

Overview of Forward-looking Provisioning (1/2)

[What is forward-looking provisioning]

It is a method of rationally estimating future risks based on future macroeconomic indicators and the current/future outlook in the business cycle, allowing us to be well-prepared for future losses and crises.

[What is the purpose of introducing forward-looking provisioning?]

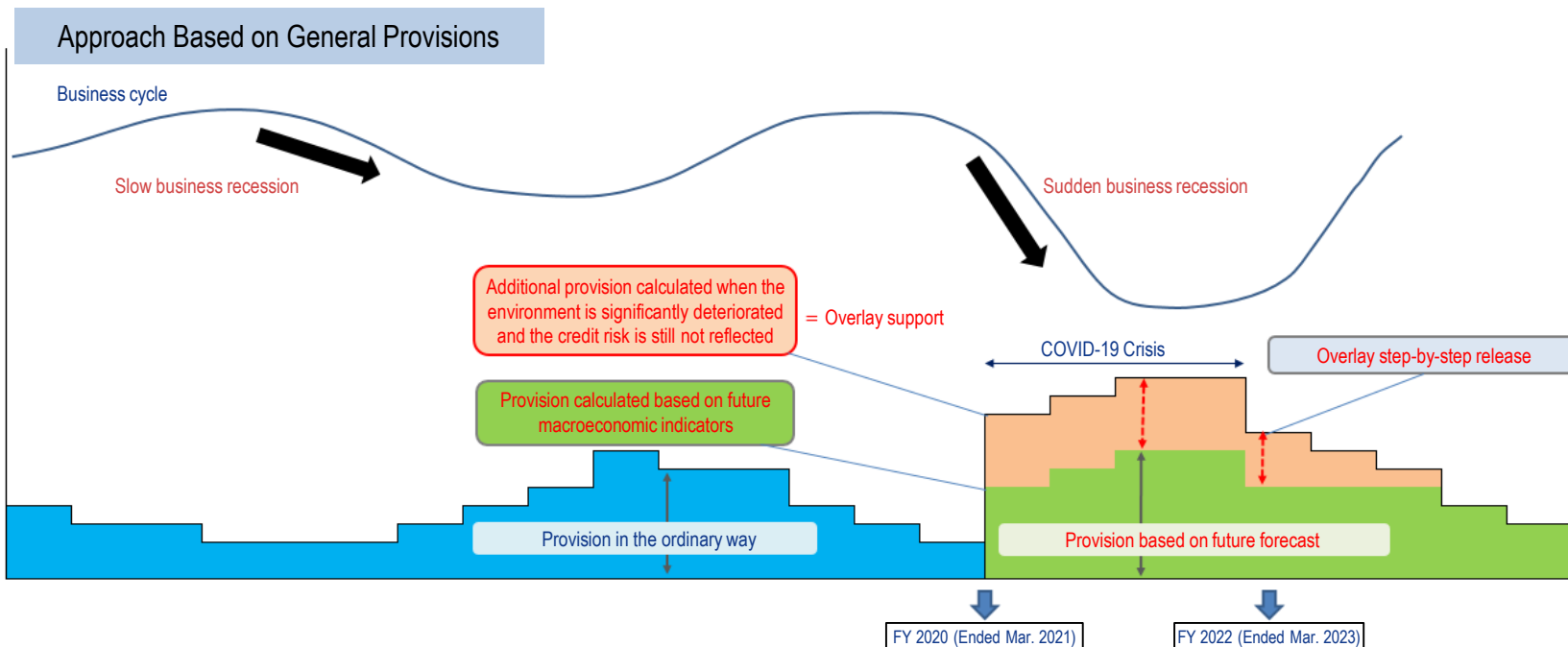
It was introduced in FY 2020 (Ended Mar. 2021), in reaction to the expansion of the COVID-19 Crisis. This bolsters our financial resilience to economic-environment downturns in the future and makes it possible to focus firmly on forward-looking sales efforts, thus cultivating a framework that supports customers without fear of additional credit costs.

[What is overlay?]

This is a method to calculate additional provisions for specific industries when the external environment changes significantly.

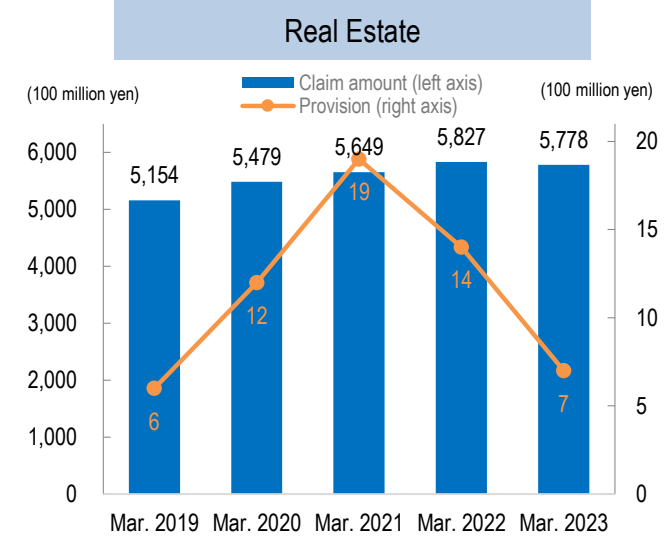
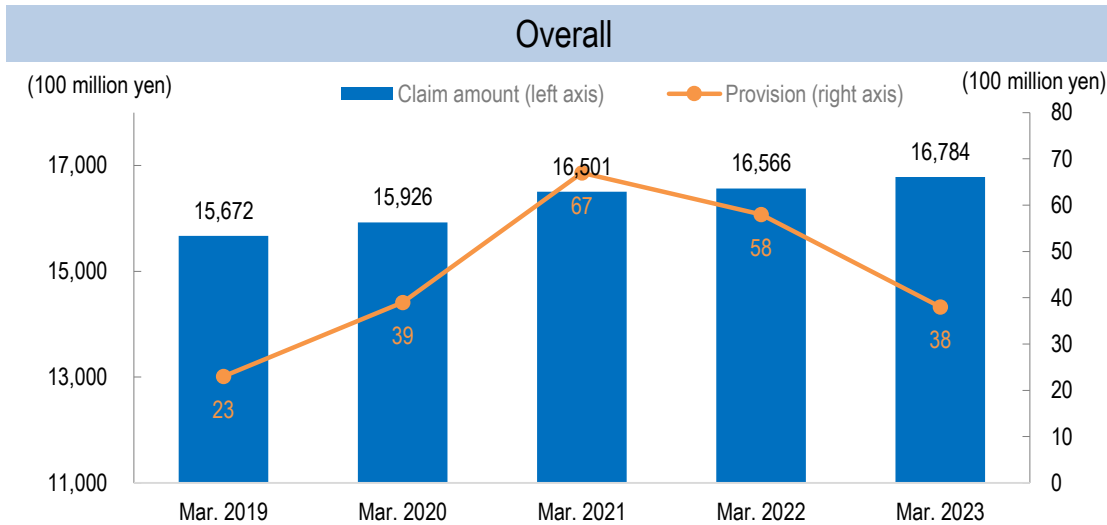
[Actions when the business is improving]

If the business condition index shows continuous improvement, net credit costs will be reversed due to the partial release of overlays and a decrease in provisions based on the future forecast.



Overview of Forward-looking Provisioning (2/2)

Provisions decreased due to the improvement of various macroeconomic indicators and the release of some of the accommodation business from overlay-applied industries of accommodation and medical/healthcare. Further release will be considered if the economic environment improves more in the future.



Accommodation Industry

Medical/healthcare Industry

Restaurants and Service Industries

