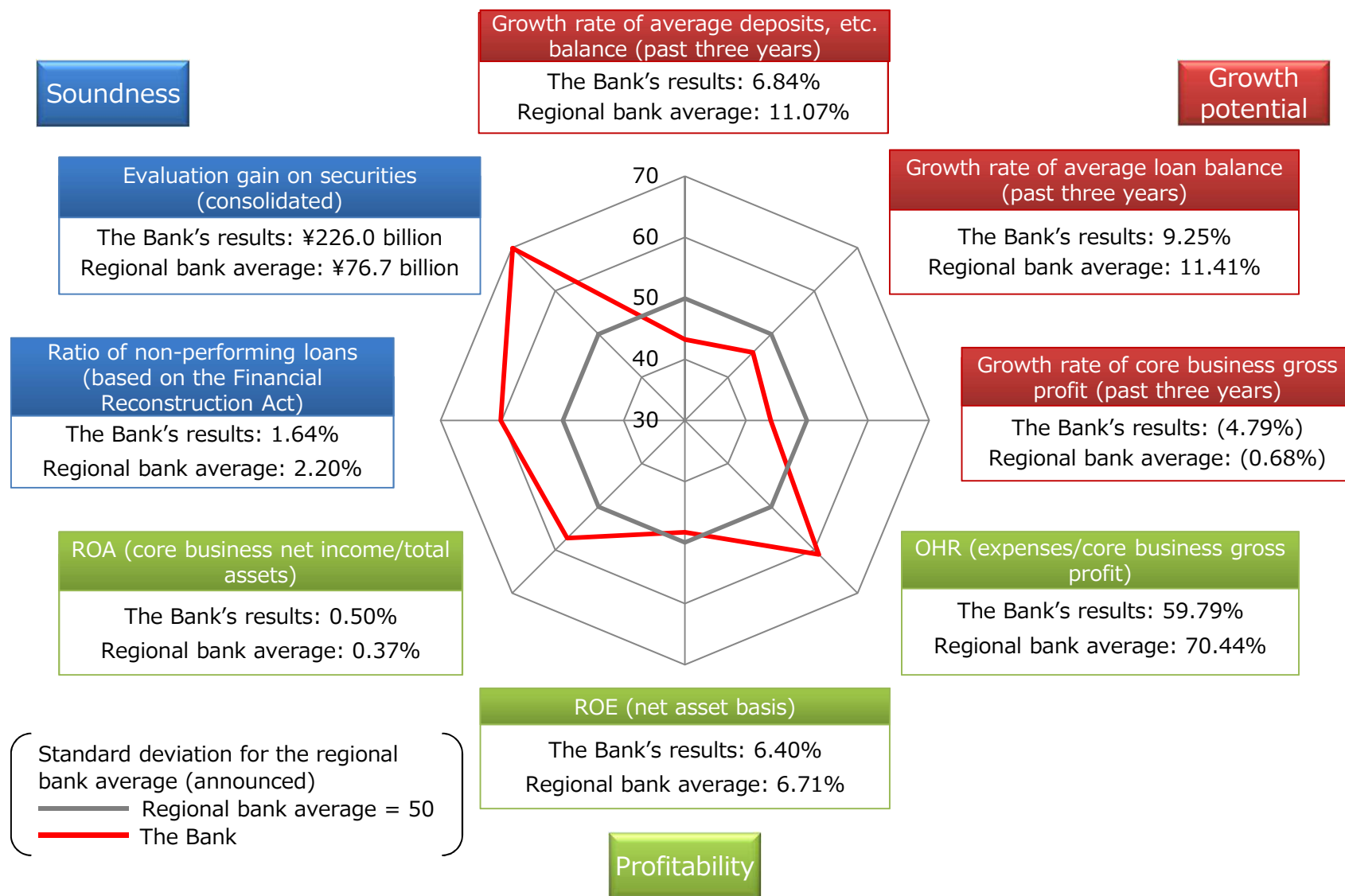


(As of March 31, 2016)

(Note) The Internet branch is included in the number of branches within Ehime Prefecture.

Characteristics of Management Indicators (Fiscal 2015)

- The level of soundness is sufficient when compared to the regional bank average
- Aim to further improve profitability and growth potential going forward



Outline of Fiscal 2015 Medium-Term Management Plan

- As the Bank will commemorate its 140th anniversary of foundation on March 15, 2018, the final year of the new Medium-Term Management Plan, position as the first stage of efforts to achieve sustainable growth toward the 150th anniversary, ten years afterward
- Under the core policies of “Take on new growth strategies” and “Optimize management resources,” introduce eight basic strategies

First Stage for 150

Core policy 1: Take on new growth strategies

Individual strategy

- Support individuals' overall life plans, building business relationships across the generations

Corporate strategy

- Provide support to companies to match their stage of business and contribute to their business development

Regional strategy

- Grow with the region and generate regional dynamism

Market Investment Strategy

- Ensure earnings sources in new fields and create a long-term, stable earnings foundation

Group ties

Enhance relations

Promote solutions

Core policy 2: Optimize management resources

Information and communications technology (ICT) strategy

- Create a new business model that leverages ICT

Business process re-engineering (BPR) strategy

- Reform business processes and boost productivity

Branch and sales structure strategy

- Configure our branch network and sales structure in response to new environmental changes

Personnel strategy

- Cultivate human resources motivated to grow and reinforce diversity initiatives

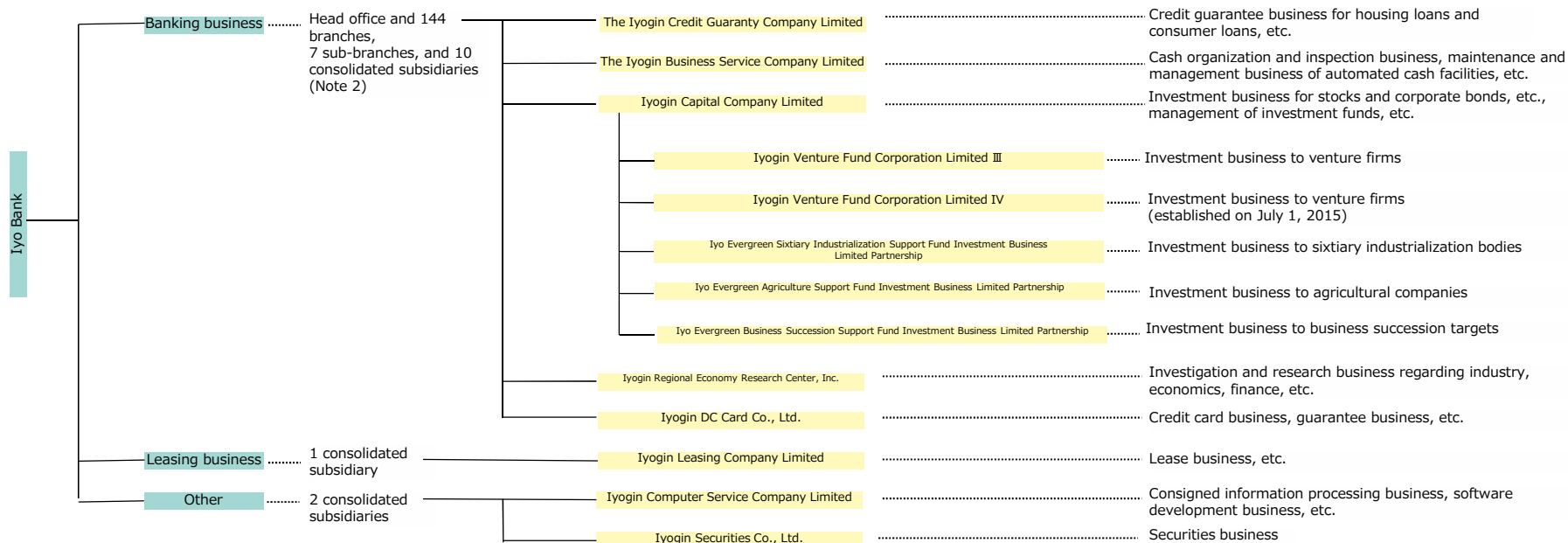
Summary of the Iyo Bank Group

Consolidated Earnings Summary

[Consolidated]	Fiscal 2015		Fiscal 2014	Consolidated-nonconsolidated difference (Note 1)
		YoY		
Ordinary revenue	119,348	(3.7%)	123,930	17,462
Ordinary income	41,071	(13.2%)	47,328	2,895
Net income	24,451	(9.4%)	26,999	359

(Units: Millions of Yen)

List of Iyo Bank Group Companies



(Note 1) The difference between consolidated and nonconsolidated.

(Note 2) Iyogin Venture Fund Corporation Limited II, which was a consolidated subsidiary, was dissolved and liquidated on January 1, 2016.

(Note 3) Iyogin Ehime University Venture Support Fund Investment Business Limited Partnership, a non-consolidated subsidiary not accounted for by the equity method, was established on February 1, 2016.

(As of March 31, 2016)

Main Industries in Ehime Prefecture

- Industries with top national share concentrated in each region
- Manufactured product shipments from Ehime Prefecture totaled ¥4.1 trillion (47% of Shikoku) in 2014 settled figures

 Total national share of Ehime Prefecture

Matsuyama Region

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

Imabari Region

31.2%
(1,035 ships)

No. 2 in Japan

Number of commercial vessels owned in Japan (2014)
3,316 total vessels in Japan

19.2%
(2.55 million gross tons)

No. 1 in Japan

New vessels completed in Japan (Fiscal 2014)
13.25 million gross tons completed in Japan

53.8%
(¥24.6 billion)

No. 1 in Japan

Towels (2014)
¥45.6 billion shipped in Japan

Uwajima Region

14.6%
(¥59.4 billion)

No. 1 in Japan

Sea culture industry (2013)
¥406.4 billion total national production

Niihama and Saijo Region

Manufactured product shipments (2014)

¥1,589.2 billion

Approx. 38% of shipments of manufactured products in Ehime

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

Central Shikoku Region

8.1%
(¥566.9 billion)

No. 2 in Japan

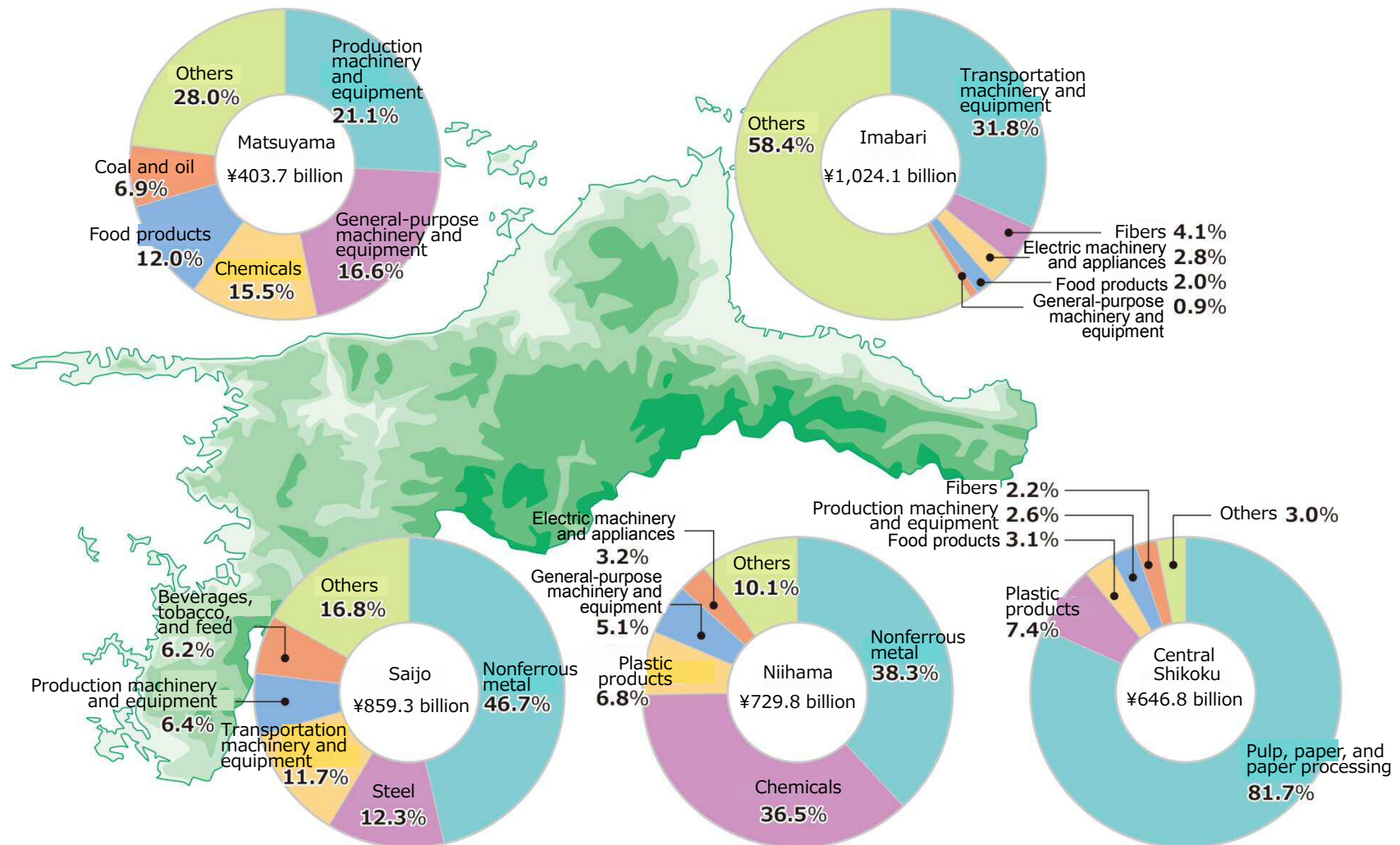
Pulp and paper industry (2014)
¥6,974.4 billion shipped in Japan

(Note 1) Number of commercial vessels owned in Japan (2014) are IRC estimates

Manufacturing Industry in Ehime Prefecture

- Ehime Prefecture has manufacturing industries distinctive to each region

Composition of manufactured goods shipment by city (top five cities)

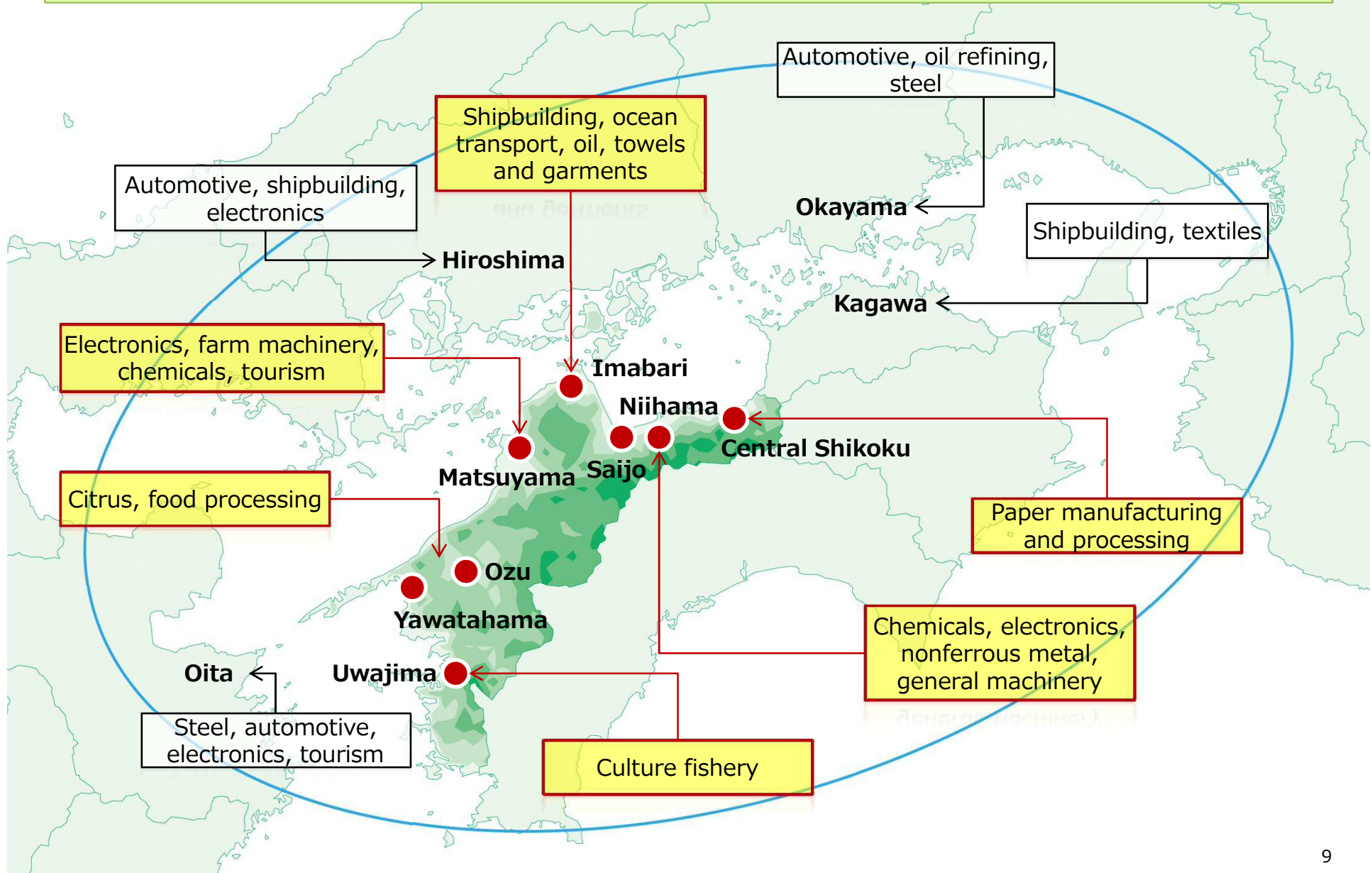


(Note 1) Prepared by Iyogin Regional Economy Research Center, Inc. (IRC) based on the Census of Manufacture 2014.

(Note 2) The shipment amount of "coal and oil" for Imabari City is a concealed value for statistical purposes, thus it is included in "others."

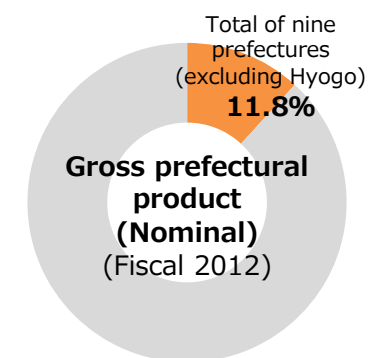
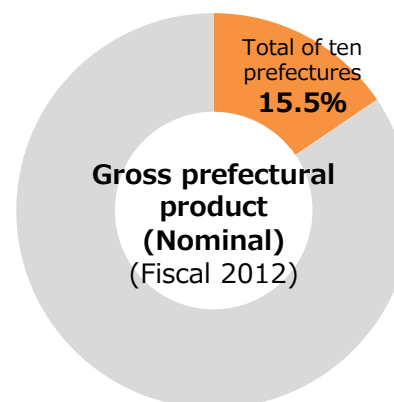
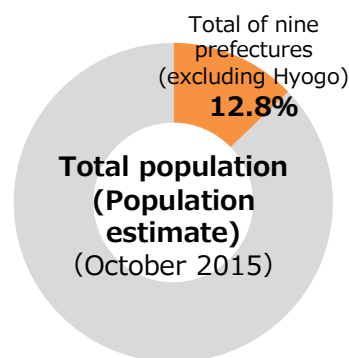
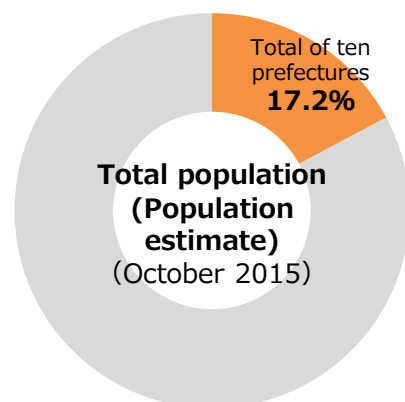
Industrial Structure of the Setouchi Region

- The Setonaikai coastal region has established various industrial structures



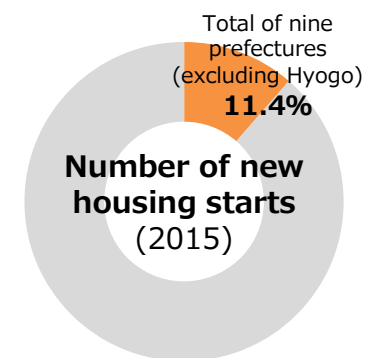
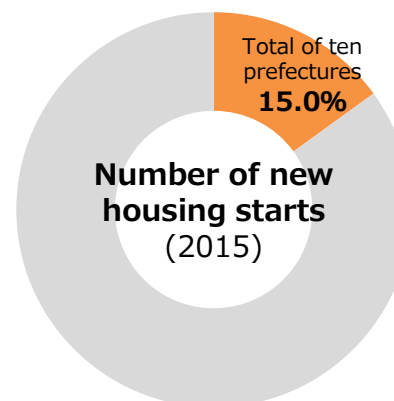
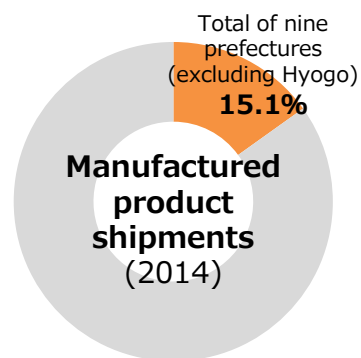
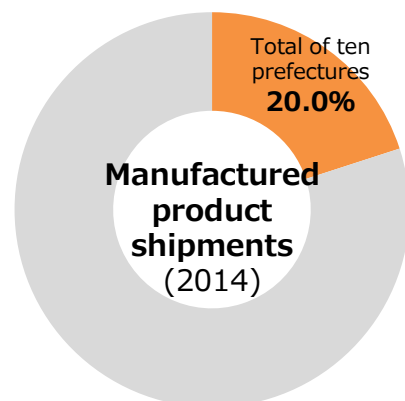
Economic Indicators of the Setouchi Region I

	Total population (Population estimate)	Total area (Geospatial Information Authority of Japan)	Number of offices (Private sector)	Number of employees (Private sector)	Prefecture total production (Nominal)	Prefectural gross product growth rate (Real)	Prefectural income per capita
	October 2015 (Persons)	2015 (k m ²)	2014 (Offices)	2014 (Persons)	Fiscal 2012 (Millions of yen)	Fiscal 2012 (%)	Fiscal 2012 (Thousands of yen)
Ehime	1,385,840	5,676	65,145	573,320	4,716,063	(5.9)	2,470
Kagawa	976,756	1,877	48,510	437,572	3,763,538	+1.7	2,863
Tokushima	756,063	4,147	37,298	312,289	2,838,932	(0.8)	2,727
Kochi	728,461	7,104	36,668	284,802	2,160,432	+0.1	2,252
Oita	1,166,729	6,341	54,521	487,503	4,198,838	(0.2)	2,489
Fukuoka	5,102,871	4,986	219,212	2,237,808	17,912,156	(0.9)	2,795
Yamaguchi	1,405,007	6,112	63,240	586,263	5,693,025	+1.2	2,935
Hiroshima	2,844,963	8,479	130,789	1,296,824	10,853,621	(3.3)	3,004
Okayama	1,922,181	7,115	82,145	823,920	7,064,602	(1.6)	2,705
Total of the above nine prefectures (A)	16,288,871	51,837	737,528	7,040,301	59,201,207		
(A)/(C)	12.8%	13.7%	13.3%	12.3%	11.8%		
Hyogo	5,536,989	8,401	224,343	2,215,370	18,273,234	0.0	2,637
Total of ten prefectures (B)	21,825,860	60,238	961,871	9,255,671	77,474,441		
(B)/(C)	17.2%	15.9%	17.4%	16.1%	15.5%		
National total (C)	127,110,047	377,971	5,541,634	57,427,704	500,158,230	+0.3	2,972



Economic Indicators of the Setouchi Region II

	Manufactured product shipments	Annual wholesale sales amount	Annual retail sales amount	Industrial production index (annual average)	Number of new housing starts	Jobs-to-applicants ratio (annual average)	Overall unemployment rate (annual average)
	2014 (Millions of yen)	2011 (Millions of yen)	2011 (Millions of yen)	2015 2010=100	2015 (Homes)	2015 (Times)	2015 (%)
Ehime	4,139,178	1,954,364	1,205,094	92.7	6,817	1.22	2.8
Kagawa	2,371,385	2,250,843	940,640	101.5	6,412	1.40	2.9
Tokushima	1,783,863	742,550	576,817	110.6	3,802	1.17	3.0
Kochi	525,966	685,241	633,645	95.4	2,734	0.93	3.0
Oita	4,558,947	1,053,232	998,362	99.2	7,254	1.05	2.9
Fukuoka	8,433,642	13,981,301	4,531,868	109.3	40,415	1.11	4.2
Yamaguchi	6,519,551	1,424,568	1,252,531	94.4	7,596	1.20	2.8
Hiroshima	9,568,452	7,881,806	2,628,698	108.0	16,289	1.47	3.0
Okayama	8,255,666	3,054,257	1,638,734	96.1	12,392	1.47	3.0
Total of the above nine prefectures (A)	46,156,650	33,028,162	14,406,389		103,711		
(A)/(C)	15.1%	9.0%	12.5%		11.4%		
Hyogo	14,888,356	8,568,062	4,509,120	98.9	32,696	0.98	3.7
Total of ten prefectures (B)	61,045,006	41,596,224	18,915,509		136,407		
(B)/(C)	20.0%	11.4%	16.5%		15.0%		
National total (C)	305,139,989	365,480,510	114,852,278	98.1	909,299	1.20	3.4

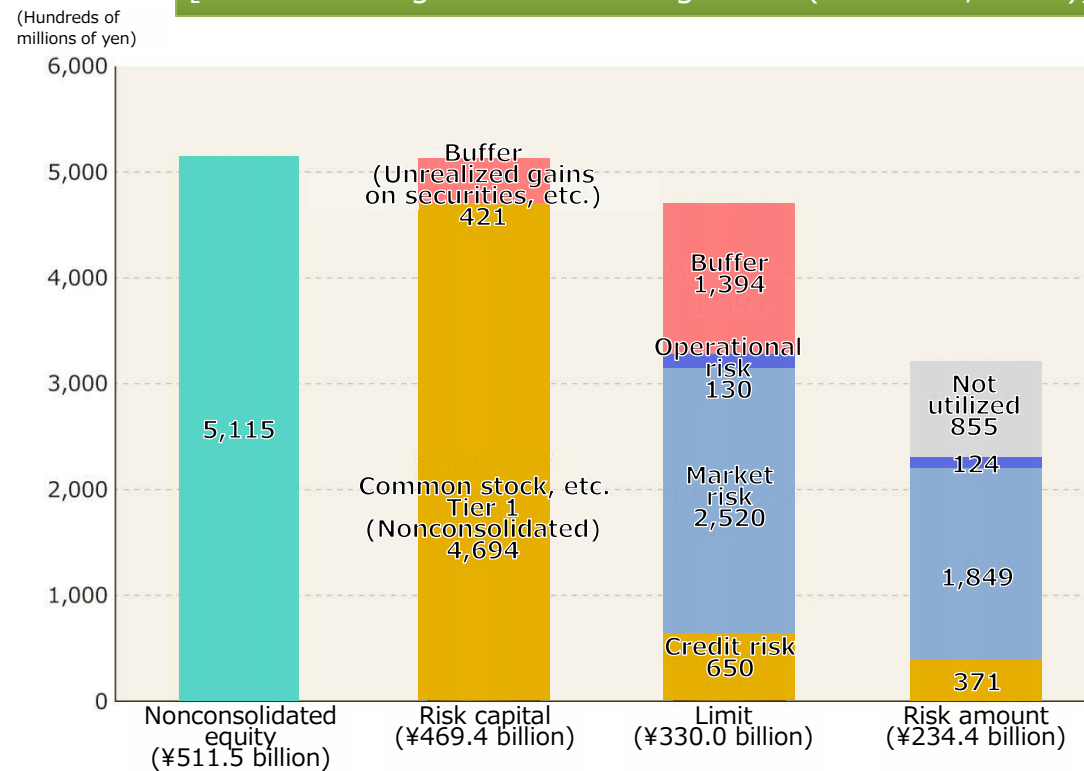


(Prepared based on various statistical data)

Status of Integrated Risk Management

- **Clarify risk-taking policy to strengthen market operations capabilities**
 - Establish risk management structures for new and important areas such as cross-border transactions
- **Comply with various regulations to establish and maintain a high level of financial soundness**
 - Comply with liquidity regulations and stably operate the internal rating system

[Status of integrated risk management (March 31, 2016)]



(Plan for the first half of fiscal 2016) [March 2016 results]

(Note) The risk limit for the second half of fiscal 2015 was ¥320.0 billion.

- **Operational risk**
 - Calculated by The Standardized Approach
- **Market risk (holding period of one year, 99.9%)**
 - Take into account correlation between different risks
 - Core deposits: Use an internal model
 - Stock VaR: Includes strategic equity holdings
- **Credit risk (holding period of one year, 99.9%)**
 - Business loans, etc.: Monte Carlo method
 - Loans for individuals: Analysis method

Profit and Loss by Division (Managerial Accounting-based)

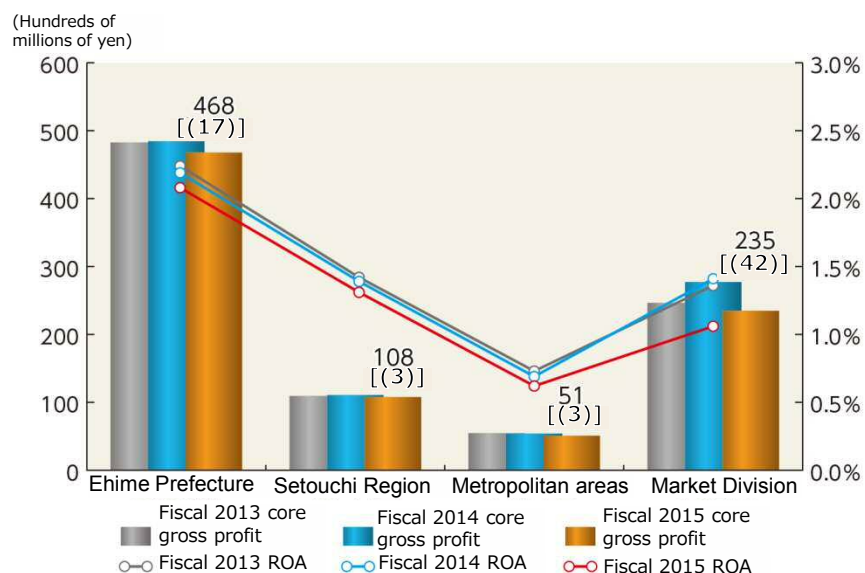
- **Increase in profit after deducting risks and costs in the Sales Branch Division**

- Core business gross profit slightly decreased mainly due to a contraction in the profit margin as a result of a prolonged low-interest rate environment.
- Profit after deducting risks and costs increased mainly due to a decrease in deemed reserves.

- **Maintained high levels of performance in the Market Division despite a year-on-year decline**

- While both core business gross profit and profit after deducting risks and costs decreased year-on-year, high levels of performance were maintained due to **profits secured through agile sales and purchases in response to market conditions.**

[Core business gross profit by region and division, ROA]

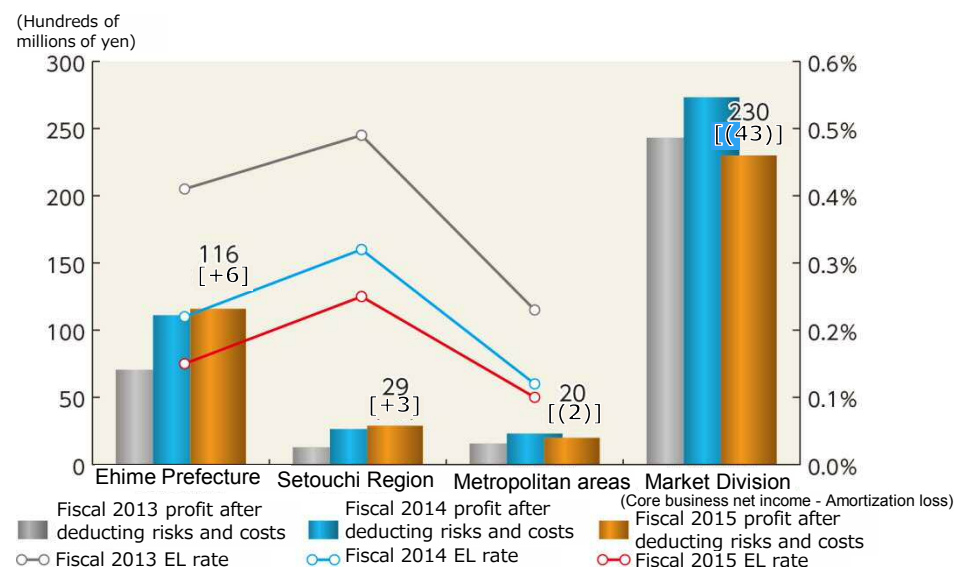


Note 1: The figures within square brackets are comparisons with fiscal 2014 figures

Note 2: The Market Division excludes short-term operations such as interbank transactions

Note 3: ROA = Core business gross profit / Average investment balance

[Profit after deducting risks and costs by region and division]

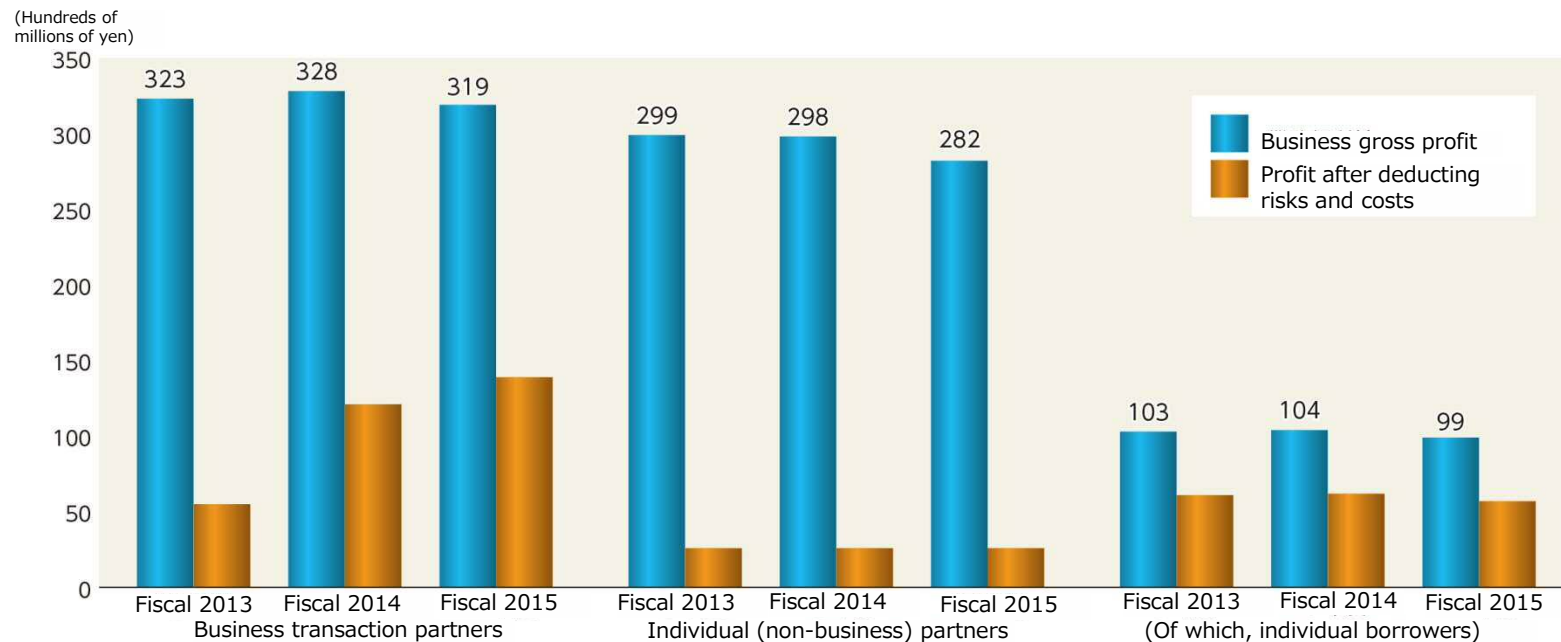


Note 4: EL = Expected loss

Note 5: Profit after deducting risks and costs for the Market Division is core business net income after incorporating amortization loss

Profitability by Segment for the Sales Division

- **Business transactions:** While **profit after deducting risks and costs grew**, **improvement in loan profit margin** is an issue
 - Profit after deducting risks and costs increased due to a decrease in deemed reserves.
 - However, since contraction in profit margin seems to continue, we will aim to improve profitability by increasing loans for small and medium-sized companies with relatively high profit margin.
- **Individual transactions:** **Strengthening earnings through the promotion of assets in custody, etc.** is an issue
 - We will further strengthen our proposal capabilities to match customer needs in an aim to contribute to their sound asset formation.
 - In insurance sales, we will work to strengthen sales of various types of insurance, including level premium insurance, primarily through the use of Insurance Plazas.



(Note) Gross profit for the Sales Branch Division other than the segments in this document (public sector and those that cannot be classified as a segment) (fiscal 2015): ¥2.5 billion

Breakdown of Balance of Loans and Deposits at End of Period

1. Breakdown of balance of loans at end of period

(Unit: Billions of Yen)

	March 2011	March 2012	March 2013	March 2014	March 2015	March 2016	Vs. March 2015
Total loans	3,487.8	3,559.0	3,649.0	3,725.3	3,869.9	3,911.1	41.2
General loans	3,314.0	3,378.5	3,457.5	3,520.1	3,644.0	3,677.4	33.4
Corporate loans	2,424.4	2,482.7	2,549.2	2,601.7	2,712.6	2,717.0	4.4
Individual financing	889.5	895.7	908.3	918.3	931.4	960.3	29.0
Housing loans	640.0	643.7	659.5	672.6	681.8	700.0	18.2
Apartment and building loans	146.2	156.4	159.4	157.5	161.7	173.3	11.6
Card loans	29.6	28.5	27.6	27.9	28.3	28.6	0.3
Municipal loans, etc.	173.9	180.5	191.6	205.3	225.9	233.8	7.9

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

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

(Unit: Billions of Yen)

	March 2011	March 2012	March 2013	March 2014	March 2015	March 2016	Vs. March 2015
Total deposits, etc. + assets in custody A	5,121.9	5,313.1	5,554.0	5,590.5	5,639.3	5,676.5	37.2
Total deposits, etc.	4,710.9	4,900.2	5,131.8	5,215.8	5,281.7	5,343.1	61.4
Total deposits	4,369.3	4,502.5	4,639.2	4,819.3	4,916.9	5,018.0	101.1
Individual	3,076.8	3,146.5	3,206.6	3,270.4	3,328.4	3,348.3	19.9
General companies	1,126.7	1,176.6	1,234.0	1,322.1	1,356.9	1,397.6	40.7
Public	126.3	140.2	150.2	156.4	170.5	204.0	33.5
Financial	33.7	33.4	34.1	59.2	43.7	44.0	0.3
Overseas / offshore	5.7	5.9	14.3	11.4	17.4	24.1	6.7
NCD	341.7	397.8	492.6	396.4	364.8	325.1	(39.7)
General companies	300.2	352.2	442.0	332.3	309.5	295.9	(13.6)
Public	41.6	45.6	50.6	64.2	55.3	29.2	(26.1)
General company funds (incl. NCD)	1,426.9	1,528.8	1,676.0	1,654.3	1,666.4	1,693.5	27.1
Public funds (incl. NCD)	167.9	185.7	200.7	220.6	225.8	233.3	7.4
Foreign currency deposits (balance)	96.6	96.8	95.4	118.7	104.2	102.9	(1.3)
Individual deposits+individual assets in custody	3,451.3	3,530.2	3,602.6	3,623.8	3,665.5	3,665.6	0.0
Individual assets	3,076.8	3,146.5	3,206.6	3,270.4	3,328.4	3,348.3	19.9
Individual assets in custody	374.5	383.7	396.0	353.4	337.1	317.2	(19.9)

<Assets in custody (Term-end basis)>

Assets in custody at the Bank (excl. deposits, etc.) B	411.0	412.8	422.1	374.8	357.6	333.4	(24.2)
JGBs	166.4	143.3	120.7	81.8	59.9	40.1	(19.8)
Investment trusts	137.8	123.8	126.5	108.3	107.5	93.5	(14.0)
Personal pension insurance	94.8	127.5	153.3	167.0	171.1	184.9	13.8
Financial product intermediary	12.0	18.0	21.6	17.7	19.2	14.9	(4.3)
Assets in custody composition (B/A)	8.0%	7.8%	7.6%	6.7%	6.3%	5.9%	—
Iyogin Securities balance	—	—	20.1	62.2	106.2	131.5	25.3

Balance and Composition of Loans by Industry

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

(Units: Billions of Yen, %)

	March 2012		March 2013		March 2014		March 2015		March 2016		Vs. March 2015	
		Composition		Composition		Composition		Composition		Composition	Balance	Rate of balance increase/decrease
Manufacturing	583.0	16.4	600.5	16.5	597.3	16.0	600.8	15.5	593.8	15.2	(6.9)	(1.2%)
Agricultural	2.0	0.1	2.3	0.1	2.2	0.1	2.6	0.1	2.8	0.1	+0.3	+ 10.8%
Forestry	0.1	0.0	0.1	0.0	0.2	0.0	0.1	0.0	0.1	0.0	+0.0	+ 8.0%
Fishing	12.7	0.4	12.1	0.3	11.2	0.3	13.4	0.3	12.6	0.3	(0.8)	(6.0%)
Mining	3.4	0.1	3.3	0.1	3.8	0.1	3.3	0.1	9.0	0.2	+5.7	+ 173.7%
Construction	134.9	3.8	130.0	3.6	126.2	3.4	122.9	3.2	116.0	3.0	(6.8)	(5.5%)
Electricity, gas, heat provision, water	80.5	2.3	89.0	2.4	88.1	2.4	89.6	2.3	92.9	2.4	+3.3	+ 3.7%
Information communications	25.2	0.7	24.8	0.7	27.1	0.7	28.5	0.7	28.1	0.7	(0.3)	(1.2%)
Transportation	573.3	16.1	619.4	17.0	655.4	17.6	655.6	16.9	615.2	15.7	(40.4)	(6.2%)
Of which, ocean transport	479.2	13.5	523.7	14.4	557.3	15.0	554.7	14.3	511.3	13.1	(43.4)	(7.8%)
Wholesale and retail	463.7	13.0	457.0	12.5	461.4	12.4	485.6	12.5	466.7	11.9	(18.9)	(3.9%)
Finance and insurance	120.1	3.4	127.6	3.5	134.1	3.6	160.7	4.2	170.5	4.4	+9.9	+ 6.1%
Real estate	171.7	4.8	169.7	4.7	168.0	4.5	183.5	4.7	198.0	5.1	+14.5	+ 7.9%
Various services	315.4	8.9	314.3	8.6	327.3	8.8	353.7	9.1	382.5	9.8	+28.8	+ 8.1%
Of which, medical-related	138.9	3.9	140.0	3.8	151.5	4.1	166.4	4.3	169.6	4.3	+3.2	+ 1.9%
Regional public entities	175.4	4.9	188.9	5.2	203.6	5.5	224.8	5.8	232.9	6.0	+8.2	+ 3.7%
Other	897.6	25.2	910.1	24.9	919.6	24.7	944.7	24.4	989.3	25.3	+44.6	+ 4.7%
Total	3,559.0	100.0	3,649.1	100.0	3,725.3	100.0	3,869.9	100.0	3,911.1	100.0	+41.2	+ 1.1%

(For domestic branches, excludes special international transactions account)

* "Goods rental" is included in "real estate."

"Real estate" for the fiscal year ended March 31, 2016, excluding "goods rental," was ¥188.1 billion, which is an increase of ¥15.0 billion (+8.7%) compared with the fiscal year ended March 31, 2015.

In addition, "other" includes "home renting by individuals" (¥180.7 billion for the fiscal year ended March 31, 2016).

* As "ocean transport" displays balances applicable to the "ocean transport industry" according to Japan Standard Industrial Classification, this figure does not match "Balance of ocean transport-related financing" on page 18 of Earnings Briefing.

Table of Changes in Borrower Classification

- **Efforts to improve the ranking of partners are implemented on an ongoing basis at all branches**
- **Corporate revitalization support is provided mainly by the Corporate Consulting Division**
Use of various types of revitalization schemes, such as reconstruction funds and the SME Business Rehabilitation Support Co-operative, as well as solution sales

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

Upper row: Number of borrowers
Lower row: Credit amount
(Hundreds of millions of yen)

Upper row: Number of borrowers Lower row: Credit amount (Hundreds of millions of yen)			March 31, 2016							Rate of degradation to at risk of bankruptcy or below	Improvement	Degradation	
			Total	Normal borrowers	Borrowers requiring close monitoring	Borrowers under strict observation	Borrowers at risk of bankruptcy	Substantially bankrupt borrowers	Bankrupt borrowers				
March 31, 2015	Normal borrowers	20,898	18,359	17,834	455	19	22	23	6	0.24%		525	
		28,260	26,991	25,384	1,591	5	10	2	0	0.04%		1,607	
	Borrowers requiring close monitoring	1,965	1,818	524	1,223	23	42	3	3	2.44%	524	71	
		2,621	2,440	534	1,774	52	76	1	3	3.07%	534	132	
	Borrowers under strict observation	176	153	14	12	96	29	1	1	17.61%	26	31	
		243	215	12	15	155	32	0	0	13.40%	27	33	
	Borrowers at risk of bankruptcy	347	310	24	19	14	239	9	5		57	14	
		481	383	7	14	35	314	5	7		57	12	
	Substantially bankrupt borrowers	126	80	0	0	0	0	74	6		0	6	
		23	14	0	0	0	0	13	2		0	2	
	Bankrupt borrowers	41	19	0	0	0	0	0	19		0		
		8	3	0	0	0	0	0	3		0		
			23,553	20,739	18,396	1,709	152	332	110	40		607	647
			31,636	30,045	25,937	3,394	247	432	21	15		618	1,786

(Note 1) The chart displays the changes in the borrower classification from March 31, 2015 to March 31, 2016.

(Note 2) The balances after changes are the balances after write-offs as of March 31, 2016.

Securities Management Strategy: Management by Risk Category

(Units: Billions of yen)

Risk Category (*1)	Fiscal year ended March 31, 2016											Source of main revenue and profit
	Book balance	Evaluation gain / loss	Market balance			Total profit / loss (*2)	Interest and dividend income			Profit / loss from purchase, sale, and amortization	Increase/ decrease on gain / loss on evaluation vs. Mar. 2015	
				Composition	Vs. March 2015			Interest received (*3)	Procurement cost			
Yen-denominated bonds	1,036.8	+45.0	1,081.8	61.8%	+0.8%	12.0	11.2	12.0	0.8	0.3	+0.5	Difference in long and short term interest on yen interest
Of which, JGBs	622.3	+29.5	651.8	37.3%	+1.5%	6.7	6.2	6.7	0.5	0.0	+0.4	
Of which, 15-year variable interest JGBs	66.6	+1.0	67.6	3.9%	+0.2%	(0.3)	0.2	0.2	0.0	0.0	(0.5)	Steepening yield curve
Of which, inflation-indexed JGBs	43.6	+1.2	44.8	2.6%	+0.0%	(1.4)	0.9	0.9	0.0	0.0	(2.3)	Rise in expected inflation rate
Foreign currency bonds (with hedges)	233.7	+7.0	240.7	13.8%	(0.6%)	4.6	4.2	4.9	0.7	0.5	(0.1)	Difference in long and short term interest on overseas interest
Foreign currency bonds (without hedges)	51.7	+4.3	56.0	3.2%	(0.4%)	(2.5)	3.4	3.4	0.0	0.0	(5.9)	Gain on foreign exchange / interest revenue
Domestic stocks (incl. stock trusts)	139.5	+154.1	293.6	16.8%	(0.7%)	(29.1)	6.1	6.2	0.1	4.1	(39.3)	Growth in domestic companies centered on transaction partner
Alternatives, etc.	69.2	+8.0	77.2	4.4%	+0.9%	2.1	0.9	1.0	0.1	0.1	+1.1	
Hedge funds	34.3	+0.0	34.3	2.0%	+0.4%	(0.1)	(0.1)	(0.1)	0.0	0.0	+0.0	Strategic diversification by external consigned management
Of which, yen interest swaps	9.9	+0.6	10.5	0.6%	+0.1%	0.5	0.0	0.0	0.0	0.0	+0.5	Difference in long and short term interest on forward interest
Of which, currency swaps	14.0	(0.3)	13.7	0.8%	+0.2%	(0.1)	0.1	0.1	0.0	0.0	(0.2)	Difference in long and short basis for currency swaps
Real estate-related	21.9	+8.1	30.0	1.7%	+0.6%	2.5	0.7	0.7	0.0	0.0	+1.8	Revenue from real estate rentals and profit from price increase
Private equity	2.6	+0.1	2.7	0.2%	(0.0%)	0.2	0.4	0.4	0.0	0.0	(0.2)	Rise in enterprise value due to management improvement of unlisted stocks, etc.
Emerging bonds	0.0	+0.0	0.0	0.0%	(0.2%)	0.1	0.0	0.0	0.0	0.1	+0.0	High yield and foreign exchange gains due to high growth forecasts
Emerging stocks	4.5	(0.2)	4.3	0.2%	+0.1%	(0.5)	0.0	0.0	0.0	0.0	(0.5)	Growth and foreign exchange gains in emerging markets
Other (corporate management, etc.)	6.0	+0.0	6.0	0.3%	+0.0%	0.0	0.0	0.0	0.0	0.0	+0.0	Seeking short-term profits due to market views
Total	1,530.9	+218.4	1,749.3	100.0%	-	(12.9)	25.8	27.5	1.7	5.0	(43.7)	

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

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

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

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

Credit risk	238.0	+1.6	239.6	13.7%	+0.3%	2.6	3.0	3.4	0.4	0.0	(0.4)	Business continuity of domestic and foreign companies
Securitized products	8.8	+0.2	9.0	0.5%	+0.0%	0.1	0.1	0.1	0.0	0.0	+0.0	Loan interest revenue from housing loans, etc.
Structured bonds	5.0	+0.0	5.0	0.3%	+0.0%	0.0	0.0	0.0	0.0	0.0	+0.0	Arbitrage between JGBs and derivatives
Subtotal	251.8	+1.8	253.6	14.5%	+0.3%	2.7	3.1	3.5	0.4	0.0	(0.4)	

Status of CSR Activities I

Social welfare activities

- ◆ Iyo Bank Social Welfare Fund (public interest incorporated foundation)
 - We have worked to improve social welfare for 40 years since 1976
 - Grant of free scholarship, donation of welfare equipment, grant of employment encouragement incentives, and grant of book purchasing fees
 - Cumulative total of ¥581.80 million granted



"Welfare devices donation ceremony"



"49th Regional Cultural Activity Assistance Program"
Donated to: *Sakigake Taiko Club*

Activities to support regional culture

- ◆ Iyo Bank Regional Cultural Activity Assistance Program
 - We have supported grassroots cultural activities for 24 years since 1992
 - Cumulative total of ¥198.49 million granted and 1,047 recipients
- ◇ Provided support for "*Botchan Theater*," a permanent theater for communicating regional culture
- ◇ Provided support for regional cultural and artistic activities through a concert by the Bank's "*Chorus Club*" and the "*Museum 88 Card Rally in Shikoku*"

Environmental conservation-related activities

- ◆ Iyo Bank Environment Foundation "Evergreen" (public trust)
 - We have supported regional natural environment conservation activities for 8 years since 2008
 - Cumulative total of ¥37.38 million granted and 103 recipients
- ◇ Society to Promote the Creation of Forests in Towns
 - 67 participating organizations, cumulative total of approximately 45,000 trees planted
- ◇ Conducted environmental conservation activities in the prefecture as "Iyo Bank Evergreen Forest" activities



"7th Iyo Bank Environment Foundation Evergreen"
Donated to: *Himeto Project* ☆ *Ehime Time*

Status of CSR Activities II

Activities to revitalize regional economy

- ◆ Iyogin Regional Economy Research Center “IRC New Leader Seminar”
 - We have held seminars from 1989 to support the development of young entrepreneurs with potential to lead the region in the future
 - Cumulative total of 1,123 seminar participants including those during the 27th term
- ◇ We have provided support for *Mikyan*, a regional mascot character that entered the “Yuru Chara Grand Prix 2015”
 - We encouraged people to vote through campaigns wearing *Mikyan* t-shirts and holding *Mikyan* straps



“IRC New Leader Seminar”



“Women’s Softball Club”

Activities to promote regional sports

- ◆ Women’s Softball Club, Tennis Club
 - Women’s Softball Club (Japan League First Division) came in third place in the “Kinokuni Wakayama National Sports Festival 2015”
 - Two pro members (a male and female) joined the Tennis Club (Japan League), boosting regional sports for the Ehime National Sports Festival
- ◇ Provided support for “EHIME FC,” a J2 regional professional soccer team
 - In addition to a sponsorship contract, a sponsor match is held as “Iyo Bank Thanks Day”
- ◇ Provided support for regional sports such as women’s baseball teams, “MADONNA MATSUYAMA,” “EHIME MANDARIN PIRATES,” “Oita Ehime Heat Devils,” and “CYCLING SHIMANAMI”

Activities to support regional education

- ◆ Jointly held a financial education class “Spring Kids Seminar” with ISEKI MATSUYAMA MFG. CO., LTD.
- ◇ Held the “10th Economics Koshien Ehime Tournament” to support the improvement of financial intelligence among high school students
- ◇ Conducted numerous training programs including work experience programs and school visit classes for participants ranging from elementary school students to teachers



Financial education class “Spring Kids Seminar”