

First Half of Fiscal 2019 Earnings Briefing

Dōgo Onsen Honkan (Matsuyama City)
Dōgo Onsen Honkan, with a 125 year history, has been under maintenance and repair work since January 2019 and work will continue for about five and a half more years.
Visitors can enjoy various attractions available only during construction, such as wrapping art from "Phoenix," one of manga artist Osamu Tezuka's masterpieces, currently covering the building

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伊予銀行

December 6, 2019

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I. Summary of Earnings for the First Half of Fiscal 2019

Garyusanso (Ozu City)

In this mountain cottage facing the most picturesque place in the Hijikawa River basin, architectural beauty unique to Japan and beautiful Japanese gardens can be appreciated.

This cottage received one star in the "Michelin Green Guide Japan" in 2011 and designation as a national Important Cultural Property in 2016.

Profit and Loss Conditions for the First Half of Fiscal 2019

IYO BANK

- Although profit was down year-on-year at every income level, a certain level of profit was secured, exceeding the earnings forecast

Earnings for the first half of Fiscal 2019 (Nonconsolidated) (Units: Millions of yen)

	First half of Fiscal 2019	YoY	Increase/Decrease	First half of Fiscal 2018
Core business gross profit (Note 1)	37,852	(993)	(2.6%)	38,845
Interest and dividend income	32,474	(1,770)		34,244
Fees and commissions	3,717	+104		3,613
Of which, revenue on assets in custody	880	(198)		1,078
Other operating income (Excluding profit/loss related to bonds including JGBs, etc.)	1,659	+673		986
Expenses (-)	25,360	+253	+1.0%	25,107
Personnel expenses	13,099	(280)		13,379
Nonpersonnel expenses	10,710	+519		10,191
Taxes	1,549	+13		1,536
Core business net income (Note 2)	12,491	(1,246)	(9.1%)	13,737
Credit costs (-) ①+②-③	3,296	+2,403		893
Provision of reserve for general loan losses ①	684	+1,203		(519)
Amortization of non-performing loans ②	2,869	+1,167		1,702
Recoveries of written off claims ③	258	(31)		289
Gain (loss) related to securities	4,086	+1,598		2,488
Gain (loss) related to bonds including JGBs	2,630	+2,514		116
Gain (loss) related to stock, etc.	1,456	(915)		2,371
Other temporary gain (loss)	1,706	+492		1,214
Ordinary income	14,989	(1,557)	(9.4%)	16,546
Extraordinary income (loss)	(66)	+200		(266)
Income before income taxes	14,923	(1,356)		16,279
Net income	10,884	(587)	(5.1%)	11,471
Ordinary revenue	54,480	(906)	(1.6%)	55,386
Business net income	14,437	+64	+0.4%	14,373

(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 ¥993 million YoY

- ◎ Interest and dividend income down due to a decrease in interest and dividends from securities, although interest on loans and discounts increased
- ◎ Fees and commissions up due to an increase in solution-related commissions
- ◎ Other operating income up due to an increase in gain (loss) on foreign exchange transactions, etc.

Expenses: Up ¥253 million YoY

- ◎ Personnel expenses down as the number of personnel decreased, etc.
- ◎ Nonpersonnel expenses up as system investments increased, etc.

Core business net income down as core business gross profit decreased and expenses increased, down ¥1,246 million YoY

Credit costs: Up ¥2,403 million YoY

- ◎ Provision of reserve for general loan losses increased due to a rise in loan loss result, etc.
- ◎ Amortization of non-performing loans increased due to an increase in bankruptcies and downgrades, etc.

Gain (loss) related to securities: Up ¥1,598 million YoY

- Gain (loss) related to bonds including JGBs (Up ¥2,514 million YoY)
- ◎ Gain (loss) related to bonds including JGBs up due to sales of foreign bonds

Gain (loss) related to stock, etc. (Down ¥915 million YoY)

- ◎ Gain (loss) related to stock, etc., down due to a decrease in gains on sales of stock, etc.

Other temporary gain (loss): Up ¥492 million YoY

- ◎ Retirement benefit expenses down

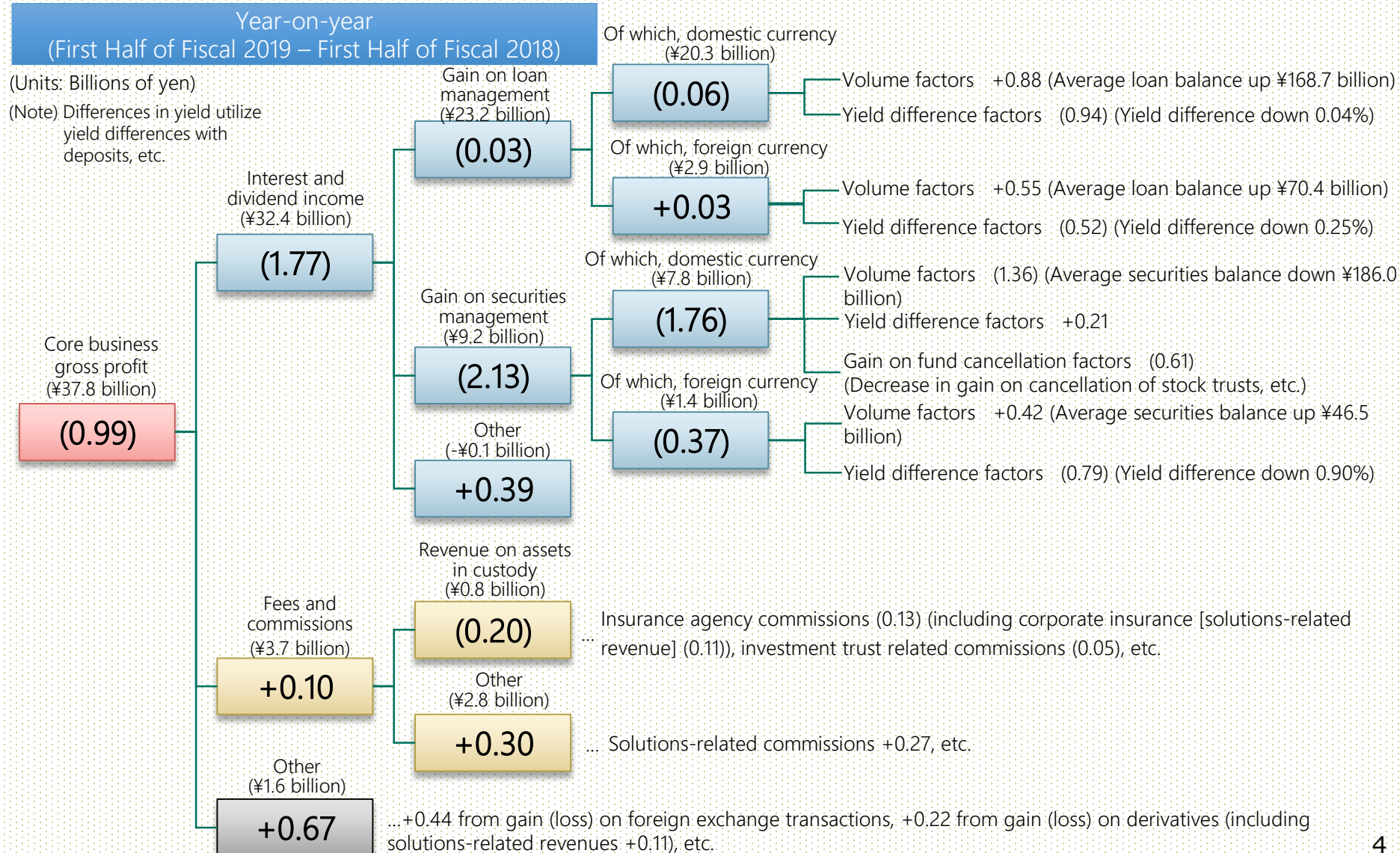
Due to a decrease in core business net income, an increase in credit costs, and other factors, ordinary income decreased, down ¥1,557 million YoY

Extraordinary income (loss): Up ¥200 million YoY

As a result, net income was down ¥587 million YoY

Factors in Increase / Decrease in Core Business Gross Profit (First Half of Fiscal 2019)

- Interest and dividend income were down due to a decrease in gain on securities management, etc.
- Fees and commissions were up due to higher solutions-related commissions



Conditions in Loans, Deposits, and Assets in Custody

- "Deposits, etc." were up 5.0% year-on-year
- "Loans" were up 4.2% year-on-year, up in all regions

Balance of deposits, etc. by region

(Units: Billions of yen)

Region	First half of Fiscal 2018	First half of Fiscal 2019	YoY	Increase/Decrease
Within Ehime Prefecture	4,375.0	4,456.3	+81.3	+1.9%
Shikoku (excluding Ehime)	238.6	230.2	(8.4)	(3.5)%
Kyushu	163.2	163.2	+0.0	+0.0%
Chugoku	228.3	232.5	+4.2	+1.8%
Kinki	138.4	149.8	+11.4	+8.2%
Tokyo and Nagoya	357.0	445.6	+88.6	+24.8%
Overseas, etc.	41.3	139.4	+98.1	+237.5%
Total	5,542.2	5,817.3	+275.1	+5.0%

Balance of assets in custody

(Units: Billions of yen)

Region	First half of Fiscal 2018	First half of Fiscal 2019	YoY	Increase/Decrease
Group assets in custody	560.3	565.0	+4.7	+0.8%
Balance at the Bank	351.9	357.1	+5.2	+1.5%
Balance at Shikoku Alliance Securities	208.3	207.8	(0.5)	(0.2)%
Sales of Group assets in custody	61.8	53.9	(7.9)	(12.8)%
Sales at the Bank	28.9	27.0	(1.9)	(6.6)%
Sales at Shikoku Alliance Securities	32.8	26.8	(6.0)	(18.3)%

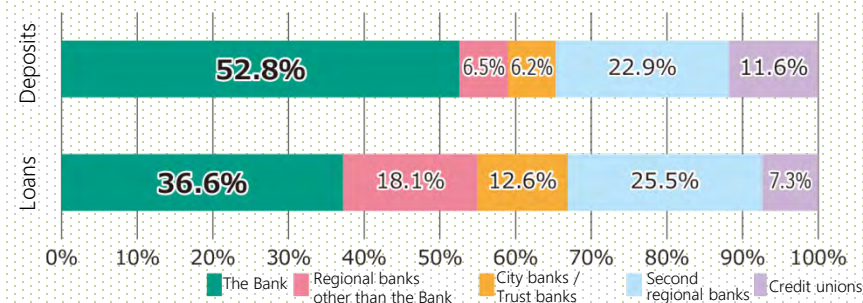
Balance of loans by region

(Units: Billions of yen)

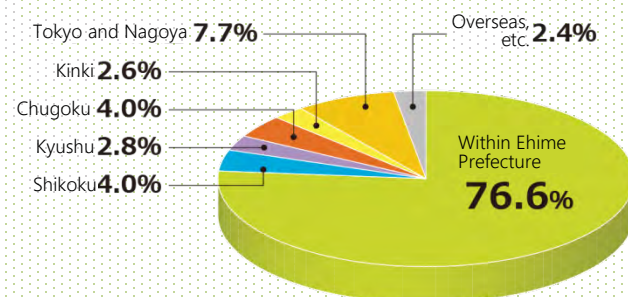
Region	First half of Fiscal 2018	First half of Fiscal 2019	YoY	Increase/Decrease
Within Ehime Prefecture	2,322.9	2,361.4	+38.5	+1.7%
Shikoku (excluding Ehime)	280.4	299.7	+19.3	+6.9%
Kyushu	283.8	298.6	+14.8	+5.2%
Chugoku	388.8	420.9	+32.1	+8.3%
Kinki	335.7	364.0	+28.3	+8.4%
Tokyo and Nagoya	629.8	630.5	+0.7	+0.1%
Financial Market Business Office	104.2	109.2	+5.0	+4.8%
Total (domestic branches)	4,345.9	4,484.6	+138.7	+3.2%
Overseas, etc.	85.5	132.8	+47.3	+55.3%
Total	4,431.5	4,617.5	+186.0	+4.2%

*Please refer to pages 12 and 13 of the Reference Materials section for the breakdown, etc. of the balance of loans and deposits at the end of the period.

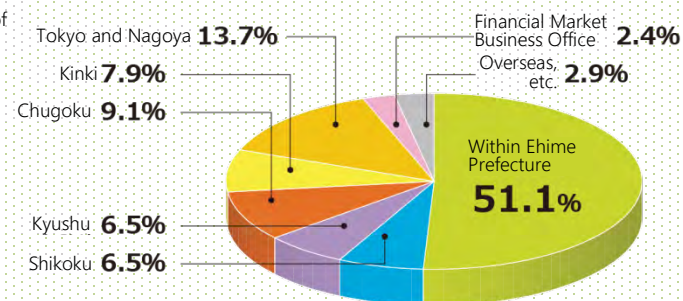
Share within Ehime Prefecture as of September 30, 2019
(excluding Japan Post, agricultural cooperatives, etc.)



Composition by region for balance of deposits, etc.



Composition by region for balance of loans



Conditions in Credit Costs and Disclosed Non-performing Loans IYO BANK

- Credit costs were up year-on-year mainly due to increases in bankruptcies and downgrades
- Ratio of disclosed non-performing loans was 1.52%, remaining at a low level

Credit costs by factor

(Units: Billions of yen)

	Fiscal 2016		Fiscal 2017		Fiscal 2018		First Half of Fiscal 2019	YoY
	First Half		First Half		First Half			
Credit costs total	(0.2)	0.6	0.6	3.5	0.8	5.8	3.2	+2.4
Provision of reserve for general loan losses	0.0	(0.8)	(0.0)	(0.6)	(0.5)	0.2	0.6	+1.2
Amortization of non-performing loans	(0.0)	2.4	0.9	4.7	1.7	6.1	2.8	+1.2
Bankruptcies	0.0	0.2	0.3	0.8	0.5	1.0	0.8	+0.3
Downgrades, etc.	2.1	5.0	1.9	6.3	2.3	6.9	3.6	+1.3
Upgrades and collections	(2.2)	(2.9)	(1.3)	(2.3)	(1.1)	(1.8)	(1.6)	(0.5)
Recoveries of written off claims (-)	0.3	0.8	0.2	0.5	0.2	0.5	0.2	(0.0)
Credit management expense ratio (*)	(0.01)%	0.02%	0.03%	0.09%	0.04%	0.13%	0.14%	+0.10P

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

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

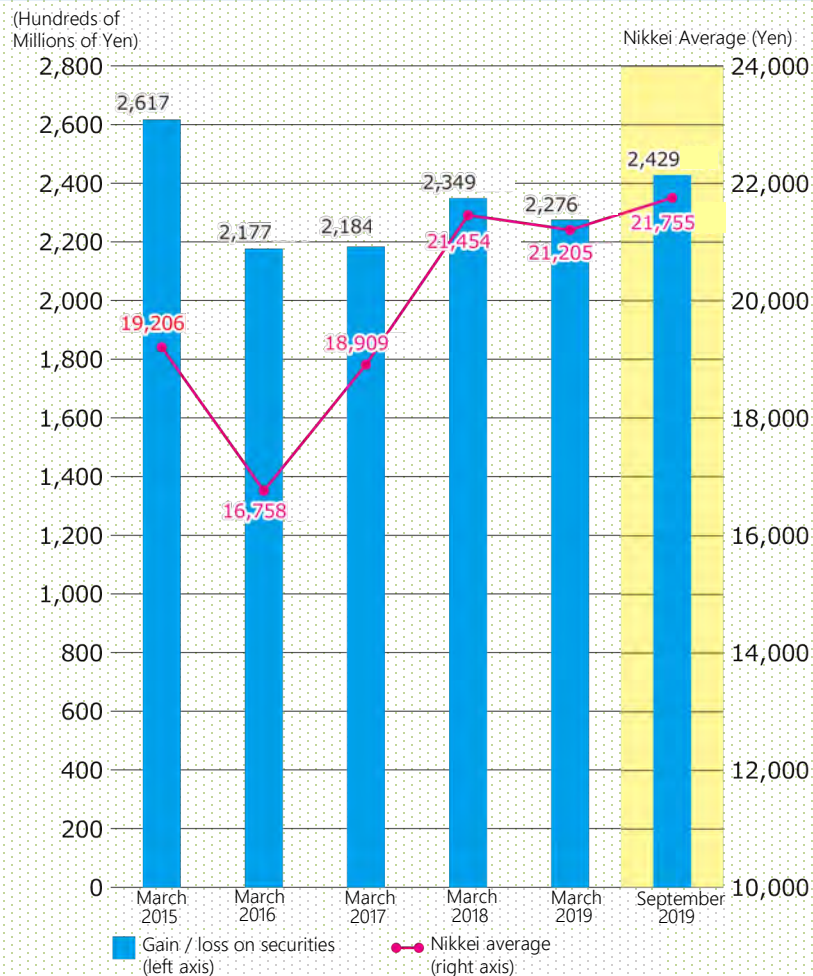
(Units: Billions of yen)

	Fiscal 2016	Fiscal 2017	Fiscal 2018	First Half of Fiscal 2019
Loans to bankrupt or effectively bankrupt borrowers	4.4	3.0	6.0	6.1
Doubtful assets	39.8	44.1	46.6	45.1
Credit subject to specific risk management	18.1	18.0	18.6	22.7
Total disclosed non-performing loans	62.4	65.2	71.3	74.0
Ratio of disclosed non-performing loans	1.48%	1.44%	1.48%	1.52%

Conditions in Evaluation Gain on Securities and Equity Ratio

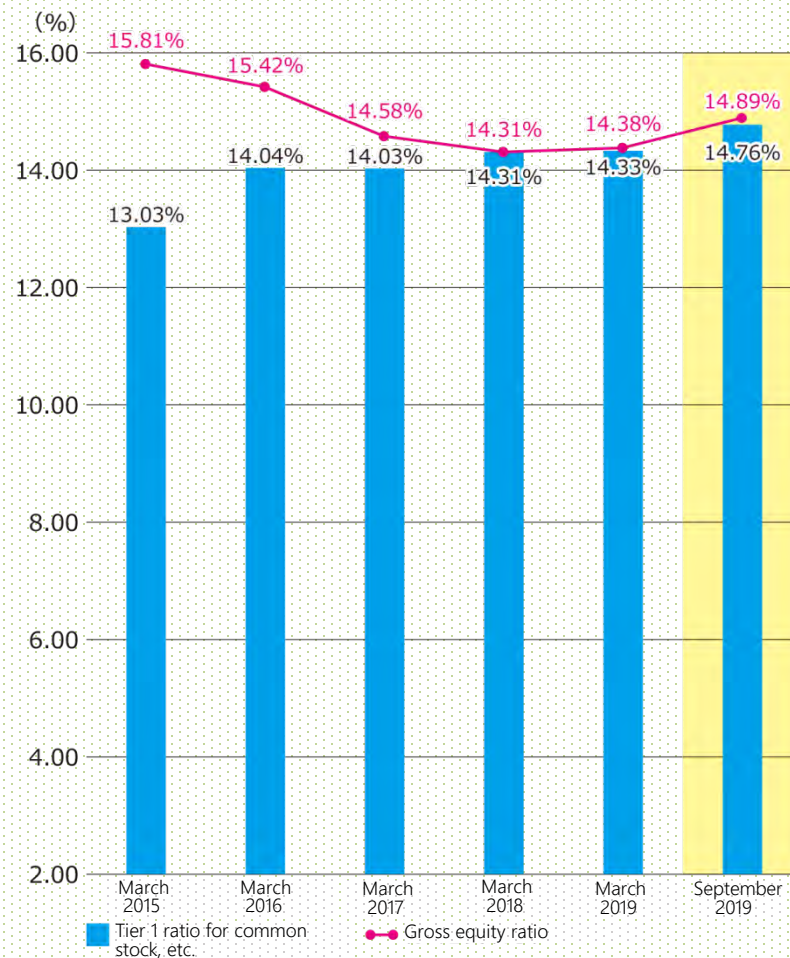
- Evaluation gain on securities was ¥242.9 billion, **maintaining a top level among regional banks**
- Consolidated equity ratio (BIS standards) was 14.89%

Evaluation Gain on Securities (Nonconsolidated)



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

Consolidated Gross Equity Ratio



II. Main Strategies and Progress of the Fiscal 2018 Medium-Term Management Plan

Second Stage for 150
(April 1, 2018 – March 31, 2021)

Streetscape of Uchiko (Uchiko Town)

Uchiko Town, which flourished through the production of vegetable wax since the Edo period, was designated as a national Important Preservation District for Groups of Traditional Buildings in 1982.

In August of this year, the town received the “2019 Asian Townscape Award” for town-wide efforts to preserve the landscape and natural environment, an extension of preservation of streetscapes in the Uchiko area.



Major Numerical Targets of Fiscal 2018 Medium-Term Management Plan

- Present progress is generally steady against numerical targets of the Medium-Term Management Plan
- Net income is planned for ¥20.5 billion for the final year due to implementation of various measures, despite continued expectations for a difficult business environment

Target items	Fiscal 2018		Fiscal 2019 Forecast	Fiscal 2020 Targets
	Targets	Results		
Core business gross profit	¥75.0 billion	¥76.1 billion	¥75.5 billion	¥76.5 billion
Fees and commissions	¥7.0 billion	¥7.0 billion	¥7.5 billion	¥8.5 billion
Net income	¥18.0 billion	¥18.2 billion	¥18.5 billion	¥20.5 billion
ROE	3.0% or more	2.99%	3.00%	3.0% or more
Core OHR	70.0% or less	66.10%	66.70%	65.0% or less
Equity ratio (BIS standard)	15.0% or more	14.38%	14.70%	15.0% or more
Ratio of non-performing loans	2.0% or less	1.48%	1.50%	2.0% or less

Plans for Loans, Deposits, and Assets in Custody

- Deposits, etc., are planned to be increased approx. **¥402.0 billion** during the three years of the Medium-Term Management Plan, with an average balance totaling **¥5,856.0 billion** during fiscal 2020
- Loans are planned to be increased approx. **¥644.0 billion** during the three years of the Medium-Term Management Plan, with an average balance totaling **¥4,762.0 billion** during fiscal 2020

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

(Units: Billions of yen)

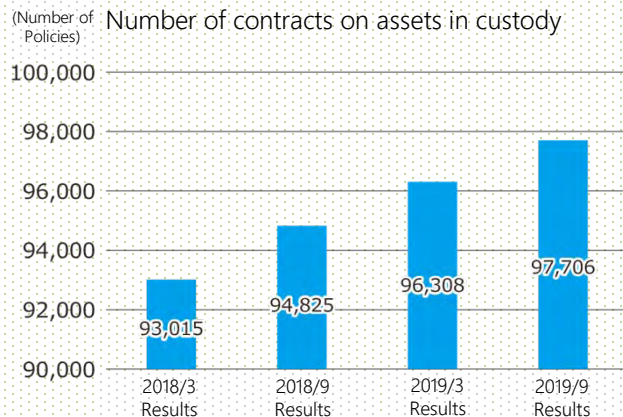
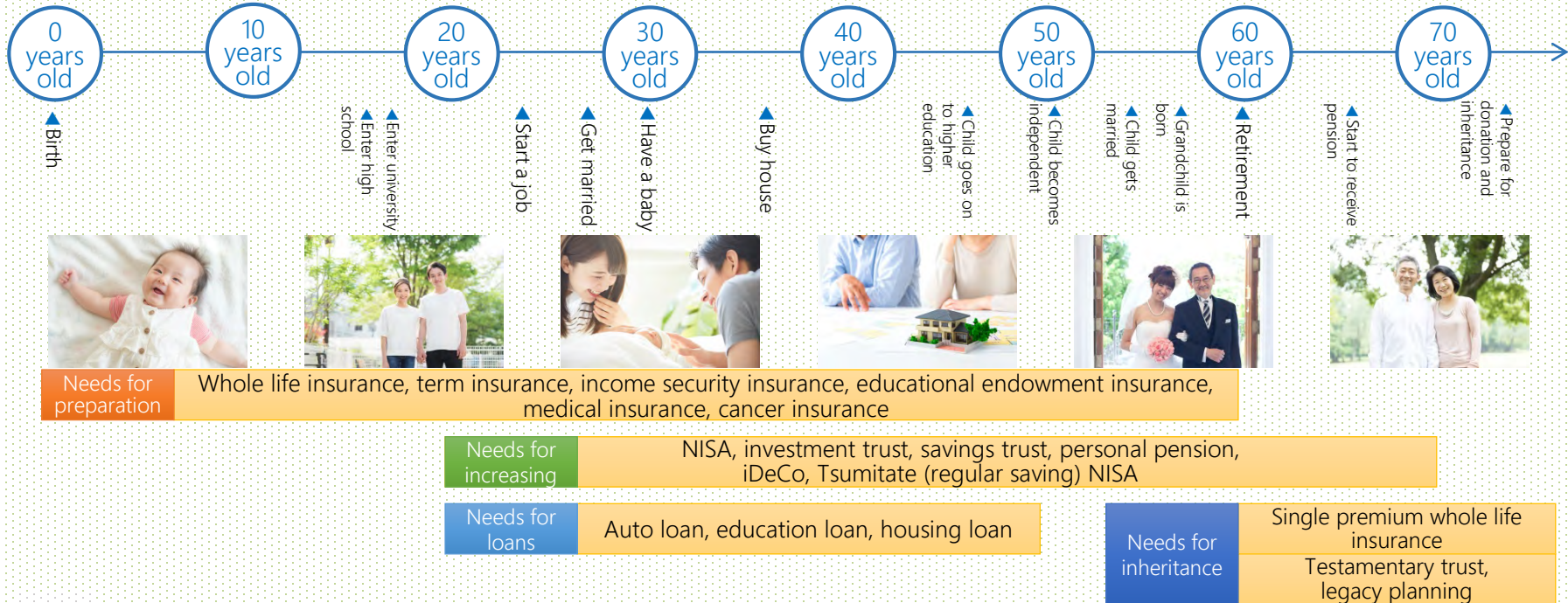
	Fiscal 2017 Results	Fiscal 2018		Fiscal 2019		Fiscal 2020		
		Results	YoY	Forecast	YoY	Plan	YoY	Increase/ decrease during the Plan
Average deposits, etc., balance	5,453.7	5,576.3	+122.6	5,813.0	+236.7	5,856.0	+43.0	+402.3
Of which, individual deposits	3,387.1	3,417.2	+30.1	3,462.0	+44.8	3,477.0	+15.0	+89.9
Group assets in custody balance	544.4	557.4	+13.0	579.0	+21.6	621.0	+42.0	+76.6
Of which, balance of assets in custody at the Bank	343.0	357.9	+14.9	367.0	+9.1	391.0	+24.0	+48.0
Of which, balance at Shikoku Alliance Securities	201.4	199.5	(1.9)	212.0	+12.5	230.0	+18.0	+28.6

Plans for average loan balance

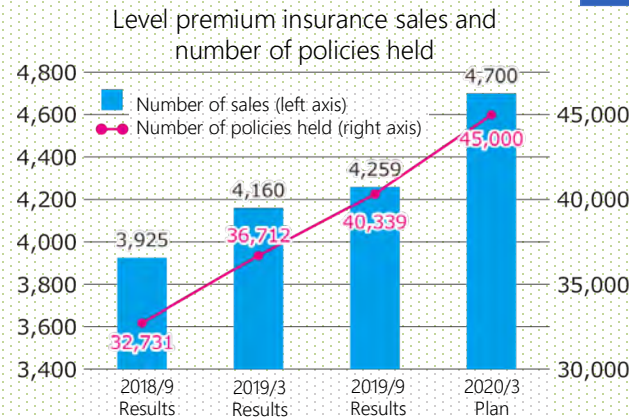
(Units: Billions of yen)

	Fiscal 2017 Results	Fiscal 2018		Fiscal 2019		Fiscal 2020		
		Results	YoY	Forecast	YoY	Plan	YoY	Increase/ decrease during the Plan
Average loan balance	4,118.0	4,398.6	+280.6	4,619.0	+220.4	4,762.0	+143.0	+644.0
Corporate loans	2,784.6	2,940.1	+155.5	3,051.0	+110.9	3,115.0	+64.0	+330.4
Of which, within Ehime	1,254.3	1,300.4	+46.1	1,335.0	+34.6	1,343.0	+8.0	+88.7
Individual loans	996.5	1,034.8	+38.3	1,083.0	+48.2	1,114.0	+31.0	+117.5
Municipal loans	236.8	241.5	+4.7	236.0	(5.5)	240.0	+4.0	+3.2
Financial Market Business Office	74.4	98.8	+24.4	113.0	+14.2	135.0	+22.0	+60.6
Singapore Branch	25.5	83.2	+57.7	136.0	+52.8	158.0	+22.0	+132.5

- Provide a wide variety of financial services responding to various customer needs with the arrival of "100-Years Life Society"



* Contracts of the assets in custody balance not less than ¥1 (including accounts managed/introduced by Shikoku Alliance Securities, Nomura MRF, accounts intermediated by Mitsubishi, and level premium insurance contracts)



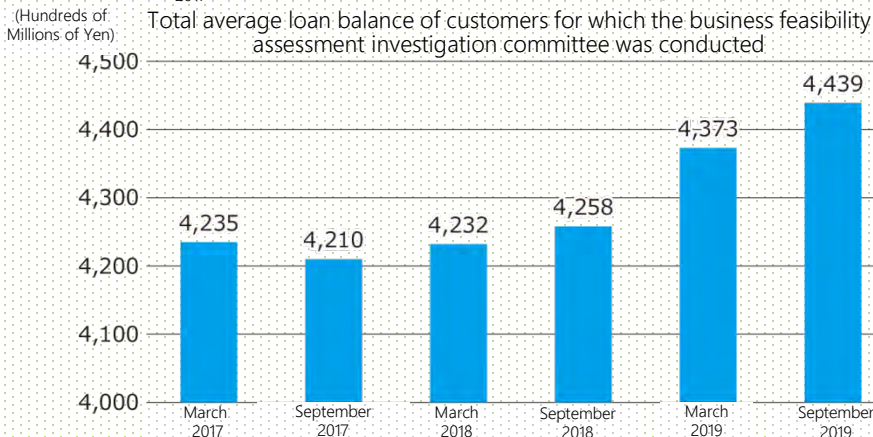
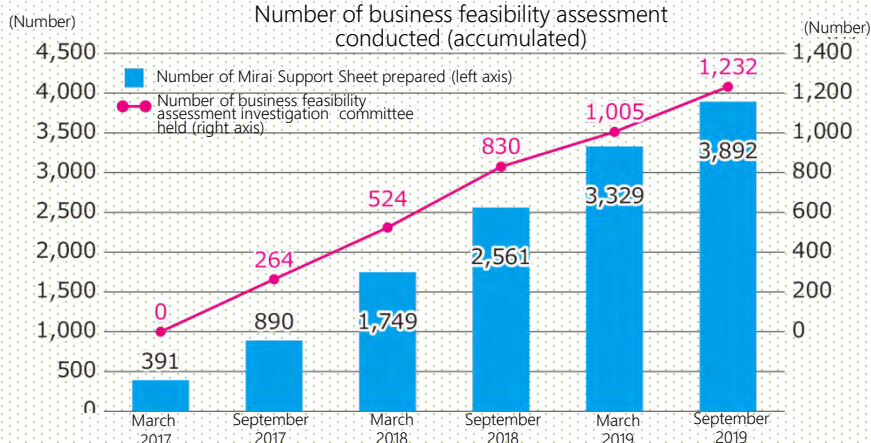
<Establishment of insurance proposal structure>

- Insurance plazas
12 locations (31 staff members)
- Insurance consulting staff
60 locations (100 staff members)
- Medical insurance sales results in the first half of fiscal 2019 is **No. 1 among regional banks for three consecutive years** (survey by The Japan Financial News)

- Share our customers' management issues based on **business feasibility assessment** and **conduct high value-added consulting services** for their resolution
- Expand menus for business succession consulting services to **respond to more diversifying needs of succession and inheritance**

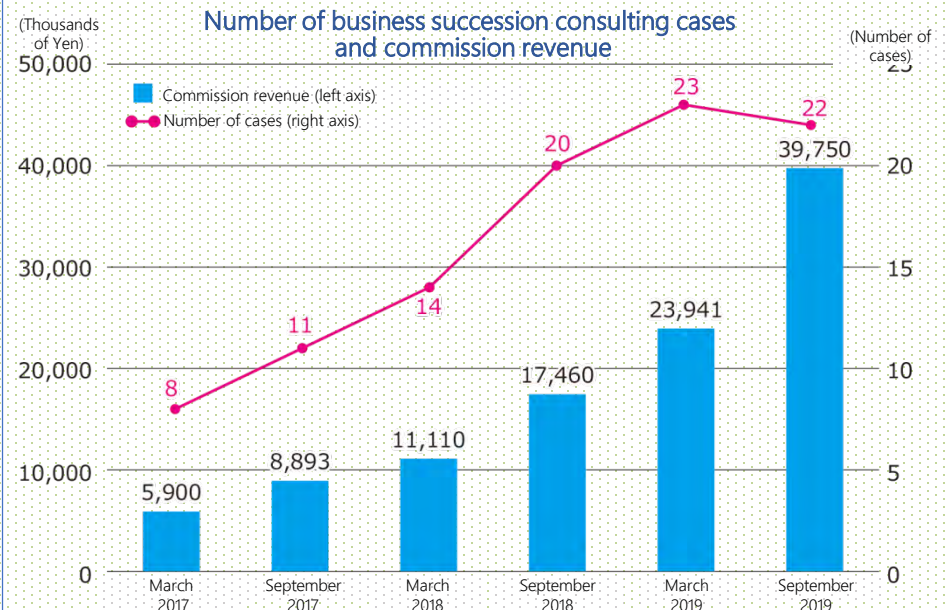
Sharing of Management Issues and Optimal Offering of Value through Business Feasibility Assessment

- **Solve** customers' **management issues** using the "Mirai Support Sheet" as a business feasibility assessment tool and the "business feasibility assessment investigation committee"



Diversification of Schemes for Business Succession Consulting

- The number of cases and commission revenue have increased steadily due to expansion of menus such as family trusts, employee stock ownership, incorporation for management of real estate



[Family trusts]



Conclude contract
Put real estate and financial assets and the company's own stock in trust

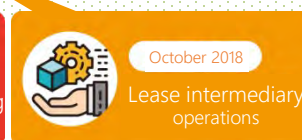
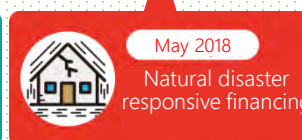
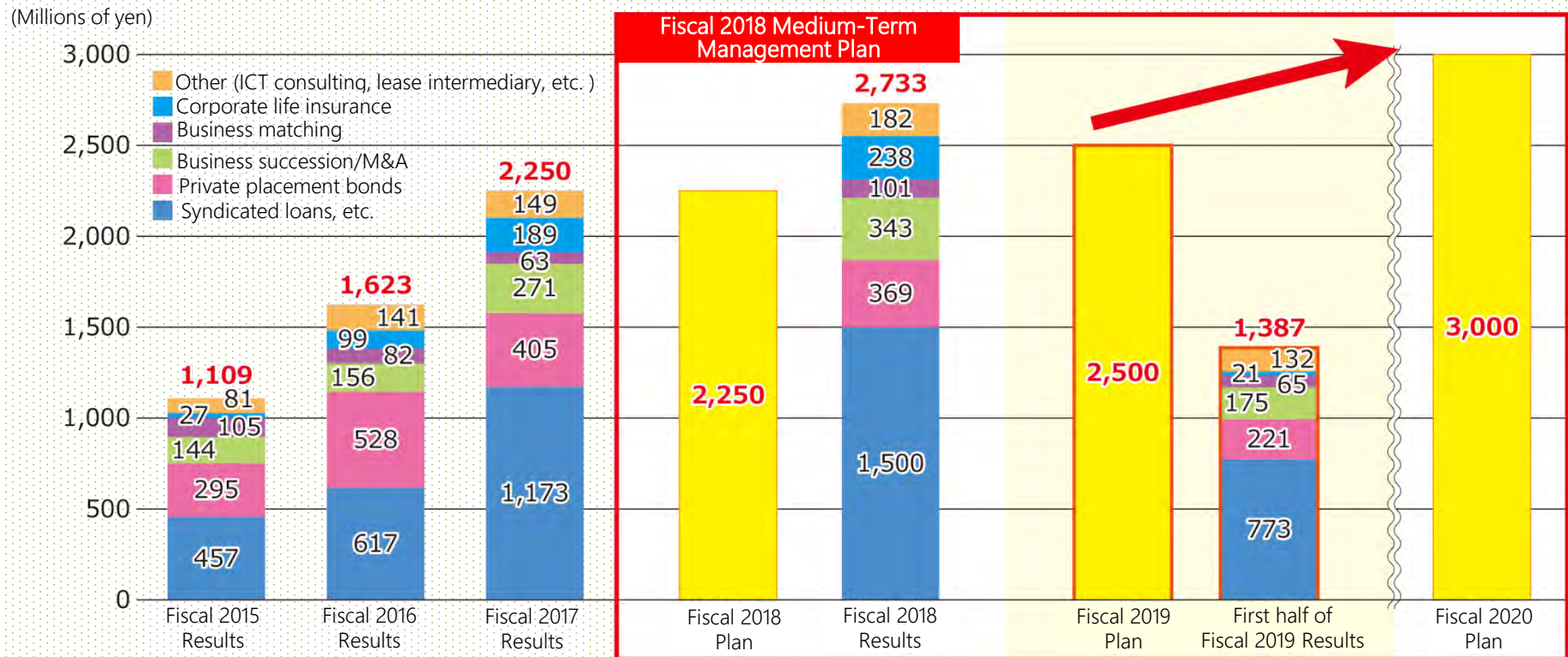


Manage/dispose of assets in trust, etc.



- Solutions-related revenue was steady at ¥1,387 million in the first half of fiscal 2019

Results and plans for solutions-related revenue



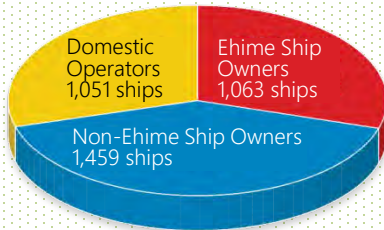
- Further improve menus and strengthen the structure toward achieving the Fiscal 2018 Medium-Term Management Plan target of ¥3,000 million

[Consulting Strategy (Corporate Banking)] Efforts for Enhancing Ship Finance

- Support further development of the maritime-related industry by utilizing expertise in ship finance, the Bank's strength
- Maritime-related companies are concentrated in Ehime Prefecture
- Risk management is becoming more important as main charter destinations are shifting from "domestic operators" to "foreign operators"

Number of ocean-going vessels owned by ship owners in Ehime

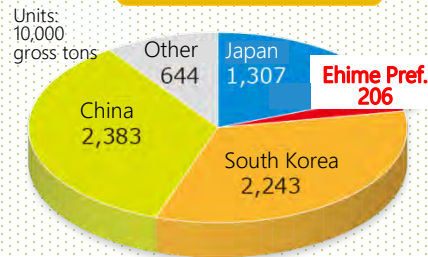
No. 1 in Japan



IRC survey (As of September 30, 2018)

Construction results for Ehime Prefecture

No. 2 in Japan



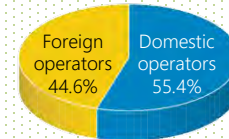
Compiled by the Bank based on data from the Shikoku Transport & Tourism Bureau and The Shipbuilders' Association of Japan (As of 2017)

The Bank's strength in ship finance

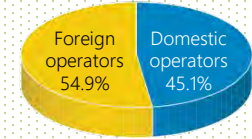
- Accumulated good-quality loan assets through solid efforts of ship finance over a long period (transactions with 70% of Ehime ship owners)
- Collects and provides high-quality information by visiting domestic and foreign maritime-related companies
- Develops professional human resources by conducting long-term dispatch to domestic operators, trade companies, etc. and using the trainee system at the Bank
- Established a structure for organizing syndicated loans to respond to diversifying finance needs



Existing vessels eligible for loans

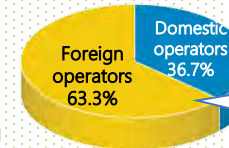


December 31, 2015



September 30, 2019

Cases planned to be implemented

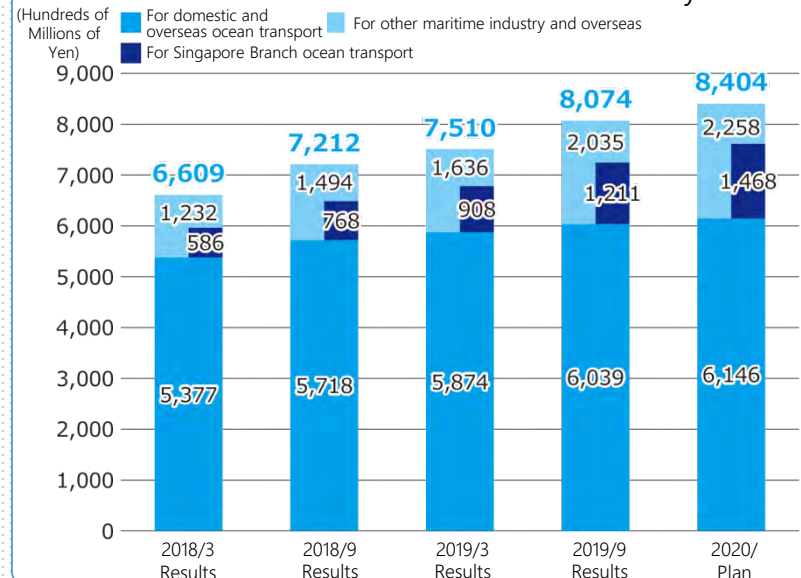


Cases of foreign operators increased as domestic operators plan to decrease fleets

* Breakdown of cases planned to be implemented only

- Understand actual conditions of companies by exchanging information with overseas bases, foreign operators, etc.
- Conduct risk management by, for example, evaluating charterers based on the Bank's original standards

Loan balance for the maritime industry



- Realize topline growth and more efficient operations through **digitalization and differentiation of non-face-to-face channels**

Full Operation of "HOME,"
the New Digital Service of Home Loan

Patent application was made; first for regional banks in western Japan

HOME TICKET

A maximum loanable amount displayed in approx. three minutes

- Smooth diagnosis with responses in a chat form

HOME

Handling loan procedure
"easily, anytime, and anywhere"

- Increase convenience for customers through full digitalization and non-face-to-face channels
- Strengthen competitiveness through reduction in screening periods and increases in operational efficiency

Electronic contract and digital group credit life insurance

Full digitalization and non-face-to-face operation even for peripheral business of screening

- No branch visit required for contract procedures
- Also no revenue stamp fees for contracts or storage of written contracts required

Securing applications of
housing loans in an early stage

Growth of revenue through an increase in application &
improvement of operational efficiency of bank employees



Full Operation of Prime Desk

- Realized **non-face-to-face sales** to wealthy customers, etc. with whom face-to-face interview is difficult



- Focus on **expansion and improvement of digital touch points** through expansion of API linkage services and improvement of channels

Improvement of Smartphone Applications

Renewal of balance inquiry application "MoneyManager"

- Greatly expanded inquiry functions through API linkage with "TSUBASA FinTech Common Platform"
- Plan to develop new application utilizing the updatable API

<Details of renewal>

Item	Before renewal	After renewal
Scope of balance inquiry	Ordinary and savings deposits	Ordinary and term deposits, investment trust, loans, etc.
Period of account activity statement	100 activities max.	10 years max.
Number of tapping for inquiry	3 tapping min.	1 tapping min.
New function	-	Record of account activity statement on memos

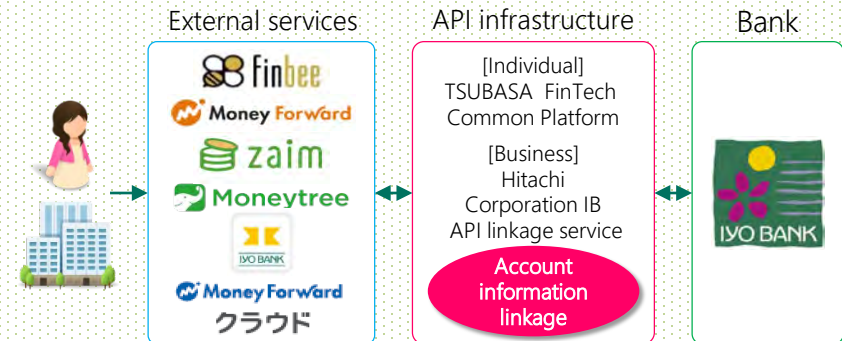


合計 ¥3,071,416	
総資産残高 ¥20,100,000	
普通預金(2)	合計 ¥600,000
本店営業部	¥100,000 >
本店営業部	¥500,000 >
定期預金(1)	合計 ¥1,000,000
積立定期預金(1)	合計 ¥500,000
投資信託(1)	合計 ¥464,469
	損益 ¥78,306

Improvement of the API Linkage Service

Started linkage with external services for business customers

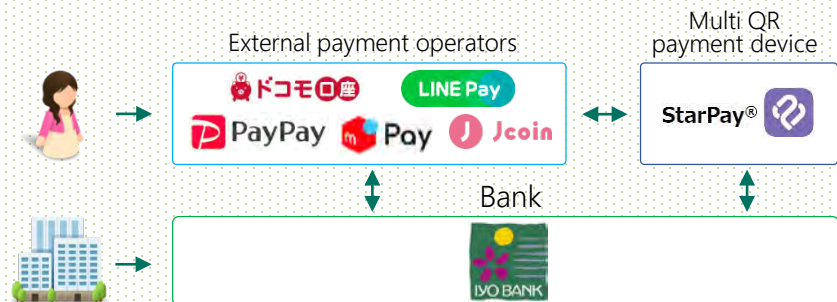
- Started linkage with "Money Forward Cloud" in December 2019
- Plan to gradually increase external linkage services for individual and business customers



Strengthening of Linkage with Cashless Payment Services

Support of recognition and dissemination of code payment

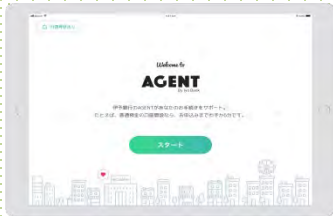
- Plan to start intermediation of a **multi QR code payment device** in **December 2019**
- Continue to expand linkage with external payment services



- Accelerate digitalization to strengthen efforts toward a "bank where procedures are the simplest in Japan"

Digitalization of Branch's Administrative Tasks

- Digitalization of approx. 40% of administrative tasks at Bank Branches



- Counter Reception Tablet "AGENT"
- Web service for corporations "AGENT for Business"

Reduction of 150 Bank Branch administrative staff members

- Time generated is used for proposal to customers -

- "AGENT" is equipped with an "attentive listening function"



- Attentively listen to customers' problems in a "3-minute talk" on live chat
- Provide optimal information for each and every customer

- CX ASIA EXCELLENCE AWARD 2019

- International awards given to companies and projects which realized excellent customer experience (CX) in the entire Asia region -



<Award ceremony in Singapore>

- Good Design Award 2019

- Scheme to improve customers' convenience was highly appreciated -

Received Awards

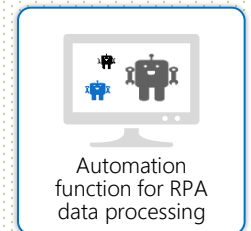
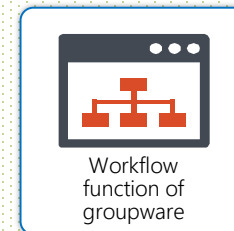
"BEST USE OF CX TECHNOLOGY" department
SILVER AWARD

"BEST CUSTOMER EXPERIENCE" department
Honorary Mention



Improving Operational Efficiency at Headquarters

- Minimize human tasks through "groupware and RPA"



- Shift to a "place where customers' issues are solved" from a "place mainly for administrative tasks" in order to make next-generation branches that are required even after 10 years

Next-generation Branches

Yougo Branch will complete its construction and open in April 2020 as part of our mission to realize a "D-H-D Bank"



Lobby advisor guides customers to a proper counter



Layout with a "place where customers' issues are solved" designed at the center of the branch

<Efforts toward reduction of administrative tasks and review of branch locations and functions>

From February 2018

From February 2019

From March 2019

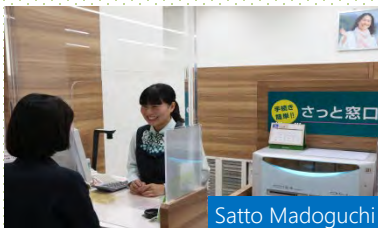
From August 2019

Satto Madoguchi (Quick Counter) introduced
"Cashless processing"

The AGENT System introduced
"Digitalization of administrative tasks"

Relocation/integration into neighboring branches to improve branch network efficiency

Fourth branch within a public office



Satto Madoguchi



AGENT System

<Completed or planned relocation>

Mar 2019: Yamagoe Branch
Jul 2019: Midoridai Branch, Omachi Branch
Sep 2019: Mitsukue Branch, Ote Branch
Jan 2020: Chikami Branch, Noborimichi Branch (Plan)

Utilize a "branch within a branch method"



Takayama Branch

[Introduction status] Completed in 58 branches (as of the end of September 2019)

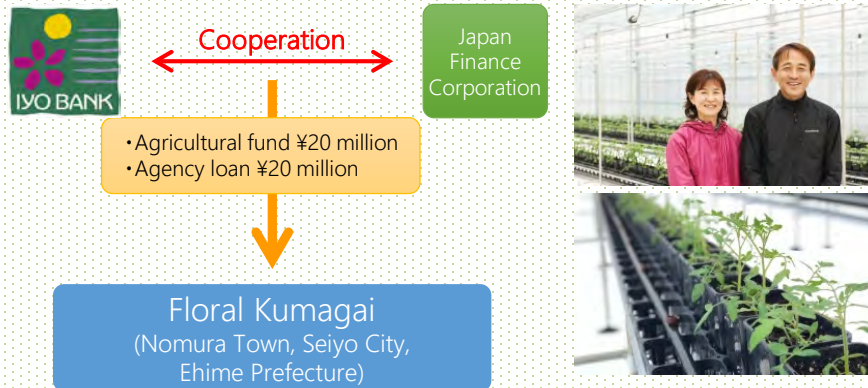
[Introduction status] Completed in 79 branches (as of the end of September 2019)

Realized a compact branch and one-stop access to bank and public administration services

● Support “regional vitalization” in cooperation with diverse stakeholders in a region

Cooperation with a Government-affiliated Financial Institution

- Support recovery from the disaster due to torrential rain in West Japan together with Japan Finance Corporation



- Attempting greenhouse cultivation of tomatoes and strawberries toward recovery from the disaster -

Cooperation with Educational Institutions

- Organized and held a workshop for vitalizing a roadside station to utilize ideas of students, who hold the key to the future, for operating the “Kihoku Town Roadside Station in Ehime Prefecture”



- Regional revitalization focused on the “roadside station” -

Cooperation with Local Governments

“Iyogin Regional Revitalization Seminar” for local governments (August 2019)

- Seek for regional vitalization projects and create industry-academia-government collaboration businesses
 - First seminar held for Ehime Prefecture and 20 cities and towns in the prefecture -

“Agreement on Tourism Promotion Cooperation” with Beppu City (September 2019)

- Increase the number of visitors between “Ehime and Beppu/Kyushu” and promote to attract inbound traffic



Dōgo Onsen bathhouse



Originator of Beppu tourism “Kumahachi Aburaya” Statue (born in Ehime Prefecture)

Shikoku Alliance

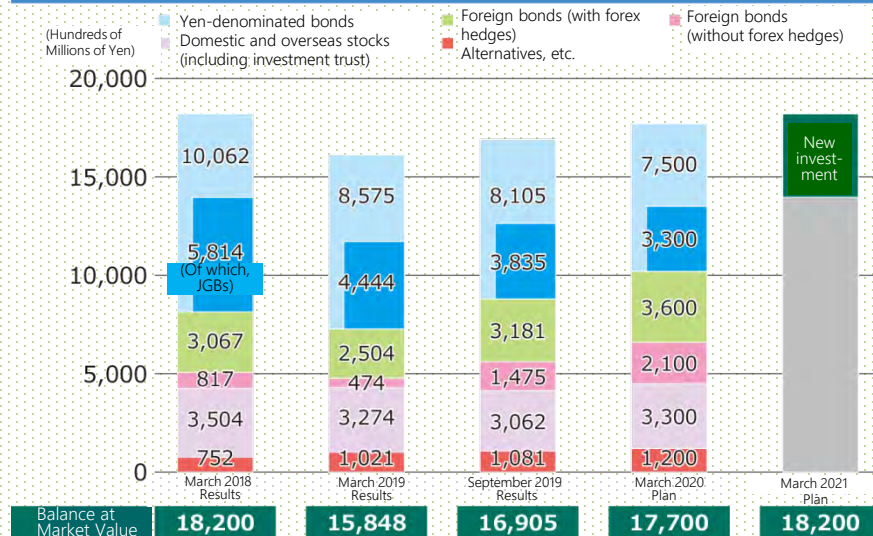
- Support business succession, foundation and rehabilitation through investment under “Shikoku Alliance Capital Co., Ltd” fund management company, which was jointly invested by four banks
 - Organize the new “Shikoku Energy Fund” which invests in companies utilizing natural energy such as photovoltaic and wind power generation -
- Results in utilization of three banks by “Shikoku Alliance Securities Co., Ltd.” were record high in the first half of fiscal 2019
- Held a first business fair in Shikoku with the cooperation of NEXCO WEST

- Make diversified investments emphasizing liquidity to build a portfolio with superior risk versus return for responding to the market environment
- Plan ¥20.0 billion in gain on securities management, centering on investment in foreign currency bonds (with/without forex hedges), maintaining an eye on foreign interest rates and currency movement

New Investment Policy by Risk Category

(Risk category)		(New investment policy)
Yen-denominated bonds	Not change	Keep a certain amount as assets inversely correlated with stocks, while in view of interest trends.
Foreign bonds (with forex hedges)	Increase	In a continuing low interest environment in Japan, keep the balance as a bond including foreign bonds with hedges.
Foreign bonds (without forex hedges)	Increase	Plan investment with forex risk to secure stable profit from carry trading (with strategic re-balancing to be implemented).
Domestic and overseas stocks (including investment trust)	Decrease	Assess and classify strategic equity holdings in terms of investment and policy, and sell off stocks if the necessity of holding is not recognized.
Alternatives, etc.	Not change	Consider investment to secure stable carrying and portfolio diversification.

Balance of Securities at Market Value by Risk Category



Gain on Securities Management and Yield

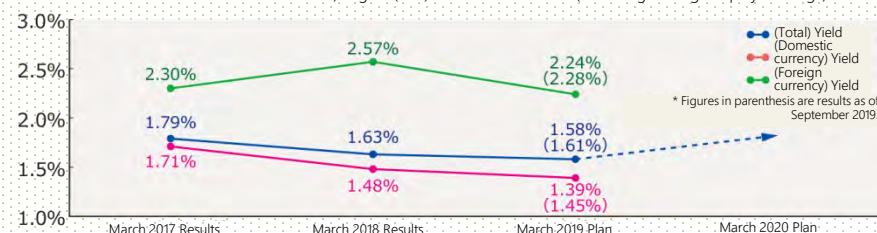
- Gain on securities management (after deduction of procurement cost)

(Units: Billions of yen)

	Fiscal 2017 Results	Fiscal 2018 Results	Fiscal 2019 Results (First Half)	Fiscal 2019 Plan	Fiscal 2020 Plan
Gain on securities management	25.1	20.8	11.8	20.0	20.0

(Note) Gain on securities management = Interest and dividend income (after procurement cost deduction) + gain (loss) related to securities (excluding strategic equity holdings).

Yield



Portfolio Risk Sensitivity and Duration

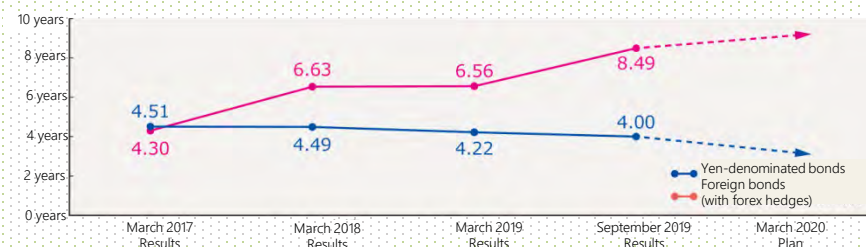
Portfolio risk sensitivity

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

Yen-denominated bond portfolio	10BPV	¥3.3 billion
Foreign bond portfolio (with hedges)	10BPV	¥2.3 billion
Stock portfolio	Nikkei Stock Average ¥1,000V	¥12.5 billion
Forex portfolio	USD/JPY ¥10V	¥13.5 billion

(*As of September 30, 2019)

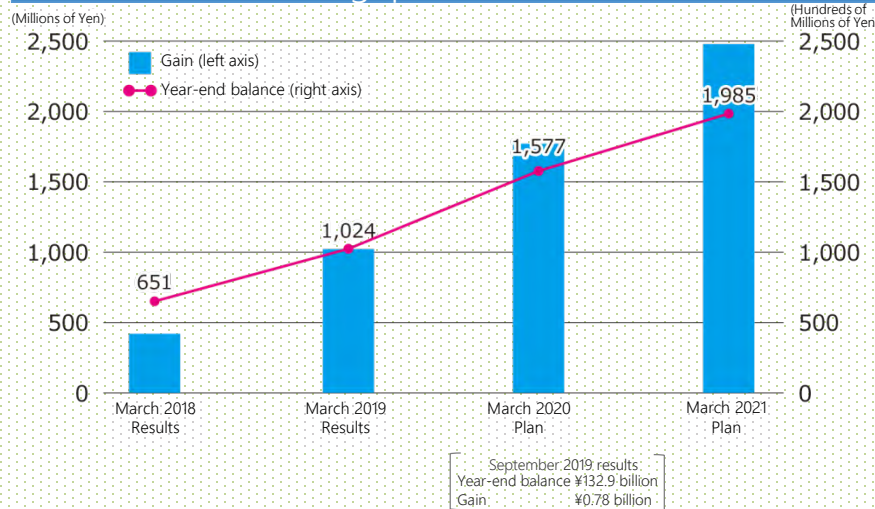
Duration



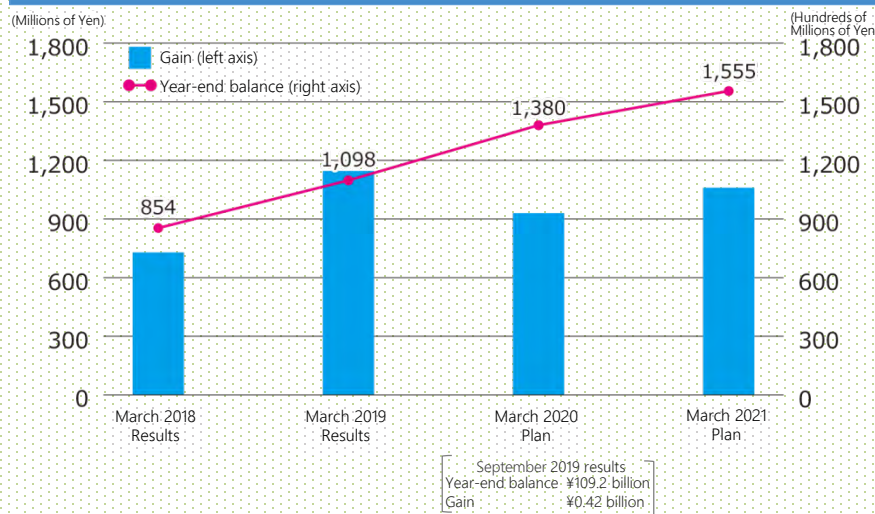
(Note) Yen-denominated bond durations exclude variable rate government bonds from March 2018.

- Increase loan amounts in growth areas mainly in the Singapore Branch and Financial Market Business Office
- Aim to establish a stable procurement structure in response to increases in foreign currency assets and changes in the market environment

Singapore Branch

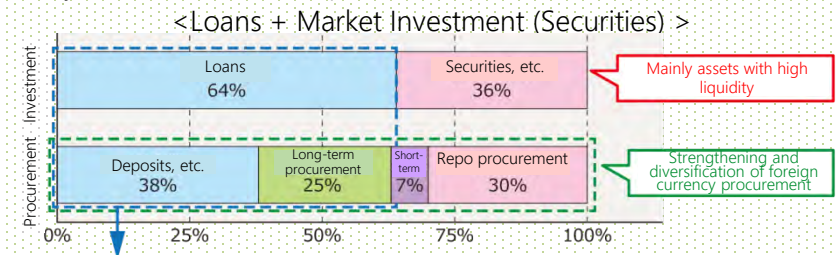


Financial Market Business Office

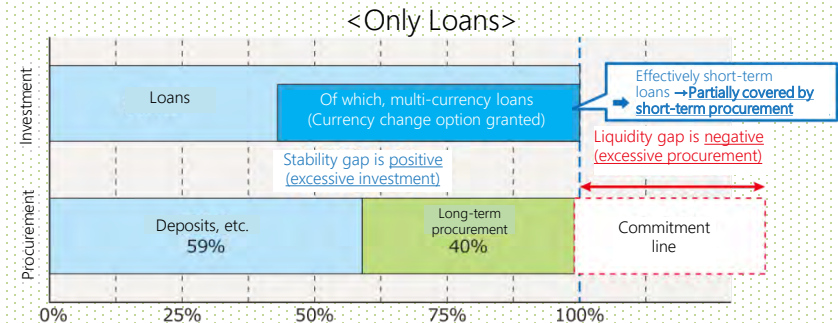


Status of Foreign Currency Investment and Procurement (September 30, 2019)

- Seek stability and profitability through timely long-term procurement and short-term procurement tailored to changes in the market environment
- Use repo procurement and short-term procurement in an integrated way for securities related procurement



- Proportion of deposits and long-term procurement in total procurement rose to over 60%
- Liquidity is secured for loans through deposits and long-term procurement ⇒ **Stability gap is narrowing**
- Furthermore, through establishment of commitment lines, set up a structure which enables stable procurement even at a time of sudden change in market ⇒ **Liquidity gap is excessive procurement**



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

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

Efforts for Improving Ability to Offer Value

- Promote "human resource development" and build a "diversified organization" toward realizing "D-H-D Bank"

Development of Human Resources Who Can Offer Value to Customers

- New establishment of "Committee to Improve Value Offering Capability"

By thoroughly utilizing digital technologies, strengthen the structure toward realizing a "D-H-D Bank," which offers meticulous and high value consulting services that only "humans" can provide

Purpose of establishment	To realize the management philosophy by creating new value contributing to solution of social issues and customers' problems
--------------------------	--

Chairperson	Managing Director Manager, Branch Banking Group	Secretariat	Corporate & Retail Banking Planning Division
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Support for "skill upgrading" and "skill shifting"

- Promote utilization of the "Course Change System" and "Career Challenge System"
- Newly establish "Wealth Management Human Resource Trainees" system to develop sales personnel who deal with both corporate and individual customers
- Develop personnel who are well versed in specialized fields through domestic and overseas dispatch

Productivity Improvement through Work Style Reform

<Change in overtime work under the Labor Standards Act>



<Change in paid leave utilization rate>



Efforts for SDGs

- Established the “Iyogin Declaration on SDGs” in July 2019 to promote efforts toward realizing sustainable local communities



Local economy and community



Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)

- Established in 1976 -

- Donates welfare equipment and grants gratis scholarships
- Cumulative total of ¥632 million granted



Diversity and work style reforms



Iyogin Challenge & Smile Co., Ltd.

- Established in 2018 -

- Offers a working environment where disabled persons can work in a comfortable and safe manner

Environmental protection



Iyo Bank Environment Foundation "Evergreen" (Public Trust)

- Established in 2008 -

- Supports activities for restoration and development of the environment
- Cumulative total of approx. ¥50 million granted to 139 recipients



Financial and information services



- Started handling of SDG-related products

SDGs private placement bonds Kaisha-no-Mirai (Future of the Company)



Preferential coupon rates
Support of companies engaged in SDGs



Subsidization of expenses for goods contributing to employees' welfare
Support of work environment improvement and work style reforms

Strong management foundation

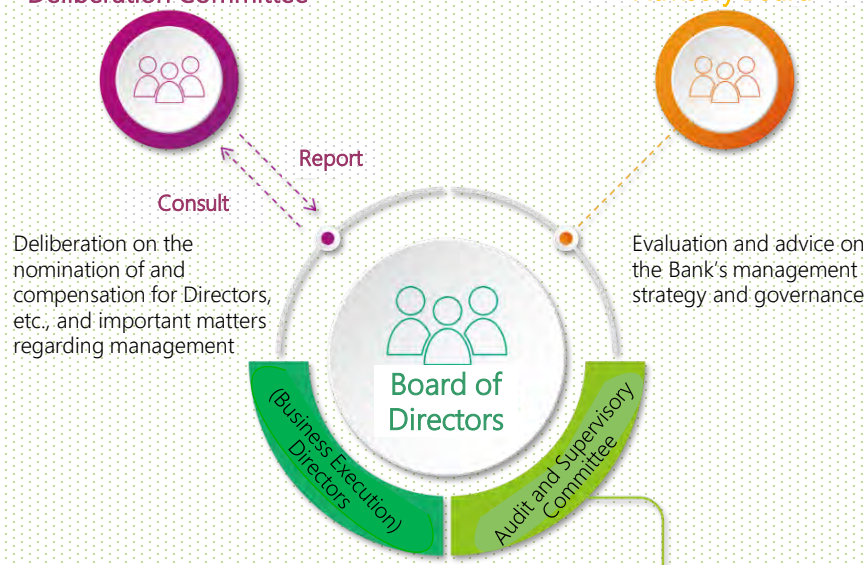


Corporate Governance Structure

- Build structures that secure transparency and objectivity of management

Management
Deliberation Committee

Advisory Board



Audit and Supervisory Committee



- ◆ 1/3 or more of Directors are Independent Outside Directors
- ◆ Appointment of female Directors
- ◆ Strengthening of audit and supervision functions and revitalization of the Board of Directors

Countermeasures against Money Laundering and Terrorism Funding

- Conduct strict risk management as well as thorough examination and verification

Strict customer management



- Strengthen counter reception structure for when a customer opens a deposit account
- Introduce "customer risk ratings" based on various criteria

Thorough examination and verification

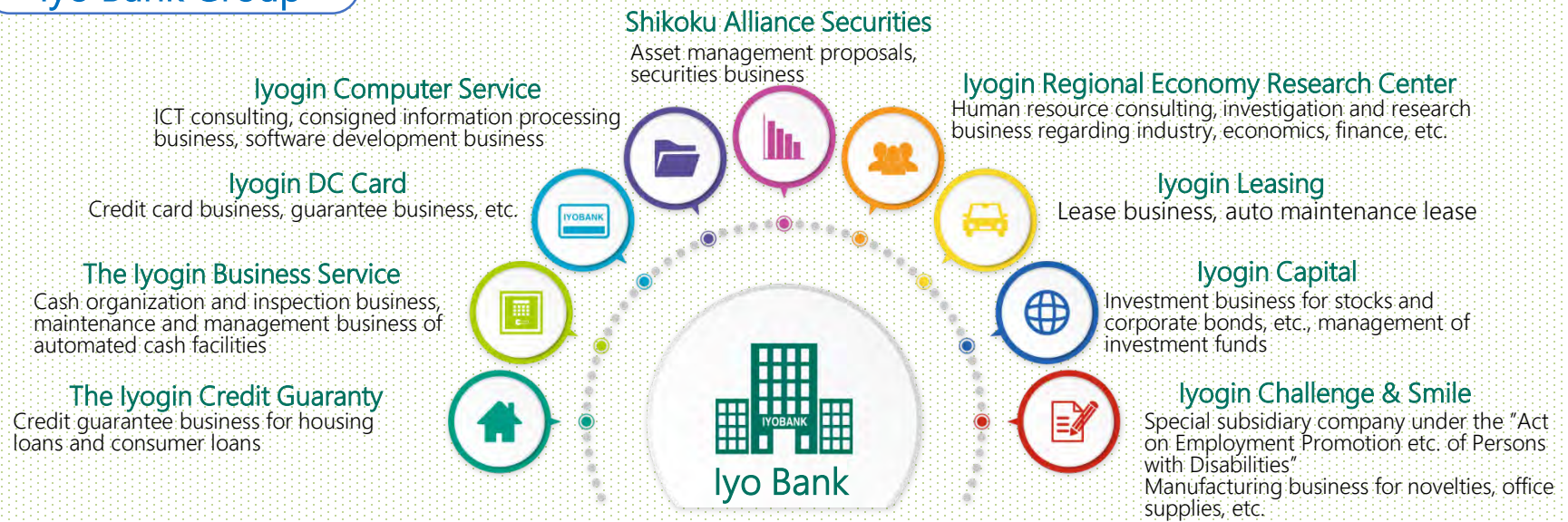
- Conduct "track monitoring" for ship financing
- Conduct verification tests of overseas remittance monitoring utilizing AI



<Track monitoring>

- Exhibit higher value-added consulting functions and respond to various customer needs by fully utilizing the Iyo Bank Group's collective strengths and alliance network

Iyo Bank Group



Shikoku Alliance



Realizing "Shikoku's revitalization" through "support of industrial promotion," "branding of Shikoku resources," "support of network expansion" and "support of building of financial assets"



TSUBASA Alliance



Cooperation in a wide range of fields such as "research and study of advanced IT technologies," "support of new business creation," "joint organization of syndicated loans" and "support of M&A operations"



- Interest and dividend income to decrease year-on-year due to decreases in gain on securities management, etc.
- Fees and commissions to increase due to increases in solutions-related commissions, etc.
- Net income to increase year-on-year as the level of profits is expected to exceed the initial earnings forecast

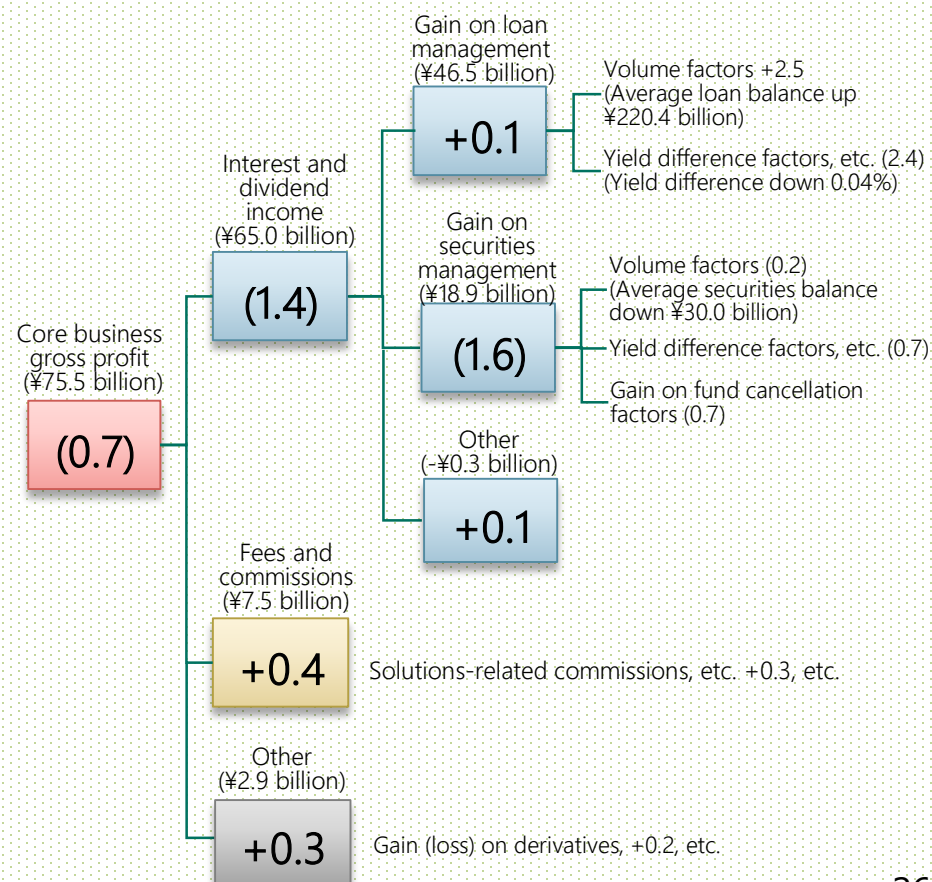
(Units: Billions of yen)


	Fiscal 2018 results	Fiscal 2019 forecast	
		Forecast	YoY
Core business gross profit	76.1	75.5	(0.7)
Of which, interest and dividend income	66.4	65.0	(1.4)
Of which, fees and commissions	7.0	7.5	+0.4
Expenses (-)	50.3	50.5	+0.1
Of which, personnel expenses	26.3	26.0	(0.3)
Of which, nonpersonnel expenses	21.0	21.5	+0.5
Core business net income	25.8	25.0	(0.8)
Credit costs (-)	5.8	6.0	+0.2
Gain (loss) related to securities	4.1	4.5	+0.3
Ordinary income	26.3	26.0	(0.3)
Net income	18.2	18.5	+0.2

Factors Contributing to Increase / Decrease in Core Business Gross Profit (Fiscal 2019 - Fiscal 2018)

(Units: Billions of yen)

(Note) Differences in yield utilize yield differences with deposits, etc.





Connecting hearts.
Connecting the
region.

挑戦の心で
Challenge & Smile

 伊予銀行

<For inquiries regarding this document> Tachibana, General Planning Division, Iyo Bank TEL:089-941-1141/FAX:089-946-9104

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.

Iyo Bank First Half of Fiscal 2019 Earnings Briefing: Reference Materials

Bansuisou (Matsuyama City)

Bansuisou was built as a villa in 1922 by Count Sadakoto Hisamatsu, a descendant of the lord of the former Matsuyama domain. As an outstanding venue for social interaction at the time, members of royalty and prominent figures met together at this French-style building. It is the oldest reinforced concrete structure in Ehime Prefecture.

The house was designated as a national Important Cultural Property in 2011 and both domestic and overseas travelers enjoy this popular tourist destination.



伊予銀行

December 6, 2019

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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	12 Officers, 2,806 employees (excluding temporary staff)
Number of branches	149 domestic (including 7 sub-branches), 1 overseas (Singapore)
	2 overseas representative offices (Shanghai, Hong Kong)
External credit ratings	A+: Rating and Investment (R&I)
	A: Standard & Poor's (S&P)
	AA: Japan Credit Rating Agency (JCR)

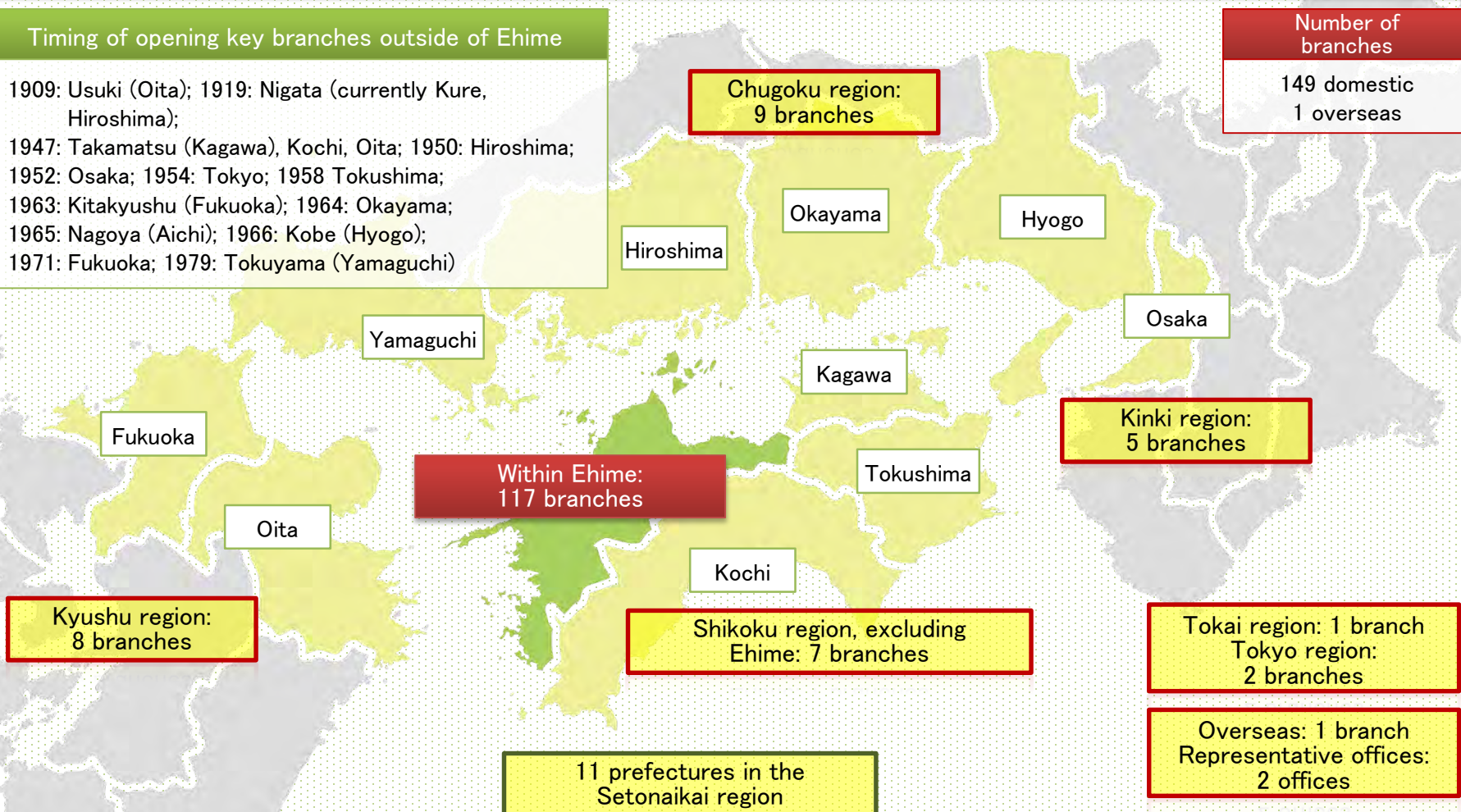
Consolidated equity ratio (BIS standards)	14.89%
Consolidated subsidiaries	15 companies
Consolidated employees (excluding temporary staff)	3,167 persons

(As of September 30, 2019)

- 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)



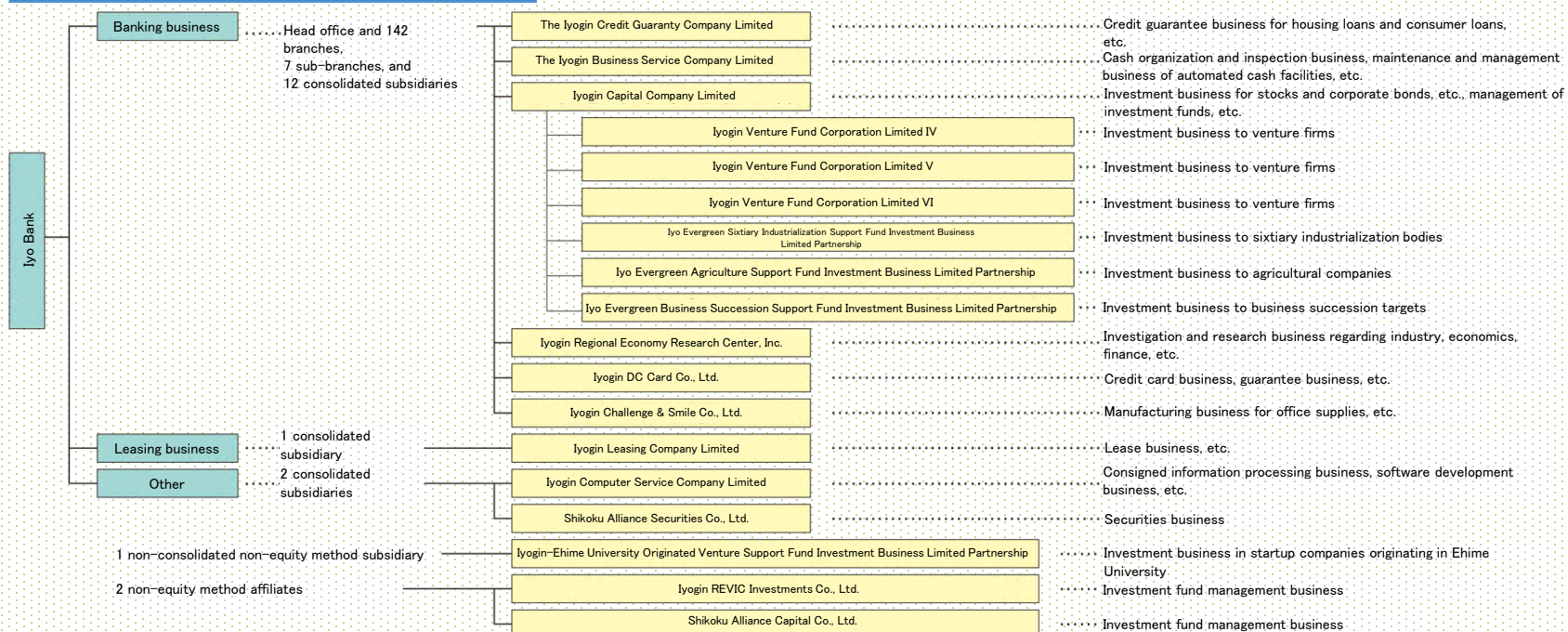
(As of September 30, 2019)

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

Consolidated Earnings Summary

[Consolidated]	First half of Fiscal 2019			First half of Fiscal 2018	Consolidated-nonconsolidated Difference (Note)	(Note) The difference between consolidated and nonconsolidated.
		YoY	Increase/Decrease			
Ordinary revenue	64,203	(728)	(1.1)%	64,931	9,723	
Ordinary income	16,330	(1,441)	(8.1)%	17,771	1,341	
Profit attributable to owners of parent	11,039	(628)	(5.4)%	11,667	155	

List of Iyo Bank Group Companies



(As of September 30, 2019)

Main Industries in Ehime Prefecture

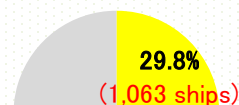
- Industries with top national share concentrated in each region
- Manufactured product shipments from Ehime Prefecture totaled ¥4.2 trillion (46% of Shikoku) in 2017

■ ...Total national share of Ehime Prefecture

Matsuyama Region

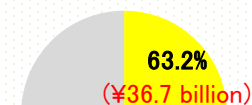
The Matsuyama region has companies with large shares in products such as “small once-through steam boilers,” “farm machinery,” and “dried bonito shavings.”

Imabari Region



No. 1 in Japan

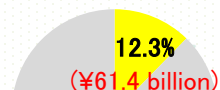
Number of ocean-going vessels owned by domestic ship owners (2018) (Note 1)
3,573 total vessels in Japan (including operators)



No. 1 in Japan

Towels (2017)
¥58.0 billion shipped in Japan

Uwajima Region



No. 1 in Japan

Sea culture industry (2017) (Note 2)
¥497.9 billion total national production

Niihama Region

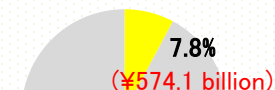
Manufactured product shipments
(2017)

¥1,622.5 billion

Approx. 39% of shipments of manufactured products in Ehime

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

Shikokuchuo Region



No. 2 in Japan

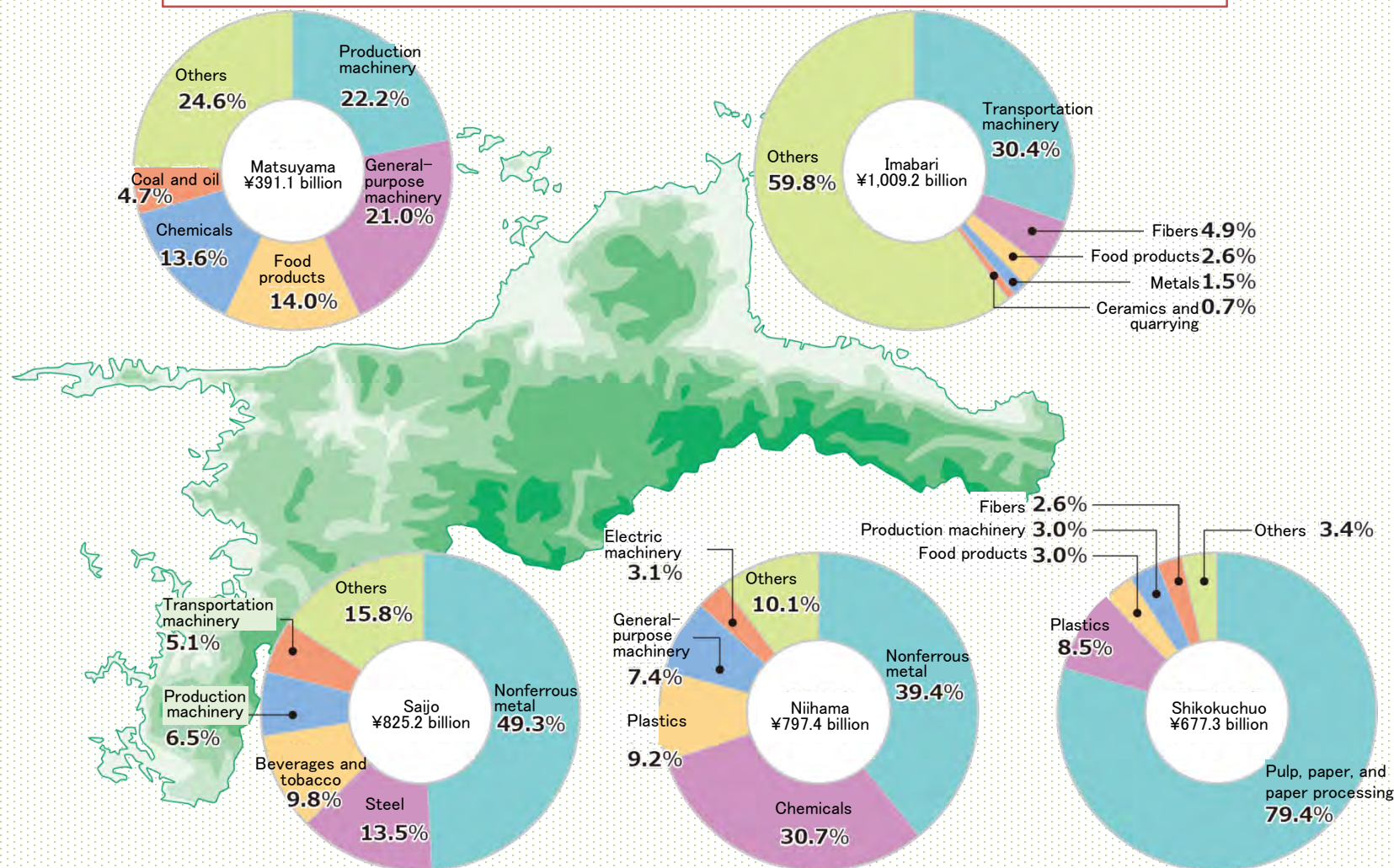
Pulp and paper industry (2017)
¥7,383.7 billion shipped in Japan

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

(Note 2) Prepared based on the total fishery output for 2017 (Ministry of Agriculture, Forestry and Fisheries)

- Ehime Prefecture has manufacturing industries distinctive to each region

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



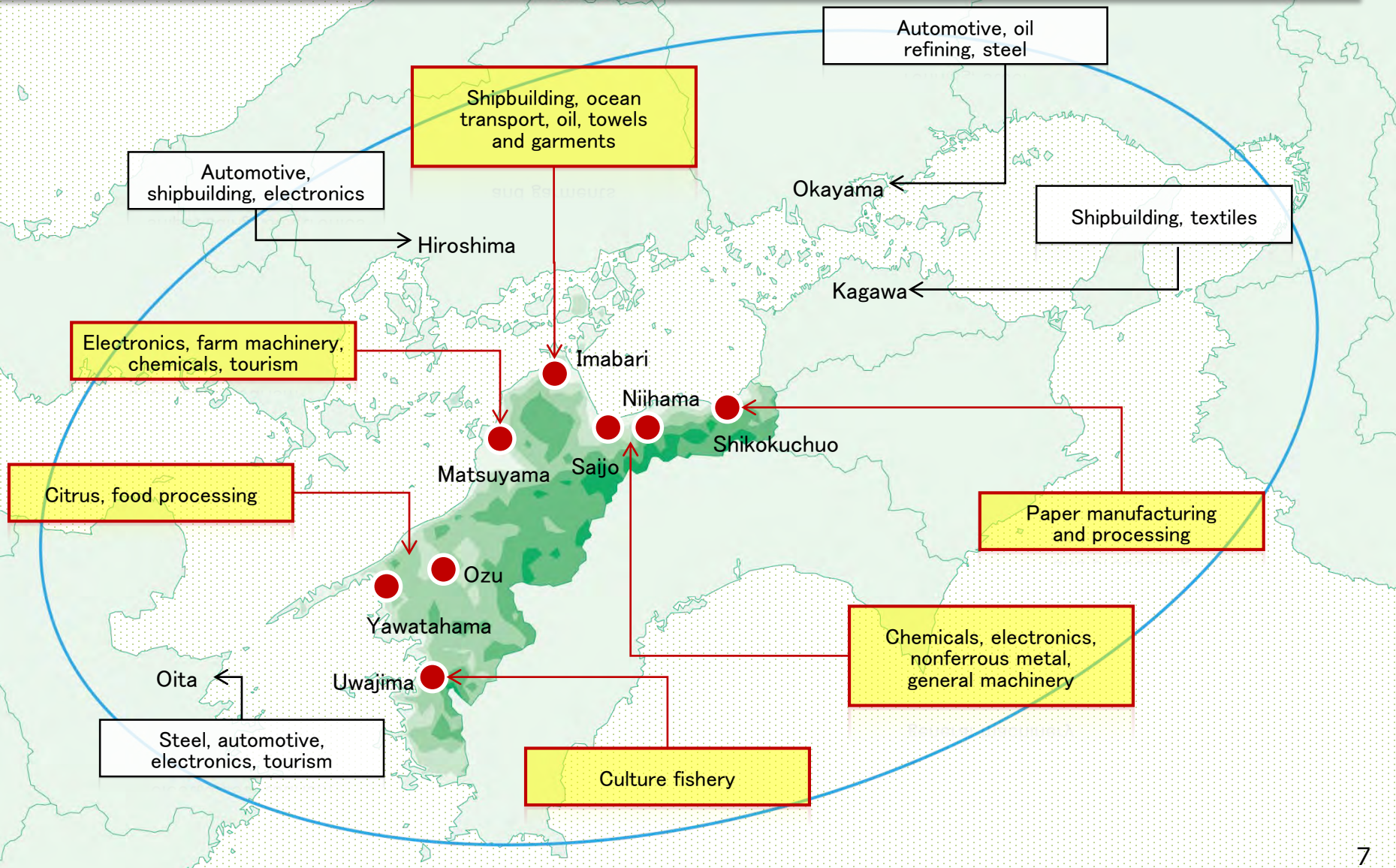
(Note 1) Prepared by Iyogin Regional Economy Research Center, Inc. (IRC) based on the Census of Manufacture 2018 (2017 results).

(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."

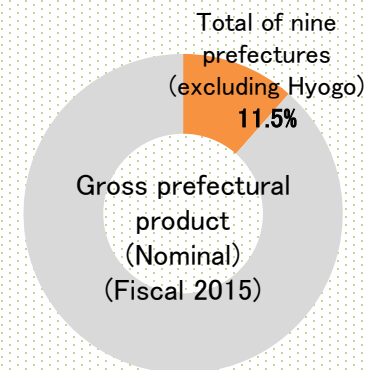
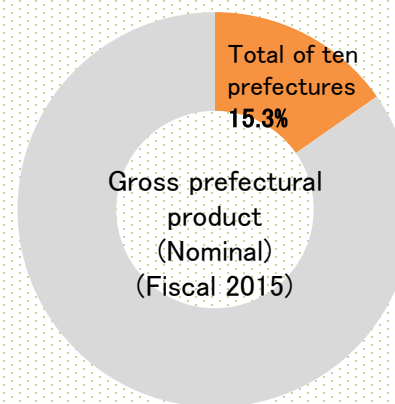
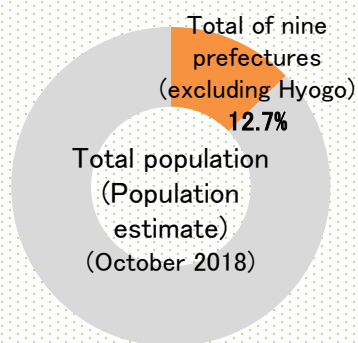
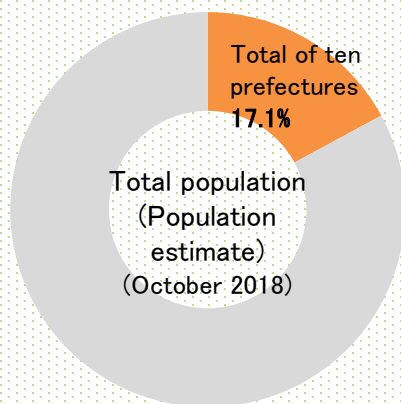
Industrial Structure of the Setouchi Region

IYO BANK

- The Setonaikai coastal region has established various industrial structures

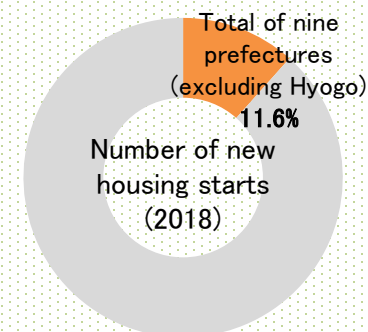
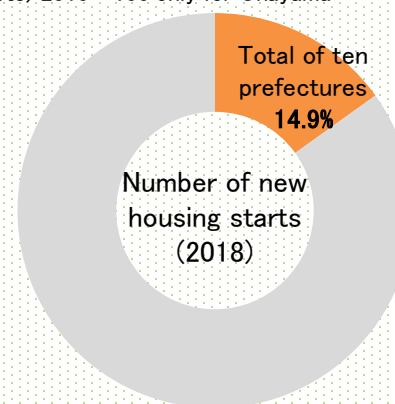
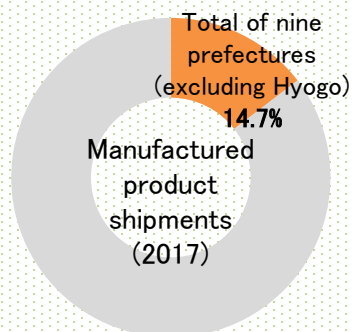
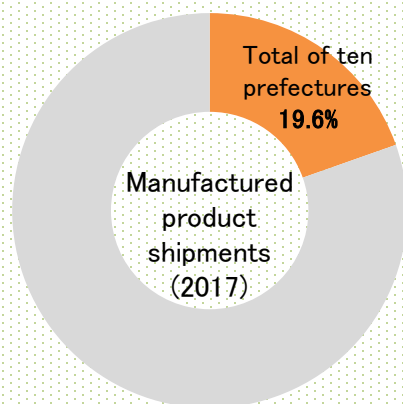


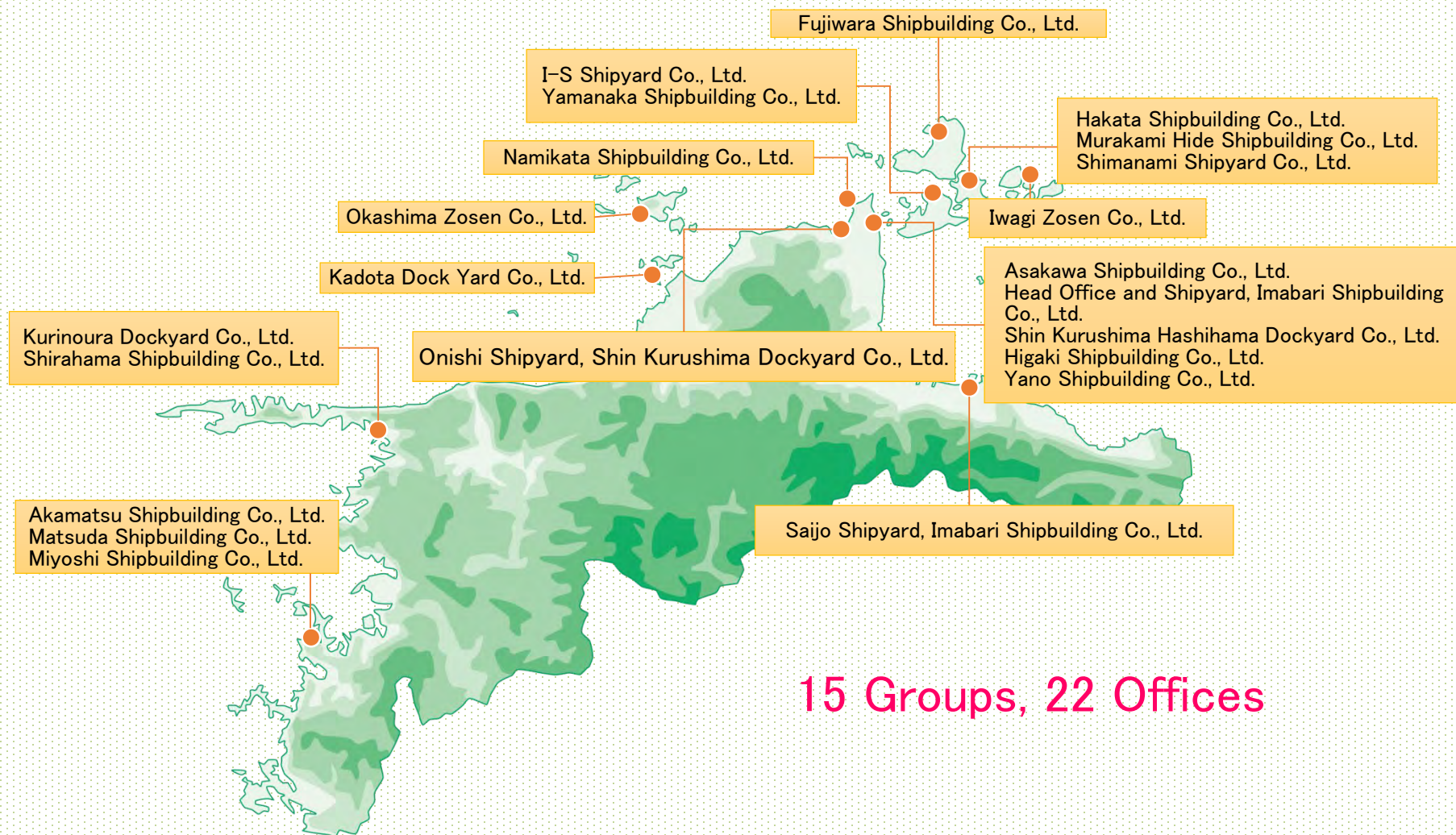
	Total population (Population estimate)	Total area (Geospatial Information Authority of Japan)	Number of offices (Private sector, excluding public sector)	Number of employees (Private sector, excluding public sector)	Prefecture total production (Nominal)	Prefectural gross product growth rate (Real)	Prefectural income per capita
	October 2018 (Persons)	2019 (k m ²)	2016 (Offices)	2016 (Persons)	Fiscal 2015 (Millions of yen)	Fiscal 2015 (%)	Fiscal 2015 (Thousands of yen)
Ehime	1,351,783	5,676	63,310	566,761	4,915,526	+ 1.1	2,535
Kagawa	962,032	1,877	46,774	429,167	3,777,955	+ 0.2	2,925
Tokushima	735,970	4,147	35,853	301,688	3,083,714	+ 0.5	2,921
Kochi	706,126	7,104	35,366	279,196	2,399,735	+ 1.4	2,532
Oita	1,143,585	6,341	52,973	483,206	4,378,232	(0.2)	2,619
Fukuoka	5,107,267	4,987	212,649	2,236,269	18,861,095	+ 2.1	2,724
Yamaguchi	1,370,424	6,113	61,385	577,791	5,870,248	(6.3)	2,774
Hiroshima	2,817,157	8,480	127,057	1,302,074	11,941,081	+ 2.8	3,074
Okayama	1,898,237	7,114	79,870	820,656	7,787,894	+ 2.9	2,744
Total of the above nine prefectures (A)	16,092,581	51,837	715,237	6,996,808	63,015,480		
(A)/(C)	12.7%	13.7%	13.4%	12.3%	11.5%		
Hyogo	5,484,375	8,401	214,169	2,203,102	20,494,996	+ 0.9	2,752
Total of ten prefectures (B)	21,576,956	60,238	929,406	9,199,910	83,510,476		
(B)/(C)	17.1%	15.9%	17.4%	16.2%	15.3%		
National total (C)	126,443,180	377,975	5,340,783	56,872,826	546,550,491	+ 1.6	3,190



	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)
	2017 (Millions of yen)	2016 (Millions of yen)	2016 (Millions of yen)	2018 2015= 100	2018 (Homes)	2018 (Times)	2018 (%)
Ehime	4,178,495	2,511,264	1,528,554	99.0	7,178	1.61	1.7
Kagawa	2,576,333	2,619,010	1,169,352	110.6	5,913	1.79	2.2
Tokushima	1,780,840	904,487	757,121	102.0	4,335	1.45	1.9
Kochi	580,975	874,256	753,371	103.1	3,288	1.27	2.2
Oita	4,094,974	1,344,689	1,235,257	95.4	7,549	1.54	2.2
Fukuoka	9,738,415	16,970,699	5,864,032	107.4	40,704	1.60	2.9
Yamaguchi	6,109,748	1,641,957	1,488,895	105.3	8,369	1.58	1.8
Hiroshima	10,171,291	9,166,762	3,309,726	100.3	18,434	2.05	2.4
Okayama	7,603,182	3,543,971	2,093,111	(Note) (97.9)	13,118	1.95	2.3
Total of the above nine prefectures (A)	46,834,253	39,577,095	18,199,419		108,888		
(A)/(C)	14.7%	9.1%	12.5%		11.6%		
Hyogo	15,665,881	10,219,241	5,726,476	104.7	31,245	1.43	2.6
Total of ten prefectures (B)	62,500,134	49,796,336	23,925,895		140,133		
(B)/(C)	19.6%	11.4%	16.5%		14.9%		
National total (C)	319,166,725	436,522,525	145,103,822	104.2	942,370	1.61	2.4

(Note) 2010 = 100 only for Okayama





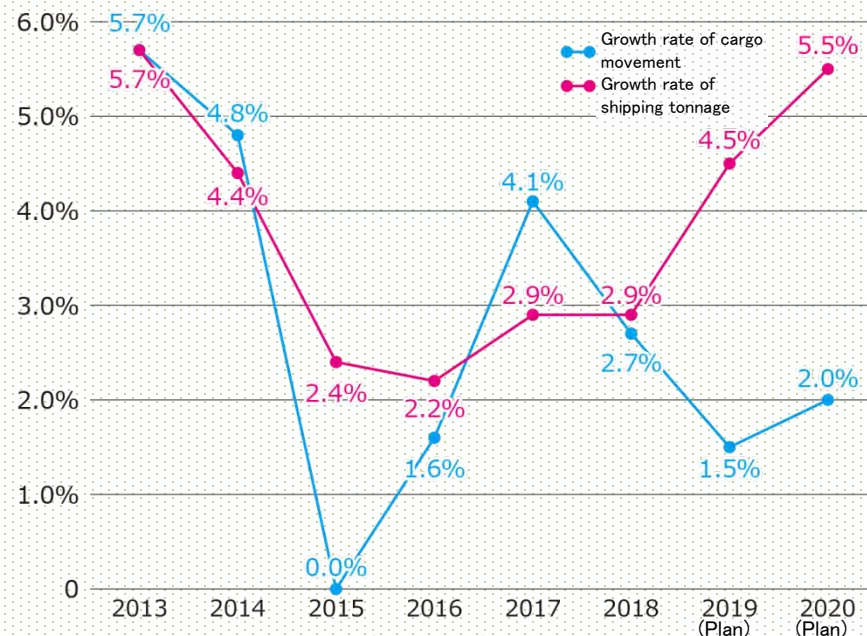
15 Groups, 22 Offices

Source: Prepared by the Bank based on “Documents for Shipbuilding Under Jurisdiction” published by the Shikoku Land Transport Office

*Shipbuilding facilities currently in operation either constructing or repairing steel vessels of at least 500 gross tons or 50 m or longer

Dry Bulk Transport Demand and Supply

● Volume of cargo movement and shipping tonnage



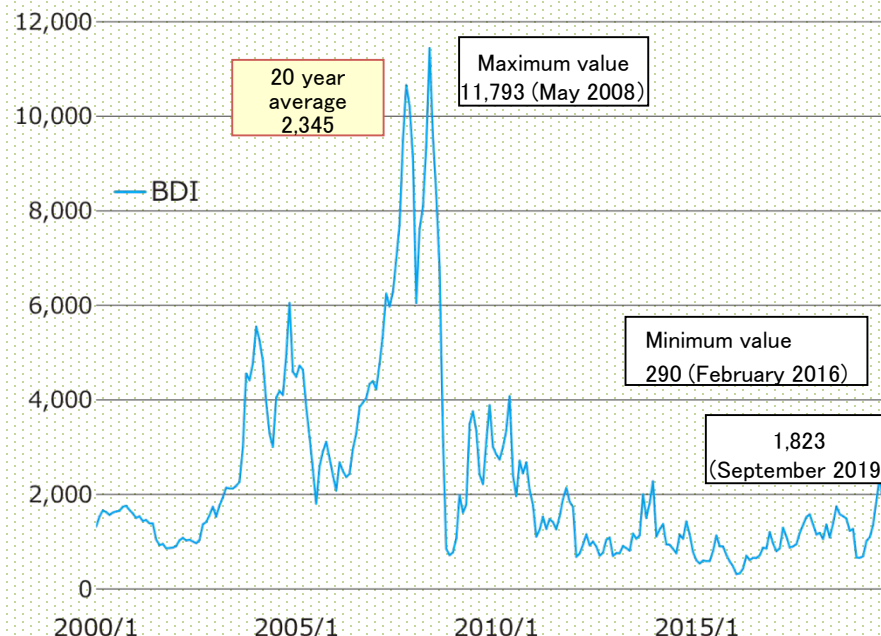
Source: Clarkson Shipping Intelligence Weekly (October 2019)

● Dry bulk transport demand and supply

- Shipping tonnage of dry bulk vessels is expected to see a significant increase of 39.7 million tons, or 4.5%, in 2019 mainly due to construction of large vessels. The volume of cargo movement is expected to be limited to a 1.5% increase, as it has been weak since the start of the year due to US-China trade friction, etc.
- The forecast of the growth rate of shipping tonnage is approx. 5.5% in 2020 as 51.3 million tons of new ship construction is expected. However, cargo movement is expected to grow at 2.0%, which indicates a divergence. Meanwhile, a market boost is expected as shipping tonnage self-adjusts, if scrapping of aging ships is accelerated due to environmental regulations beginning in 2020.

Future Market Outlook

● Baltic Dry Index (BDI) trends



● Future market outlook

- In early 2019, the capesize spot market recorded the lowest level in the last two years, affected by suspended operation of a mine owned by Brazilian steel major Vale due to burst of a dam and hurricanes in Australia.
- Thereafter, the spot market has recovered as market sentiment improved by additional economic policies indicated by China and more ships entered docks owing to factors such as environmental regulations.
- Moving forward, demand for shipping tonnage will be secured at a certain volume due to environmental regulations and changes in trade. However, caution must be observed regarding effects on market conditions ahead of completion of many shipbuilding projects.
- The BDI showed a recovery trend as it gradually rose from a record low of 290 in February 2016 to an average of 1,341 in 2018. It has been at a higher level than the previous year at an average of 2,023 during the most recent three months.

Breakdown of Balance of Loans and Deposits at End of Period

1. Breakdown of balance of loans at end of period

(Units: Billions of Yen)

	March 2016	September 2016	March 2017	September 2017	March 2018	September 2018	March 2019	September 2019	Vs. Sep. 2018
Total loans	3,911.1	3,936.3	4,043.3	4,132.4	4,292.6	4,431.5	4,550.8	4,617.5	186.0
General loans	3,677.4	3,705.5	3,802.3	3,899.0	4,054.6	4,192.2	4,310.7	4,387.7	195.5
Corporate loans (incl. overseas, etc.)	2,717.0	2,729.5	2,807.4	2,891.8	3,030.6	3,146.0	3,238.2	3,291.1	145.1
Corporate loans (domestic branches)	2,717.0	2,729.5	2,806.0	2,864.4	2,965.5	3,060.4	3,135.8	3,158.3	97.9
Individual financing	960.3	976.0	994.9	1,007.1	1,024.0	1,046.2	1,072.4	1,096.5	50.3
Housing loans	700.0	710.6	723.8	731.2	742.6	758.2	781.0	805.3	47.1
Apartment and building loans	173.3	179.1	184.0	186.3	191.3	198.0	202.2	203.1	5.1
Card loans	28.6	29.2	29.6	30.0	29.6	29.1	28.3	27.9	(1.2)
Municipal loans, etc.	233.8	230.7	241.0	233.4	238.1	239.2	240.1	229.7	(9.5)

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

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

(Units: Billions of Yen)

	March 2016	September 2016	March 2017	September 2017	March 2018	September 2018	March 2019	September 2019	Vs. Sep. 2018
Total deposits, etc. + assets in custody A	5,676.5	5,644.4	5,789.1	5,765.3	5,889.0	5,894.2	6,070.6	6,174.5	280.3
Total deposits, etc.	5,343.1	5,317.8	5,457.0	5,424.5	5,546.0	5,542.2	5,712.6	5,817.3	275.1
Total deposits	5,018.0	4,892.9	5,006.8	4,987.1	5,099.6	5,057.7	5,247.1	5,288.5	230.8
Individual	3,348.3	3,343.4	3,354.6	3,376.3	3,392.1	3,412.0	3,423.6	3,450.2	38.2
General companies	1,397.6	1,392.1	1,434.4	1,429.1	1,442.0	1,455.4	1,555.4	1,553.7	98.3
Public	204.0	117.1	146.6	135.8	164.4	111.4	126.4	113.2	1.8
Financial	44.0	31.3	36.0	23.1	53.8	37.4	61.0	31.9	(5.5)
Overseas / offshore	24.1	8.7	35.2	22.6	47.3	41.3	80.5	139.4	98.1
NCD	325.1	424.9	450.2	437.4	446.4	484.4	465.5	528.8	44.4
General companies	295.9	293.5	354.7	319.6	375.4	345.1	348.2	390.0	44.9
Public	29.2	131.4	95.5	117.7	71.0	139.2	117.3	138.7	(0.5)
General company funds (incl. NCD)	1,693.5	1,685.7	1,789.1	1,748.8	1,817.4	1,800.6	1,903.6	1,943.8	143.2
Public funds (incl. NCD)	233.3	248.5	242.1	253.5	235.4	250.7	243.7	252.0	1.3
Foreign currency deposits (balance)	102.9	115.6	97.1	104.1	118.3	111.0	111.0	101.6	(9.4)
Individual deposits+individual assets in custody	3,665.6	3,654.9	3,673.2	3,703.7	3,722.5	3,751.4	3,769.1	3,795.6	44.2
Individual deposits	3,348.3	3,343.4	3,354.6	3,376.3	3,392.1	3,412.0	3,423.6	3,450.2	38.2
Individual assets in custody	317.2	311.5	318.6	327.3	330.4	339.3	345.4	345.4	6.1

<Assets in custody (Term-end basis)>

Assets in custody at the Bank (excl. deposits, etc.) B	333.4	326.5	332.0	340.7	343.0	351.9	357.9	357.1	5.2
JGBs	40.1	32.5	27.2	25.0	25.4	24.0	22.4	20.3	(3.7)
Investment trusts	93.5	85.9	85.1	81.0	71.6	71.5	68.6	66.7	(4.8)
Personal pension insurance	184.9	187.8	191.5	202.1	206.2	210.8	215.7	216.4	5.6
Financial product intermediary	14.9	20.3	28.3	32.5	39.7	45.5	51.0	53.6	8.1
Shikoku Alliance Securities balance C	131.5	140.1	163.7	192.7	201.4	208.3	199.5	207.8	(0.5)
Balance of Group's assets in custody B + C = D	464.9	466.6	495.8	533.5	544.4	560.3	557.4	565.0	4.7
Assets in custody composition (D / A + C)	8.0%	8.1%	8.3%	9.0%	8.9%	9.2%	8.9%	8.9%	-

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

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

(Units: Billions of Yen, %)

	September 2014		September 2015		September 2016		September 2017		September 2018		September 2019		Vs. Sep. 2018	
		Composition		Composition		Composition		Composition		Composition		Composition	Balance	Rate of balance increase/decrease
Manufacturing	606.4	16.1	599.0	15.4	592.0	15.0	589.4	14.4	629.8	14.5	646.9	14.4	+17.1	+ 2.7%
Agricultural	2.0	0.1	2.6	0.1	2.6	0.1	2.5	0.1	2.8	0.1	2.8	0.1	+0.0	+ 0.0%
Forestry	0.2	0.0	0.2	0.0	0.1	0.0	0.2	0.0	0.2	0.0	0.3	0.0	+0.1	+ 50.0%
Fishing	11.8	0.3	12.7	0.3	11.8	0.3	12.3	0.3	11.1	0.3	11.2	0.2	+0.1	+ 0.9%
Mining	3.6	0.1	3.6	0.1	8.8	0.2	8.9	0.2	8.5	0.2	8.1	0.2	(0.4)	(4.7%)
Construction	117.7	3.1	113.5	2.9	110.0	2.8	105.0	2.6	111.2	2.6	108.9	2.4	(2.3)	(2.1%)
Electricity, gas, heat provision, water	87.9	2.3	91.1	2.3	89.2	2.3	97.5	2.4	122.5	2.8	141.3	3.2	+18.8	+ 15.3%
Information communications	22.4	0.6	27.6	0.7	27.2	0.7	28.5	0.7	21.7	0.5	20.0	0.4	(1.7)	(7.8%)
Transportation	642.0	17.1	647.2	16.6	603.3	15.3	649.2	15.8	703.3	16.2	728.8	16.3	+25.5	+ 3.6%
Of which, ocean transport	549.4	14.6	544.7	14.0	489.9	12.4	526.6	12.8	566.5	13.0	593.6	13.2	+27.1	+ 4.8%
Wholesale and retail	459.5	12.2	477.2	12.2	466.9	11.9	465.4	11.3	500.3	11.5	499.5	11.1	(0.8)	(0.2%)
Finance and insurance	145.6	3.9	165.6	4.3	180.3	4.6	198.7	4.8	208.9	4.8	190.1	4.2	(18.8)	(9.0%)
Real estate	180.1	4.8	191.1	4.9	213.4	5.4	238.4	5.8	259.0	6.0	284.1	6.3	+25.1	+ 9.7%
Various services	338.3	9.0	368.2	9.5	390.9	9.9	426.2	10.4	425.5	9.8	459.2	10.2	+33.7	+ 7.9%
Of which, medical-related	159.2	4.2	167.5	4.3	173.5	4.4	187.6	4.6	191.5	4.4	194.2	4.3	+2.7	+ 1.4%
Regional public entities	215.5	5.7	227.8	5.8	230.0	5.8	232.6	5.7	233.9	5.4	224.4	5.0	(9.5)	(4.1%)
Other	923.1	24.6	968.8	24.9	1,009.4	25.6	1,049.7	25.6	1,106.5	25.5	1,158.1	25.8	+51.6	+ 4.7%
Total	3,755.9	100.0	3,896.2	100.0	3,936.3	100.0	4,105.0	100.0	4,345.9	100.0	4,484.6	100.0	+138.7	+ 3.2%

(For domestic branches, excludes special international transactions account)

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

"Real estate" for the six months ended September 30, 2019, excluding "goods rental," was ¥265.6 billion, which is an increase of ¥24.2 billion (+10.0%) compared with the six months ended September 30, 2018. In addition, "other" includes "home renting by individuals" (¥211.7 billion for the six months ended September 30, 2019).

* As "ocean transport" displays balances applicable to the "ocean transport industry" according to Japan Standard Industrial Classification, this figure does not match "Loan balance for the maritime industry" on page 14 of the Earnings Briefing.

Table of Changes in Borrower Classification

- Activities for supporting enhancement of corporate value are conducted through business feasibility assessments of customers
 - Corporate revitalization support is provided mainly by the Corporate 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)

			September 30, 2019							Rate of degradation to at risk of bankruptcy or below	Improvement	Degradation
			Total	Normal borrowers	Borrowers requiring close monitoring	Borrowers under strict observation	Borrowers at risk of bankruptcy	Substantially bankrupt borrowers	Bankrupt borrowers			
September 30, 2018	Normal borrowers	19,801	17,924	17,362	499	22	24	12	5	0.21%		562
		32,384	31,996	31,209	744	18	23	2	1	0.08%		788
	Borrowers requiring close monitoring	1,939	1,835	397	1,365	22	49	1	1	2.63%	397	73
		3,532	3,496	552	2,762	102	80	0	0	2.27%	552	182
	Borrowers under strict observation	150	132	18	9	83	14	7	1	14.67%	27	22
		252	235	44	10	164	16	2	0	6.96%	54	18
	Borrowers at risk of bankruptcy	277	243	15	16	10	188	8	6		41	14
September 30, 2019		425	387	4	16	21	317	4	26		41	29
	Substantially bankrupt borrowers	98	75	1	0	0	0	67	7		1	7
		25	15	0	0	0	0	12	3		0	3
	Bankrupt borrowers	31	15	0	0	0	0	0	15		0	
		12	8	0	0	0	0	0	8		0	
		22,296	20,224	17,793	1,889	137	275	95	35		466	678
		36,630	36,139	31,996	3,496	235	389	15	8		647	1,020

(Note 1) The chart displays the changes in the borrower classification from September 30, 2018 to September 30, 2019.

(Note 2) The balances after changes are the balances after write-offs as of September 30, 2019.

Market Strategy: Management by Risk Category

IYO BANK

(Units: Billions of yen)

Risk Category (*1)	Six months ended September 30, 2019											Source of main revenue and profit
	Book balance	Evaluation gain / loss	Market balance			Total profit / loss (*2)	Interest and dividend income			Increase/ decrease on gain / loss on evaluation vs. March 2019		
				Composition	Vs. March 2019			Interest received (*3)	Procurement cost		Profit / loss from purchase, sale, and amortization	
Yen-denominated bonds	791.2	+19.4	810.5	47.9%	(6.2%)	2.1	3.5	3.5	0.0	0.2	(1.7)	Difference in long and short term interest on yen interest
Of which, JGBs	374.2	+9.2	383.5	22.7%	(5.4%)	0.4	1.9	1.9	0.0	0.2	(1.7)	
Of which, 15-year variable interest JGBs	2.9	+0.0	2.9	0.2%	(2.2%)	(0.1)	0.0	0.0	0.0	0.2	(0.3)	Steepening yield curve
Of which, inflation-indexed JGBs	69.9	+0.5	70.4	4.2%	(0.3%)	0.0	(0.1)	(0.1)	0.0	0.0	+0.1	Rise in expected inflation rate
Foreign currency bonds (with hedges)	299.8	+18.3	318.1	18.8%	+3.0%	16.6	1.4	3.0	1.5	2.0	+13.2	Difference in long and short term interest on overseas interest
Foreign currency bonds (without hedges)	143.8	+3.8	147.5	8.7%	+5.7%	4.5	0.8	0.8	0.0	0.0	+3.7	Gain on foreign exchange / interest revenue
Domestic and overseas stocks (Incl. stock trusts)	119.9	+186.4	306.2	18.1%	(2.5%)	(1.2)	3.2	3.2	0.0	1.5	(5.8)	Growth in domestic companies centered on transaction partners
Alternatives, etc.	92.5	+15.6	108.1	6.4%	(0.0%)	7.1	0.9	0.9	0.0	0.4	+5.8	
Hedge funds	35.2	+0.3	35.5	2.1%	(0.3%)	0.3	(0.1)	(0.1)	0.0	0.0	+0.4	Strategic diversification by external consigned management
Real estate-related	42.5	+15.6	58.1	3.4%	+0.3%	6.8	0.9	0.9	0.0	0.4	+5.6	Revenue from real estate rentals and profit from price increase
Private equity	7.5	+0.0	7.5	0.4%	+0.0%	(0.0)	0.1	0.1	0.0	0.0	(0.1)	Rise in enterprise value due to management improvement of unlisted stocks, etc.
Emerging stocks	4.3	(0.3)	3.9	0.2%	(0.0%)	(0.1)	0.0	0.0	0.0	0.0	(0.1)	Growth and foreign exchange gains in emerging markets
Other (corporate management, etc.)	3.0	+0.0	3.0	0.2%	(0.0%)	(0.0)	(0.0)	(0.0)	0.0	0.0	+0.0	Seeking short-term profits due to market views
Total	1,447.1	+243.4	1,690.5	100.0%	—	29.1	9.8	11.4	1.5	4.1	+15.2	

*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, unsecured repurchase agreement, etc.)

*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.

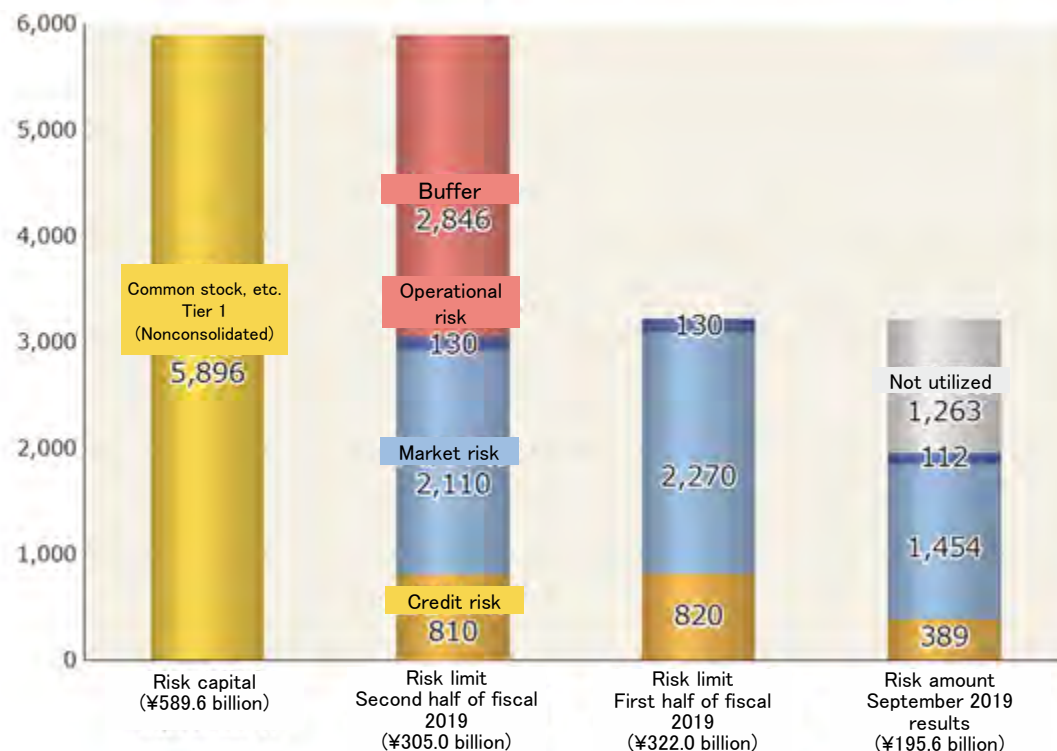
*3 Interest received includes gain / loss on cancellation of funds, etc., recorded in asset management revenue.

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

Credit risk	229.5	+3.9	233.4	13.8%	+0.7%	2.6	1.0	1.5	0.5	0.0	+1.5	Business continuity of domestic and foreign companies
Securitized products	4.7	+0.0	4.7	0.3%	(0.1%)	0.0	0.0	0.0	0.0	0.0	+0.0	Loan interest revenue from housing loans, etc.
Subtotal	234.1	+3.9	238.0	14.1%	+0.6%	2.6	1.0	1.5	0.5	0.0	+1.5	

[Status of integrated risk management (September 30, 2019)]

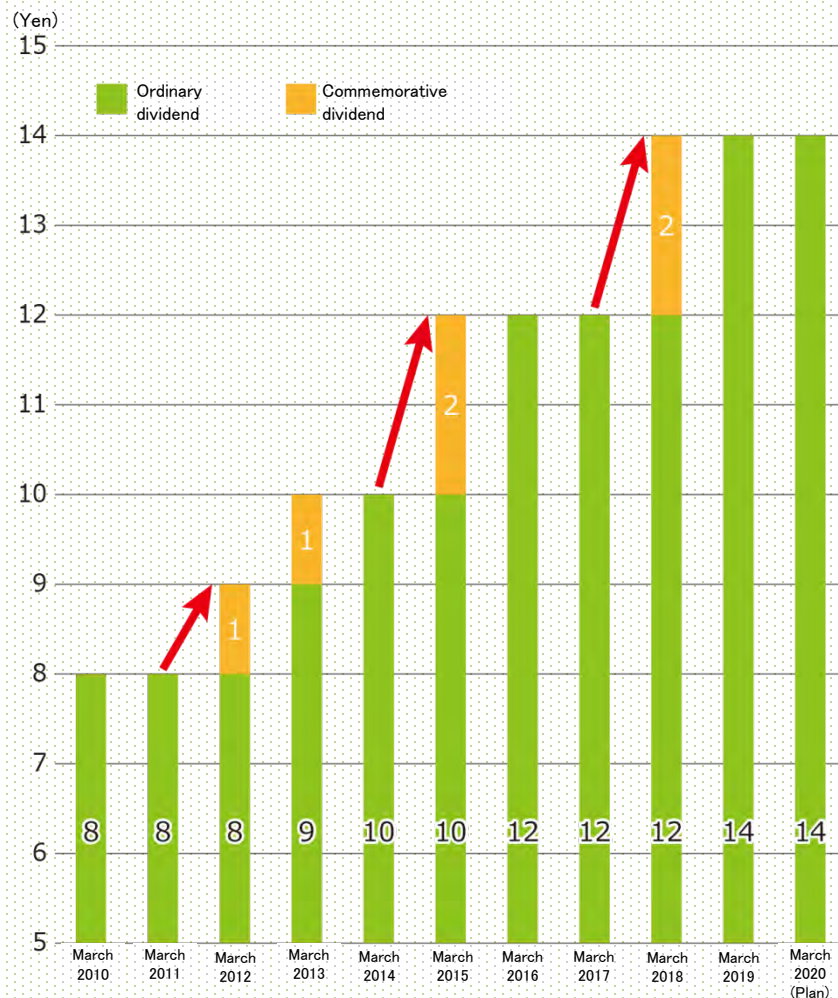
(Units:
Hundreds of
millions of yen)



- Operational risk
 - Calculated by The Standardized Approach
- Market risk (holding period of six months, 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

Dividend Trends

- Strive to maintain the business base and **stable dividends** by strengthening the financial position with internal reserves



Shareholder Benefit Program

Shareholders holding 100 or more but less than 1,000 shares

- Grant shareholder benefits (Imabari towel)



* Image for illustrative purposes.

Shareholders holding 1,000 shares or more

Select one of the following three choices

- Goods made in Ehime Prefecture and special goods jointly designed by the TSUBASA Alliance
- Preferential time deposit accounts for shareholders
- Donation to the Japanese Red Cross Society

