

Iyo Bank First Half of Fiscal 2021 Earnings Briefing Materials

(April 1, 2021 – September 30, 2021)

Investor Relations 2021



Iyo Bank

December 3, 2021

I. Summary of Earnings for the First Half of Fiscal 2021

II. Main Strategies and Progress of Fiscal 2021 Medium-Term Management Plan

II-1. Major Numerical Targets of Medium-Term Management Plan

II-2. Progress of Business Strategies and Plan

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Profit and Loss Overview for the First Half of Fiscal 2021

**Better Money,
Better Life.**

Profit and Loss Overview »

Mainly due to a high level of core business gross profit, profit increased at each profit stage and a high level of profit was continuously secured

Nonconsolidated results (Units: Millions of yen)	First half of fiscal 2021	YoY	Increase/ Decrease	First half of fiscal 2020
Core business gross profit	41,883	+2,065	+5.19%	39,818
Interest and dividend income	36,891	+2,082		34,809
Fees and commissions	3,256	+231		3,025
Of which, revenue on assets in custody	834	+149		685
Other operating income (Excluding profit/loss related to bonds including JGBs, etc.)	1,735	(248)		1,983
Expenses (-)	24,303	(596)	(2.39%)	24,899
Personnel expenses	12,933	+70		12,863
Nonpersonnel expenses	10,203	(172)		10,375
Taxes	1,166	(494)		1,660
Core business net income	17,579	+2,660	+17.83%	14,919
Core business net income (excluding gain (loss) on cancellation of investment trusts)	17,030	+2,919	+20.69%	14,111
Credit costs (-) ①+②-③	3,576	+2,143		1,433
Provision of reserve for general loan losses ①	495	+103		392
Amortization of non-performing loans ②	3,335	+2,104		1,231
Recoveries of written off claims ③	253	+63		190
Gain (loss) related to securities	3,984	(922)		4,906
Gain (loss) related to bonds including JGBs, etc.	171	(3,597)		3,768
Gain (loss) related to stock, etc.	3,812	+2,674		1,138
Other temporary gain (loss)	1,788	+703		1,085
Ordinary income	19,775	+297	+1.52%	19,478
Extraordinary income (loss)	(65)	+155		(220)
Income before income taxes	19,709	+452		19,257
Net income	14,002	+363	+2.66%	13,639
Ordinary revenue	60,342	+6,567	+12.21%	53,775
Business net income	17,256	(1,039)	(5.68%)	18,295

Core business gross profit

Up ¥2,065 million YoY

Interest and dividend income increased due to increased gain on securities management from stronger foreign-denominated securities, an increase in fund distributions, etc.

Expenses (-)

Down ¥596 million YoY

Nonpersonnel expenses decreased through efforts for improvement of operational efficiency and reductions in expenses. Also, taxes decreased due to a decrease in the consumption tax.

Credit costs (-)

Up ¥2,143 million YoY

Amortization of non-performing loans increased due to a increase in bankruptcies and downgrades.

Gain (loss) related to securities

Down ¥922 million YoY

While gain (loss) related to stock, etc. increased by promoting the sales of strategic equity holdings, gain (loss) related to bonds including JGBs, etc. decreased due to rebalancing of the bond portfolios.

Net income

Up ¥363 million YoY

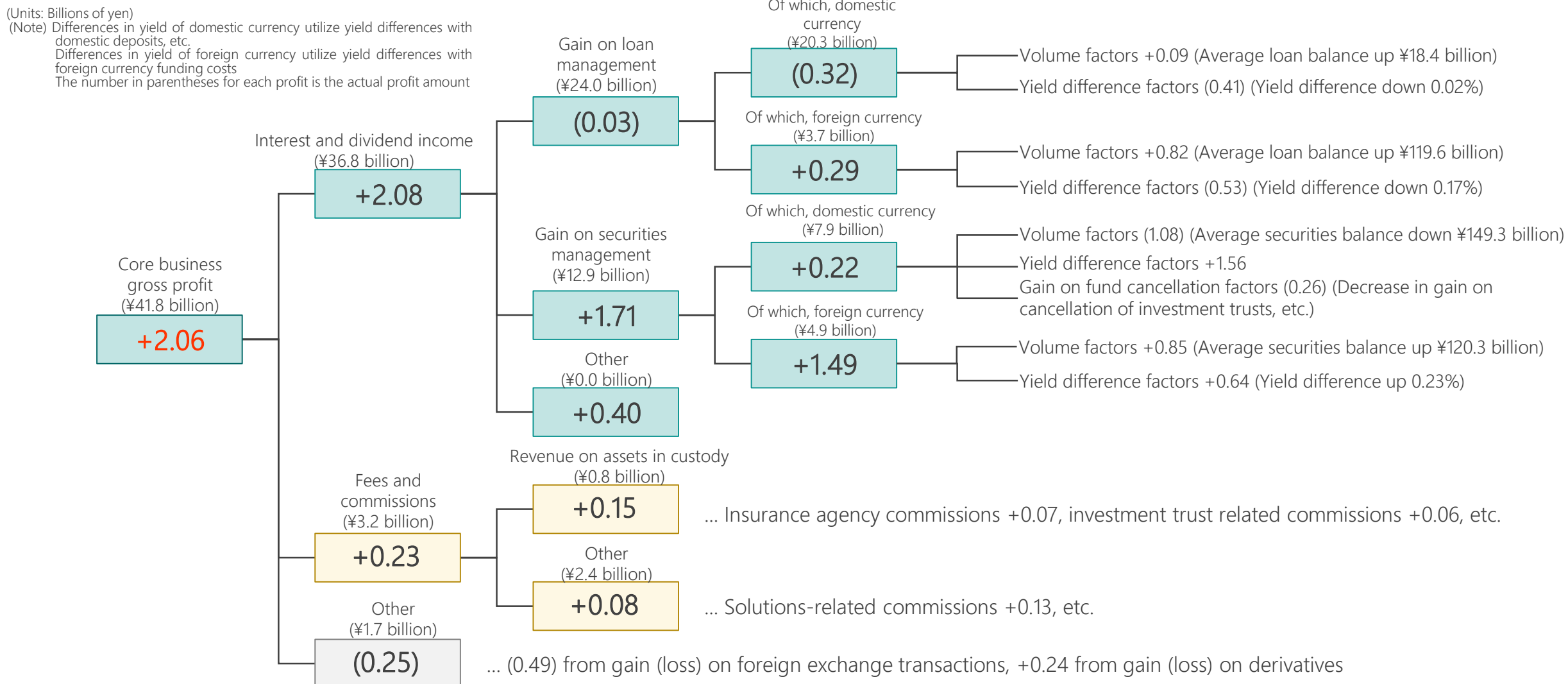
Factors in Increase / Decrease in Core Business Gross Profit for the First Half of Fiscal 2021

Factors in Increase / Decrease in Core Business Gross Profit



A high level of core business gross profit was secured due mainly to an increase in gain on securities management

Year-on-year (First Half of Fiscal 2021 – First Half of Fiscal 2020)



Loans, Deposits, and Assets in Custody for the First Half of Fiscal 2021

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Deposits, etc. » Deposits, etc. were **up 6.8%** year-on-year

Balance of deposits, etc. by region

(Units: Billions of yen)

Region	First Half of Fiscal 2020	First Half of Fiscal 2021	YoY	Increase/Decrease
Within Ehime Prefecture	4,766.9	4,990.7	+223.8	+4.7%
Shikoku (excluding Ehime)	255.6	291.4	+35.8	+14.0%
Kyushu	171.5	185.1	+13.6	+7.9%
Chugoku	282.9	285.7	+2.8	+1.0%
Kinki	167.5	193.4	+25.9	+15.5%
Tokyo and Nagoya	418.6	496.8	+78.2	+18.7%
Overseas, etc.	121.3	159.5	+38.2	+31.5%
Total	6,184.6	6,603.0	+418.4	+6.8%

Assets in Custody » Balance of assets in custody were **up 4.5%** year-on-year

Balance of assets in custody

(Units: Billions of yen)

	First Half of Fiscal 2020	First Half of Fiscal 2021	YoY	Increase/Decrease
Group assets in custody	574.5	600.2	+25.7	+4.5%
Balance at the Bank	347.8	353.9	+6.1	+1.8%
Balance at Shikoku Alliance Securities	226.6	246.3	+19.7	+8.7%
Sales of Group assets in custody	54.8	75.1	+20.3	+37.0%
Sales at the Bank	20.9	30.4	+9.5	+45.5%
Sales at Shikoku Alliance Securities	33.8	44.7	+10.9	+32.2%

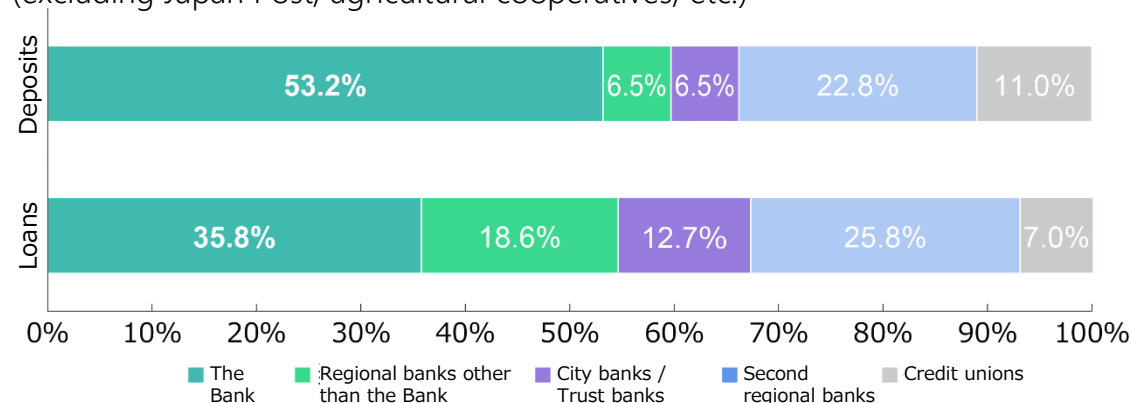
Loans » Loans were **up 1.7%** year-on-year

Balance of loans by region

(Units: Billions of yen)

Region	First Half of Fiscal 2020	First Half of Fiscal 2021	YoY	Increase/Decrease
Within Ehime Prefecture	2,465.1	2,496.4	+31.3	+1.3%
Shikoku (excluding Ehime)	326.2	340.1	+13.9	+4.3%
Kyushu	310.9	318.6	+7.7	+2.5%
Chugoku	458.7	483.5	+24.8	+5.4%
Kinki	387.2	388.2	+1.0	+0.3%
Tokyo and Nagoya	649.0	620.9	(28.1)	(4.3)%
Financial Market Business Office	116.4	112.6	(3.8)	(3.3)%
Total (domestic branches)	4,714.0	4,760.5	+46.5	+1.0%
Overseas, etc.	160.5	198.5	+38.0	+23.7%
Total	4,874.5	4,959.1	+84.6	+1.7%

Share within Ehime Prefecture as of September 30, 2021
(excluding Japan Post, agricultural cooperatives, etc.)



Credit Costs and Disclosed Non-performing Loans for the First Half of Fiscal 2021

Credit Costs

Credit costs by factor

(Units: Billions of yen)

	First Half	Fiscal 2018	First Half	Fiscal 2019	First Half	Fiscal 2020	Fiscal 2021 First Half	YoY
Credit costs total	0.8	5.8	3.2	6.9	1.4	12.5	3.5	+2.1
Provision of reserve for general loan losses	(0.5)	0.2	0.6	0.4	0.3	9.1	0.4	+0.1
Amortization of non-performing loans	1.7	6.1	2.8	7.1	1.2	3.9	3.3	+2.1
Bankruptcies	0.5	1.0	0.8	1.3	0.3	0.5	1.4	+1.1
Downgrades, etc.	2.3	6.9	3.6	8.1	2.6	6.2	3.4	+0.8
Upgrades and collections	(1.1)	(1.8)	(1.6)	(2.2)	(1.7)	(2.8)	(1.5)	+0.2
Recoveries of written off claims (-)	0.2	0.5	0.2	0.7	0.1	0.6	0.2	+0.1
Credit management expense ratio (*)	0.04%	0.13%	0.14%	0.15%	0.06%	0.26%	0.14%	+0.08P

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

» Credit costs were up ¥2.1 billion year on year due to increased bankruptcies and downgrades, etc.

Ratio of Disclosed Non-Performing Loans

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

(Units: Billions of yen)

	Fiscal 2018	Fiscal 2019	First Half	Fiscal 2020	Fiscal 2021 First Half	YoY
Loans to bankrupt or effectively bankrupt borrowers	6.0	6.5	3.1	3.6	1.8	(1.3)
Doubtful assets	46.6	53.2	54.5	52.8	57.9	+3.4
Credit subject to specific risk management	18.6	18.0	18.0	16.8	23.9	+5.9
Total disclosed non-performing loans	71.3	77.7	75.7	73.3	83.7	+8.0
Ratio of disclosed non-performing loans	1.48%	1.55%	1.47%	1.39%	1.60%	+0.13P

» Although ratio of non-performing loan was up, continued at a low level of 1.60% owing to limited impact of bankruptcies and downgrades, etc.

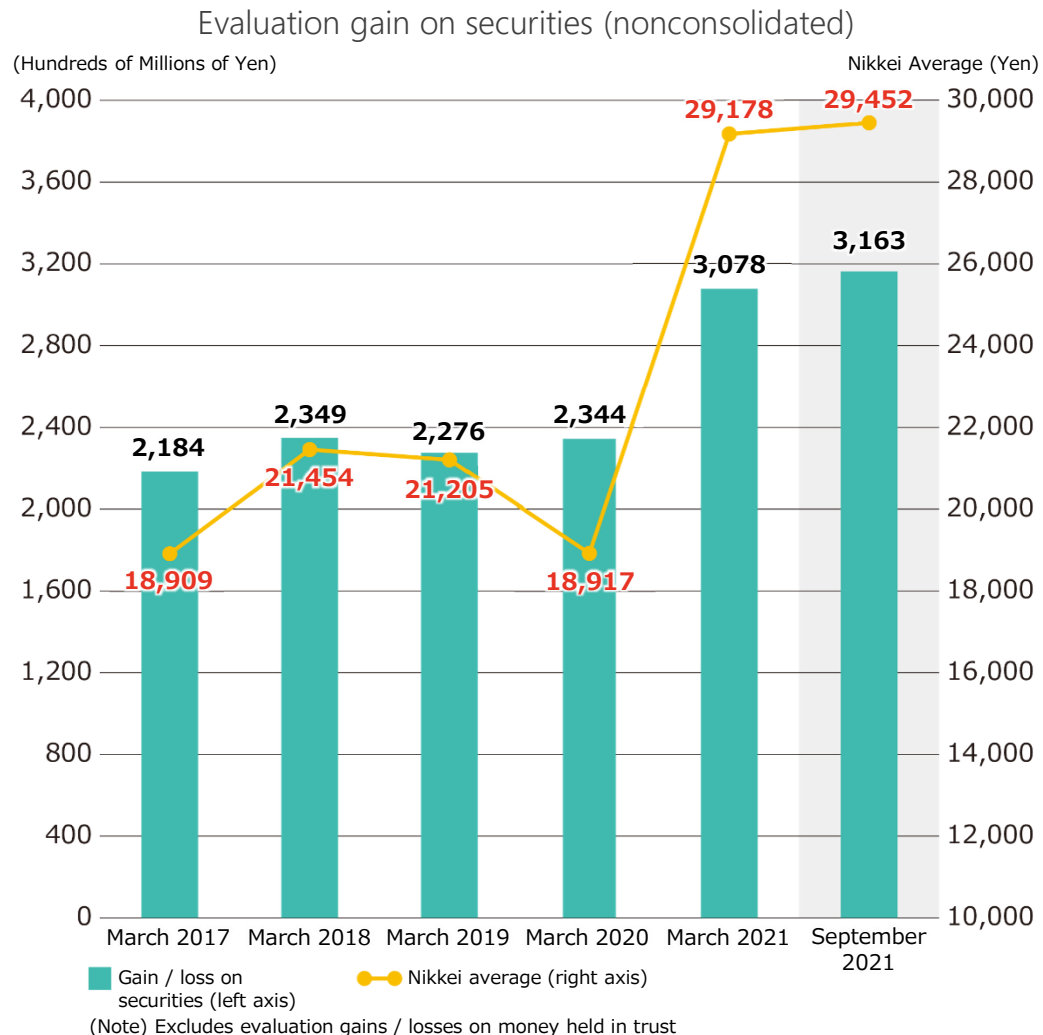
Evaluation Gain (Loss) on Securities and Equity Ratio for the First Half of Fiscal 2021

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Evaluation Gain on Securities

» ¥316.3 billion

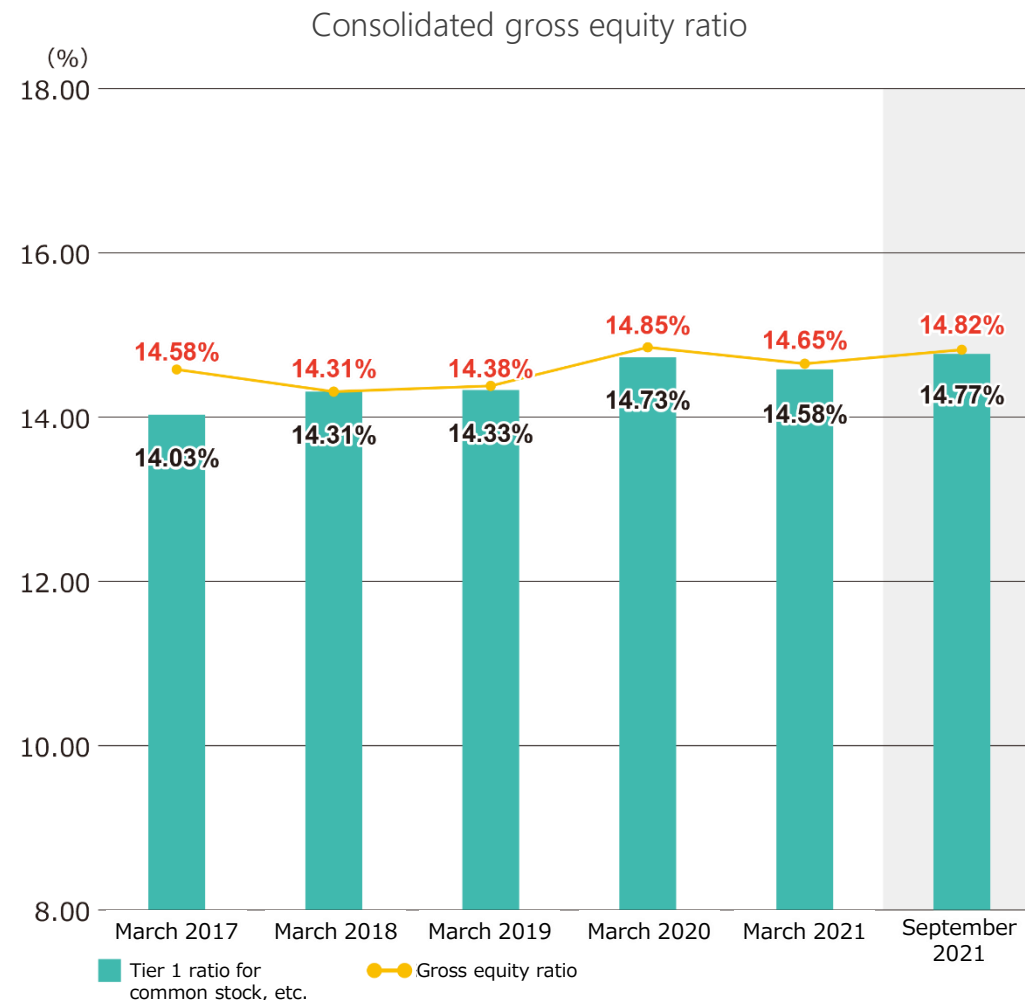
- ✓ Maintained a top level among regional banks



Consolidated Gross Equity Ratio

» 14.82%

- ✓ Secured high soundness, sufficiently exceeding required equity ratio

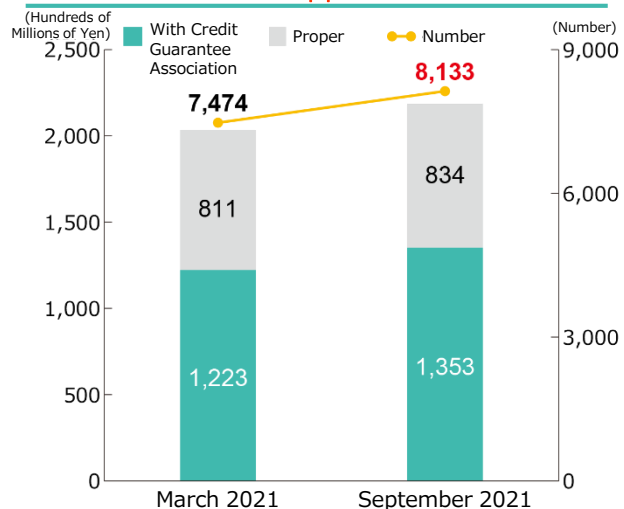


Continuation of Fund Management Support for Customers

COVID-19-related Loans

Loans made (cumulative)

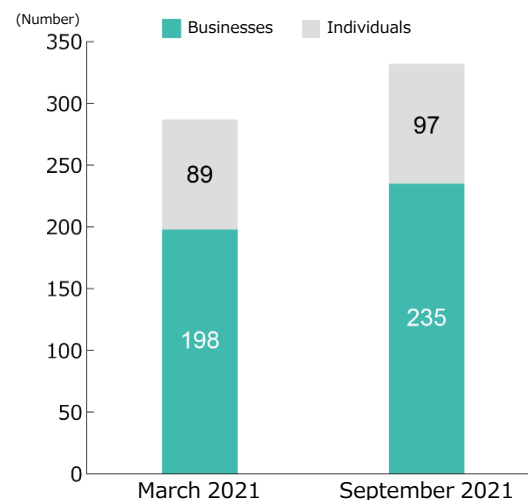
Approx. ¥220.0 billion



Changes in Condition

Number of objects for condition changes (cumulative)

Approx. 330 borrowers



Support by the Support Team for COVID-19 Measures

Main support methods

- Business matching
- ICT consulting
- Business succession, M&A
- Financing
- Primary industry support
- Staffing
- Manufacturer support
- Overseas business support
- Local product support website

Examples of efforts

- Supported sales channel development by utilizing networks such as various alliances for customers who are seeking to develop sales channels due to the cancellation of business meetings or a decrease in sales
- Developed a remote work environment by utilizing ICT consulting for customers who are considering introducing work from home

Results (as of September 30, 2021)

In progress	50
Done	457
Total	507

Providing wide support for business issues by forming teams across the organization

The Bank's Response amid the COVID-19 Pandemic

Region Customers

Business support including fund management

- COVID-19-related loans, response to condition changes, the support team for COVID-19 measures

Expansion of non-face-to-face channels

- Release of apps such as "HOME," "SAFETY," and "AGENT"
- Providing new cashless services such as debit cards

Thorough infection prevention for customers and employees

- Shortening business hours (Introduction of lunch break from 11:30 to 12:30)
- Shifts with reduced staffing, remote work, restrictions on movement and dining together, etc.

Employees

Development of remote environment

- Renewal of web conferencing system (ZOOM), distributed iPads to all branches

Start of COVID-19 workplace vaccination

- From the end of August 2021, workplace vaccination started

Financial aspect

Recording provision for COVID-19 measures

- Recorded provision for COVID-19 measures of ¥8.7 billion in earnings for fiscal 2020
- Provision that is preventively recorded is utilized during an economic downturn, which contributes to securing stable profits less sensitive to economic changes and trends of COVID-19

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- ✓ Currently, a profit level that exceeds the plan has been achieved, and the numerical targets are proceeding smoothly
- ✓ Aiming to maintain and improve profitability and productivity and achieve the numerical targets through steady implementation of the strategies under the Medium-Term Management Plan, though a severe business environment is expected to continue

[Major Numerical Targets]

Items	Fiscal 2020 Results	Fiscal 2021 Expected	Targets for Fiscal 2023
Consolidated core business gross profit	¥86.6 billion	¥86.3 billion	¥86.0 billion
Profit attributable to owners of parent	¥18.0 billion	¥21.0 billion	¥23.0 billion
Consolidated ROE (shareholders' equity basis)	3.82%	4.35%	4.0% or more
Consolidated core OHR	60.19%	59.69%	Approx. 60.0%
Consolidated common stock Tier 1 ratio	14.58%	14.39%	Approx. 15.0%

Fiscal 2021 Medium-Term Management Plan _ Major Numerical Targets II

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Deposits, etc.

» Planning an average balance for fiscal 2023 totaling **¥6,685.0 billion** with an increase by approx. ¥500.0 billion for three years of the Medium-Term Management Plan

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

(Units: Billions of yen)

	Fiscal 2020 Results	Fiscal 2021		Fiscal 2022		Fiscal 2023		
		Expected	YoY	Plan	YoY	Plan	YoY	Increase/decrease during the Plan
Average deposits, etc., balance	6,184.6	6,615.0	+430.4	6,580.0	(35.0)	6,685.0	+105.0	+500.4
Of which, individual deposits	3,658.3	3,809.0	+150.7	3,827.0	+18.0	3,876.0	+49.0	+217.7
Group assets in custody balance	593.5	602.0	+8.5	626.0	+24.0	657.0	+31.0	+63.5
Of which, balance of assets in custody at the Bank	348.3	352.0	+3.7	359.0	+7.0	372.0	+13.0	+23.7
Of which, balance at Shikoku Alliance Securities	245.2	250.0	+4.8	267.0	+17.0	285.0	+18.0	+39.8

Loans

» Planning an average balance for fiscal 2023 totaling **¥5,290.0 billion** with an increase by approx. ¥395.0 billion for three years of the Medium-Term Management Plan

[Plans for average loan balance (including Singapore Branch)]

(Units: Billions of yen)

	Fiscal 2020 Results	Fiscal 2021		Fiscal 2022		Fiscal 2023		
		Expected	YoY	Plan	YoY	Plan	YoY	Increase/decrease during the Plan
Average loan balance	4,894.4	5,000.0	+105.6	5,155.0	+155.0	5,290.0	+135.0	+395.6
Corporate loans	3,246.8	3,310.0	+63.2	3,365.0	+55.0	3,433.0	+68.0	+186.2
Of which, within Ehime	1,438.6	1,487.0	+48.4	1,528.0	+41.0	1,538.0	+10.0	+99.4
Individual loans	1,130.7	1,159.0	+28.3	1,224.0	+65.0	1,281.0	+57.0	+150.3
Municipal loans	232.2	212.0	(20.2)	214.0	+2.0	211.0	(3.0)	(21.2)
Financial Market Business Office	116.3	116.0	(0.3)	117.0	+1.0	117.0	+0.0	+0.7
Singapore Branch	168.2	203.0	+34.8	235.0	+32.0	248.0	+13.0	+79.8

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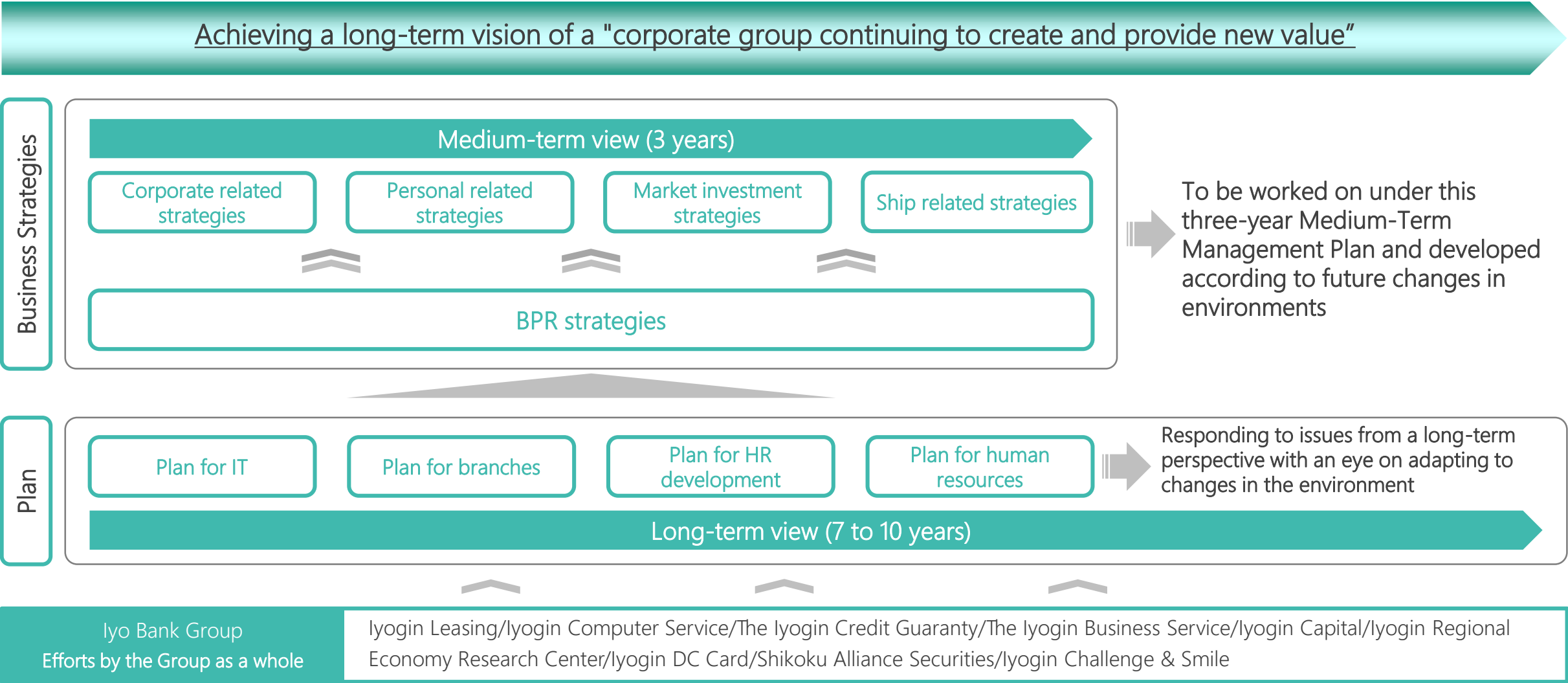
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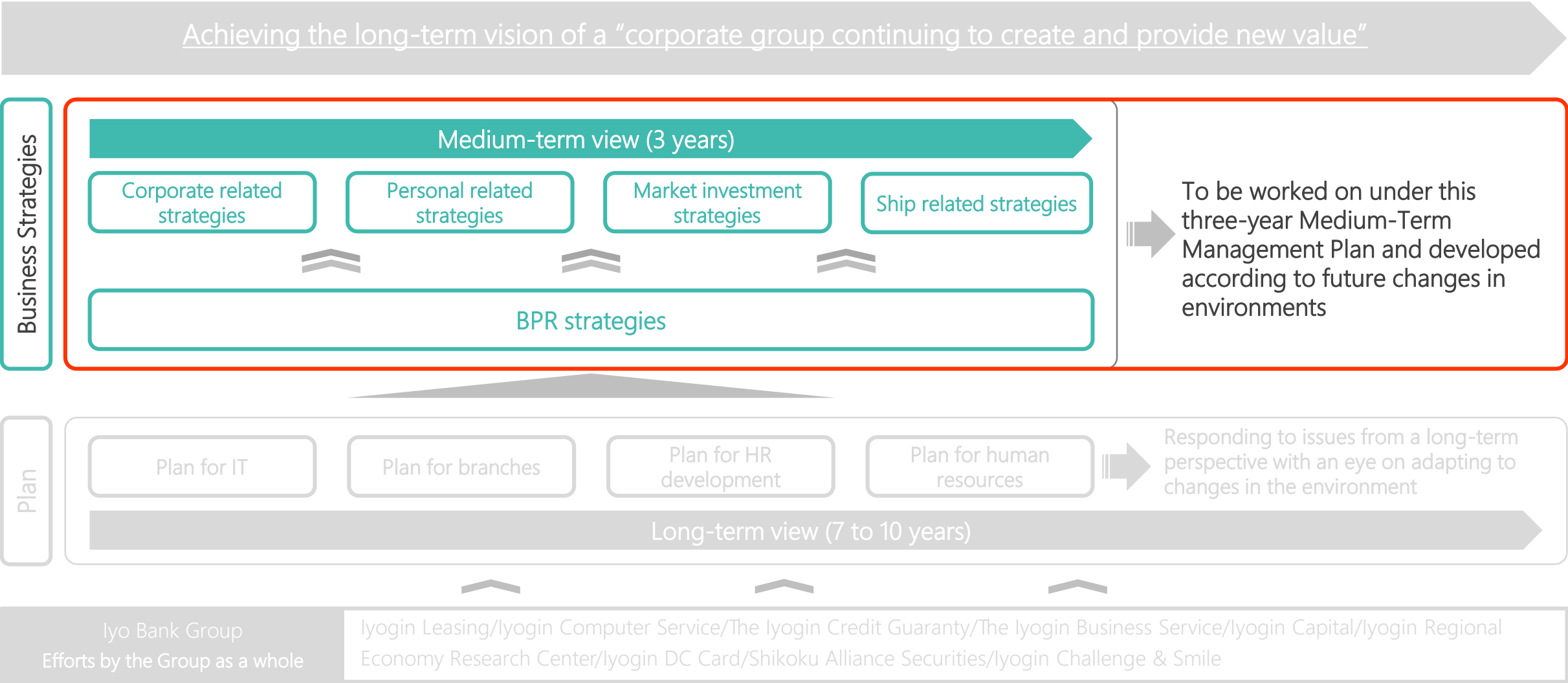
Business Strategy and Plan for Realizing the Long-Term Vision

✓ Toward achieving a long-term vision of a “corporate group continuing to create and provide new value,” the Bank will work to further deepen and evolve the DHD model centered on **five business strategies** and **four plans**. By doing so, we will strive to strengthen relationships of trust with local communities and customers, and work to improve sustainability as a corporate group.



Business Strategy and Plan for Realizing the Long-Term Vision

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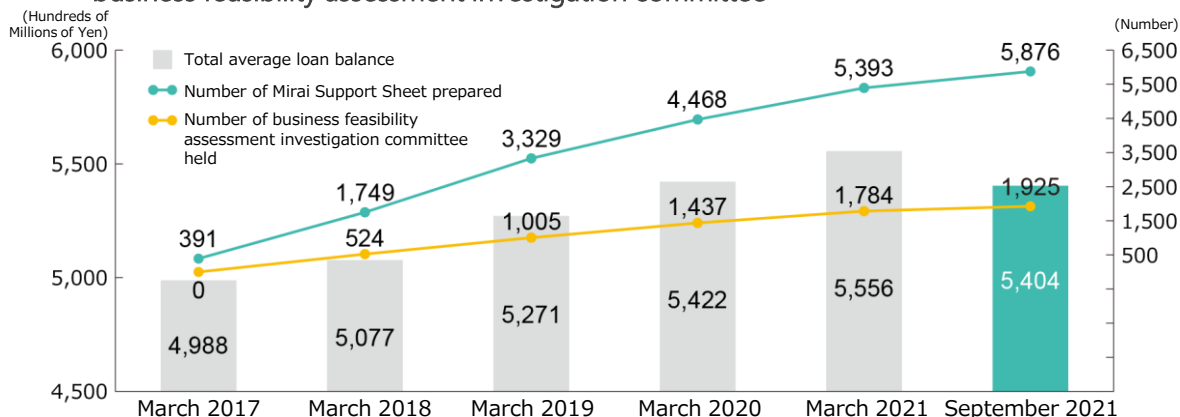


Conducting Consulting Sales Activities

» Help customers to solve issues for their future vision in view of external environment changes and life in the age of COVID-19 and the post COVID-19

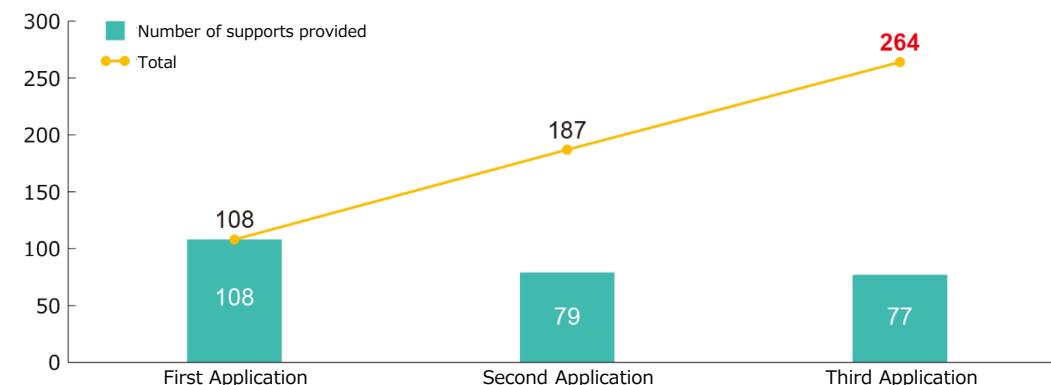
Sharing of Management Issues and Optimal Offering of Value through Business Feasibility Assessment

- Help customers to solve management issues by using the "Mirai Support Sheet" and the "business feasibility assessment investigation committee"



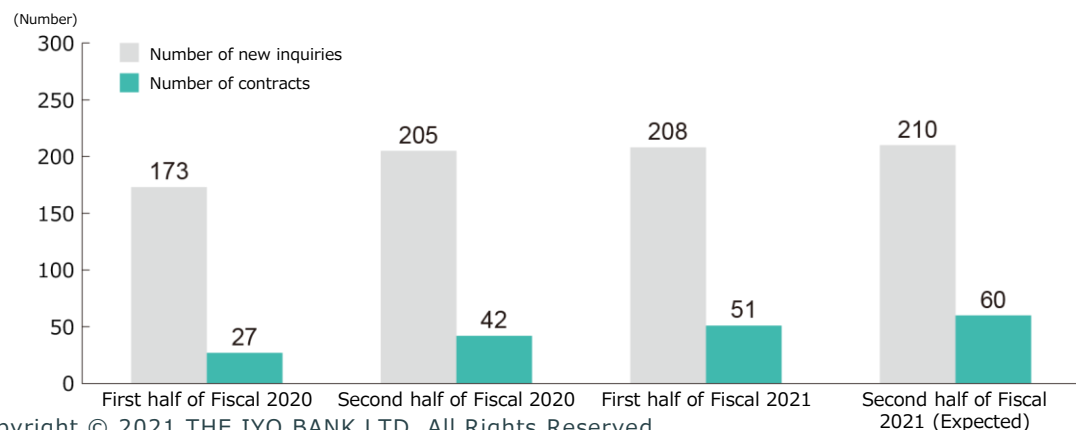
Start of Business Restructuring Subsidy Support

- Dealt with a total of 264 cases since the start of the first public offering for participants in March 2021 to the third public offering, and support creation of new businesses for customers working on business restructuring



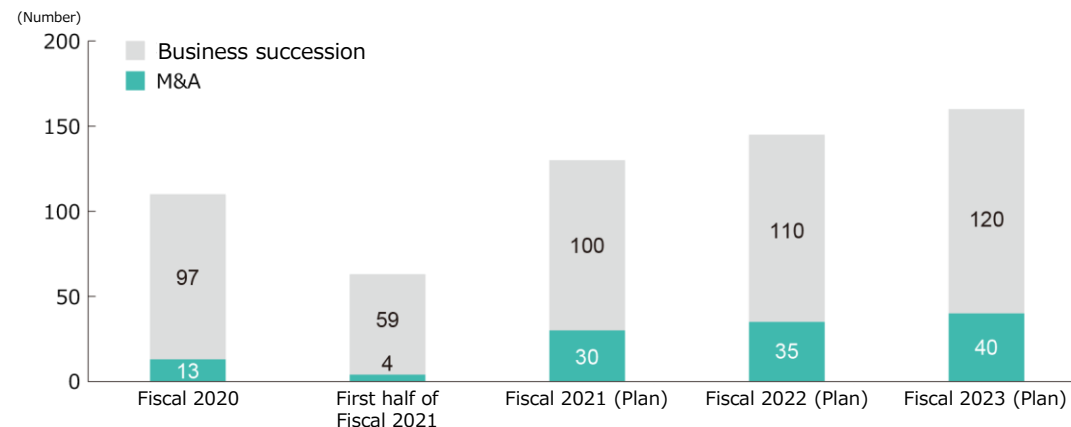
Staffing Business

- A total of 586 inquiries including 120 contracts since the service started in April 2020
- Started job-seeking business (career advisor and recruiting advisor) in October 2021 and focused on promoting the utilization of part-time human resources as well



M&As and Business Succession

- Although M&A has not reached the plan due to the impact of the COVID-19, business succession has progressed as planned, with increased inheritance support for the wealthy.



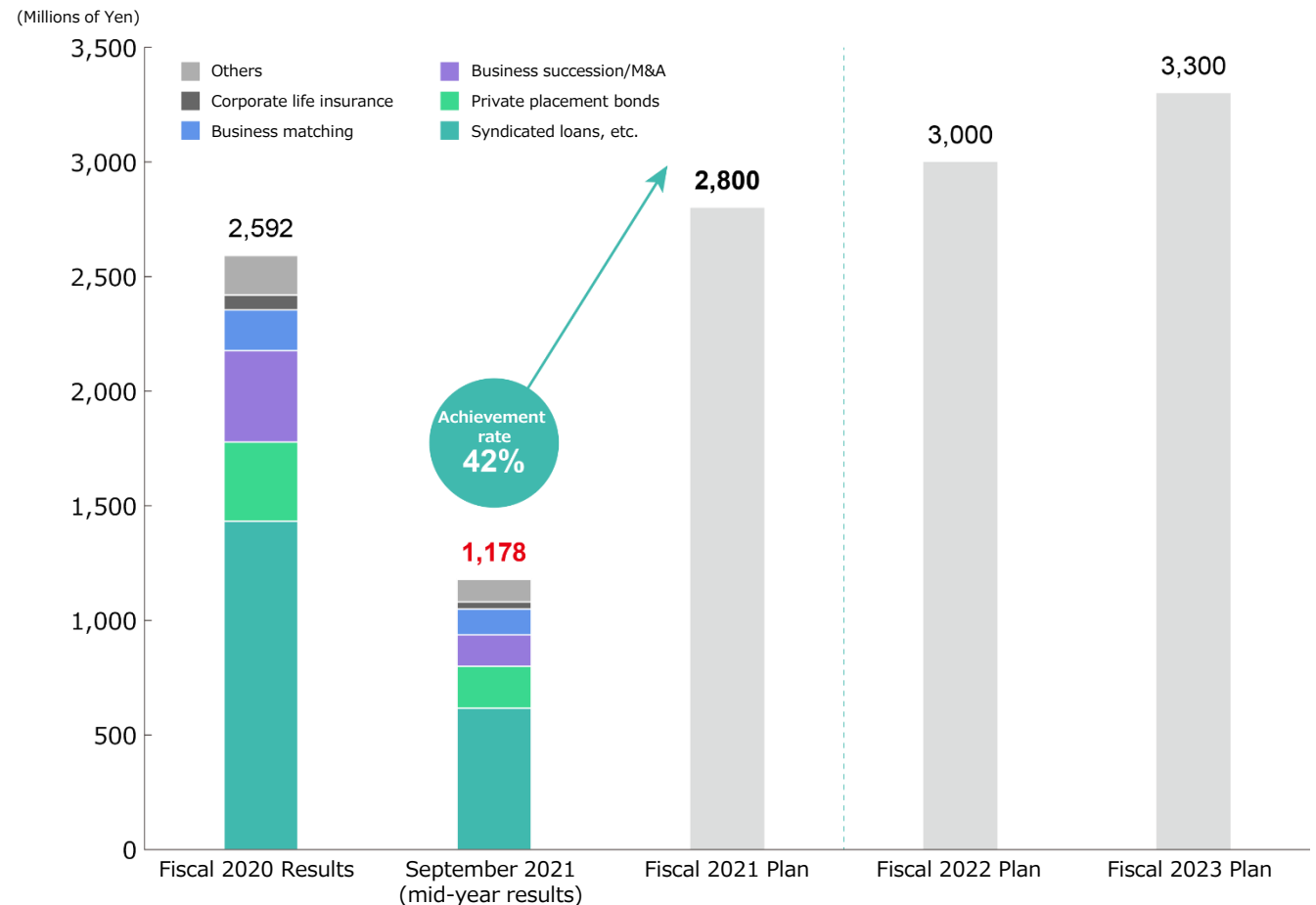
Expansion of Fee Businesses through Enhanced Consulting Functions

» Achievement rate against the annual plan in the first half of fiscal 2021 was 42%, due to the prolonged impact of the COVID-19 pandemic

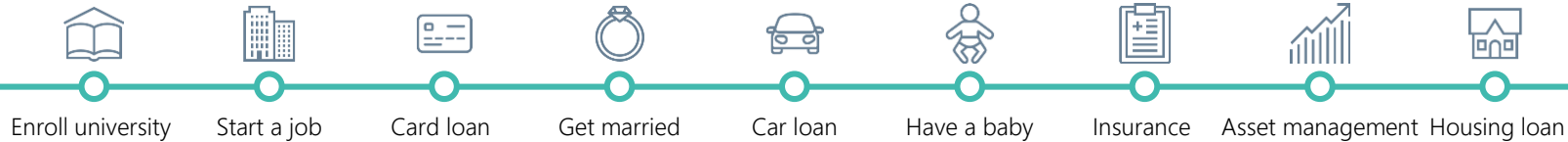
- Aiming to achieve the plan **by enhancing the consulting functions** in order to quickly respond to changes in the environment surrounding customers, such as the COVID-19 and climate change countermeasures.



[Actual results and plans for consulting revenue]



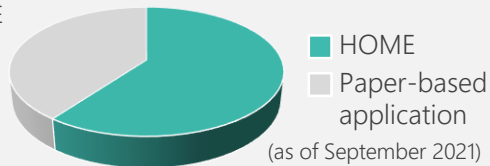
"DHD Service"—Aiming to Be a True "AGENT" That Closely Supports the Customer's Life—



House purchasing plan with a smartphone

HOME

■ About 60% of all the housing loans has shifted to HOME



- Required documents reduced by half (decreasing customer burden + BPR)
- Promotion of "HOME HOUSE BUILDER"
→ No. of contracts as of September 30, 2021: 151

A bank on your palm

AGENT

- Released June 2021
- Important channels equal to branches
- Banking procedures are possible via video chat
- Check balances and asset transitions on a graph

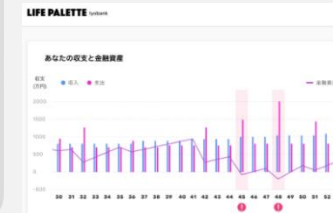


Simulation tool that allows customers to chart various future plans

LIFE PALETTE (Released October 2021)



- Life plan simulation
→ Approach a wide range of customers and elicit needs
- Guide to face-to-face service (consultation counter) according to the needs of the customers

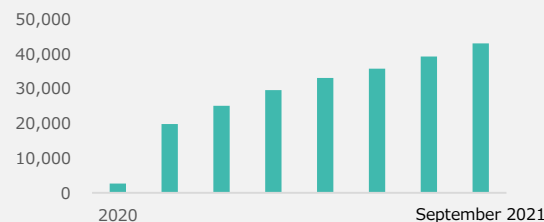
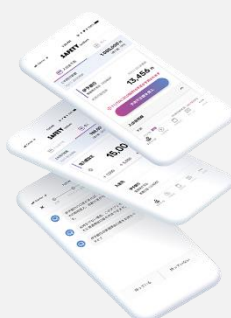


* Functions will be improved in the future with a view to collaboration between different industries.

New card loan service that issues notifications on insufficient amount

SAFETY

■ The number of app downloads is steadily increasing



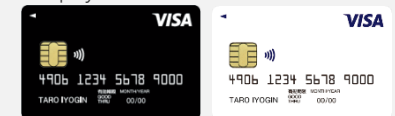
- UI/UX improvement
→ Decrease in withdrawal, improvement in contract rate
- Function to expand a credit limit
→ Approximately 15% of users increased their credit limit

(Released October 2021)

Iyo Bank Visa Debit

Providing safe and secure cashless payment services

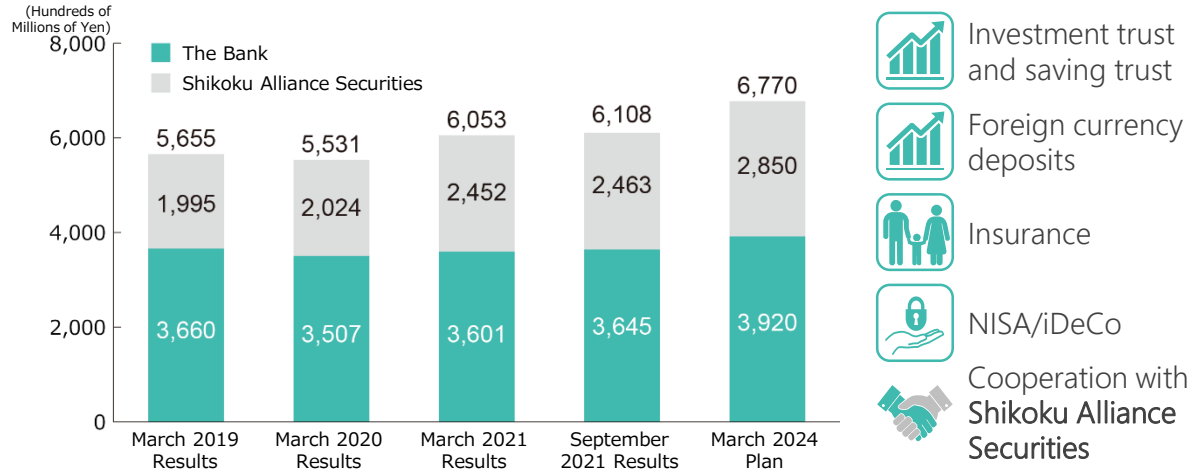
- Immediate payment → Can be used like a wallet or cash
- Easily check usage details with the "AGENT" app
- People at 12 or older can apply
- Supports Visa touch payment



Support "Increasing and Saving" Needs by the Entire Group

■ Support customers' asset formation according to issues and needs while staying close to their life events

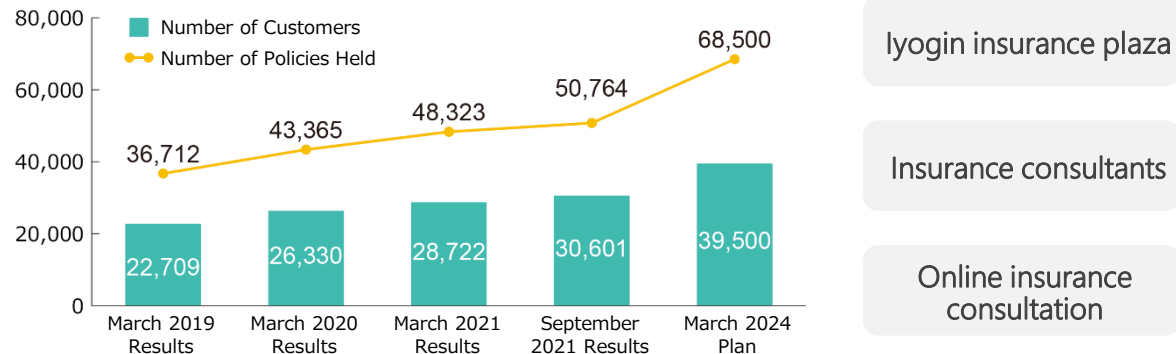
Change in Group Assets in Custody Balance



Respond to Customers' "Preparing" Needs on All Channels

■ Build a system to meet the "preparing" needs of customers through various channels

Level Premium Insurance (Number of Customers and Number of Policies Held)



Creating a System That Meets the Needs of "Bequeathing" and "Preserving"

■ The Bank established the **"wealth advisors"** at the headquarters as a one-stop consultation service from measures before death to post-inheritance support, in order to meet the growing needs for inheritance, care, and dementia.

Consulting by Wealth Advisors

Understanding needs through inheritance simulation

Support menu for measures before death

Tax Measures

- Business succession consulting
- Real estate incorporation
- Single premium insurance (gift before death and earmarked funds for taxes)

Asset Management/Estate Division

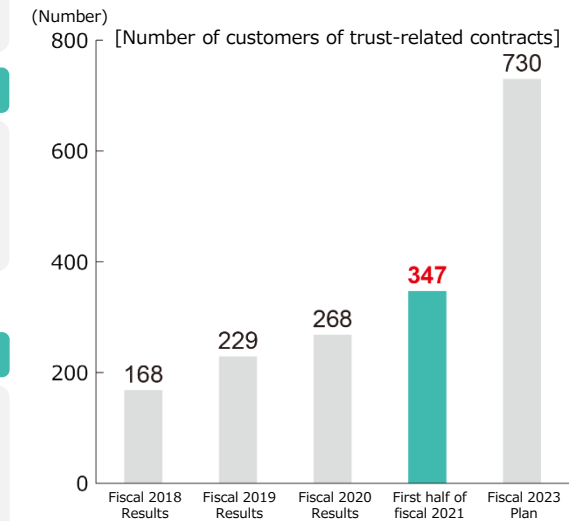
- Family trust
- Magokoro (Heartfelt) Letter
- Testamentary trust
- Will writing support

Support menu after inheritance occurs

Declaration/Estate Management

- Inheritance tax filing support
⇒ Introduction of affiliated tax accountants
- Estate management (property investigation and estate division consultation)

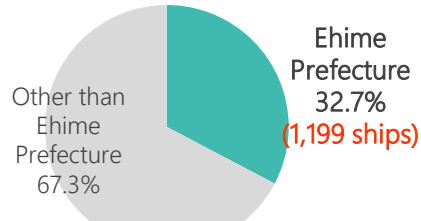
One-stop service for all measures to meet the needs for customers



The Role That the Bank Should Play as a Member of the Maritime Cluster

Ocean Transport and Shipbuilding ⇒ Important Local Industries

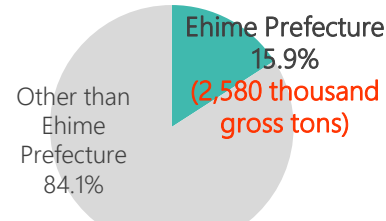
■ Number of ocean-going vessels owned by domestic ship owners (as of September 2020)



No. 1 in Japan

Nationwide total of 3,663 ships (including operators)

■ Completion of new ships nationwide (2019)



No. 1 in Japan

Completion of new ships nationwide 16.22 million gross tons

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

Environment Surrounding Ship Owners: Situations Have Changed Significantly

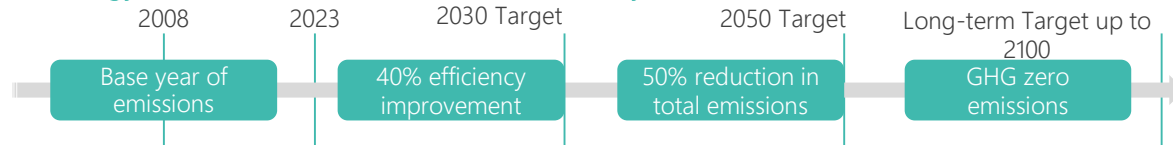
■ Cost of producing new ships is rising due to steel price increases, etc.

Due to rising global demand for steel materials, shipbuilding planks are on an increasing price trend. The cost of other related materials and equipment has also risen, so the cost of producing new ships has risen sharply. Making investment decisions in the ship owner business is becoming difficult.

■ Little time to spare on environmental initiatives

In the international shipping sector, a goal of reducing total GHG emissions by 50% by 2050 was adopted. Investment in new fuel-compatible ships, etc. will be necessary.

["Strategy on the reduction of GHG emissions" by IMO]



New short-term measures (regulating existing ships) will start in 2023 to achieve the 2030 target

(Note) IMO: International Maritime Organization
(Note) GHG: Greenhouse Gas

Solutions Provided by the Bank

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

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

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

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

Provision of Diverse Funding Sources

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

Enrichment in Activities Connecting Domestic and Overseas Maritime Industries

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

Specific Efforts and Examples

Efforts for Improving Risk Consulting Capabilities concerning the Shipbuilding and Ocean Transport Industries

- Tokyo Desk → Interview with a wide range of companies and organizations, such as operators in Tokyo, shipbuilding yards, marine equipment manufacturers, ship management companies, brokers, and public institutions, and return the latest information to the local community
- Contributing to solutions to customer issues and creating new business opportunities, such as by proactively providing data for market position analysis and evaluating projects based on the Bank's data

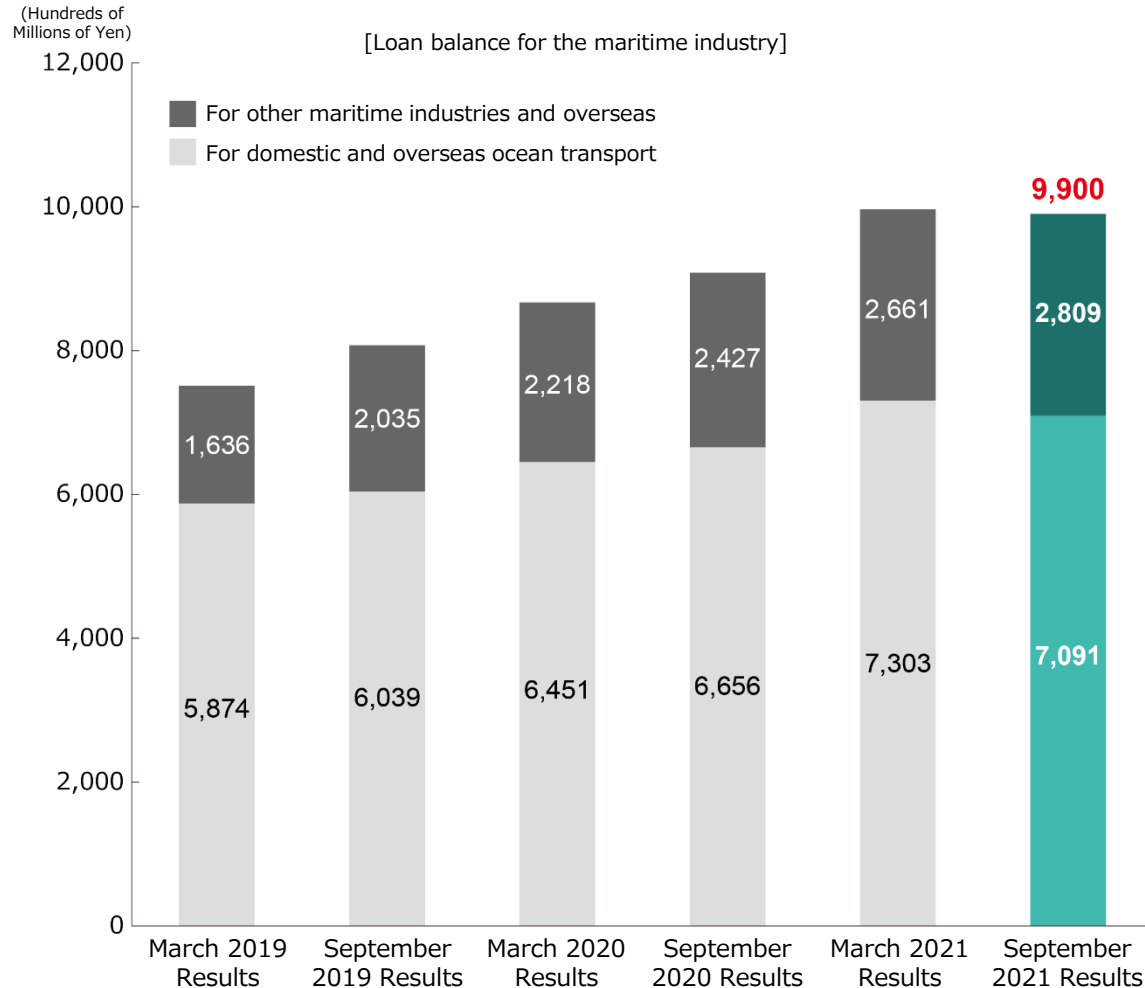
Provision of Diverse Funding Sources

- Initiatives for Sustainability Linked Loans (for overseas shipping company H)
- Initiatives for Transition Loans (for Mitsui O.S.K. Lines)
- Composition of syndicated loans for domestic ship owners

Loan Balance for the Maritime Industry

» ¥990.0 billion

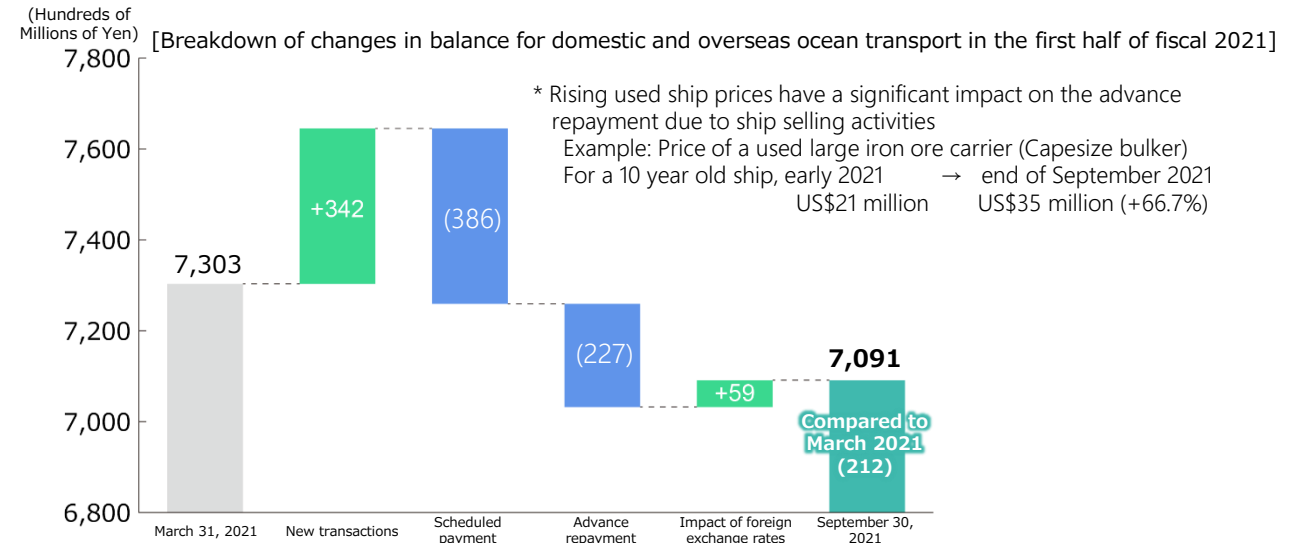
✓ Continue to support optimal investment for customers



Status of Balance Changes by Segment

For Domestic and Overseas Ocean Transport

- Ship sales become more active due to resumption of business negotiations and recovery of dry bulk and container ship market conditions
- Balance decreased due to increase in advance repayment
- Placing orders remain difficult due to soaring cost of producing new ships



For Other Maritime Industries

- Loans increased mainly due to COVID-19 loans for shipbuilding yards and marine equipment, and interest-free loans from The Nippon Foundation (funds for strengthening shipbuilding-related business foundations)

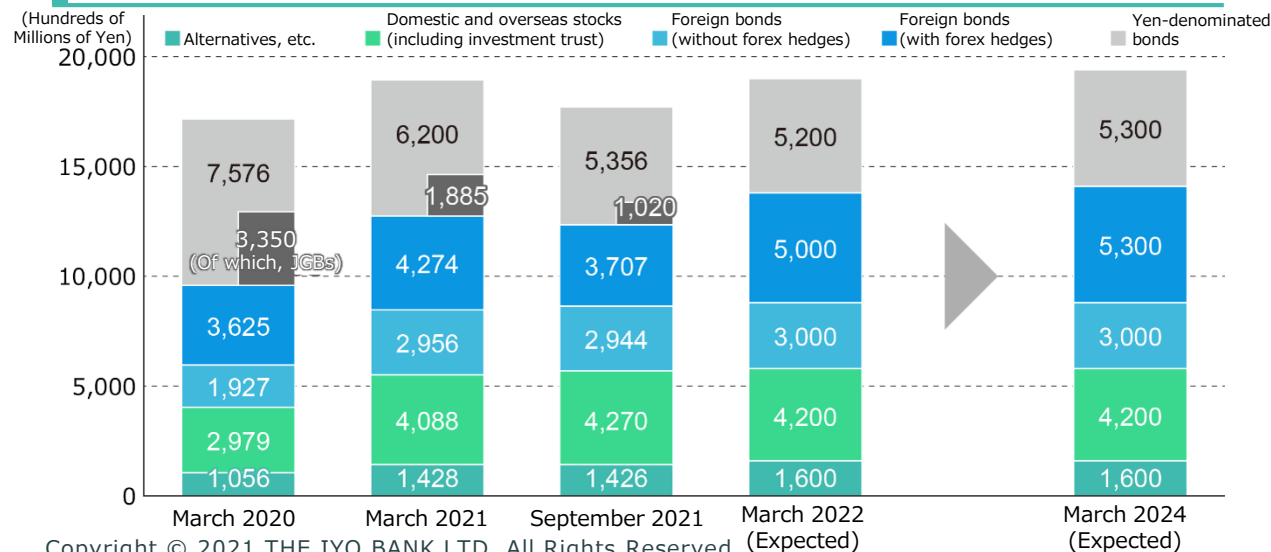
For Overseas Offices

- Stable growth despite restrictions on sales activities amid the COVID-19 pandemic

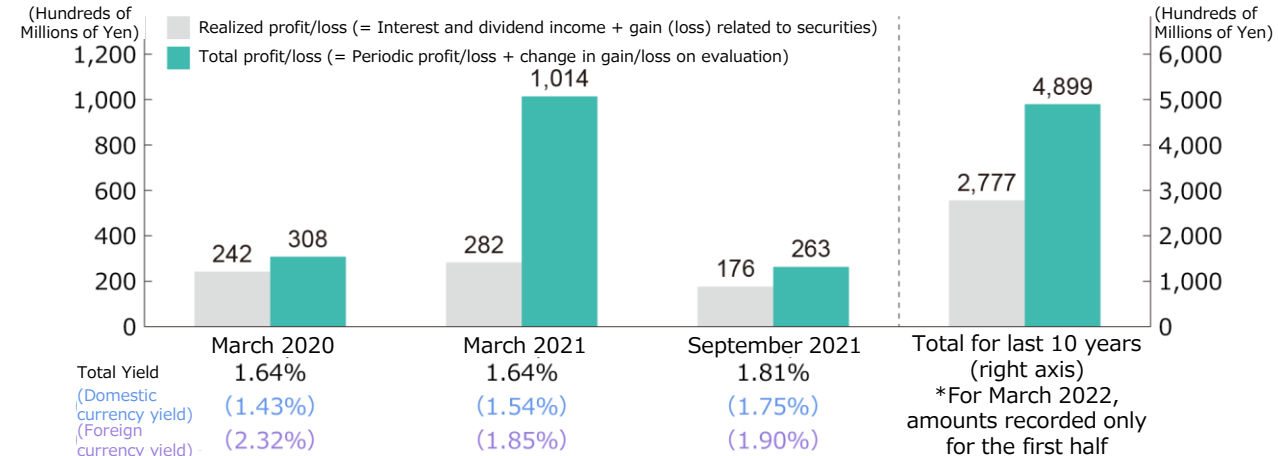
Investment Policy by Risk Category

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

Balance of Securities at Market Value by Risk Category



Securities Performance

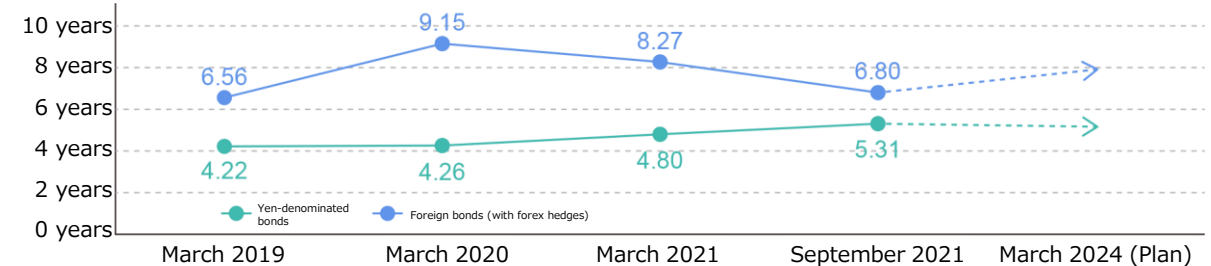


Portfolio Risk Sensitivity and Duration

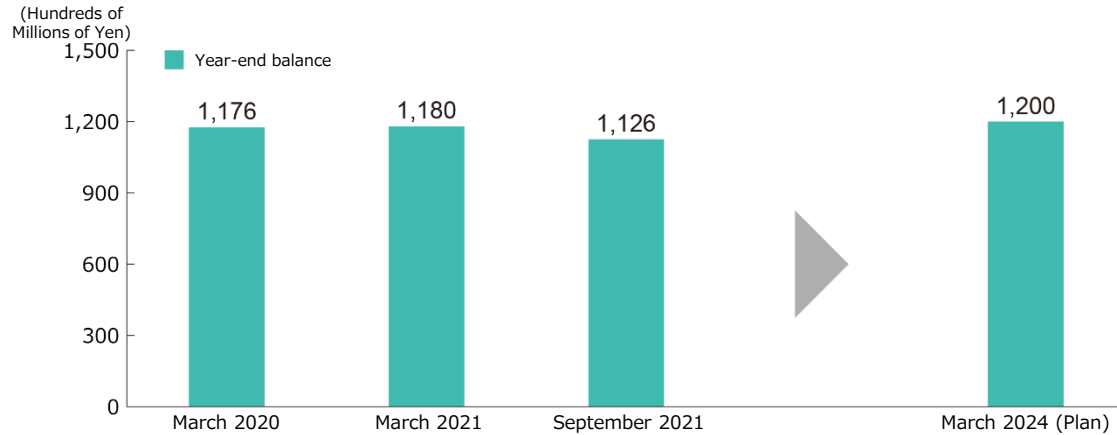
Portfolio risk sensitivity (As of September 30, 2021)

◎ Yen-denominated bond portfolio	10BPV	¥2.8 billion
◎ Foreign bond portfolio (with hedges)	10BPV	¥2.6 billion
◎ Foreign bond portfolio (without hedges)	10BPV	¥2.4 billion / Exchange portfolio exchange ¥10V ¥26.3 billion
◎ Stock portfolio Nikkei Stock Average	¥1,000V	¥10.7 billion

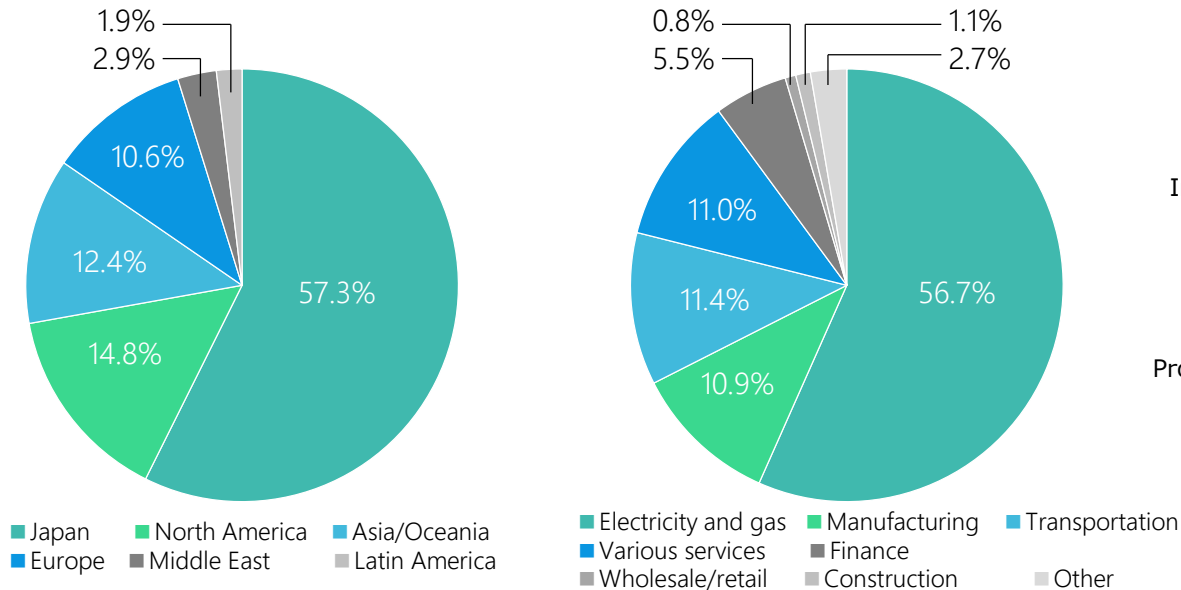
Duration



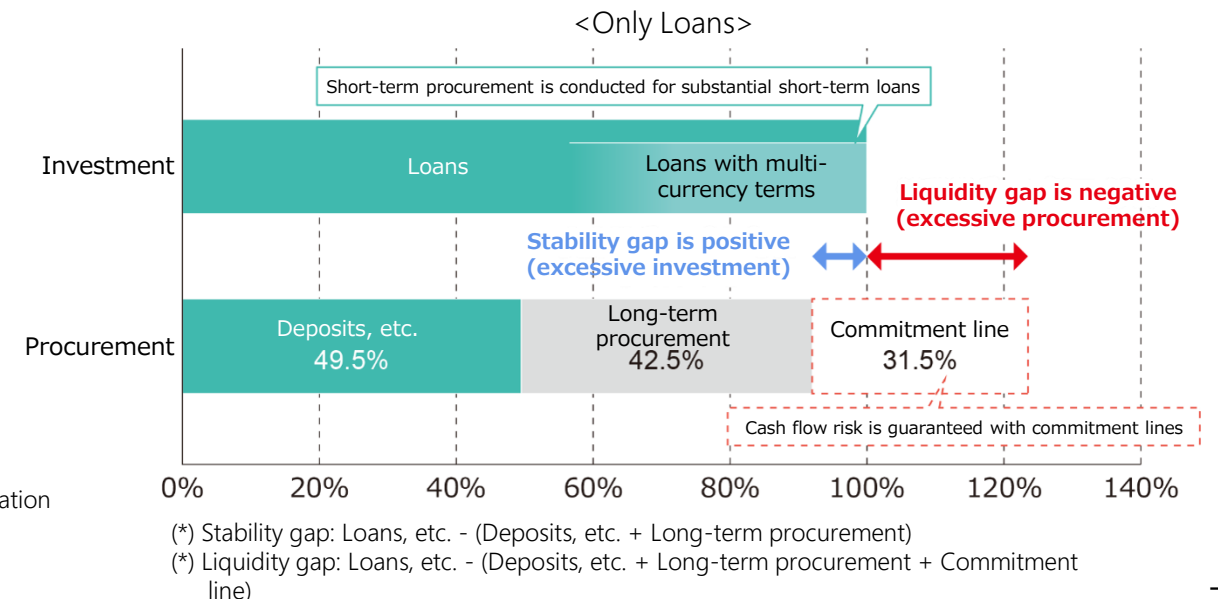
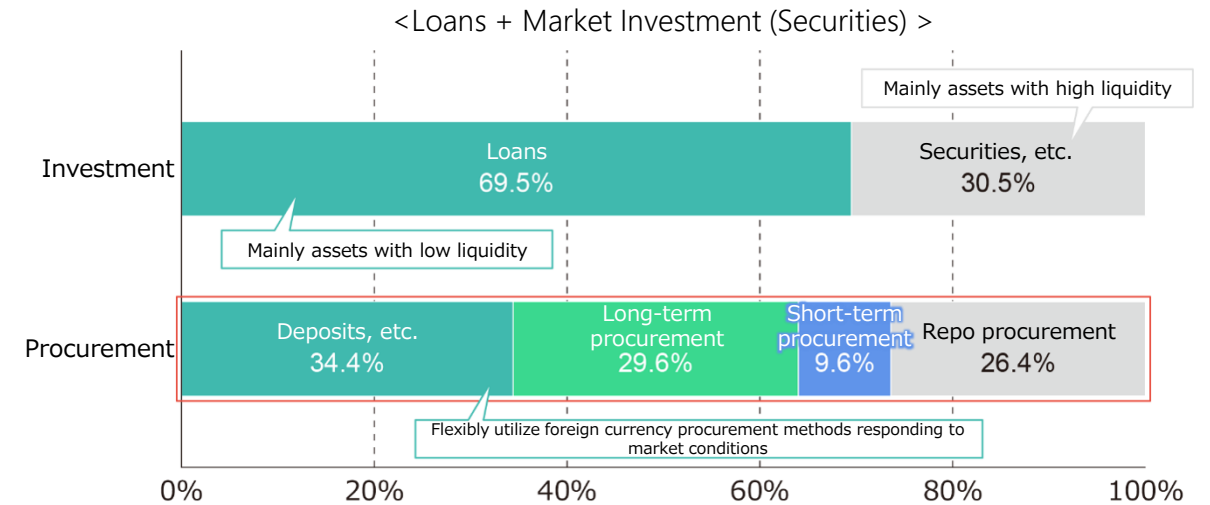
Loan Balance Plan [Financial Market Business Office]



Portfolio by Region and Industry [Financial Market Business Office]



Status of Foreign Currency Investment and Procurement [September 30, 2021]



Cross-Sectional Efforts Supporting Business Strategies _ BPR Strategy I

**Better Money,
Better Life.**

Bank Branch

Digitization and Simplification of Bank Branch Administrative Work

"AGENT" Tablet

Approximately 40% of bank branch administrative work is digitized as a result of eliminating the need for data entry and seals

"AGENT for Business"

Reduction of administrative work on both sides by creating slips on the Web and QR coding

"HOME" "SAFETY"

New digital service for home loan and card loan/complete via the app, no need to visit a bank branch

"CUBE" (management system of property in custody)

Managing electronically a series of transfer of property in custody generated in sales activities, etc.

Electronic contracting service for business loans

Entering into a business loan contract on the Web with an electronic signature

Cashless Processing

Satto Madoguchi (Quick Counter)

*Minimization of cash handling operations through connection between "Satto (Quick) ATM" installed at the counter and terminals at Bank Branches

Minimize "administrative work" and shift to a place where "issues are solved" from a place "mainly for administrative tasks"

Expanding the Area of Headquarters-centralized Operations

"Operation Support Center" "Loan Operation Support Center"

Gradually expanding the operations handled

Cooperation with group company (IBS)

Cash management business (outsourcing of in-store ATMs, open cashiers, etc.)

Goals for the Future (Fiscal 2023)

Bank branch administrative staff (in charge of operations)

(Compared to March 2018)

Number of staffs reduced: 500

⇒ Downsizing to 800 staff members

Bank branch administrative staff (in charge of loans)

(Compared to March 2020)

Number of staffs reduced: 60

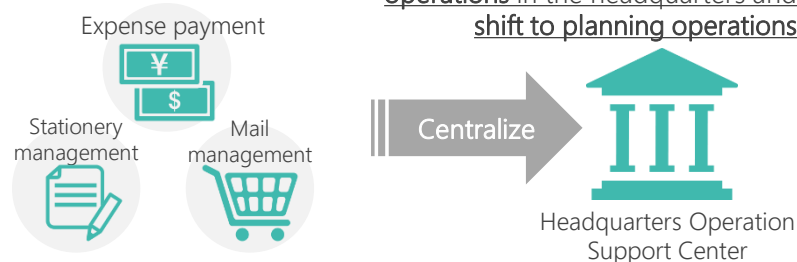
⇒ Downsizing to 350 staff members

Headquarters

Trial Operation of Headquarters Operation Support Center

Trial start from August 2021

Consolidate general affairs operations in the headquarters and shift to planning operations



Improvement of Operational Efficiency at Headquarters Using RPA, etc.

Seek project opportunities/identify feasibility

Verify need/digitize business flow

Utilize RPA (automation)

Elimination of operation

Reviewing procedures

Automation

- Thorough utilization of ICT technologies such as groupware and RPA
- Strengthening business infrastructure such as electronic approval system and web conferencing

Effect of headquarters workload reduction (annual)

(Compared to December 2017)

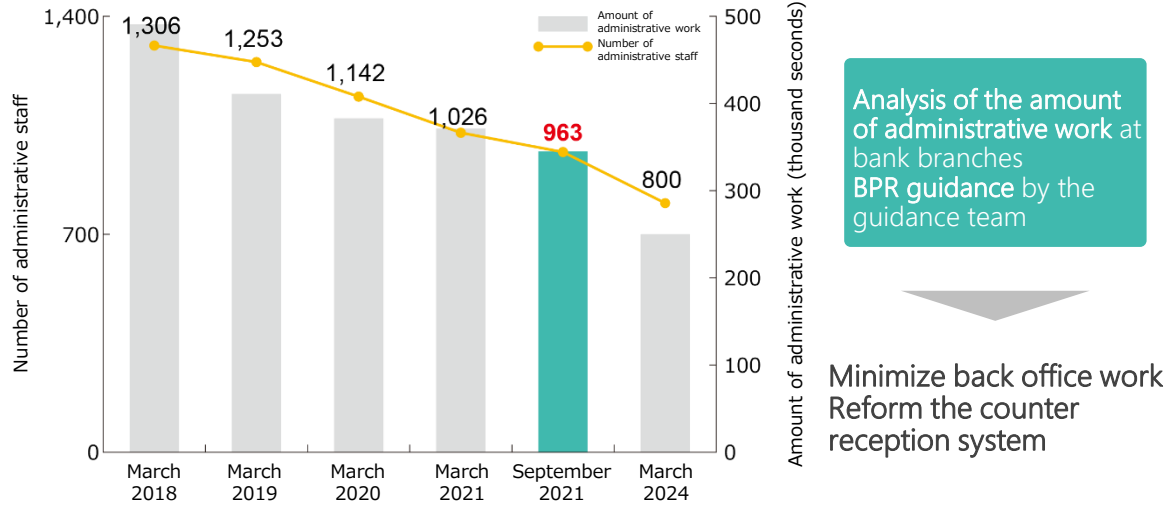
Number of hours reduced: 200 thousand hours/year

- * Volume of operation: down 8%
- * Personnel conversion: approx. 100 people

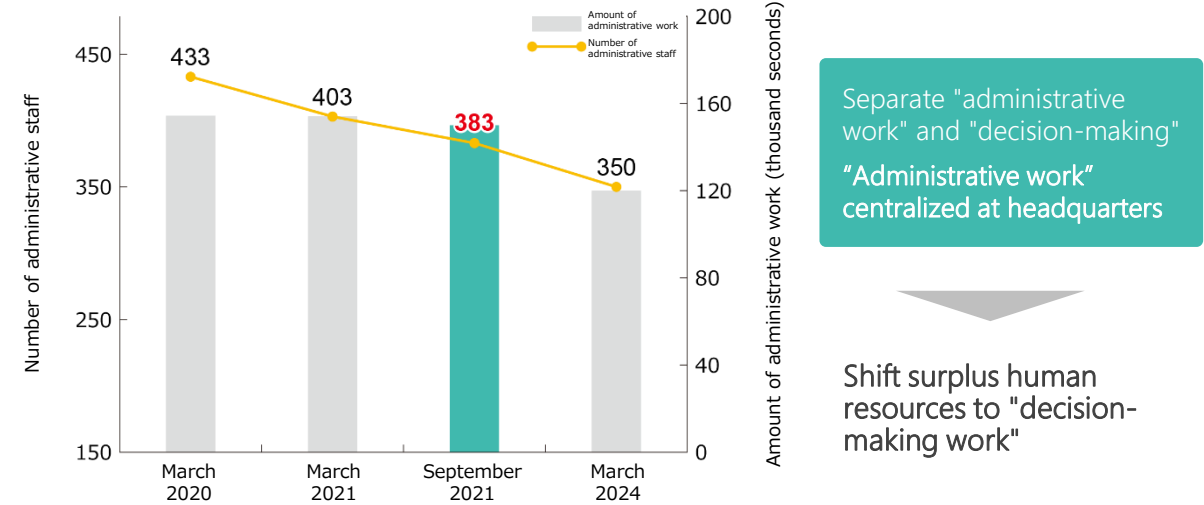
Cross-Sectional Efforts Supporting Business Strategies _ BPR Strategy II

**Better Money,
Better Life.**

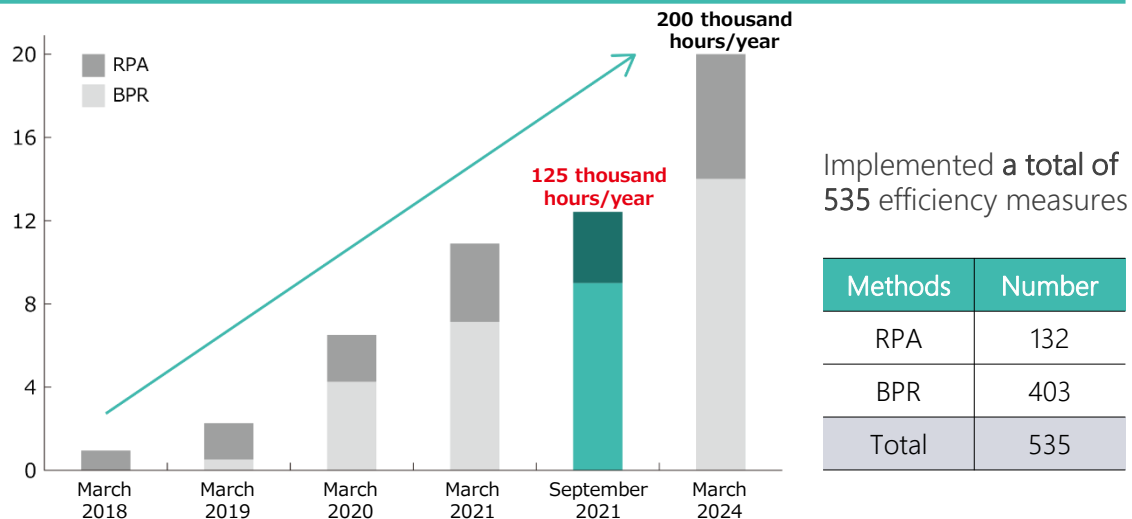
Bank Branch Administrative Staff (in charge of Operations) [as of September 2021] **Minus 343 Administrative Staff**



Bank Branch Administrative Staff (in charge of Loans) [as of September 2021] **Minus 50 Administrative Staff**

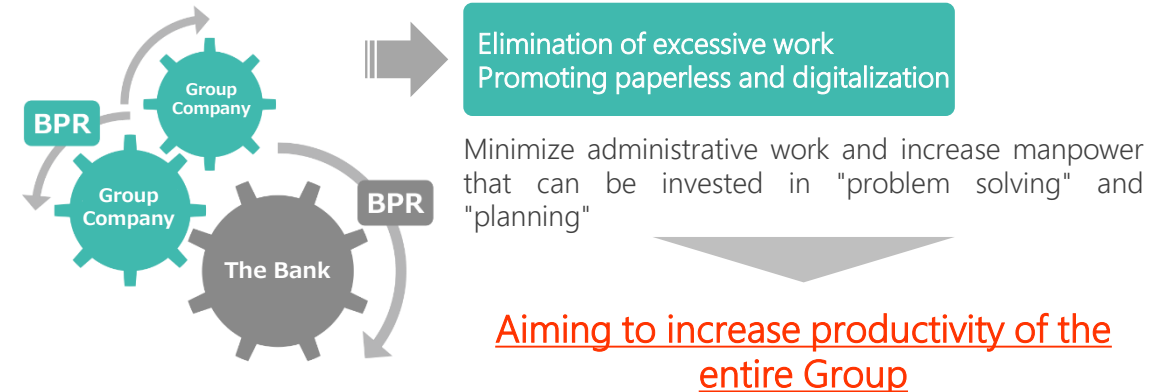


Hours of Headquarters Workload Reduction [as of September 2021] **125 Thousand Hours/Year Reduction**



Horizontal Expansion to Group Companies Started in Fiscal 2021

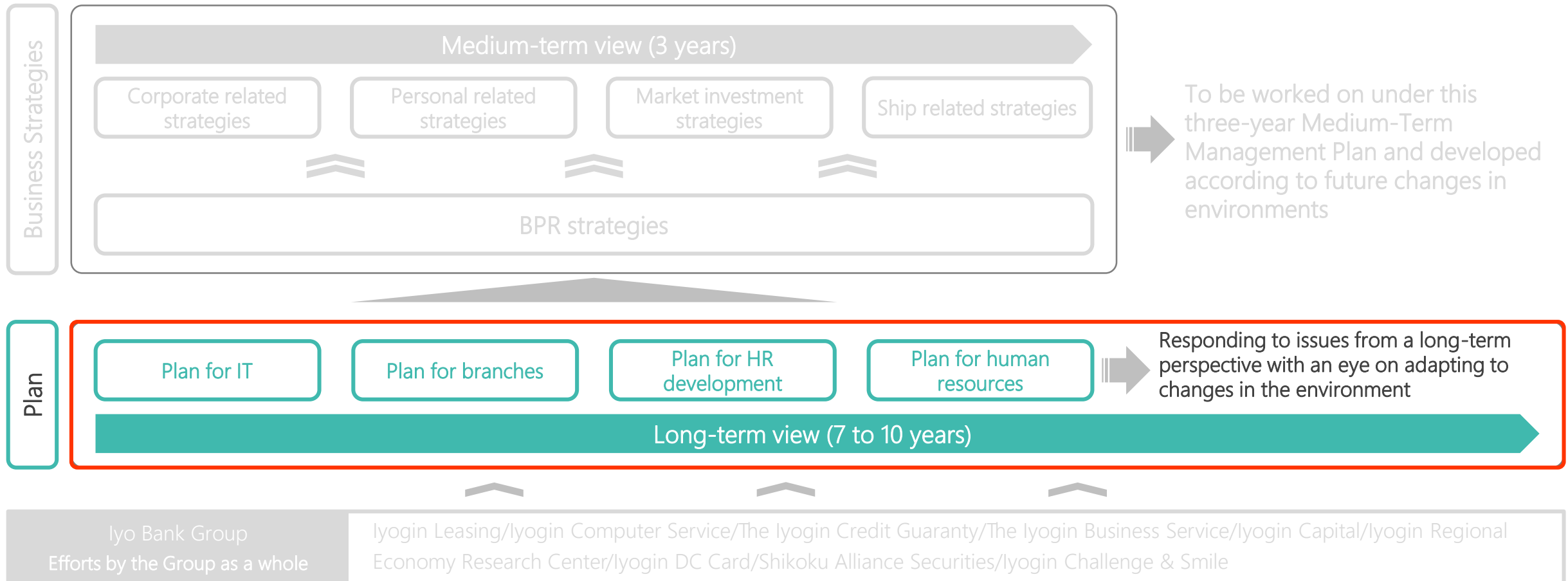
Furthermore, the BPR measures that the Bank has been working on so far are expanded horizontally to Group Companies



Business Strategy and Plan for Realizing the Long-Term Vision

- ✓ Toward achieving a long-term vision of a “corporate group continuing to create and provide new value,” the Bank will work to further deepen and evolve the DHD model centered on **five business strategies** and **four plans**. By doing so, we will strive to strengthen relationships of trust with local communities and customers, and work to improve sustainability as a corporate group.

Achieving the long-term vision of a “corporate group continuing to create and provide new value”

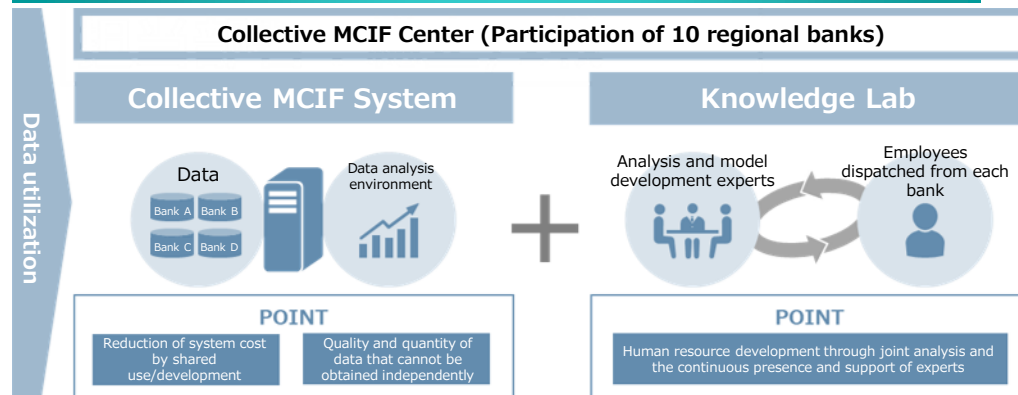


Development and Improvement of Data Utilization System

Strengthening data management

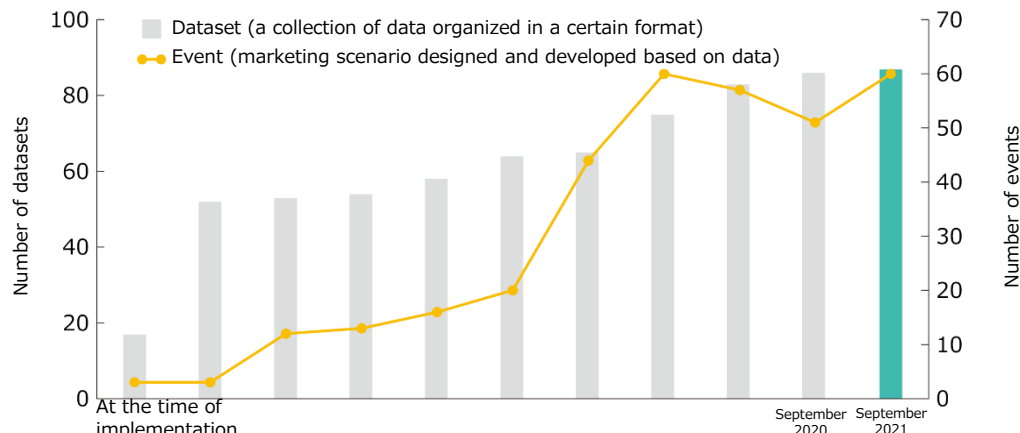
Streamline a mechanism for data collection, storage, and collaboration, including the construction of a data warehouse

Completed participation in Collective MCIF Center to further strengthen data analysis and utilization

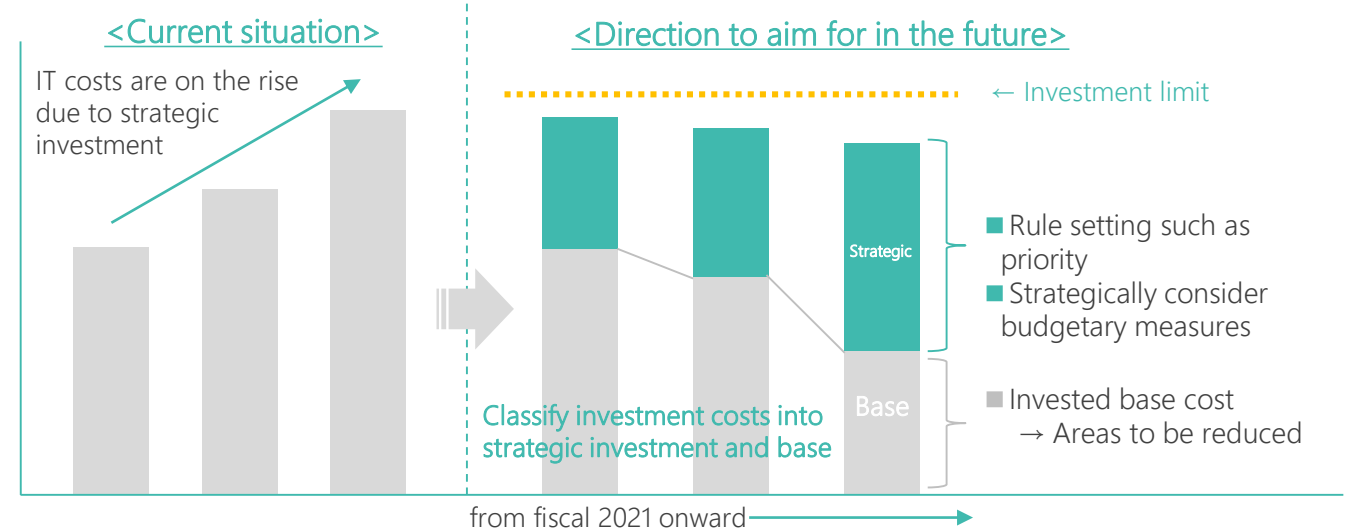


Data utilization in the marketing area

Expanding the "type" and "quality" of data utilized such as digital and open data
Expanding "quality" and use cases by implementing the PDCA cycle for analysis and utilization



Efforts for Optimization of IT Investment



Issues to be addressed (1)

- Appropriate control of increasing IT costs

Issues to be addressed (2)

- Optimization of bloating IT assets
 - Reduction of base cost
 - Securing room for strategic investment
- IT investment based on overall optimization

Improvement in Long-term Investment Forecasts

- Visualize the current state of IT costs from the necessary perspectives such as system and item, and refine long-term IT cost forecasts

Establishment and Review of IT Investment Rules

- Develop criteria for IT asset renewal and disposal (IT asset evaluation trial)
 - Evaluate the business value of existing IT assets and design and implement standards for disposing low-value IT assets
- Prioritize IT investment and development projects
- Review planning process

Cross-Sectional Efforts Supporting Business Strategies _ Branch Plan

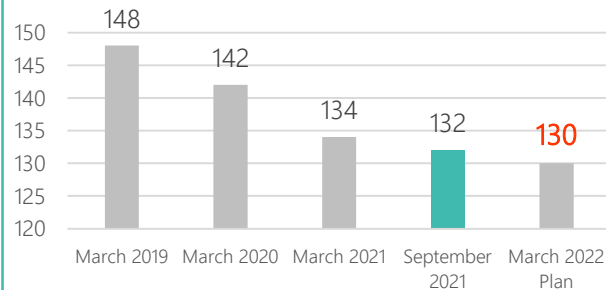
**Better Money,
Better Life.**

Style of New Branches (Real Channels/Digital Channels/Connecting People)

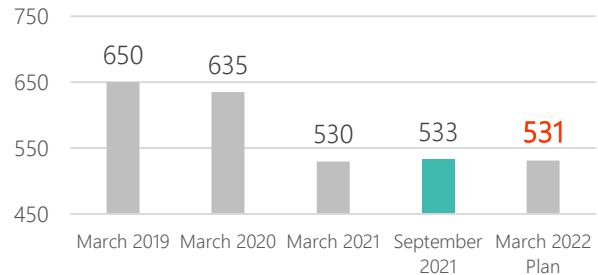
Review the locations and functions of branches (real channels) according to regional characteristics

Review of Branches and ATM Locations

- **Sorting out excessive branches** while maintaining points of contact with customers

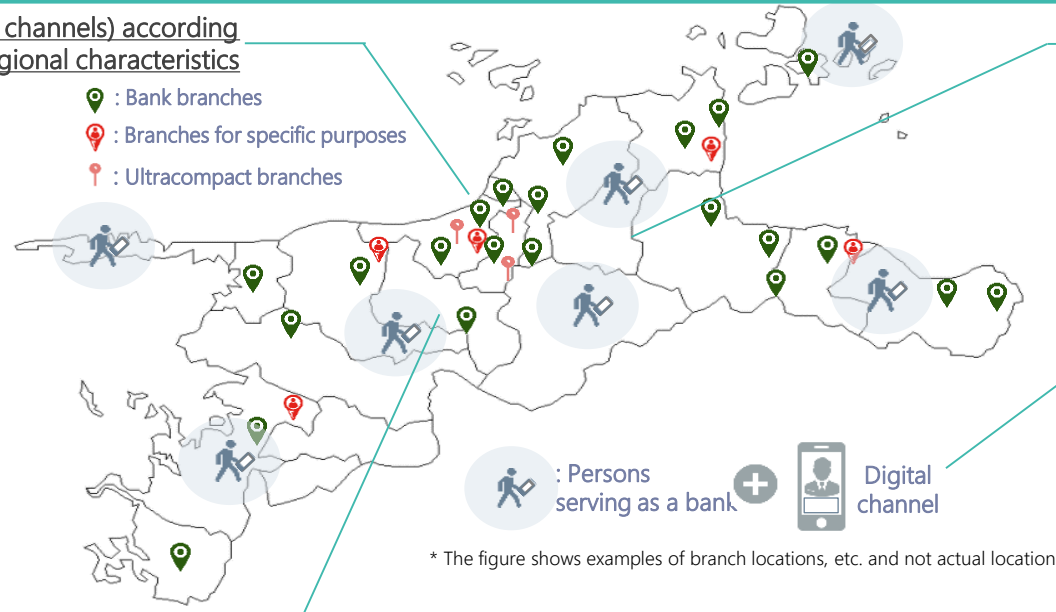


- **Reducing the number of installed ATMs** by utilizing common use and no charge alliance against a background of increases in cashless settlements and ATMs in convenience stores



Review of Branch Functions

- **Introduction of the Group Head system**
Core branches (full-service banking): 28
Linked branches (branches specialized in individual functions/over-the-counter services): 57
- **Shift to labor-saving branches**
Branches located in government offices: 5 branches



Diversify touch points with new channels

Iyogin SMART

- **Newly establishing micro branches** for the purpose of maintaining contact points with local customers
- * New form of branches where business days, business hours, and operations handled are limited

いよぎん
SMART

AGENT app

- **Released AGENT app** that can provide the same customer experience as at a counter reception
- * A new banking app that utilizes the video chat function
- * **Realization of Branch in Hand**

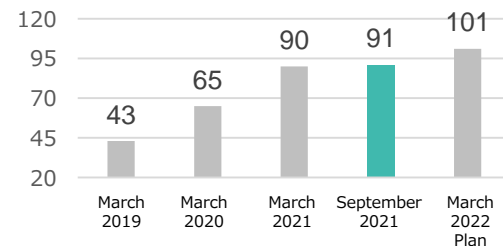


Utilizing the strengths of branches (real channels), enhance the ability to provide value that only humans' "face-to-face" can provide

→ Daily use transactions are mainly conducted by digital channels (apps), while value-added operations and problem-solving that only humans can provide are mainly implemented by real channels (branches).

Introduction of Next-generation Branches

- **Shift to Next-generation Branches** with new solutions such as Satto Madoguchi (Quick Counter) and AGENT system



Review of Business Hours of Branches

- **Shortening business hours**
Adoption of lunch break: 8 branches
- **Extension of consultation service hours** at 33 branches in Ehime Prefecture for the purpose of "improving service level at counter reception"

Bank counter: Weekdays 9:00 to 15:00
Consultation counter: Weekdays 9:00 to 17:00

- * Using the extended time zone provides consultation in a calm environment with less waiting time

LIFE PALETTE Consultation Service

- Established a **consultation counter** for life plans created with life plan simulation tool "LIFE PALETTE" in "Lone Plaza Matsuyama Branch"



* In principle, reservation required

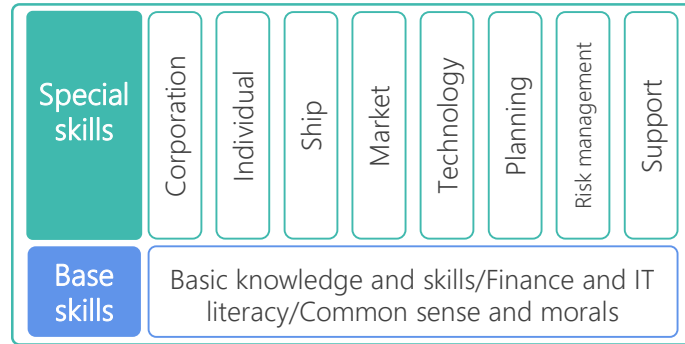


Improving Base Skills

Shift Development Policies / Generalist → Personnel with an Area of Expertise

■ Review of personnel system

Classify specialized skills into eight career fields for the purpose of business specialization and improvement



Career fields creating strong areas to develop areas of specialty

Establishment of an Environment Which Facilitates Autonomous Learning

■ Creating an environment where employees can learn at any time, anywhere



Making workshops online
Employees now able to take shorter classes on demand



Introduced education and training apps for all new employees



Expansion of online learning tools

Initial implementation

2016

Expanded to 224 contents

As of September 2021

Responses to Diversifying Careers

■ Introducing training programs by business (field) open to all employees

Appointment system

Change to open application system (15 courses)

■ Promotion of challenges to advanced qualifications

- ☐ MBA
- ☐ Small and Medium Enterprise Management Consultant
- ☐ 1st-grade Certified Skilled Professional of Financial Planning, CFP
- ☐ Securities analyst and more

Continuation and expansion of qualification acquisition incentive system
→ Target: 97 qualifications (incentive: up to ¥1 million)

Improving Special Skills

Corporation/Individual/Ship/Planning

- Dispatching employees for corporate academy training
→ Training program for young employees
- Dispatching employees on assignments outside the Group
→ Acquisition of external expertise

Market

- Short-term dispatch training in the Funds Operation & Securities Division
- Dispatching employees for corporate academy training
→ Acquisition of market knowledge

Technology

- Attending cloud-related training
→ Improving IT-related skills
- Skill Compass Level 3 or higher
→ Improving the skills of developers

Planning (Digital Business)

- Newly establishing Digital Business Basic Workshop
→ Finding and developing talent

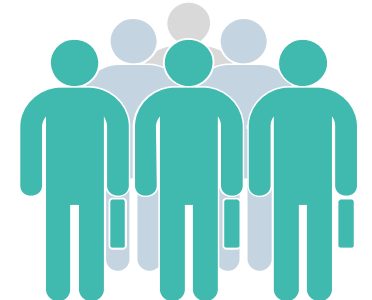
Personnel Development

Developing personnel in fields for which a focus is strategically placed and securing employees with expertise

BPR strategy

Securing employees who become available through BPR strategies in a planned way

Creating and providing diversified value



Developing personnel who can work actively in their areas

I. Summary of Earnings for the First Half of Fiscal 2021

II. Main Strategies and Progress of Fiscal 2021 Medium-Term Management Plan

II-1. Major Numerical Targets of Medium-Term Management Plan

II-2. Progress of Business Strategies and Plan

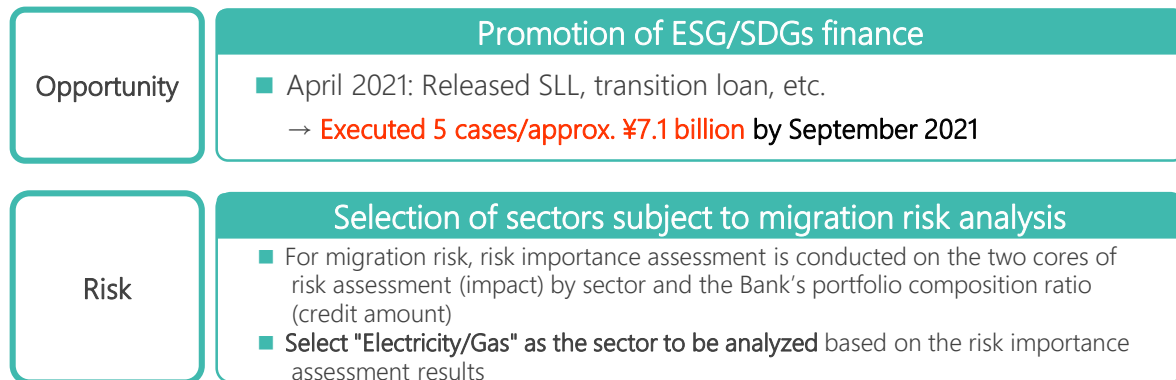
II-3. Status of Efforts for ESG and SDGs

II-4. Profit / Loss Forecasts, Capital Policy, and Start of Consideration of Transition to Holding Company Structure

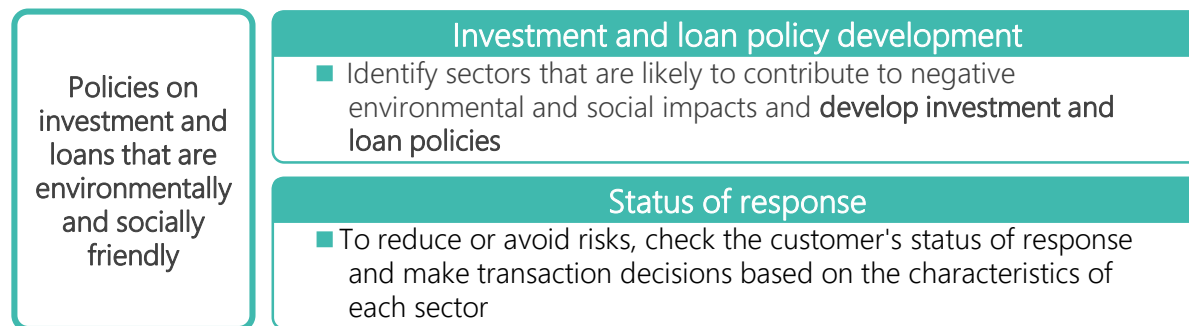
Governance



Strategies

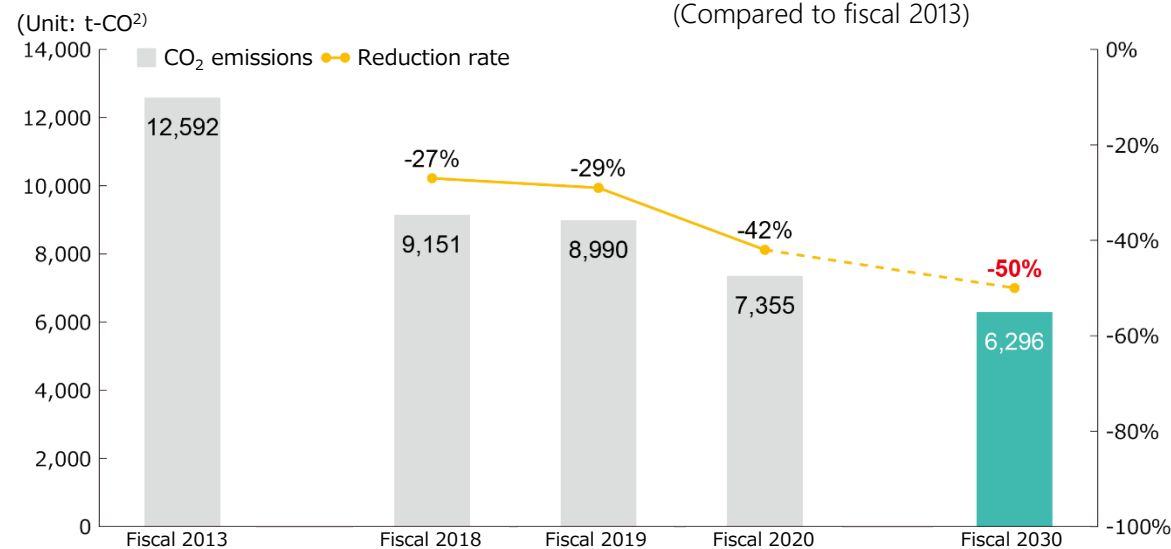


Risk Management



Benchmark and Targets

CO₂ emission reduction target → **50% reduction** by fiscal 2030
(Compared to fiscal 2013)



(Note) CO₂ emissions are the total of Scope1 and Scope2 of the Bank

Status of Efforts for ESG/SDGs II (Local Economy and Community)

Better Money,
Better Life.

Revitalization of Local Economy by Business Foundation Support

Number of Business Foundation Support

	March 2020	March 2021	September 2021
Business foundation planning support	255	370	200
Of which, start-up loans (with/without Credit Guarantee Association)	72	303	106
Of which, referrals to government-affiliated financial institutions and start-up support organizations	50	17	5
Of which, venture companies registered for grants or investments	25	24	8

*Businesses within 3 years of establishment are counted

- Continuing from last year, due to the impact of the COVID-19, the Bank supports the operationalization of customers during the start-up period, centering on loans

Number of Business Foundation Support

- "7th Iyogin Business Plan Contest" was held in July this year
- Eight award winners were selected from a total of 68 applications

Best Award

Optieum Biotechnologies Inc.

- Venture company from Ehime University
- Iyogin Capital makes an investment

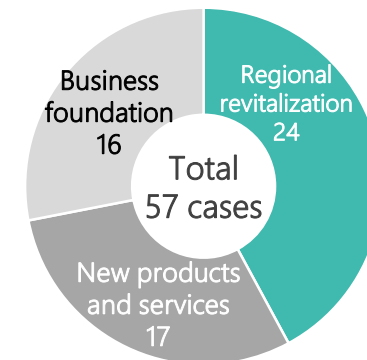
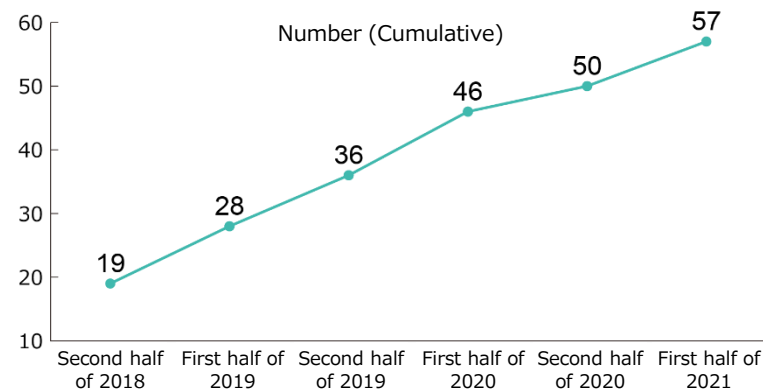
* Invested in September 2021



Revitalization of Local Economy by Crowdfunding

Crowdfunding

[Number by category]



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

Cooperation with ANA Group

Concluded "Business Alliance Agreement on Promotion of Regional Revitalization"

Outline of the agreement

- Matters relating to development of sales channel of local products
- Matters relating to discovery, support, and marketing of new business
- Matters relating to promotion of advancement support such as securing of human resources and development of sales channel in primary industry

ANA Akindo Co., Ltd.

* Responsible for regional revitalization work in the ANA Group



Iyogin Bank

First in regional banks nationwide



Project Finance

- Started handling "ESG/SDGs Finance" and "green bonds" in April 2021
→ Supporting customers' efforts toward ESG/SDGs management, which is of increasing social interest

ESG/SDGs Finance and Green Bonds



Financial support for customers' ESG/SDGs management sophistication

[Project finance executed for renewable energy]

Solar power generation	15
Biomass generation	4

[Finance executed to achieve a sustainable society]

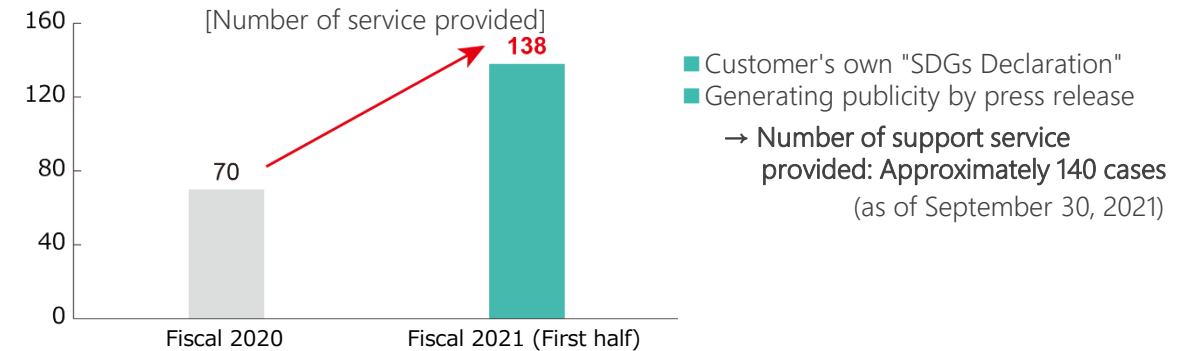
Sustainability linked loans	2
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[Other environmental finance executed]

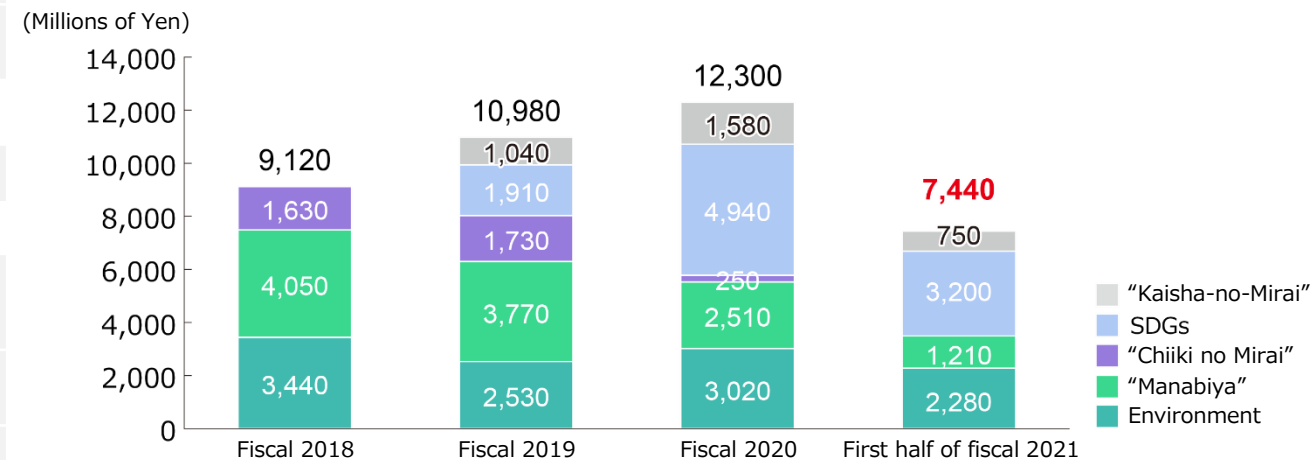
Loans relating to the interest subsidy business implemented by the Ministry of the Environment	9
Green bonds	1
Arrangement of syndicated loans for investment funds for green bonds	1

Other Initiatives

Iyogin SDGs Advisory Service



ESG/SDGs Related Private Placement Bonds



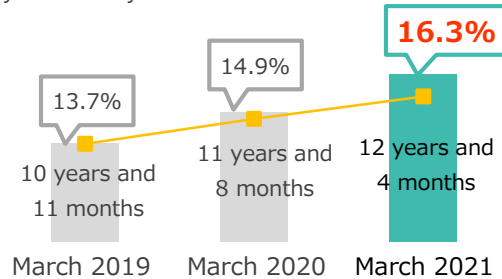
Status of Efforts for ESG/SDGs IV (Diversity and Work Style Reforms)

✓ Aiming to **improve productivity** and **work engagement** by employees through continuous efforts throughout the Bank such as work style reforms

Diversity

Female Manager Ratio/Average Years of Service

- Female manager ratio and average years of service → **Increasing** steadily year after year



"L Star" Program (Three Stars)

- Promotion of women's advancement → Awarded **three stars** in the "L Star" program



Side Business System

- About 30 employees carry out side businesses → **Help employees to gain a wide range of knowledge and skills**



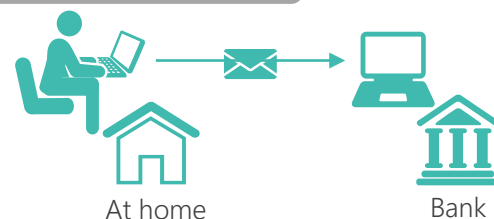
<Implementation examples>

- Creator of video production, etc.
- Soccer referee
- Website development..... and more

Introduction of Work-from-home System

- Introduced a **work-from-home system** for employees who wish to work from home from April 2021

Personal computer for working from home



Health Management

"Well-being Ehime"

- Participated as an initial member in the first regional organization in Japan that aims to promote health management in the region in collaboration with companies, local governments, schools, etc. in Ehime Prefecture

Wearable Device "fitbit"

- Population approach (self-directed health maintenance and promotion) that raises employee health awareness and promotes self-directed improvement of lifestyle habits including exercise and eating habits
→ **Free rental** of wearable devices to all applicants

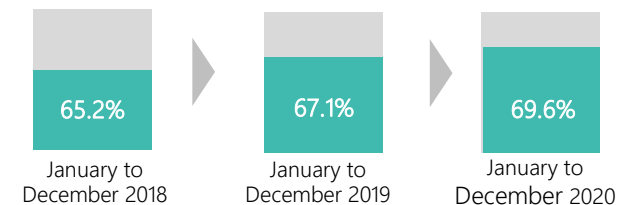


Work Style Reforms

Change in overtime work under Labor Standards Act



Change in paid leave utilization rate



- Overtime work increased due to COVID-19-related responses
- Paid leave utilization rate is steadily increasing

Status of Efforts for ESG/SDGs V (Social Contribution Activities)

**Better Money,
Better Life.**

Environmental Protection



Iyo Bank Evergreen Forest

Established in 2008 (13th year)

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



Iyo Bank Evergreen Forest (Matsuyama City)

Iyo Bank Environment Foundation "Evergreen" (public trust)

Established in 2008 (13th year)

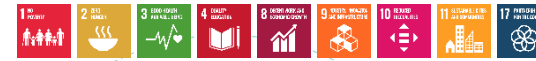
Applications are invited once every year from April to August

We support organizations and individuals who are engaging in environmental preservation activities in Ehime. To this day, we granted a total of ¥60 million to 165 recipients.



Fiscal 2020 "Tada Eco-group Tanpopo"

Contribution to Local Communities



Iyo Bank Regional Cultural Activity Assistance Program

Established in 1992 (30th year)

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

We grant part of funds for activities of parties which carry out "grassroots" cultural activities in Ehime and granted a total of ¥242 million to 1,251 organizations. In addition, "special applications" targeting organizations damaged by the heavy rain in July 2018 are also invited.



58th recipient "Oshibune Conservation Society"

Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)

Established in 1976 (46th year)

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

Granting scholarships to high school students in single or no parent families

Employment subsidies for children living in child welfare institutions, etc.

Iyo Bank Social Welfare Fund (Public Interest Incorporated Foundation)

Donation of social welfare equipment to social welfare institutions, etc.

Donation of subsidies for buying books to high schools, etc.

Diversity



Iyogin Challenge & Smile

Established in 2018 (3rd year)

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



SDGs Card Game

Established in 2021 (1st year)

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



Iyogin Financial Education Class

Started in 2007 (15th year)



Iyogin is supporting children

Seminars for kids

Seminars for learning about bank mechanisms and healthy financial literacy



Workplace experience

Programs for work experience in a bank and a study tour in a branch



Iyogin Junior Mirai Juku

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



I. Summary of Earnings for the First Half of Fiscal 2021

II. Main Strategies and Progress of Fiscal 2021 Medium-Term Management Plan

II-1. Major Numerical Targets of Medium-Term Management Plan

II-2. Progress of Business Strategies and Plan

II-3. Status of Efforts for ESG and SDGs

II-4. Profit / Loss Forecasts, Capital Policy, and Start of Consideration of Transition to Holding Company Structure

Profit / Loss Forecasts for Fiscal 2021

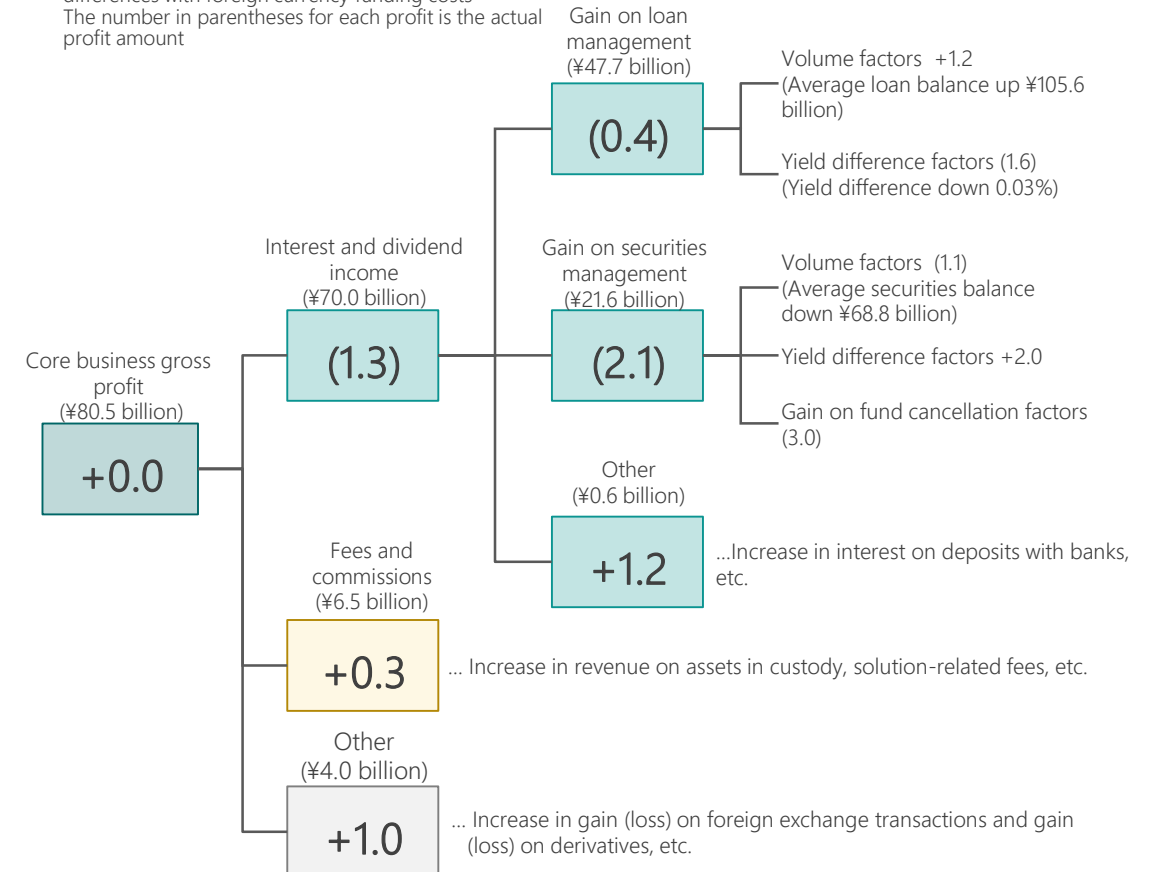
- ✓ Core business gross profit to remain flat due to an increase in non-interest revenue, despite an expected decrease in gain on securities management
- ✓ Net income to record ¥19.5 billion assuming a decrease in credit costs compared to the previous year, when a provision for COVID-19 measures was recorded.

[Nonconsolidated results (Units: Billions of yen)]	Fiscal 2020 results		Fiscal 2021 forecast			
	Inter-mediate results		Inter-mediate results	YoY		YoY
Core business gross profit	39.8	80.5	41.8	+2.0	80.5	+0.0
Of which, interest and dividend income	34.8	71.3	36.8	+2.0	70.0	(1.3)
Of which, fees and commissions	3.0	6.2	3.2	+0.2	6.5	+0.3
Expenses (-)	24.8	49.6	24.3	(0.5)	49.0	(0.6)
Of which, personnel expenses	12.8	25.7	12.9	+0.1	25.5	(0.2)
Of which, nonpersonnel expenses	10.3	21.0	10.2	(0.1)	20.5	(0.5)
Core business net income	14.9	30.9	17.5	+2.6	31.5	+0.6
Credit costs (-)	1.4	12.5	3.5	+2.1	6.0	(6.5)
Gain (loss) related to securities	4.9	3.7	3.9	(1.0)	0.0	(3.7)
Ordinary income	19.4	23.7	19.7	+0.3	28.0	+4.3
Net (intermediate) income	13.6	16.6	14.0	+0.4	19.5	+2.9

Factors Contributing to Increase / Decrease in Core Business Gross Profit (Fiscal 2021 - Fiscal 2020)

(Note) Differences in yield of domestic currency utilize yield differences with domestic deposits, etc.
Differences in yield of foreign currency utilize yield differences with foreign currency funding costs
The number in parentheses for each profit is the actual profit amount

(Units: Billions of yen)

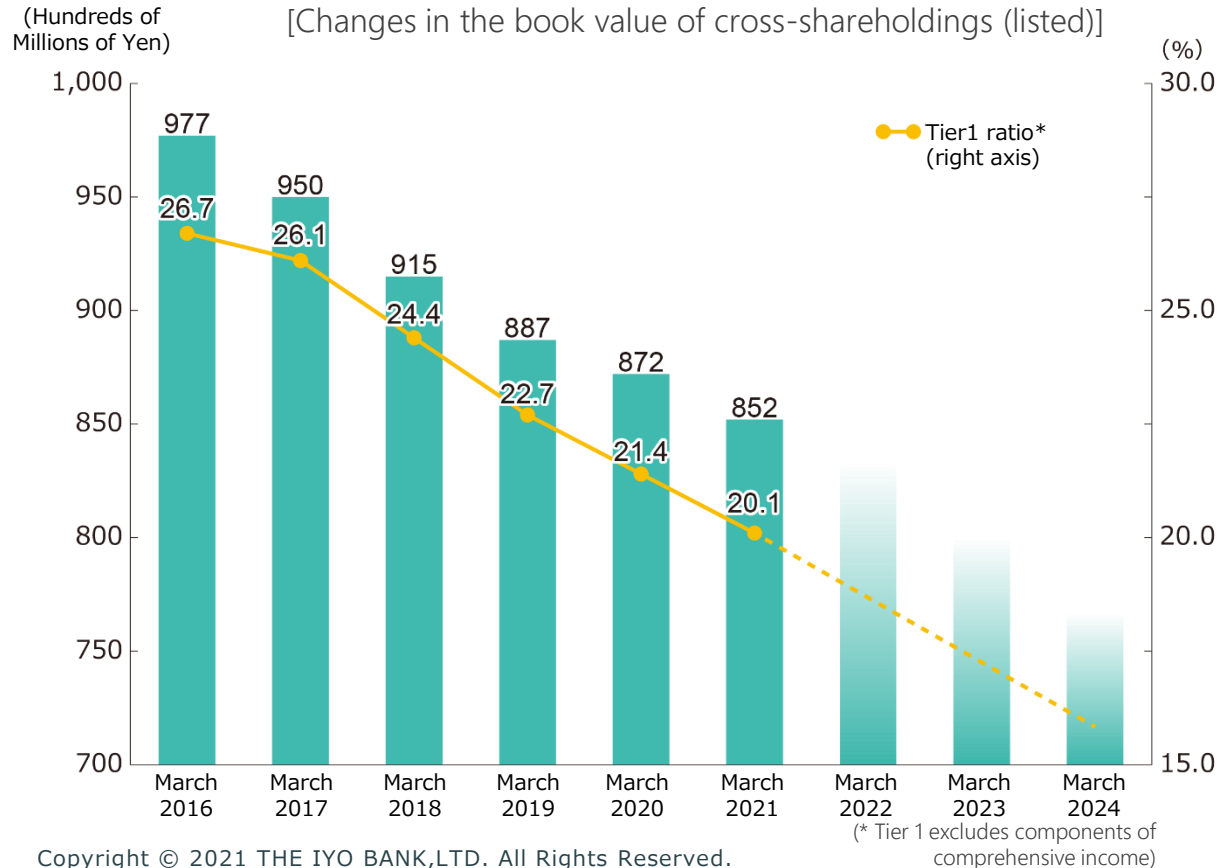


Cross-Shareholdings

Basic policy and response status of cross-shareholdings

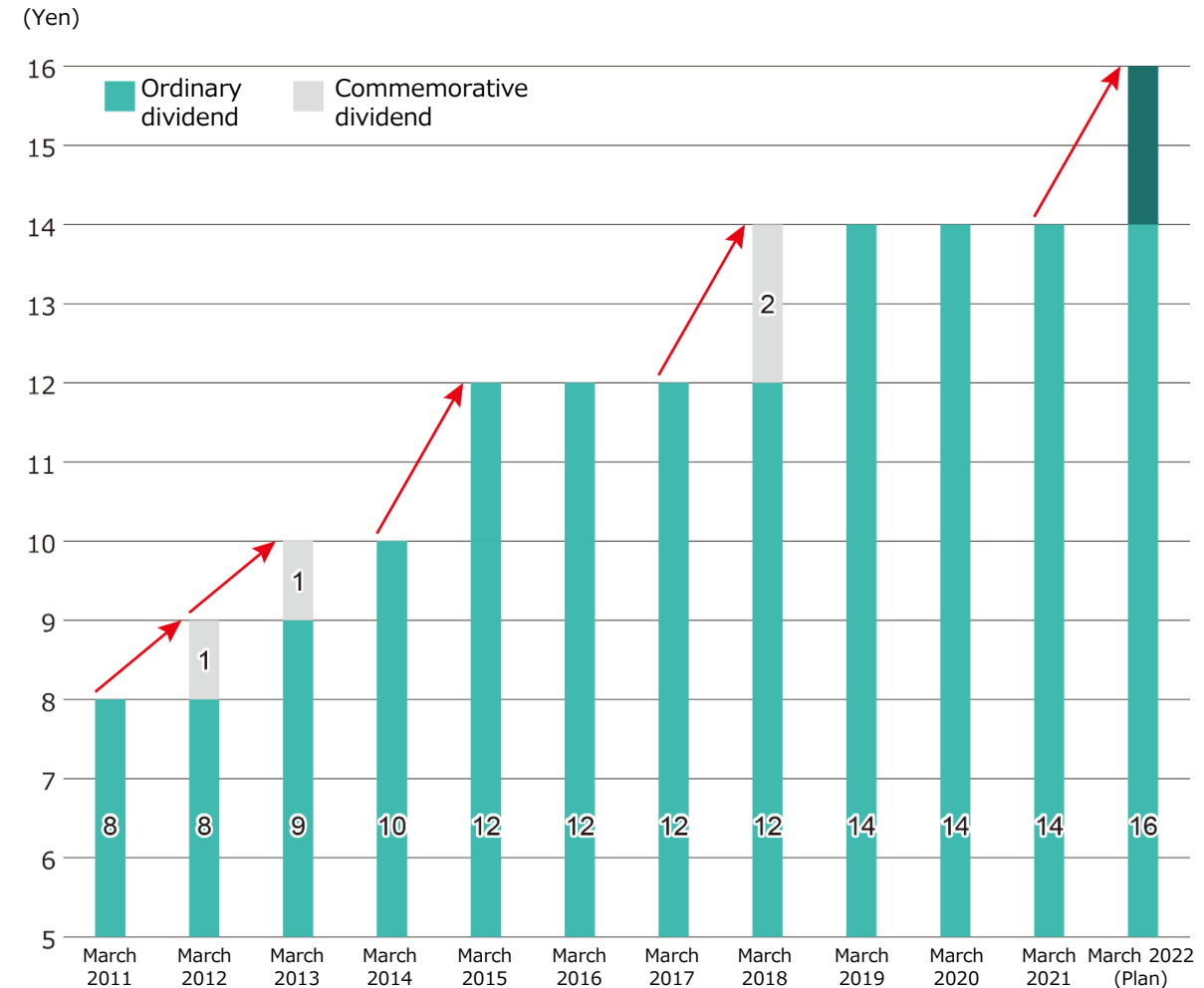
Basic policy	Reduce	→ The Board of Directors verifies the rationality of holding at least once a year
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Policy on holding is set through the evaluation matrix of "investment side" and "policy side" for all stocks held. Shares which are earmarked for divestment are being sold off in stages.



Dividend Trends and Policy

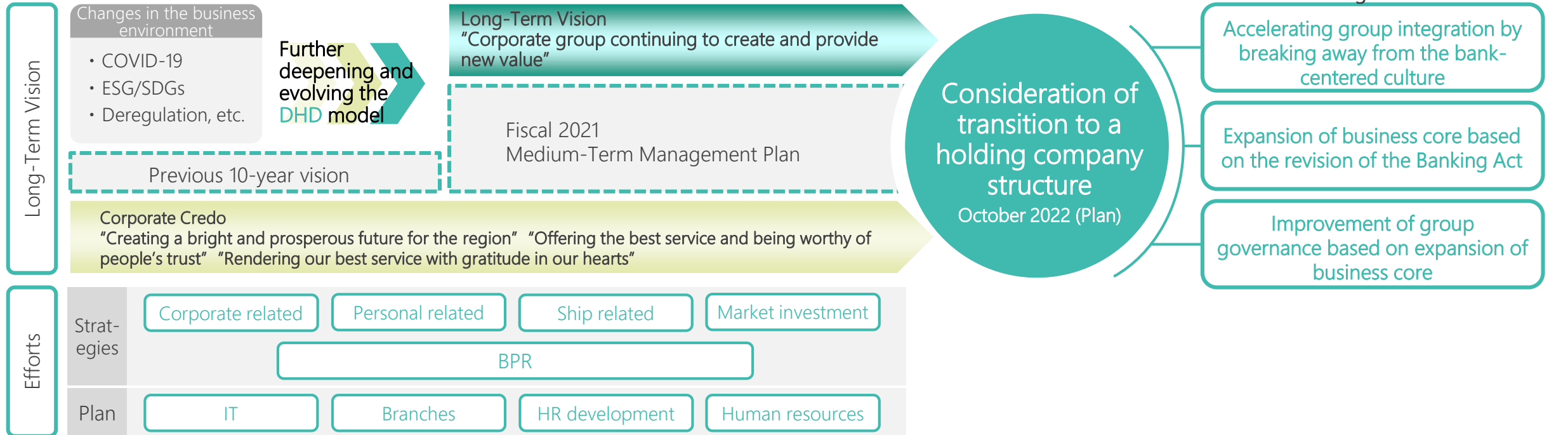
Planning to **increase dividends by ¥2** for the fiscal year ending March 2022 (119th term), while strengthening the financial position with internal reserves



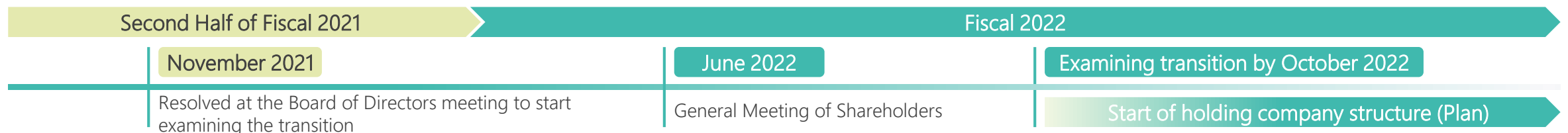
Start of Consideration of Transition to Holding Company Structure

- ✓ Iyo Bank resolved at its Board of Directors meeting held in November to start examining the transition to a holding company structure on the assumption that the approval of the General Meeting of Shareholders and the necessary approvals, etc. of the relevant authorities can be obtained.
- ✓ Aiming to realize the long-term vision by proceeding to examine ways to accelerate group integration to promote and enhance solutions for local communities and customers

■ Background to consideration of transition to a holding company structure and its purpose



■ Future consideration schedule for transition to a holding company structure



- 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.

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Iyo Bank First Half of Fiscal 2021 Earnings Briefing

(April 1, 2021 – September 30, 2021)

Reference Materials



Iyo Bank

December 3, 2021

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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	13 Officers, 2,738 employees (excluding temporary staff)
Number of branches	151 domestic (including 20 branches within branches, 9 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)	14.82%
Consolidated subsidiaries	16 companies
Consolidated employees (excluding temporary staff)	3,115 persons

〈As of September 30, 2021〉

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



Summary of the Iyo Bank Group

Better Money,
Better Life.

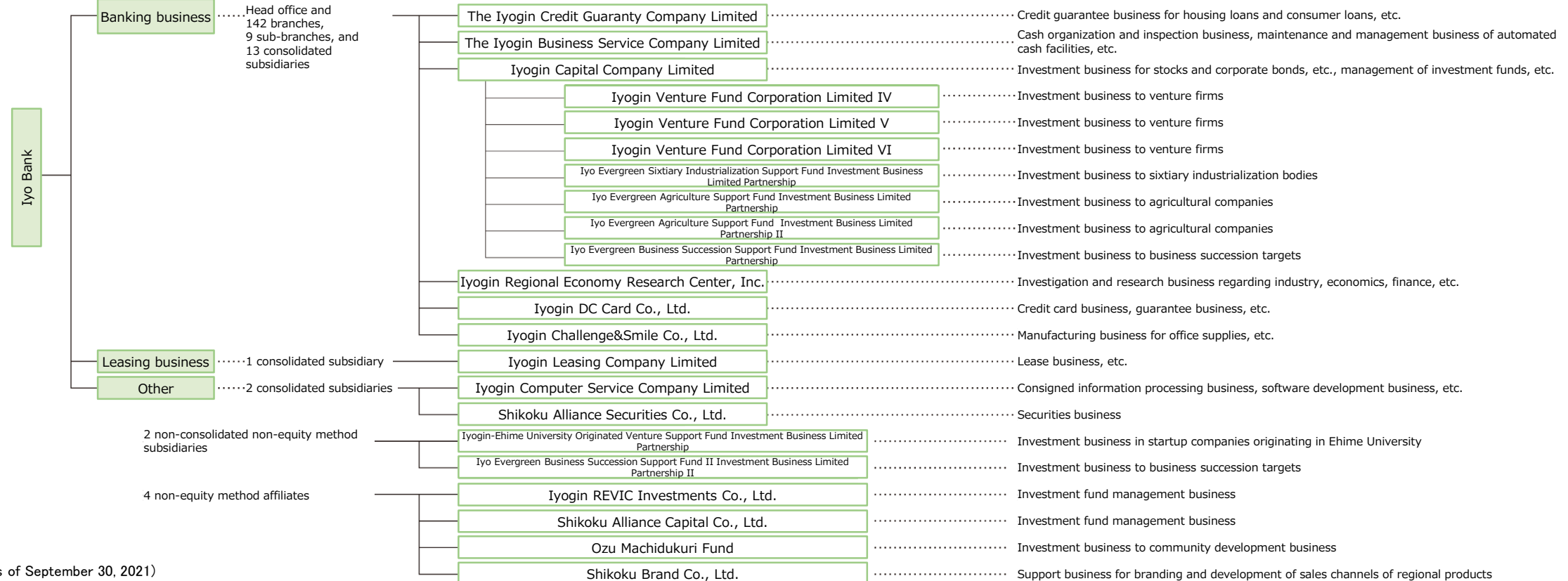
Consolidated Earnings Summary

(Units: Millions of Yen)

【Consolidated】	First half of Fiscal 2021	YoY	Increase/ Decrease	First half of Fiscal 2020	Consolidated-nonconsolidated Difference (Note)
Ordinary revenue	70,625	6,920	+ 10.9%	63,705	10,283
Ordinary income	21,172	1,028	+ 5.1%	20,144	1,397
Profit attributable to owners of parent	14,867	870	+ 6.2%	13,997	865

List of Iyo Bank Group Companies

(Note) The difference between consolidated and nonconsolidated.



(As of September 30, 2021)

Main Industries in Ehime Prefecture

Better Money,
Better Life.

- Industries with top national share concentrated in each region
- Manufactured product shipments from Ehime Prefecture totaled **¥4.3 trillion (45% of Shikoku)** in 2019

...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

32.7%
(1,199 ships)

No. 1 in Japan
(Note 2)

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

61.5%
(¥32.9 billion)

No. 1 in Japan
(Note 2)

Towels (2019)
¥53.6 billion shipped in Japan

Uwajima Region

13.8%
(¥66.2 billion)

No. 1 in Japan
(Note 2)

Sea culture industry (2019)
¥480.2 billion total national production

Niihama Region

Manufactured product shipments (2019)

¥1,644.7 billion

Approx. 38.2% 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

7.4%
(¥570.2 billion)

No. 2 in Japan
(Note 2)

Pulp and paper industry (2019)
¥7,687.9 billion shipped in Japan

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

•(Note 2) Ranking of Ehime Prefecture

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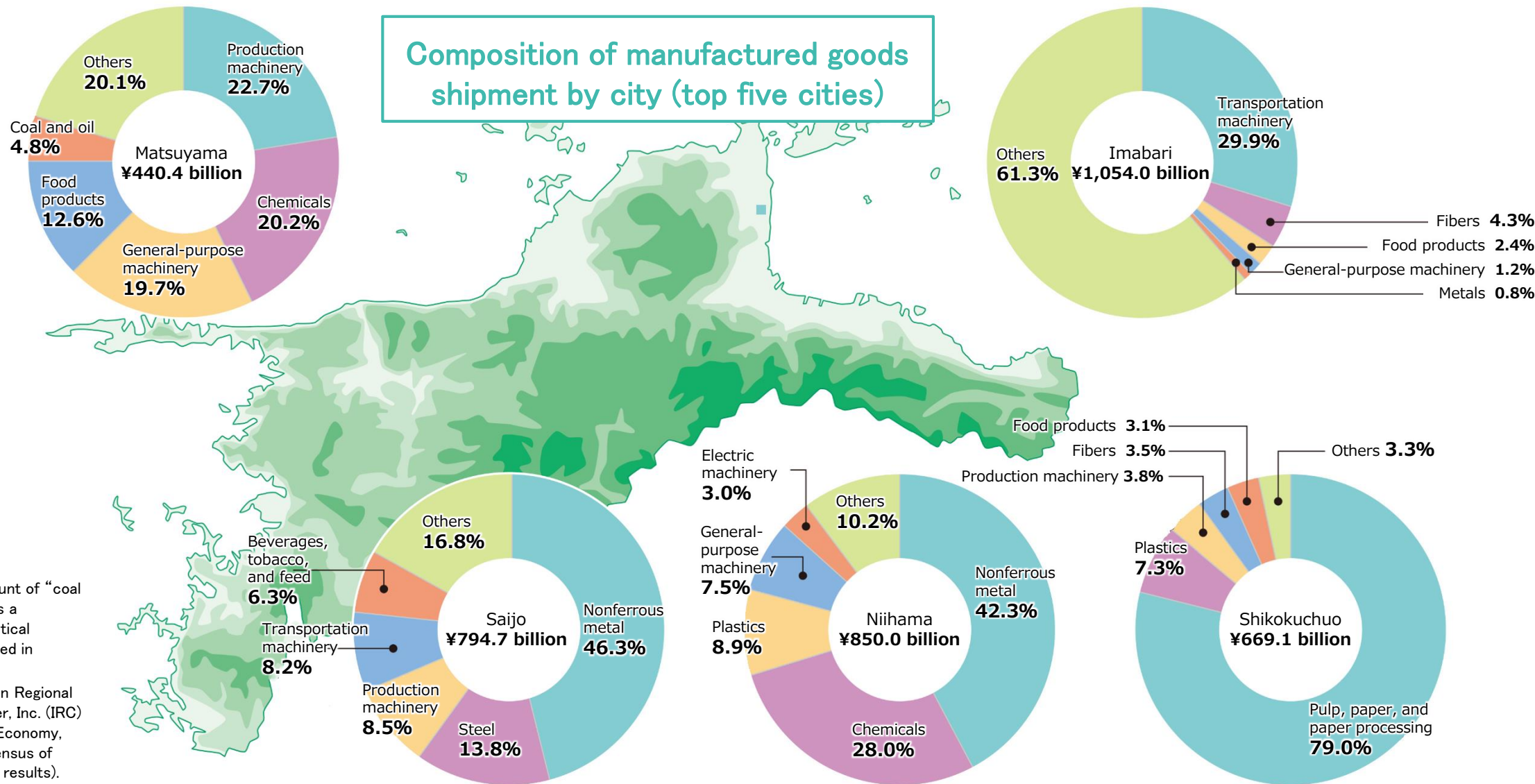
Source: Prepared based on the Ministry of Economy, Trade and Industry's “Census of Manufacture 2020” (2019 results) and the Ministry of Agriculture, Forestry and Fisheries’ “total fishery output for 2019.”

Figures for the pulp and paper industry are confirmed figures for 2018 and preliminary figures for 2019.

Manufacturing Industry in Ehime Prefecture

Ehime Prefecture has manufacturing industries distinctive to each region

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

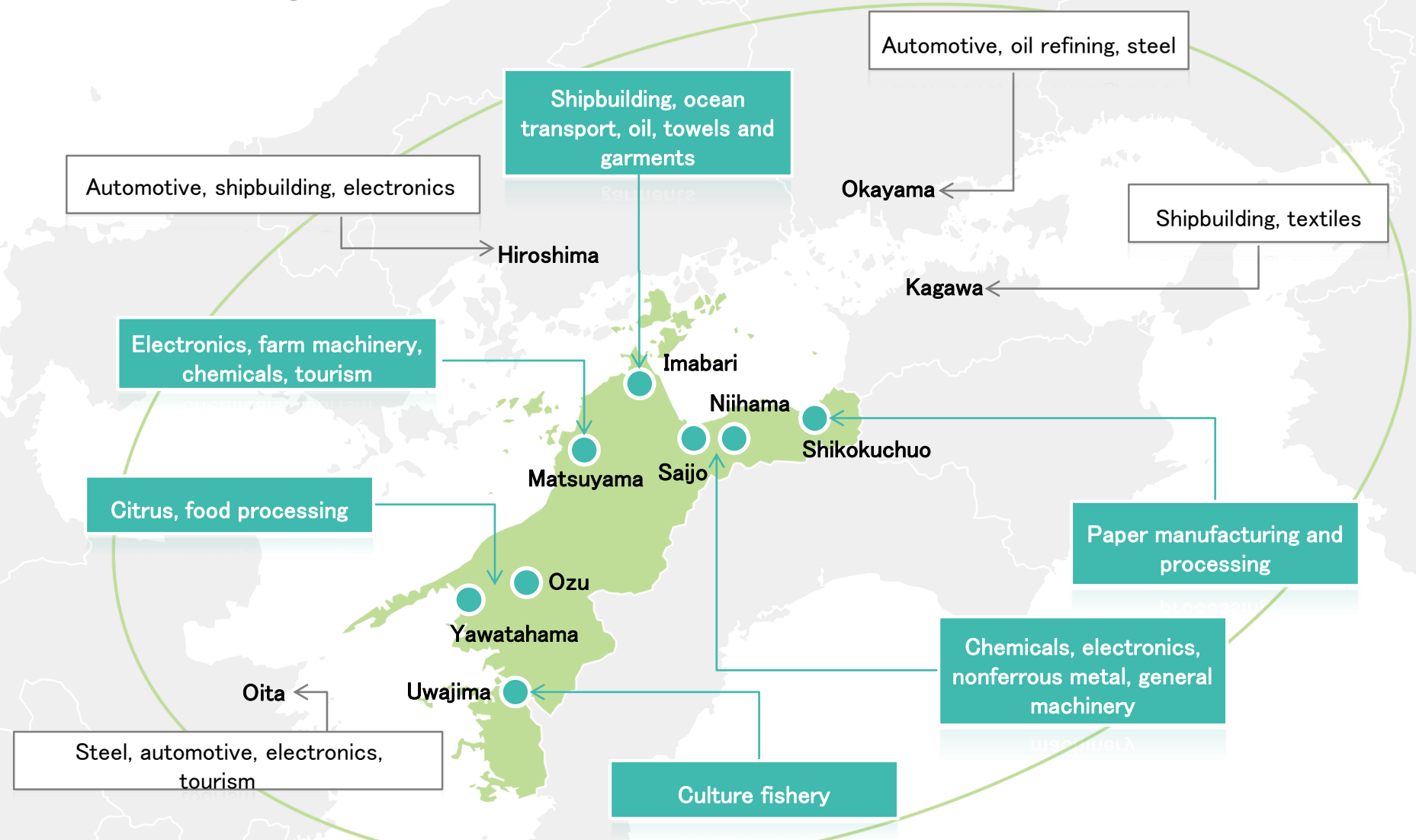


(Note) The shipment amount of “coal and oil” for Imabari City is a concealed value for statistical purposes, thus it is included in “others.”

Source: Prepared by Iyogin Regional Economy Research Center, Inc. (IRC) based on the Ministry of Economy, Trade and Industry’s “Census of Manufacture 2020” (2019 results).

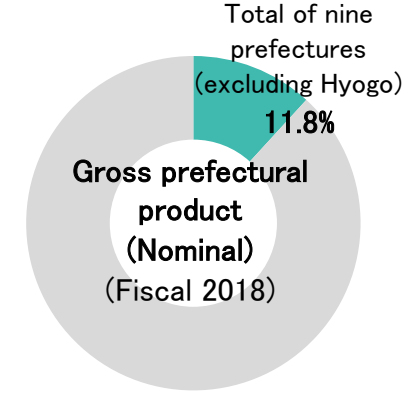
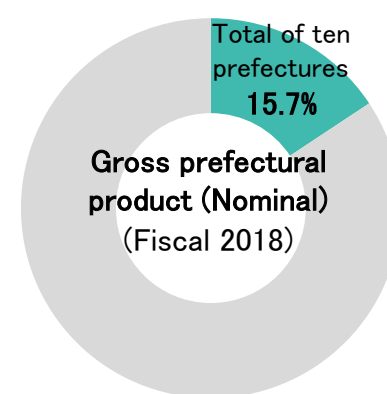
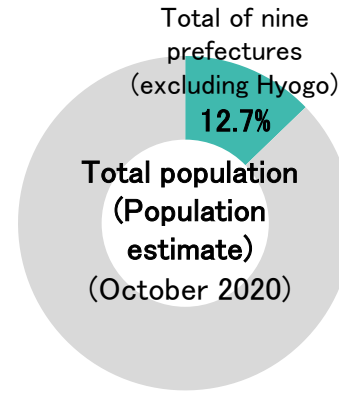
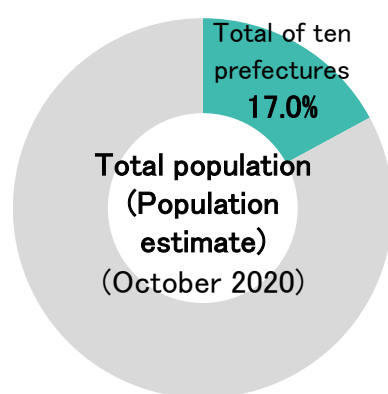
Industrial Structure of the Setouchi Region

■ The Setonaikai coastal region has established various industrial structures



Economic Indicators of the Setouchi Region I

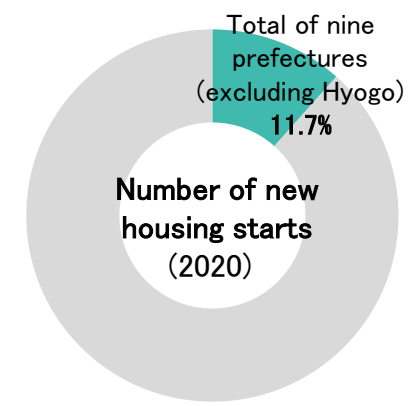
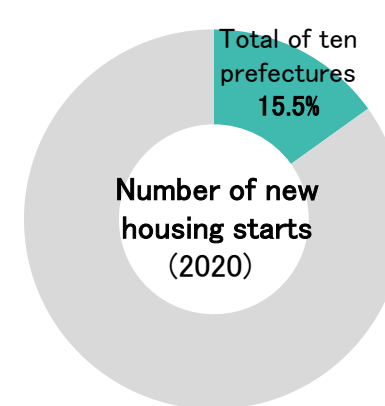
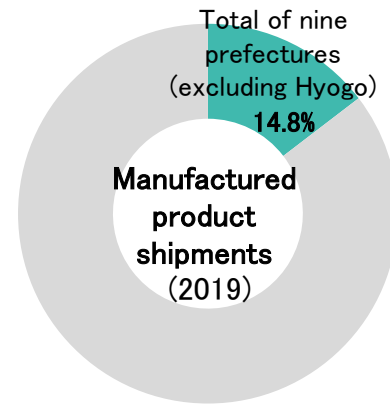
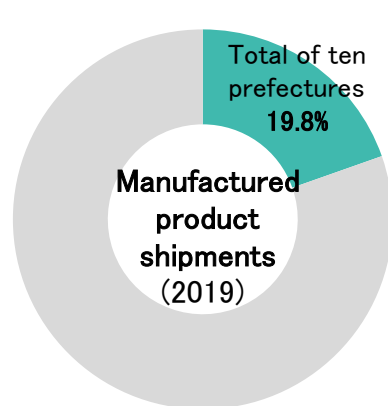
	Total population (Population estimate)	Total area (Geospatial Information Authority of Japan)	Number of offices (Private sector, excluding public sector)	Number of employees (Private sector, excluding public sector)	Prefecture total production (Nominal)	Prefectural gross product growth rate (Real)	Prefectural income per capita
	October 2020 (Persons)	July 2021 (km ²)	2016 (Offices)	2016 (Persons)	Fiscal 2018 (Billions of yen)	Fiscal 2018 (%)	Fiscal 2018 (Thousands of yen)
Ehime	1,335,694	5,676	63,310	566,761	4,988.3	(1.9)	2,658
Kagawa	951,049	1,877	46,774	429,167	3,855.1	0.4	3,013
Tokushima	719,704	4,147	35,853	301,688	3,173.3	1.3	3,092
Kochi	692,065	7,104	35,366	279,196	2,419.0	0	2,644
Oita	1,124,597	6,341	52,973	483,206	4,614.3	2.8	2,714
Fukuoka	5,138,891	4,987	212,649	2,236,269	19,808.0	0.9	2,885
Yamaguchi	1,342,987	6,113	61,385	577,791	6,374.6	0.7	3,199
Hiroshima	2,801,388	8,479	127,057	1,302,074	11,713.7	(0.7)	3,109
Okayama	1,889,607	7,114	79,870	820,656	7,805.7	0.4	2,769
Total of the above nine prefectures (A)	15,995,982	51,838	715,237	6,996,808	64,752.0		
(A)/(C)	12.7%	13.7%	13.4%	12.3%	11.8%		
Hyogo	5,469,184	8,401	214,169	2,203,102	21,177.8	(0.4)	2,968
Total of ten prefectures (B)	21,465,166	60,239	929,406	9,199,910	85,929.8		
(B)/(C)	17.0%	15.9%	17.4%	16.2%	15.7%		
National total (C)	126,226,568	377,975	5,340,783	56,872,826	548,367.0	0.3	3,198



Source: Prepared based on the Statistics Bureau of Japan's "2020 Population Census (preliminary figures)," the Geospatial Information Authority of Japan's "Statistical reports on the land area by prefectures and municipalities in Japan," the Ministry of Internal Affairs and Communications' and Ministry of Economy, Trade and Industry's "Economic Census," and Cabinet Office's "Annual Report on Prefectural Accounts"

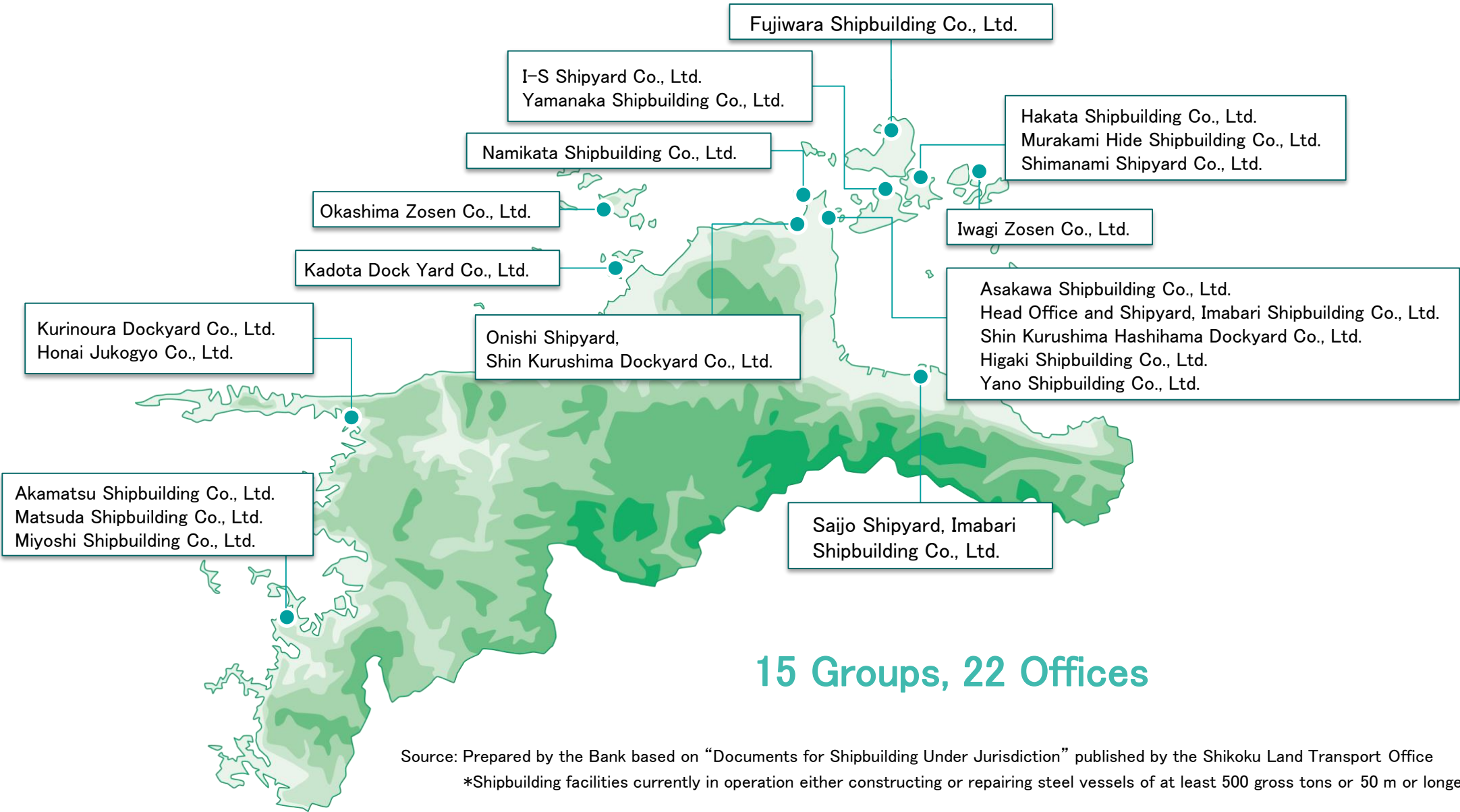
Economic Indicators of the Setouchi Region II

	Manufactured product shipments	Annual wholesale sales amount	Annual retail sales amount	Industrial production index (annual average)	Number of new housing starts	Jobs-to-applicants ratio (annual average)	Overall unemployment rate (annual average)
	2019 (Millions of yen)	2016 (Millions of yen)	2016 (Millions of yen)	2019 2015 = 100	2020 (Homes)	2020 (Times)	2020 (%)
Ehime	4,308,818	2,511,264	1,528,554	99.9	8,049	1.33	2.0
Kagawa	2,711,583	2,619,010	1,169,352	106.5	4,747	1.42	2.2
Tokushima	1,908,126	904,487	757,121	101.3	3,554	1.16	2.2
Kochi	585,527	874,256	753,371	99.3	3,437	1.03	2.5
Oita	4,298,945	1,344,689	1,235,257	96.1	6,892	1.19	2.0
Fukuoka	9,912,191	16,970,699	5,864,032	105.1	34,464	1.15	3.0
Yamaguchi	6,553,479	1,641,957	1,488,895	107.0	6,217	1.27	1.9
Hiroshima	9,741,531	9,166,762	3,309,726	100.7	16,050	1.42	2.4
Okayama	7,704,136	3,543,971	2,093,111	101.4	12,103	1.59	2.3
Total of the above nine prefectures (A)	47,724,336	39,577,095	18,199,419		95,513		
(A)/(C)	14.8%	9.1%	12.5%		11.7%		
Hyogo	16,263,313	10,219,241	5,726,476	104.1	30,884	1.04	2.7
Total of ten prefectures (B)	63,987,649	49,796,336	23,925,895		126,397		
(B)/(C)	19.8%	11.4%	16.5%		15.5%		
National total (C)	322,533,418	436,522,525	145,103,822	101.1	815,340	1.18	2.8



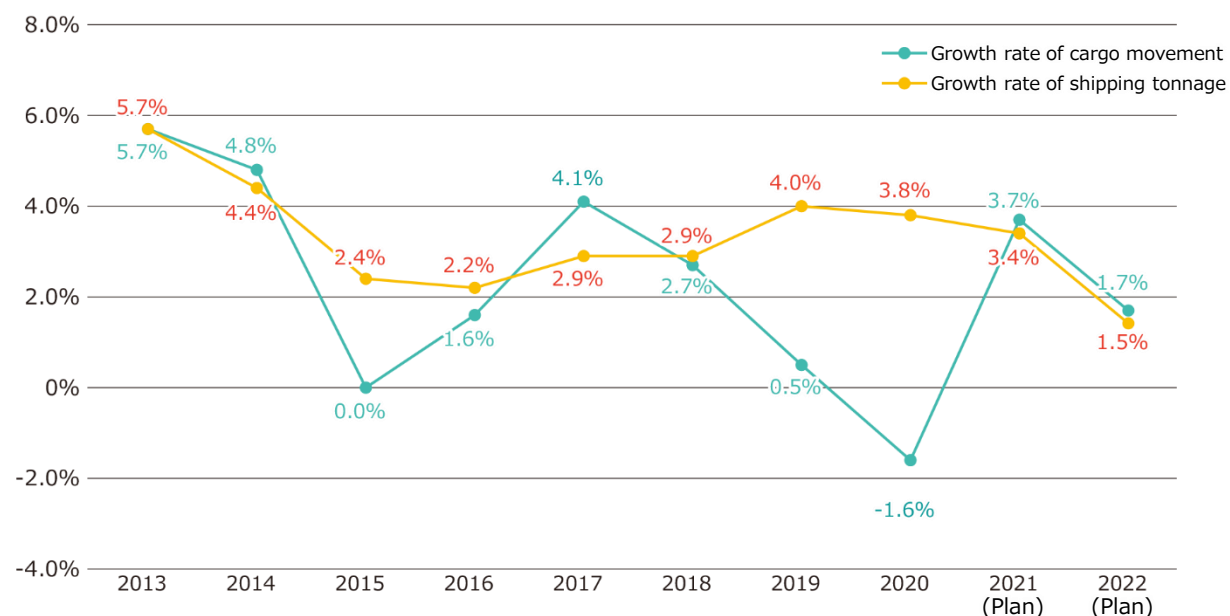
Source: Prepared based on the Ministry of Economy, Trade and Industry's "Census of Manufacture", the Ministry of Internal Affairs and Communications' and Ministry of Economy, Trade and Industry's "Economic Census," each prefecture's materials, the Ministry of Land, Infrastructure, Transport and Tourism's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

Shipbuilding Yards in Ehime Prefecture



Dry Bulk Transport Demand and Supply

■ Volume of cargo movement and shipping tonnage



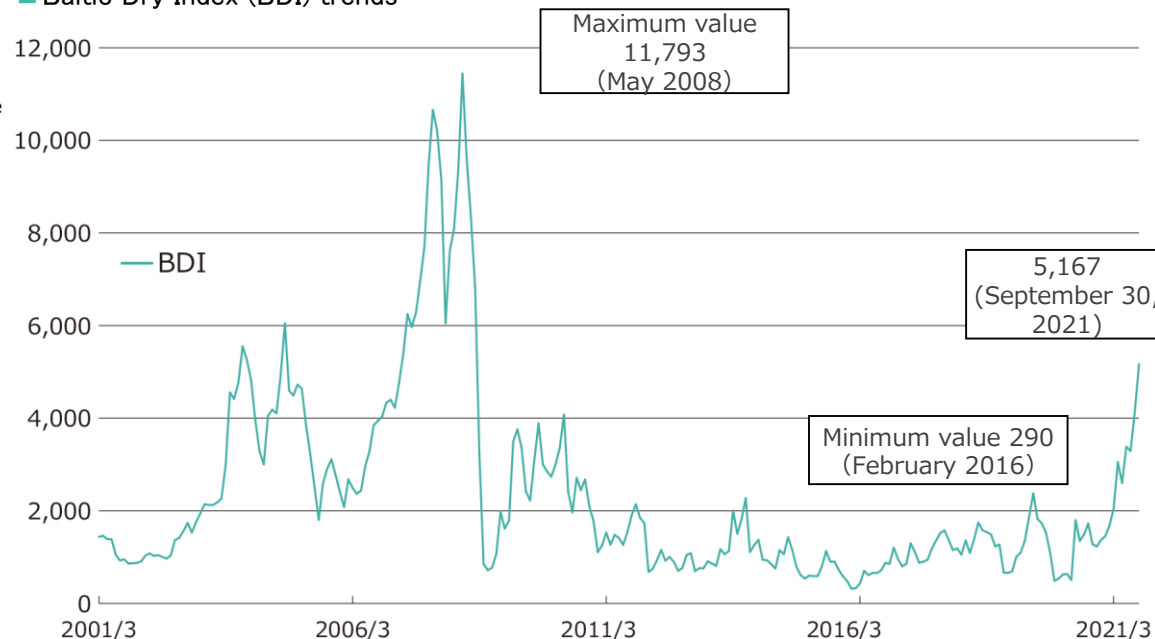
Source: "Clarkson Research Shipping Review & Outlook" (Autumn 2021)"

■ Dry bulk transport demand and supply

- Shipping tonnage of dry bulk vessels for 2021 is expected to increase by 3.4% (up 313 thousand DWT) from 2020. The volume of cargo movement is also expected to increase by 3.7% from 2020 due to the recovery from the impact of COVID-19.
- The increase of shipping tonnage in 2022 is estimated to be 14.5 million tons, the lowest in the last decade, the growth rate from 2021 is estimated to be limited to 1.5%. Cargo movement is expected to increase by about 1.7%.

Future Market Outlook

■ Baltic Dry Index (BDI) trends



■ Future market outlook

- In 2021, the market conditions have been supported by the increase in the cargo movement, the increase in dry bulk transport of container cargo due to the recovery of economic activities from the impact of COVID-19, and shipping tonnage limited due to the replacement of crews, the market environment became favorable for the first time in 12 years since the ocean transport bubble economy period.
- The future market conditions are expected to remain solid during the fiscal year in strong transport demand, due to continued restrictions on the replacement of crews by border measures in each country and the small volume of new ship constructions completed.
- Expected long-term factors in market changes include trends of China's economic policies, changes in resource prices, and retirement of aging ships due to stricter environmental regulations.

Breakdown of Balance of Loans and Deposits at End of Period

1. Breakdown of balance of loans at end of period

(Units: Billions of Yen)

	September 2017	March 2018	September 2018	March 2019	September 2019	March 2020	September 2020	March 2021	September 2021	Vs. September 2020
Total loans	4,132.4	4,292.6	4,431.5	4,550.8	4,617.5	4,756.6	4,874.5	4,999.3	4,959.1	84.6
General loans	3,899.0	4,054.6	4,192.2	4,310.7	4,387.7	4,522.2	4,648.1	4,783.6	4,752.4	104.3
Corporate loans (incl. overseas, etc.)	2,891.8	3,030.6	3,146.0	3,238.2	3,291.1	3,397.9	3,507.7	3,624.6	3,586.1	78.4
Corporate loans (domestic branches)	2,864.4	2,965.5	3,060.4	3,135.8	3,158.3	3,248.8	3,347.1	3,434.9	3,387.6	40.5
Individual financing	1,007.1	1,024.0	1,046.2	1,072.4	1,096.5	1,124.3	1,140.3	1,158.9	1,166.3	26.0
Housing loans	731.2	742.6	758.2	781.0	805.3	831.8	852.6	870.7	879.6	27.0
Apartment and building loans	186.3	191.3	198.0	202.2	203.1	205.2	205.2	205.7	206.2	1.0
Card loans	30.0	29.6	29.1	28.3	27.9	26.9	24.5	23.6	22.9	(1.6)
Municipal loans, etc.	233.4	238.1	239.2	240.1	229.7	234.3	226.4	215.6	206.6	(19.8)

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

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

(Units: Billions of Yen)

	September 2017	March 2018	September 2018	March 2019	September 2019	March 2020	September 2020	March 2021	September 2021	Vs. September 2020
Total deposits, etc. + assets in custody A	5,765.3	5,889.0	5,894.2	6,070.6	6,174.5	6,094.1	6,532.5	6,870.9	6,956.9	424.4
Total deposits, etc.	5,424.5	5,546.0	5,542.2	5,712.6	5,817.3	5,754.3	6,184.6	6,522.6	6,603.0	418.4
Total deposits	4,987.1	5,099.6	5,057.7	5,247.1	5,288.5	5,265.6	5,652.6	5,983.1	5,956.2	303.6
Individual	3,376.3	3,392.1	3,412.0	3,423.6	3,450.2	3,512.5	3,652.2	3,740.7	3,794.0	141.8
General companies	1,429.1	1,442.0	1,455.4	1,555.4	1,553.7	1,564.4	1,733.5	1,853.4	1,857.9	124.4
Public	135.8	164.4	111.4	126.4	113.2	119.8	112.7	162.8	114.0	1.3
Financial	23.1	53.8	37.4	61.0	31.9	40.8	32.7	43.4	30.6	(2.1)
Overseas / offshore	22.6	47.3	41.3	80.5	139.4	28.0	121.3	182.6	159.5	38.2
NCD	437.4	446.4	484.4	465.5	528.8	488.7	531.9	539.4	646.8	114.9
General companies	319.6	375.4	345.1	348.2	390.0	367.0	384.9	427.4	476.2	91.3
Public	117.7	71.0	139.2	117.3	138.7	121.7	147.0	112.0	170.6	23.6
General company funds (incl. NCD)	1,748.8	1,817.4	1,800.6	1,903.6	1,943.8	1,931.4	2,118.5	2,280.8	2,334.1	215.6
Public funds (incl. NCD)	253.5	235.4	250.7	243.7	252.0	241.5	259.8	274.9	284.6	24.8
Foreign currency deposits (balance)	104.1	118.3	111.0	111.0	101.6	89.3	96.3	99.0	116.0	19.7
Individual deposits+individual assets in custody	3,703.7	3,722.5	3,751.4	3,769.1	3,795.6	3,841.4	3,988.5	4,078.3	4,137.4	148.9
Individual deposits	3,376.3	3,392.1	3,412.0	3,423.6	3,450.2	3,512.5	3,652.2	3,740.7	3,794.0	141.8
Individual assets in custody	327.3	330.4	339.3	345.4	345.4	328.8	336.3	337.6	343.4	7.1

<Assets in custody (Term-end basis)>

Assets in custody at the Bank (excl. deposits, etc.) B	340.7	343.0	351.9	357.9	357.1	339.7	347.8	348.3	353.9	6.1
JGBs	25.0	25.4	24.0	22.4	20.3	19.8	19.9	19.2	20.0	0.1
Investment trusts	81.0	71.6	71.5	68.6	66.7	53.8	58.7	61.6	64.0	5.3
Single premium policies	202.1	206.2	210.8	215.7	216.4	214.2	211.3	208.7	207.2	(4.1)
Financial product intermediary	32.5	39.7	45.5	51.0	53.6	51.7	57.7	58.6	62.5	4.8
Shikoku Alliance Securities balance C	192.7	201.4	208.3	199.5	207.8	202.4	226.6	245.2	246.3	19.7
Balance of Group's assets in custody B+C=D	533.5	544.4	560.3	557.4	565.0	542.2	574.5	593.5	600.2	25.8
Assets in custody composition (D / A + C)	9.0%	8.9%	9.2%	8.9%	8.9%	8.6%	8.5%	8.3%	8.3%	-

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

Balance and Composition of Loans by Industry

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

(Units: Billions of Yen, %)

	September 2016		September 2017		September 2018		September 2019		September 2020		September 2021		Vs. September 2020	
		Composition		Composition		Composition		Composition		Composition		Composition	Balance	Rate of balance increase/decrease
Manufacturing	592.0	15.0	589.4	14.4	629.8	14.5	646.9	14.4	671.7	14.2	652.5	13.7	(19.2)	(2.9%)
Agricultural	2.6	0.1	2.5	0.1	2.8	0.1	2.8	0.1	2.9	0.1	2.8	0.1	(0.1)	(3.4%)
Forestry	0.1	0.0	0.2	0.0	0.2	0.0	0.3	0.0	0.4	0.0	0.4	0.0	0.0	0.0%
Fishing	11.8	0.3	12.3	0.3	11.1	0.3	11.2	0.2	9.8	0.2	8.1	0.2	(1.7)	(17.3%)
Mining	8.8	0.2	8.9	0.2	8.5	0.2	8.1	0.2	6.8	0.1	6.4	0.1	(0.4)	(5.9%)
Construction	110.0	2.8	105.0	2.6	111.2	2.6	108.9	2.4	126.4	2.7	127.7	2.7	1.3	1.0%
Electricity, gas, heat provision, water	89.2	2.3	97.5	2.4	122.5	2.8	141.3	3.2	167.4	3.6	197.4	4.1	30.0	17.9%
Information communications	27.2	0.7	28.5	0.7	21.7	0.5	20.0	0.4	17.8	0.4	18.2	0.4	0.4	2.2%
Transportation	603.3	15.3	649.2	15.8	703.3	16.2	728.8	16.3	801.6	17.0	847.5	17.8	45.9	5.7%
Of which, ocean transport	489.9	12.4	526.6	12.8	566.5	13.0	593.6	13.2	666.0	14.1	716.6	15.1	50.6	7.6%
Wholesale and retail	466.9	11.9	465.4	11.3	500.3	11.5	499.5	11.1	509.9	10.8	510.1	10.7	0.2	0.0%
Finance and insurance	180.3	4.6	198.7	4.8	208.9	4.8	190.1	4.2	181.3	3.8	170.0	3.6	(11.3)	(6.2%)
Real estate	213.4	5.4	238.4	5.8	259.0	6.0	284.1	6.3	312.2	6.6	311.7	6.5	(0.5)	(0.2%)
Various services	390.9	9.9	426.2	10.4	425.5	9.8	459.2	10.2	483.4	10.3	483.4	10.2	0.0	0.0%
Of which, medical-related	173.5	4.4	187.6	4.6	191.5	4.4	194.2	4.3	205.0	4.3	207.6	4.4	2.6	1.3%
Regional public entities	230.0	5.8	232.6	5.7	233.9	5.4	224.4	5.0	222.1	4.7	203.6	4.3	(18.5)	(8.3%)
Other	1,009.4	25.6	1,049.7	25.6	1,106.5	25.5	1,158.1	25.8	1,199.4	25.4	1,220.2	25.6	20.8	1.7%
Total	3,936.3	100.0	4,105.0	100.0	4,345.9	100.0	4,484.6	100.0	4,714.0	100.0	4,760.5	100.0	46.5	1.0%

(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, 2021, excluding “goods rental,” was ¥293.0 billion, which is an increase of ¥2.9 billion (+1.0%) compared with the six months ended September 30, 2020. In addition, “other” includes “home renting by individuals” (¥214.7 billion for the six months ended September 30, 2021).

* 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 19 of the Earnings Briefing.

Table of Changes in Borrower Classification

- Activities for supporting enhancement of corporate value are conducted through business feasibility assessments of customers
- Corporate revitalization support is provided mainly by the Corporate Support Office
Use of various types of revitalization schemes, such as reconstruction funds and the SME Business Rehabilitation Support Co-operative, as well as solution sales

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

Upper row: Number of borrowers

Lower row: Credit amount
(Hundreds of millions of yen)

			September 30, 2021							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, 2020	Normal borrowers	18,952	17,320	16,652	606	27	26	7	2	0.18%		668
		35,579	34,825	33,793	947	66	18	1	0	0.05%		1,032
	Borrowers requiring close monitoring	2,278	2,169	434	1,604	23	105	1	2	4.74%	434	131
		4,103	3,896	756	2,967	45	128	0	0	3.12%	756	173
	Borrowers under strict observation	134	118	15	6	84	12	1	0	9.70%	21	13
		242	227	8	7	198	14	0	0	5.73%	15	14
	Borrowers at risk of bankruptcy	315	277	12	20	3	234	3	5		35	8
September 30, 2021		529	432	5	20	3	401	1	2		28	3
	Substantially bankrupt borrowers	82	58	1	0	0	0	56	1		1	1
		15	10	0	0	0	0	10	0		0	0
	Bankrupt borrowers	28	13	0	0	0	0	0	13		0	
		12	2	0	0	0	0	0	2		0	
	Total	21,789	19,955	17,114	2,236	137	377	68	23		491	821
		40,481	39,392	34,563	3,940	313	561	12	4		799	1,222

(Note 1) The chart displays the changes in the borrower classification from September 30, 2020 to September 30, 2021.

(Note 2) The balances after changes are the balances after write-offs as of September 30, 2021.

Management by Risk Category: Securities Investment

(Units: Billions of Yen)

Risk Category (*1)		Six months ended September 30, 2021										Source of main revenue and profit	
		Book balance	Evaluation gain / loss	Market balance	Composition		Total profit / loss (*2)	Interest and dividend income			Profit / loss from purchase, sale, and amortization (*4)		Increase/ decrease on gain/loss on evaluation (vs. March 2021)
						Vs. March 2021			Interest received (*3)	Procurement cost			
Yen-denominated bonds		526.3	+9.3	535.6	30.3%	(2.5%)	3.0	1.7	1.7	0.0	0.0	+1.3	Difference in long and short term interest on yen interest
	Of which, JGBs	98.5	+3.5	102.0	5.8%	(4.2%)	1.7	0.5	0.5	0.0	0.0	+1.2	
	Of which, inflation-indexed JGBs	79.4	+0.8	80.2	4.5%	+0.4%	1.6	0.0	0.0	0.0	0.0	+1.6	Rise in expected inflation rate
Foreign currency bonds (with hedges)		359.7	+11.1	370.7	20.9%	(1.6%)	6.2	3.5	3.6	0.1	(5.1)	+7.8	Difference in long and short term interest on overseas interest
Foreign currency bonds (without hedges)		286.2	+8.1	294.4	16.6%	+1.0%	5.0	1.8	1.8	0.0	4.5	(1.3)	Gain on foreign exchange /interest revenue
Domestic and overseas stocks (incl. stock trusts)		161.8	+265.2	427.0	24.1%	+2.5%	6.3	3.8	3.8	0.0	3.8	(1.4)	Growth in domestic/foreign companies centered on transaction partners
Alternatives		119.6	+23.0	142.6	8.1%	+0.5%	5.8	2.4	2.4	0.0	1.2	+2.2	
	Hedge funds	37.3	+0.9	38.1	2.2%	+0.1%	0.6	0.8	0.8	0.0	0.0	(0.2)	Strategic diversification by external consigned management
	Real estate-related	70.3	+22.2	92.5	5.2%	+0.3%	5.0	1.6	1.6	0.0	1.2	+2.2	Revenue from real estate rentals and profit from price increase
	Private equity	7.2	+0.0	7.2	0.4%	+0.0%	(0.1)	(0.0)	(0.0)	0.0	0.0	(0.0)	Rise in enterprise value due to management improvement of unlisted stocks, etc.
	Emerging stocks	4.9	(0.1)	4.8	0.3%	+0.0%	0.2	0.0	0.0	0.0	0.0	+0.2	Growth and foreign exchange gains in emerging markets
Total		1,453.7	+316.6	1,770.3	100.0%	-	26.3	13.2	13.3	0.1	4.4	+8.7	

*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, 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.

*4 Includes derivative-related gain / loss

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

Credit risk	231.2	(0.1)	231.1	13.1%	+1.9%	(1.3)	1.2	1.2	0.0	0.0	(2.5)	Business continuity of domestic and foreign companies
Securitized products	2.6	+0.0	2.6	0.1%	(0.0%)	0.0	0.0	0.0	0.0	0.0	(0.0)	Loan interest revenue from housing loans, etc.
Subtotal	233.8	(0.1)	233.7	13.2%	+1.9%	(1.3)	1.2	1.2	0.0	0.0	(2.5)	

Balance of Investments by Region and Sector: Financial Market Business

Balance by Region (Final Risk Country Basis)

(Units: Billions of Yen)

	September 2021			
	Loan balance	Commitment balance	Total	Composition
Japan	58.8	15.6	74.5	57.3%
North America	17.5	1.7	19.2	14.8%
(Of which, the U.S.)	(14.9)	(1.7)	(16.6)	(12.8%)
Asia and Oceania	16.1	0.0	16.1	12.4%
Europe	13.7	0.0	13.7	10.6%
Middle East	3.8	0.0	3.8	2.9%
Latin America	2.4	0.0	2.4	1.9%
Total	112.6	17.3	129.9	100.0%

* Excluding Singapore Branch

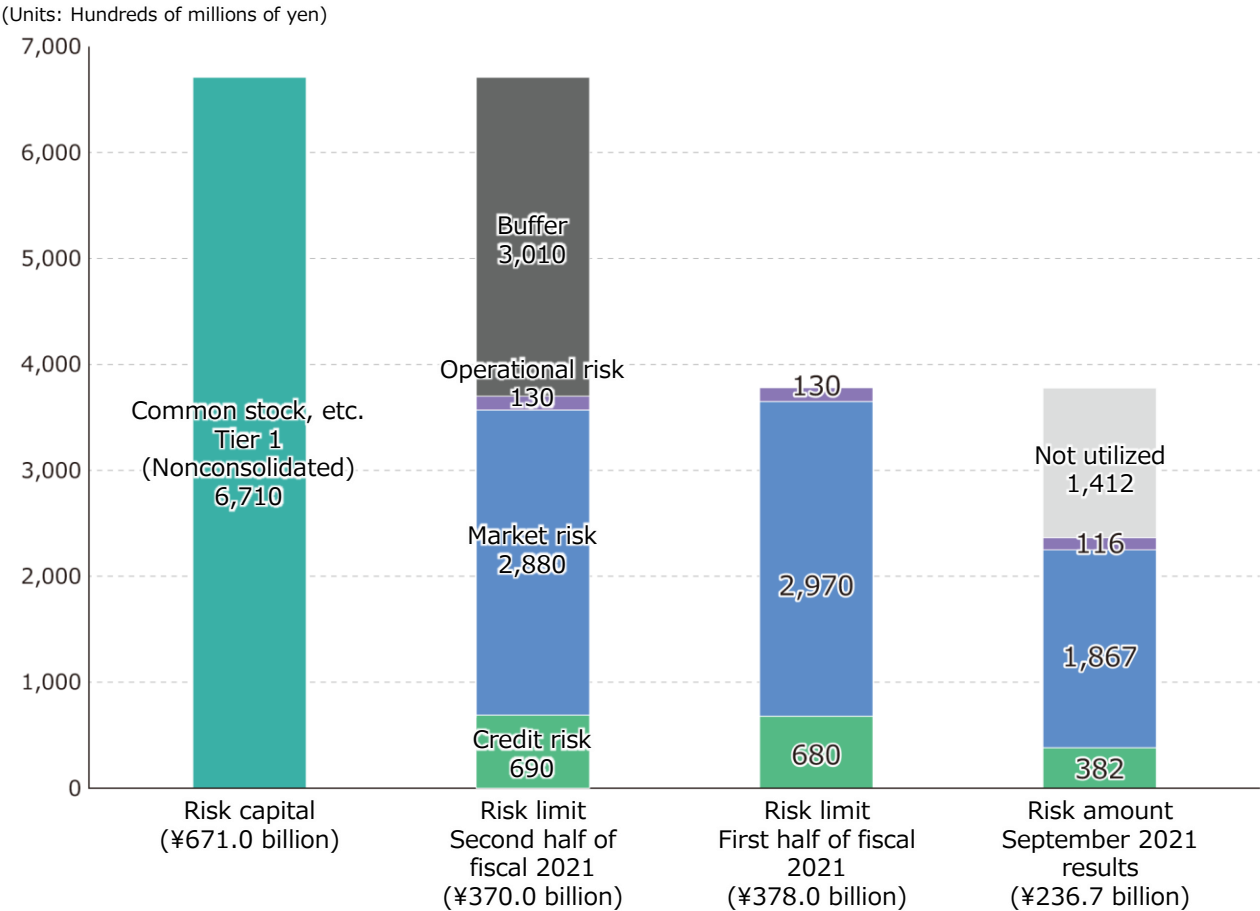
Balance by Sector (Final Risk Country Basis)

(Units: Billions of Yen)

	September 2021			
	Loan balance	Commitment balance	Total	Composition
Electricity and gas	58.0	15.6	73.6	56.7%
(Of which, solar power generation)	(32.3)	(6.4)	(38.8)	(29.9%)
Manufacturing	14.1	0.0	14.1	10.9%
Transportation	14.7	0.0	14.7	11.4%
(Of which, aircraft finance)	(10.1)	(0.0)	(10.1)	(7.8%)
Various services	14.3	0.0	14.3	11.0%
Financial	5.4	1.7	7.1	5.5%
Wholesale and retail	1.0	0.0	1.0	0.8%
Construction	1.4	0.0	1.4	1.1%
Other	3.5	0.0	3.5	2.7%
Total	112.6	17.3	129.9	100.0%

* Excluding Singapore Branch

[Status of Integrated Risk Management (September 30, 2021)]



- **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