

SURUGA bank, Ltd.

Consolidated financial results for the three months ended June 30, 2021

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)
 URL: <https://www.surugabank.co.jp>
 Representative: Kosuke Saga, President

(Amounts and percentages are rounded down to the nearest million yen and first decimal places, respectively.)

1. Consolidated financial results for the three months ended June 30, 2021

(1) Consolidated operating results (% represents the change from the same period in the previous fiscal year)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended						
June 30, 2021	23,443	(6.2)	3,460	256.3	2,550	402.1
June 30, 2020	25,017	(22.4)	971	(84.3)	507	(86.8)

(Note) Comprehensive income: (a) Three months ended June 30, 2021: ¥ 3,362 million [102.2 %]

(b) Three months ended June 30, 2020: ¥ 1,662 million [35.2 %]

	Earnings per share	Earnings per share (diluted)
	yen	yen
Three months ended		
June 30, 2021	11.00	-
June 30, 2020	2.19	-

(Note) Earnings per share for the three months ended June 30, 2020 and 2021 is not provided because there are no potentially shares.

(2) Consolidated financial position

	Total assets	Total net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2021	3,605,249	287,905	7.9
March 31, 2021	3,550,415	285,770	8.0

(Reference) Shareholders' equity: (a) As of June 30, 2021: ¥ 287,805 million; (b) As of March 31, 2021: ¥ 285,665 million

(Note) Net assets ratio = (Total net assets - Non-controlling interests) / Total assets × 100

This ratio is not calculated based on the "Capital Adequacy Ratio Notification".

2. Dividends on common stock

	Dividends per share				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Fiscal year-end	Total
Fiscal year	yen	yen	yen	yen	yen
ended March 31, 2021	—	0.00	—	5.00	5.00
ending March 31, 2022	—				
ending March 31, 2022 (forecast)		0.00	—	5.00	5.00

(Note) Revision of dividend forecast from the latest announcement: No

3. Consolidated earnings forecast for the fiscal year ending March 31, 2022

(% represents the change from the previous fiscal year)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
1H, FY3/2022	45,500	(10.6)	11,500	9.9	10,000	82.4	43.16
FY3/2022	87,000	(12.8)	8,000	(65.3)	7,000	(67.3)	30.21

(Note) Revision of earnings forecast from the latest announcement: Yes

*Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused changes in the scope of consolidation): No

(2) Adoption of any particular accounting methods for quarterly consolidated financial statements: Yes

(Note) For details, please refer to page 6 of the appendix “2. Consolidated financial statements and notes, (3) Notes regarding consolidated financial statements, (Adoption of any particular accounting methods for quarterly consolidated financial statements)”.

(3) Changes in accounting policies, changes in accounting estimates and restatements

(A) Changes in accounting policies due to revision of accounting standards: Yes

(B) Changes in accounting policies due to reasons other than (A): No

(C) Changes in accounting estimates: Yes

(D) Restatements: No

(4) Number of issued shares (common stock)

(A) Number of issued shares (including treasury shares):	As of June 30, 2021	232,139,248 shares	As of March 31, 2021	232,139,248 shares
(B) Number of treasury shares:	As of June 30, 2021	490,555 shares	As of March 31, 2021	490,315 shares
(C) Average number of shares:	Three months ended June 30, 2021	231,648,852 shares	Three months ended June 30, 2020	231,649,973 shares

(Note1) This report is outside the scope of the external auditor’s quarterly review procedure.

(Note2) Explanation on appropriate use of forecast and other special items

The performance forecasts and other forward-looking statements in this report are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to guarantee future performance. Actual performance may differ materially depending on various factors.

(Appendix)

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1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the three months ended June 30, 2021, ordinary income decreased by ¥1.574 billion year-on-year to ¥23.443 billion. This was primarily due to the decline in interest income reflecting the drop in interest on loans and bills discounted. Meanwhile, ordinary expenses decreased by ¥4.064 billion year-on-year to ¥19.982 billion, mainly due to the decline in provision for general allowance for loan losses.

As a result, ordinary profit increased by ¥2.489 billion year-on-year to ¥3.460 billion.

Profit attributable to owners of parent decreased by ¥2.043 billion year-on-year to ¥2.550 billion.

(2) Details of financial position

As for the consolidated major account balances as of June 30, 2021, deposits amounted to ¥3,298.158 billion, rose by ¥52.218 billion from March 31, 2021, mainly due to a increase of ¥29.446 billion in individual deposits.

Loans and bills discounted came in at ¥2,287.671 billion, down by ¥31.889 billion from March 31, 2021, mainly due to a decrease of ¥49.599 billion in consumer loans (non-consolidated).

Securities amounted to ¥348.462 billion, rose by ¥81.116 billion from March 31, 2021.

(3) Details of forecast information, including earnings forecast

The Bank has revised its earnings forecast for the fiscal year ending March 31, 2022 from that announced on May 14, 2021. For details, please refer to the document disclosed separately today (August 13, 2021) titled “Announcement Regarding the Revision to the Earnings Forecast”.

Consolidated (Billions of yen)

	First half			Full year		
	Current forecast (A)	Previous forecast (B)	Change (A)-(B)	Current forecast (A)	Previous forecast (B)	Change (A)-(B)
Ordinary income	45.5	44.0	1.5	87.0	87.0	—
Ordinary profit	11.5	(2.0)	13.5	8.0	8.0	—
Profit attributable to owners of parent	10.0	(2.5)	12.5	7.0	7.0	—

Non-consolidated (Billions of yen)

	First half			Full year		
	Current forecast (A)	Previous forecast (B)	Change (A)-(B)	Current forecast (A)	Previous forecast (B)	Change (A)-(B)
Ordinary income	41.0	39.5	1.5	78.0	78.0	—
Core net operating profit	12.5	11.5	1.0	23.0	23.0	—
Net operating profit	24.5	20.5	4.0	23.0	23.0	—
Ordinary profit	11.0	(2.5)	13.5	7.0	7.0	—
Net income	9.5	(3.0)	12.5	6.0	6.0	—
Actual credit costs	2.0	14.0	(12.0)	16.0	16.0	—

(Note) The performance forecasts and other forward-looking statements in this report are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to guarantee future performance. Actual performance may differ materially depending on various factors.

2. Consolidated financial statements and notes

(1) Consolidated balance sheets

(Millions of yen)

	As of Mar. 31, 2021	As of Jun. 30, 2021
Assets		
Cash and due from banks	953,932	977,455
Call loans and bills bought	19,000	276
Trading account securities	103	95
Money held in trust	99	99
Securities	267,346	348,462
Loans and bills discounted	2,319,560	2,287,671
Foreign exchanges	3,324	2,662
Lease receivables and investment assets	5,507	5,347
Other assets	49,084	47,956
Tangible fixed assets	34,689	35,280
Intangible fixed assets	20,439	19,741
Net defined benefit asset	22,442	22,624
Deferred tax assets	11,331	11,034
Customers' liabilities for acceptances and guarantees	1,565	1,505
Allowance for loan losses	(158,011)	(154,962)
Total assets	3,550,415	3,605,249
Liabilities		
Deposits	3,245,940	3,298,158
Foreign exchanges	5	9
Other liabilities	14,754	15,753
Provision for bonuses	492	17
Provision for bonuses for directors	41	—
Net defined benefit liability	272	283
Provision for share-based compensation	183	164
Provision for reimbursement of deposits	305	272
Provision for contingent losses	89	110
Deferred tax liabilities	994	1,067
Acceptances and guarantees	1,565	1,505
Total liabilities	3,264,644	3,317,344
Net assets		
Capital stock	30,043	30,043
Capital surplus	2,045	2,045
Retained earnings	238,863	240,185
Treasury shares	(561)	(561)
Total shareholders' equity	270,391	271,713
Net unrealized gains (losses) on available-for-sale securities	8,954	10,048
Deferred gains (losses) on hedges	(20)	(19)
Remeasurements of defined benefit plans	6,341	6,063
Total accumulated other comprehensive income	15,274	16,091
Non-controlling interests	104	99
Total net assets	285,770	287,905
Total liabilities and net assets	3,550,415	3,605,249

(2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	For the three months ended Jun. 30, 2020	For the three months ended Jun. 30, 2021
Ordinary income	25,017	23,443
Interest income	21,717	19,219
Interest on loans and bills discounted	21,137	18,769
Interest and dividends on securities	380	239
Fees and commissions	2,140	2,040
Other operating income	791	860
Other income	368	1,321
Ordinary expenses	24,046	19,982
Interest expenses	399	380
Interest on deposits	367	373
Fees and commissions payments	3,160	3,029
Other operating expenses	705	737
General and administrative expenses	11,336	10,521
Other expenses	8,445	5,313
Ordinary profit	971	3,460
Extraordinary gains	13	—
Gains on disposal of non-current assets	13	—
Extraordinary losses	102	108
Losses on disposal of non-current assets	90	108
Impairment loss	11	—
Income before income taxes	881	3,352
Income taxes	379	806
Profit	502	2,545
Profit attributable to non-controlling interests	(5)	(4)
Profit attributable to owners of parent	507	2,550

Consolidated statements of comprehensive income

	(Millions of yen)	
	For the three months ended Jun. 30, 2020	For the three months ended Jun. 30, 2021
Profit	502	2,545
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	1,181	1,093
Deferred gains (losses) on hedges	(4)	0
Remeasurements of defined benefit plans, net of tax	(16)	(277)
Total other comprehensive income	1,160	816
Comprehensive income	1,662	3,362
(Breakdown)		
Comprehensive income attributable to owners of parent	1,668	3,367
Comprehensive income attributable to non-controlling interests	(5)	(4)

(3) Notes regarding consolidated financial statements

(Notes on going-concern assumption)

Not applicable.

(Notes for material changes in shareholders' equity)

Not applicable.

(Adoption of any particular accounting methods for quarterly consolidated financial statements)

(Calculation of income taxes)

Income taxes reported by the company and its subsidiaries are calculated by multiplying income before income taxes for the three months ended June 30, 2021 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2021, including the current first quarter.

In addition, in the case that calculating income taxes using the estimated effective tax rate significantly lacks rationality, income taxes are calculated by using the statutory effective tax rate.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No.29, March 31,2020) was adopted from the beginning of the first quarter of the current fiscal year and recognized revenue when control of promised products or services is transferred to customers in an amount that is expected to be received in exchange for those products or services.

The bank follows the transitional treatment stipulated in the provisions of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of this year, was added to or reduced from the beginning balance of retained earnings of the first quarter of this fiscal year.

There was minimal impact on the quarterly consolidated financial statements.

(Application of Accounting Standard for Fair Value Measurement)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4,2019) was adopted from the beginning of the first quarter of the current fiscal year. In addition, in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments(ASBJ Statement No.10,July 4, 2019), the Bank decided to adopt a new accounting standard stipulated by the Accounting Standard for Fair Value Measurement in the future. There was no impact on the quarterly consolidated financial statements.

(Changes in accounting estimates)

Previously, the bank had set the amortization period of actuarial gains and losses in accounting for retirement benefits to 13 years. However, because the average remaining service life of employees was reduced, the amortization period has been revised to 12 years since the first quarterly consolidated financial statements.

There was minimal impact on the quarterly consolidated financial statements.

(Additional information)

With regard to financial estimates that relate to impact from the coronavirus pandemic in the first quarter of the current consolidated fiscal year, and assumptions that were used for these estimates, there have been no material changes from the information listed in the (Additional information) section of the securities report of the previous consolidated fiscal year.

As such assumptions have a high level of uncertainty, if circumstances concerning the spread of the coronavirus pandemic and its impact on the economy vary from the original assumptions, financial results could be impacted from the second quarter of the fiscal year ending March, 2022.

Financial Results for the three months ended June 30, 2021 - Supplementary Information -

(1) Operating results for the three months ended June 30, 2021 (Non-consolidated)

(Millions of yen)

	Three months ended Jun. 30, 2021 (a)	Three months ended Jun. 30, 2020 (b)	Change (a) - (b)	FY3/2021
Gross operating profit	16,610	18,379	(1,769)	72,535
Net interest income	17,720	19,676	(1,956)	75,806
Net fees and commissions	(1,178)	(1,303)	125	(4,367)
Net other operating income	68	6	62	1,097
(Gains (losses) on bonds)	(58)	0	58	1,057)
Core gross operating profit (Note1)	16,551	18,378	(1,827)	71,478
Expenses	10,175	10,456	(281)	40,337
Personnel expenses	3,637	3,734	(97)	14,868
Non-personnel expenses	5,489	5,766	(277)	22,601
Core net operating profit (Note2)	6,376	7,921	(1,545)	31,140
Excluding gains (losses) on cancellation of investment trusts	6,376	7,921	(1,545)	31,140
Actual net operating profit (Note3)	6,435	7,922	(1,487)	32,197
Provision for general allowance for loan losses	(7,011)	(4,707)	(2,304)	(17,933)
Net operating profit	13,446	12,630	816	50,131
Non-recurring gains (losses)	(10,083)	(12,055)	1,972	(30,148)
Gains (losses) on stocks	(3)	(0)	(3)	69
Ordinary profit	3,362	575	2,787	19,982
Extraordinary gains (losses)	(68)	(74)	6	(296)
Income before income taxes	3,294	500	2,794	19,686
Income taxes (Note4)	774	216	558	744
Net income	2,520	284	2,236	18,941

(Millions of yen)

Net credit costs (Note5)	4,635	7,467	(2,832)	14,246
Provision for general allowance for loan losses	(7,011)	(4,707)	(2,304)	(17,933)
Disposal of non-performing loans	11,646	12,175	(529)	32,179
Recoveries of written-off claims	1,193	88	1,105	1,957
Actual credit costs (Note6)	3,442	7,379	(3,937)	12,288

(Note1) Core gross operating profit = Gross operating profit - Gains (losses) on bonds

(Note2) Core net operating profit = Net operating profit + Provision for general allowance for loan losses
- Gains (losses) on bonds

(Note3) Actual net operating profit = Net operating profit + Provision for general allowance for loan losses

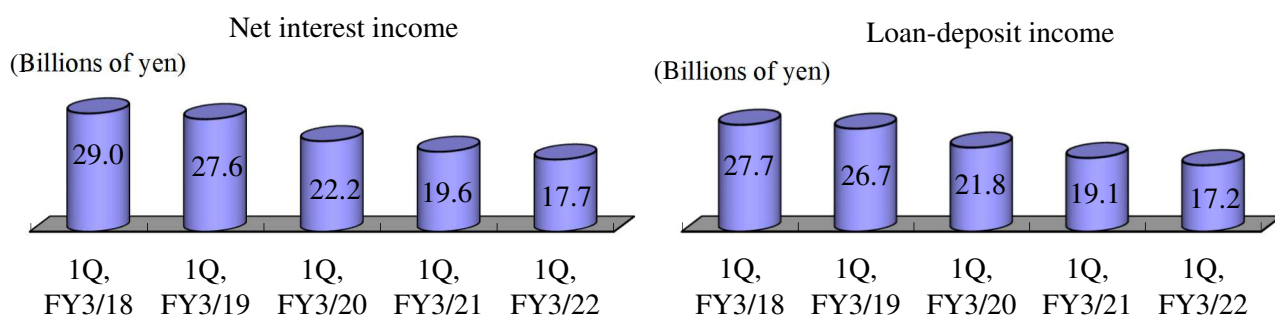
(Note4) The amount of Income taxes for the fiscal year ended March 31, 2021 is that of Total income taxes.

(Note5) Net credit costs = Provision for general allowance for loan losses + Disposal of non-performing loans
- Reversal of allowance for loan losses

(Note6) Actual credit costs = Net credit costs - Recoveries of written-off claims.

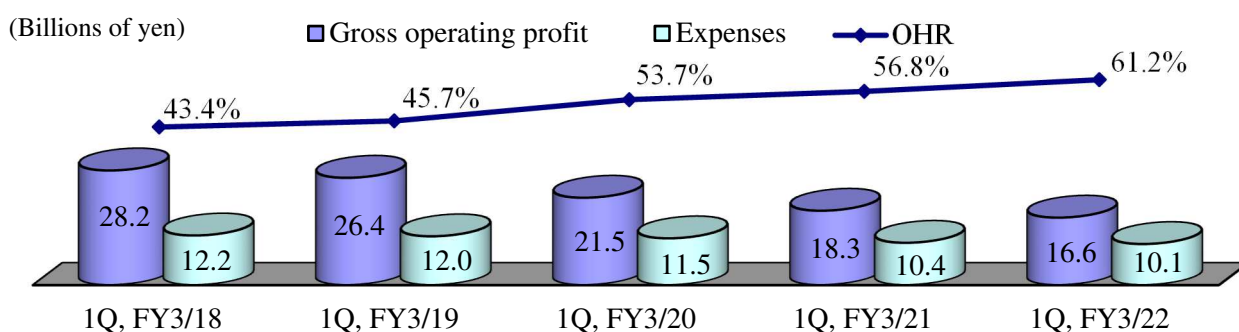
(A) Gross operating profit: ¥16.6 billion

- Net interest income decreased by ¥1.9 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Loan-deposit income decreased by ¥1.9 billion year-on-year.
- Gross operating profit decreased by ¥1.7 billion year-on-year.



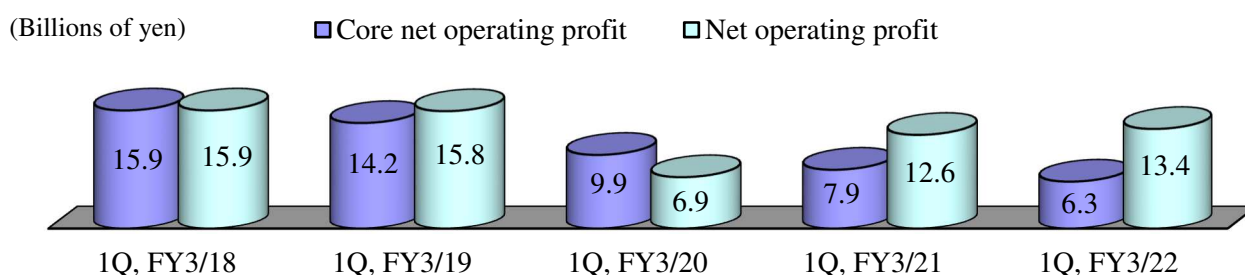
(B) Expenses: OHR: 61.2 %

- Expenses decreased by ¥0.2 billion year-on-year.
 - OHR rose to 61.2% year-on-year.
- (OHR (%) = Expenses / Gross operating profit × 100)



(C) Core net operating profit: ¥6.3 billion, Net operating profit: ¥13.4 billion

- Core net operating profit decreased by ¥1.5 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit increased by ¥0.8 billion year-on-year, mainly due to a decrease in provision for general allowance for loan losses.



(D) Ordinary profit: ¥3.3 billion, Net income: ¥2.5 billion

- Ordinary profit increased by ¥2.7 billion year-on-year, mainly due to a decrease in net credit costs.
- Net income increased by ¥2.2 billion year-on-year, mainly due to an increase in ordinary profit.

(E) Actual credit costs: ¥3.4 billion

- Net credit costs decreased by ¥2.8 billion year-on-year, mainly due to a decrease (¥2.3 billion) in provision for general allowance for loan losses and an decrease (¥0.5 billion) in disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥4.6 billion) minus the amount of recoveries of written-off claims (¥1.1 billion) amounted to ¥3.4 billion.

(2) Loans and deposits (Non-consolidated)

(A) Loans and bills discounted

- Loans and bills discounted (period-end balance) decreased by ¥180.9 billion year-on-year.
- Yield on loans and bills discounted dropped by 8 basis points year-on-year to 3.08%.

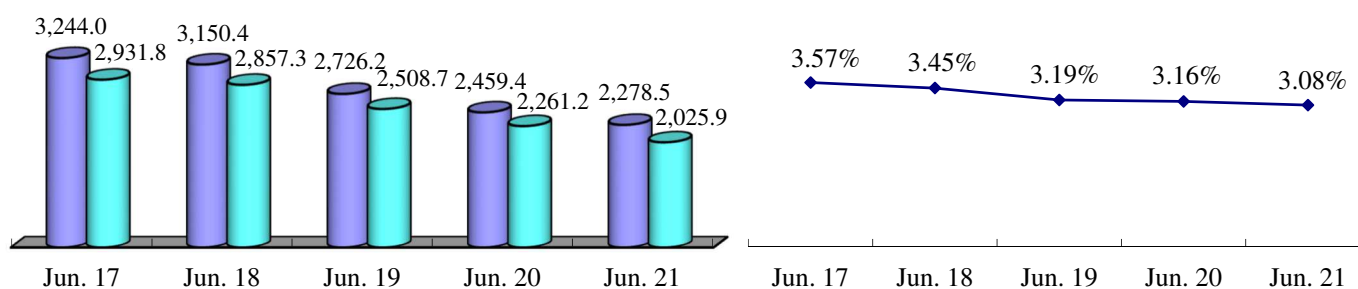
				(Billions of yen)
	Jun. 30, 2021 (a)	(a) – (b)	Jun. 30, 2020 (b)	Mar. 31, 2021
Loans and bills discounted (period-end balance)	2,278.5	(180.9)	2,459.4	2,310.9
Consumer loans	2,025.9	(235.3)	2,261.2	2,075.5
Secured loans	1,863.0	(202.5)	2,065.5	1,905.4
Unsecured loans	162.8	(32.9)	195.7	170.0
Loans and bills discounted (average balance)	2,294.3	(182.4)	2,476.7	2,414.7

				(Billions of yen)
	Three months ended Jun. 30, 2021 (a)	(a) - (b)	Three months ended Jun. 30, 2020 (b)	
New consumer loans	7.2	3.4	3.8	
New asset management company loans for property investment	2.8	1.7	1.1	
Subtotal	10.1	5.2	4.9	
New structured finance	9.3	7.2	2.1	
Total	19.4	12.4	7.0	

- Loans and bills discounted (period-end balance)
- Consumer loans (period-end balance)

- ◆ Yield on loans and bills discounted

(Billions of yen)



Consumer loans

Outstanding balance, yield, delinquency rate by loan category

(Billions of yen)

Loan category	Jun. 30, 2021			Mar. 31, 2021		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	1,863.0	3.07%	5.44%	1,905.4	3.08%	4.93%
Housing loans	486.3	2.83%	0.27%	497.9	2.83%	0.27%
Studio apartment loans	161.3	3.39%	1.51%	167.8	3.39%	1.58%
Single building apartment loans	1,073.7	3.24%	3.46%	1,096.0	3.24%	3.50%
Share house loans	105.9	1.40%	58.12%	107.1	1.40%	49.06%
Other secured loans	35.7	4.70%	0.56%	36.4	4.73%	0.58%
Unsecured loans	162.8	10.35%	2.30%	170.0	10.32%	2.17%
Card loans	108.2	11.73%	0.81%	112.8	11.69%	0.82%
Unsecured certificate loans	54.5	7.62%	5.27%	57.1	7.63%	4.83%
Consumer loans (A)	2,025.9	3.65%	5.19%	2,075.5	3.66%	4.71%
Consumer loans (excluding share house-related loans)	1,891.9	—	2.10%	1,939.8	—	2.14%
Corporate loans for property investment (B)	58.5	2.23%	—	48.6	2.18%	—
Total (A)+(B)	2,084.4	3.61%	5.05%	2,124.1	3.63%	4.60%

(Note1) Delinquency rate=Loans past due 3 months or more / Loans

(Note2) Yield: Yield for customers (excluding guarantee fee, accrued interest), period-end balance basis

(Note3) Yield and delinquency rate of Studio apartment loans, secured loans and consumer loans are calculated based on originals claims before securitization.

(Note4) Corporate loans for property investment: Corporate loans for property investment and structured finance that are defined as new business fields in the mid-term management plan.

Share house loans (Non-performing loans based on the Financial Reconstruction Law)

(Billions of yen)

	Total	(Non-performing loans)			Subtotal	Normal assets
		Claims against bankrupt and substantially bankrupt obligors	Claims with collection risk	Claims for special attention		
Jun. 30, 2020	190.4	50.2	38.3	87.4	176.0	14.4
Sep. 30, 2020	189.1	56.1	58.3	62.4	177.0	12.1
Dec. 31, 2020	187.3	80.6	43.6	52.2	176.4	10.8
Mar. 31, 2021	135.7	53.3	31.5	40.1	124.9	10.7
Jun. 30, 2021	133.9	60.6	36.9	28.1	125.7	8.1

(Billions of yen)

	Total		Collateral or guarantees, etc. B	Unsecured portion C	Allowance D	Coverage ratio (B+D)/A
	A	Share house claims				
Jun. 30, 2020	190.4	154.0	72.1	118.2	103.7	92.36%
Sep. 30, 2020	189.1	153.5	71.8	117.3	106.5	94.31%
Dec. 31, 2020	187.3	152.5	72.2	115.1	106.1	95.20%
Mar. 31, 2021	135.7	107.2	52.5	83.1	76.7	95.24%
Jun. 30, 2021	133.9	106.0	51.9	81.9	77.3	96.55%

(Note1) Based on obligors of share house loans

(Note2) Covered amount: Estimated amount, calculated by multiplying the covered amount including collateral, etc. with a certain ratio

(Note3) Total credit balance, share house loan receivables: Loans and bills discounted, suspense payments equivalent to loans and bills discounted, and accrued interest on loans and bills discounted

Actual credit costs and Allowance for loan losses

(Billions of yen)

Item	Jun. 30, 2021	
	Actual credit costs	Allowance
Share house-related loans	1.2	77.3
Investment property loans	1.9	56.2
Housing loans	(0.0)	4.1
Unsecured loans	0.1	2.6
Business financing loans, etc.	0.1	8.5
Total	3.4	148.8

(Note) Investment property loans: Studio apartment loans, Single building apartment loans, Other secured loans

(B) Deposits

- Deposits (period-end balance) increased by ¥31.1 billion year-on-year.
- Yield on deposits was 0.04%.

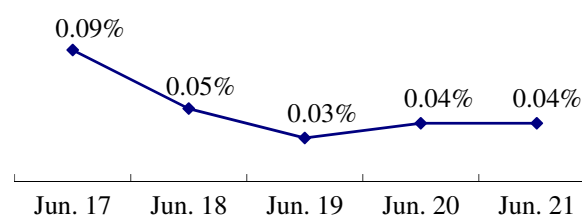
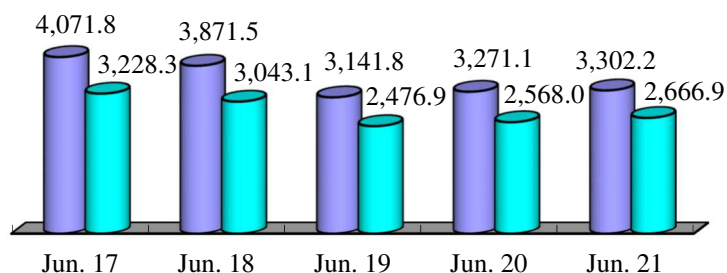
(Billions of yen)

	Jun. 30, 2021 (a)	(a) – (b)	Jun. 30, 2020 (b)	Mar. 31, 2021
Deposits (period-end balance)	3,302.2	31.1	3,271.1	3,250.4
Individual deposits	2,666.9	98.9	2,568.0	2,637.4
Deposits (average balance)	3,264.9	63.3	3,201.6	3,194.4

- Deposits (period-end balance)
- Individual deposits (period-end balance)

◆ Yield on deposits

(Billions of yen)



(3) Interest margins (Non-consolidated)

- Loan-deposit margin (after deduction of expenses, overall) shrunk by 1 basis points year-on-year to 1.79%, mainly due to the decline in the yield on loans and bills discounted.
- Net interest margin (overall) shrunk by 19 basis points year-on-year to 0.81%.

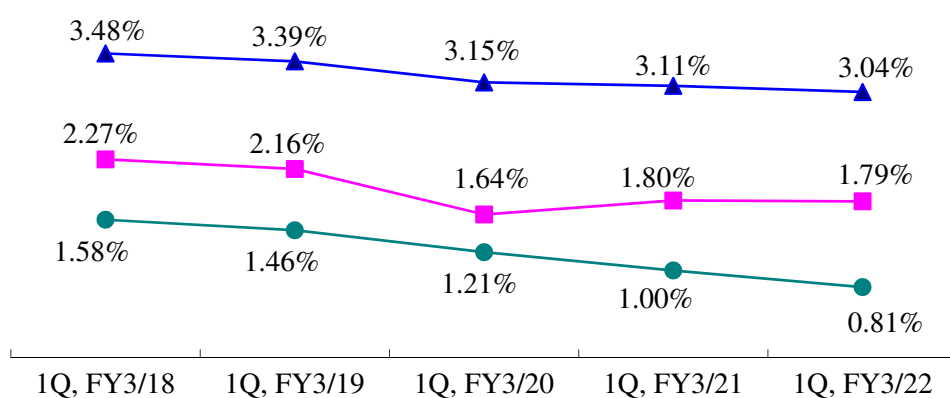
Overall

	Three months ended Jun. 30, 2021 (a)	(a) - (b)	Three months ended Jun. 30, 2020 (b)	FY3/2021 (%)
Yield on loans and bills discounted	3.08	(0.08)	3.16	3.12
Yield on deposits	0.04	0.00	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.79	(0.01)	1.80	1.81
Net interest margin	0.81	(0.19)	1.00	0.94

Domestic

	Three months ended Jun. 30, 2021 (a)	(a) - (b)	Three months ended Jun. 30, 2020 (b)	FY3/2021 (%)
Yield on loans and bills discounted	3.09	(0.07)	3.16	3.13
Yield on deposits	0.04	0.00	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.83	(0.01)	1.84	1.85
Net interest margin	0.85	(0.19)	1.04	0.98

- ▲ Loan-deposit margin (overall)
- Loan-deposit margin (after deduction of expenses, overall)
- Net interest margin (overall)



(4) Non-performing loans based on the Financial Reconstruction Law (Non-consolidated)

- Non-performing loans based on the Financial Reconstruction Law decreased by ¥ 42.2 billion year-on-year.
- Non-performing loan ratio declined by 76 basis points year-on-year to 13.96%.

(Millions of yen)

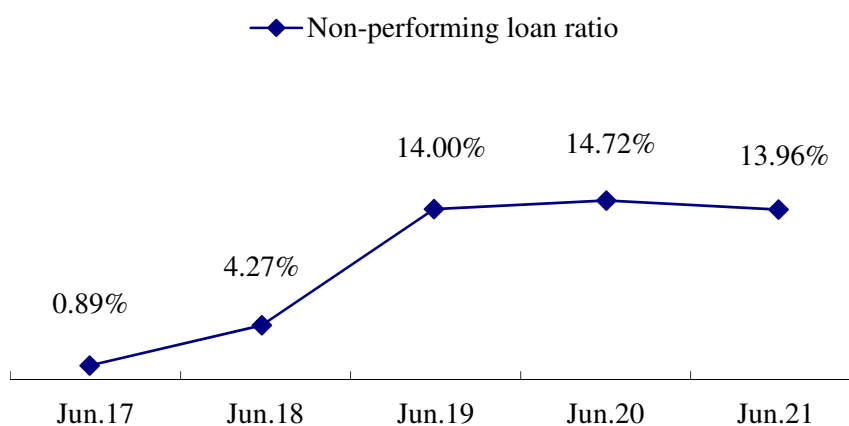
	Jun. 30, 2021	Jun. 30, 2020	Mar. 31, 2021
Claims against bankrupt and substantially bankrupt obligors	104,731	98,454	100,433
Claims with collection risk	95,079	93,644	91,253
Claims for special attention	120,255	172,245	134,362
Total (Non-performing loans based on the Financial Reconstruction Law)	320,066	364,344	326,048
Non-performing loan ratio	13.96%	14.72%	14.02%
Total coverage	230,718	273,619	232,946
Coverage ratio	72.08%	75.09%	71.44%

(Note1) Total claims = Loans and bills discounted + Foreign exchanges + Accrued interest + Customers' liabilities for acceptances and guarantees + Securities lent + Suspense payment ("Claims for special attention" include only "Loans and bills discounted")

(Note2) The figures above are based on the claim classification as defined in the Article 4 of the "Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions".

(Note3) The correspondence between classifications of obligors, etc.

- (a) "Claims against bankrupt and substantially bankrupt obligors" correspond to the claims against "Effectively bankrupt obligors" or "Bankrupt obligors" under self-assessment.
- (b) "Claims with collection risk" correspond to the claims against "Potentially bankrupt obligors" under self-assessment.
- (c) "Claims for special attention" correspond to the claims which are against "Obligors requiring caution" under self-assessment and classified as "Loans past due 3 months or more" or "Restructured loans".



(5) Capital adequacy ratio (domestic standard)

• Capital adequacy ratio (non-consolidated) rose by 205 basis points year-on-year to 12.54%.

Non-consolidated

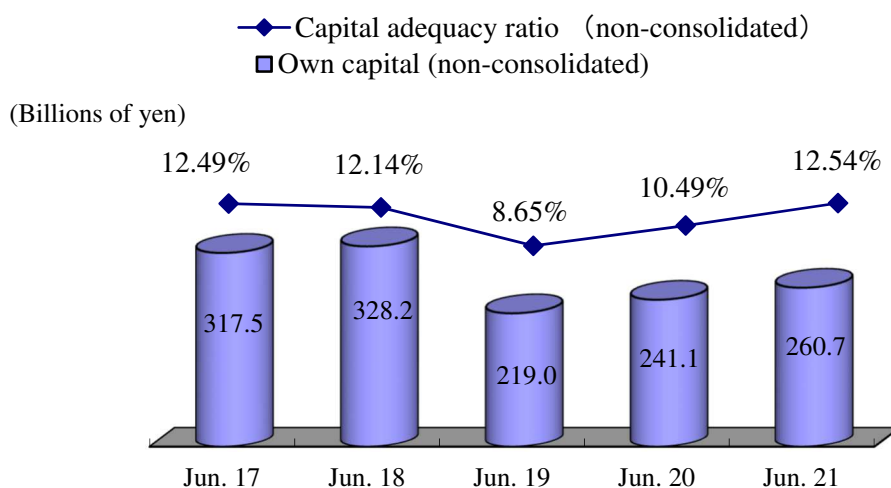
(Millions of yen)

	Jun. 30, 2021	Jun. 30, 2020	Mar. 31, 2021
Capital adequacy ratio	12.54%	10.49%	12.13%
Own capital (Core capital)	260,783	241,109	258,806
Core capital: instruments and reserves	283,119	265,563	281,357
Core capital: regulatory adjustments (-)	22,336	24,453	22,550
Risk-weighted assets	2,078,254	2,297,959	2,133,374
Total required capital	80,151	88,573	82,258

Consolidated

(Millions of yen)

	Jun. 30, 2021	Jun. 30, 2020	Mar. 31, 2021
Capital adequacy ratio	12.83%	10.64%	12.39%
Own capital (Core capital)	271,575	249,085	269,590
Core capital: instruments and reserves	301,772	276,275	300,308
Core capital: regulatory adjustments (-)	30,197	27,189	30,717
Risk-weighted assets	2,116,127	2,340,074	2,175,140
Total required capital	81,666	90,258	83,929



(6) Composition of own capital (domestic standard)

(Millions of yen)

	Jun. 30, 2021	
	Non-consolidated	Consolidated
Core capital: instruments and reserves (1)		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	259,263	271,713
Capital and capital surplus	48,632	32,089
Retained earnings	211,192	240,185
Treasury shares (-)	561	561
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	6,063
Remeasurements of defined benefit plans	-	6,063
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	-	-
Adjusted non-controlling interests (amount allowed to be included in Core capital)	-	-
Reserves included in Core capital: instruments and reserves	23,855	23,965
General allowance for loan losses	23,855	23,965
Eligible non-cumulative perpetual preferred stock subject to transitional arrangement included in Core capital: instruments and reserves	-	-
Eligible capital instrument subject to transitional arrangement included in Core capital: instruments and reserves	-	-
Capital instrument issued through the measures for strengthening capital by public institutions included in Core capital: instruments and reserves	-	-
45% of revaluation reserve for land included in Core capital: instruments and reserves	-	-
Non-controlling interests included in Core capital subject to transitional arrangements	-	29
Core capital: instruments and reserves (A)	283,119	301,772
Core capital: regulatory adjustments (2)		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	12,608	14,199
Goodwill (including those equivalent)	-	1,391
Other intangible fixed assets other than goodwill and mortgage servicing rights	12,608	12,807
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	205
Shortfall of eligible provisions to expected losses	-	-
Gains on sale related to securitization transactions	-	-
Gains (losses) due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	9,728	-
Net defined benefit asset	-	15,791
Investments in own shares (excluding those reported in the net assets)	-	-
Reciprocal cross-holdings in relevant capital instruments issued by other financial institutions	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other financial institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specified items	-	-
Significant investments in the common stock of Other financial institutions, net of eligible short positions	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Amount exceeding the 15% threshold on specified items	-	-
Core capital: regulatory adjustments (B)	22,336	30,197
Total capital		
Total capital (A-B) (C)	260,783	271,575
Risk-weighted assets (3)		
Credit risk-weighted assets	1,908,584	1,917,341
Amount equivalent to market risk × 12.5	-	-
Amount equivalent to operational risk × 12.5	169,669	198,786
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	2,078,254	2,116,127
Capital adequacy ratio (non-consolidated)		
Capital adequacy ratio (non-consolidated) (C/D)	12.54%	-
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) (C/D)	-	12.83%

(7) Unrealized gains (losses) on securities (Non-consolidated)

·Net unrealized gains (losses) on securities increased by ¥ 2.8 billion year-on-year.

	Jun. 30, 2021				Jun. 30, 2020				(Millions of yen) Mar. 31, 2021			
	Fair Value	Net unrealized gains (losses)		Fair value	Net unrealized gains (losses)		Fair value	Net unrealized gains (losses)		Fair value	Net unrealized gains (losses)	
		Gains	Losses		Gains	Losses		Gains	Losses			
Available-for-sale securities	339,416	10,898	11,388	490	167,388	8,035	8,484	448	258,452	9,518	10,481	963
Stocks	16,390	8,115	8,518	403	15,149	6,874	7,087	212	16,922	8,646	8,840	193
Bonds	138,883	526	542	15	120,609	288	389	101	119,092	324	402	78
Others	184,141	2,256	2,327	71	31,629	872	1,007	134	122,437	546	1,238	691

(Note1) Stocks of subsidiaries and affiliates are not included since they are not valued with fair value.

(Note2) Unrealized gains (losses) represent the difference between the fair value as of period-ends and acquisition costs.

(8) Individual deposit assets (Non-consolidated)

·Individual deposit assets increased by ¥ 99.4 billion year-on-year.

·The ratio of investment products to total individual deposit assets dropped by 10 basis points year-on-year to 3.9%.

	Jun. 30, 2021	(a) - (b)	Jun. 30, 2020	(Millions of yen)	
	(a)		(b)	Mar. 31, 2021	
Individual deposit assets	2,773,078	99,410	2,673,668	2,743,750	
Yen deposits	2,662,932	98,709	2,564,223	2,633,381	
Investment products	110,146	702	109,444	110,369	
Foreign currency deposits	4,007	135	3,872	4,111	
Public bonds	5,424	(1,310)	6,734	6,035	
Mutual funds	69,563	5,735	63,828	68,050	
Personal pension plans	17,257	(3,280)	20,537	18,093	
Single premium life insurance	13,893	(578)	14,471	14,078	
The ratio of investment products to total individual deposit assets	3.9%	(0.1%)	4.0%	4.0%	