

# SURUGA bank, Ltd.

## Consolidated financial results for the nine months ended December 31, 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 nine months ended December 31, 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	%
Nine months ended						
December 31, 2021	69,226	(8.3)	13,951	(13.0)	9,584	1.7
December 31, 2020	75,520	(17.4)	16,040	(44.5)	9,416	(51.5)

(Note) Comprehensive income: (a) Nine months ended December 31, 2021: ¥ 10,348 million [(9.9) %]

(b) Nine months ended December 31, 2020: ¥ 11,489 million [(24.1) %]

	Earnings per share		Earnings per share (diluted)	
	yen		yen	
Nine months ended				
December 31, 2021	41.36		-	
December 31, 2020	40.65		-	

(Note) Earnings per share for the nine months ended December 31, 2020 and 2021 are not provided because there are no potentially dilutive shares.

#### (2) Consolidated financial position

	Total assets		Total net assets		Net assets ratio	
	Millions of yen		Millions of yen		%	
As of						
December 31, 2021	3,615,185		294,921		8.1	
March 31, 2021	3,550,415		285,770		8.0	

(Reference) Shareholders' equity: (a) As of December 31, 2021: ¥294,824 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 <sup>st</sup> quarter-end	2 <sup>nd</sup> quarter-end	3 <sup>rd</sup> 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	-	0.00	-		
ending March 31, 2022 (forecast)				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	
Fiscal year ending								
March 31, 2022	87,000	(12.8)	8,000	(65.3)	7,000	(67.3)	30.21	

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

## \*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 Dec. 31, 2021	232,139,248 shares	As of Mar. 31, 2021	232,139,248 shares
(B) Number of treasury shares:	As of Dec. 31, 2021	404,015 shares	As of Mar. 31, 2021	490,315 shares
(C) Average number of shares:	Nine months ended Dec. 31, 2021	231,687,731 shares	Nine months ended Dec. 31, 2020	231,649,630 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 nine months ended December 31, 2021, ordinary income decreased by ¥6.294 billion year-on-year to ¥69.226 billion. This was mainly due to a decline in interest income reflecting the drop in interest on loans and bills discounted. Meanwhile, ordinary expenses decreased by ¥4.205 billion year-on-year to ¥55.275 billion. This was mainly due to a fall in provision for loan losses.

As a result, ordinary profit decreased by ¥2.089 billion year-on-year to ¥13.951 billion. Profit attributable to owners of parent increased by ¥0.168 billion year-on-year to ¥9.584 billion.

### (2) Details of financial position

As for the consolidated major account balances as of December 31, 2021, loans and bills discounted came in at ¥2,226.288 billion, down by ¥93.272 billion from March 31, 2021. This was mainly due to a decrease (¥137.723 billion) in consumer loans (non-consolidated).

Securities amounted to ¥444.877 billion, rose by ¥177.531 billion from March 31, 2021.

Deposits amounted to ¥3,294.520 billion, rose by ¥48.580 billion from March 31, 2021, mainly due to an increase (¥59.559 billion) in individual deposits.

### (3) Details of forecast information, including earnings forecast

The earnings forecast for the fiscal year ending March 31, 2022 remains unchanged from that announced on May 14, 2021.

#### Consolidated

(Billions of yen)

	Fiscal year ending March 31, 2022
Ordinary income	87.0
Ordinary profit	8.0
Profit attributable to owners of parent	7.0

#### Non-consolidated

(Billions of yen)

	Fiscal year ending March 31, 2022
Ordinary income	78.0
Core net operating profit	23.0
Net operating profit	23.0
Ordinary profit	7.0
Net income	6.0
Actual credit costs	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 Dec. 31, 2021
<b>Assets</b>		
Cash and due from banks	953,932	919,681
Call loans and bills bought	19,000	-
Monetary claims bought	-	29,954
Trading securities	103	92
Money held in trust	99	99
Securities	267,346	444,877
Loans and bills discounted	2,319,560	2,226,288
Foreign exchanges	3,324	2,957
Lease receivables and investment assets	5,507	5,016
Other assets	49,084	49,482
Property, plant and equipment	34,689	35,473
Intangible assets	20,439	18,877
Net defined benefit asset	22,442	23,082
Deferred tax assets	11,331	11,029
Customers' liabilities for acceptances and guarantees	1,565	1,679
Allowance for loan losses	(158,011)	(153,405)
<b>Total assets</b>	<b>3,550,415</b>	<b>3,615,185</b>
<b>Liabilities</b>		
Deposits	3,245,940	3,294,520
Foreign exchanges	5	13
Other liabilities	14,754	22,178
Provision for bonuses	492	17
Provision for bonuses for directors (and other officers)	41	-
Net defined benefit liability	272	284
Provision for share-based compensation	183	210
Provision for reimbursement of deposits	305	219
Provision for contingent loss	89	89
Deferred tax liabilities	994	1,050
Acceptances and guarantees	1,565	1,679
<b>Total liabilities</b>	<b>3,264,644</b>	<b>3,320,264</b>
<b>Net assets</b>		
Share capital	30,043	30,043
Capital surplus	2,045	1,976
Retained earnings	238,863	247,220
Treasury shares	(561)	(462)
<b>Total shareholders' equity</b>	<b>270,391</b>	<b>278,778</b>
Valuation difference on available-for-sale securities	8,954	10,554
Deferred gains or losses on hedges	(20)	(17)
Remeasurements of defined benefit plans	6,341	5,508
<b>Total accumulated other comprehensive income</b>	<b>15,274</b>	<b>16,046</b>
Non-controlling interests	104	96
<b>Total net assets</b>	<b>285,770</b>	<b>294,921</b>
<b>Total liabilities and net assets</b>	<b>3,550,415</b>	<b>3,615,185</b>

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

	(Millions of yen)	
	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Ordinary income	75,520	69,226
Interest income	63,221	56,408
Interest on loans and discounts	61,849	54,714
Interest and dividends on securities	752	1,012
Fees and commissions	6,497	5,887
Other ordinary income	3,133	2,773
Other income	2,667	4,156
Ordinary expenses	59,480	55,275
Interest expenses	1,181	1,133
Interest on deposits	1,117	1,115
Fees and commissions payments	8,889	8,942
Other ordinary expenses	2,468	2,187
General and administrative expenses	32,975	30,945
Other expenses	13,965	12,066
Ordinary profit	16,040	13,951
Extraordinary income	364	3
Gain on disposal of non-current assets	364	3
Extraordinary losses	691	1,378
Loss on disposal of non-current assets	390	789
Impairment losses	300	588
Profit before income taxes	15,713	12,576
Income taxes	6,303	2,999
Profit	9,409	9,577
Profit attributable to non-controlling interests	(7)	(7)
Profit attributable to owners of parent	9,416	9,584

## Consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended Dec. 31, 2020	For the nine months ended Dec. 31, 2021
Profit	9,409	9,577
Other comprehensive income		
Net unrealized gains(losses) on available-for-sale securities	2,141	1,600
Deferred gains(losses) on hedges	(10)	3
Remeasurements of defined benefit plans, net of tax	(50)	(832)
Total other comprehensive income	2,080	771
Comprehensive income	11,489	10,348
(Breakdown)		
Comprehensive income attributable to owners of parent	11,497	10,356
Comprehensive income attributable to non-controlling interests	(7)	(7)



### (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 nine months ended December 31, 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, 2022, including the current third quarter.

In addition, in the case that calculating income taxes using the estimated effective tax rate significantly lack 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 quarter of this fiscal year.

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 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 varied from the original assumptions, financial results could be impacted from the fiscal year ending March, 2022.



## Financial Results for the nine months ended December 31, 2021 - Supplementary Information -

### (1) Operating results for the nine months ended December 31, 2021 (Non-consolidated)

(Millions of yen)

	Nine months ended Dec. 31, 2021 (a)	Nine months ended Dec. 31, 2020 (b)	Change (a) - (b)	FY3/2021
Gross operating profit	48,919	54,809	(5,890)	72,535
Net interest income	52,153	57,475	(5,322)	75,806
Net fees and commissions	(3,645)	(3,176)	(469)	(4,367)
Net other operating income	411	509	(98)	1,097
(Gains (losses) on bonds)	( 379)	485	(106)	1,057)
Core gross operating profit (Note1)	48,540	54,324	(5,784)	71,478
Expenses	29,862	30,598	(736)	40,337
Personnel expenses	10,749	11,167	(418)	14,868
Non-personnel expenses	16,379	17,002	(623)	22,601
Core net operating profit (Note2)	18,678	23,725	(5,047)	31,140
Excluding gains (losses) on Cancellation of investment trusts	18,678	23,725	(5,047)	31,140
Actual net operating profit (Note3)	19,057	24,210	(5,153)	32,197
Provision for general allowance for loan losses	(18,660)	(26,544)	7,884	(17,933)
Net operating profit	37,718	50,755	(13,037)	50,131
Non-recurring gains (losses)	(24,096)	(37,097)	13,001	(30,148)
Gains (losses) on stocks	(22)	(0)	(22)	69
Ordinary profit	13,622	13,658	(36)	19,982
Extraordinary gains (losses)	(1,305)	(292)	(1,013)	(296)
Income before income taxes	12,317	13,366	(1,049)	19,686
Income taxes (Note4)	2,894	5,774	(2,880)	744
Net income	9,422	7,592	1,830	18,941

(Millions of yen)

Net credit costs (Note5)	10,277	12,424	(2,147)	14,246
Provision for general allowance for loan losses	(18,660)	(26,544)	7,884	(17,933)
Disposal of non-performing loans	28,938	38,969	(10,031)	32,179
Recoveries of written-off claims	3,664	1,508	2,156	1,957
Actual credit costs (Note6)	6,613	10,916	(4,303)	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

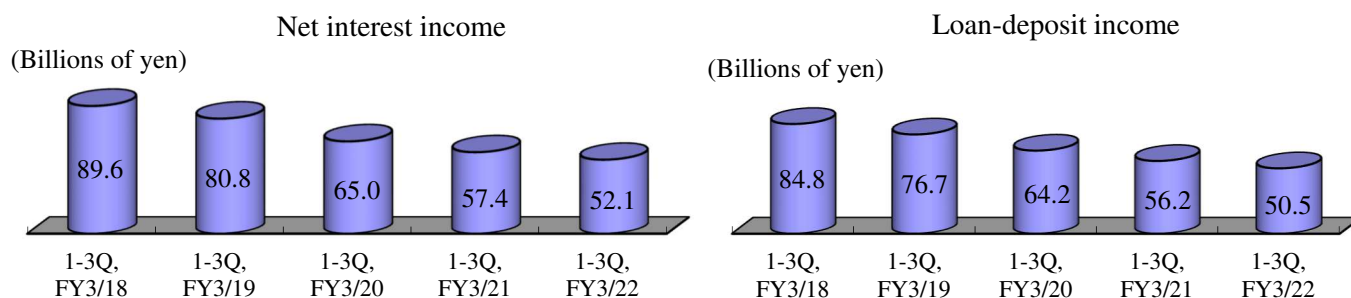
(Note4) The amount of Income taxes for the fiscal year ended March 31, 2021 is that of Total income taxes.

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

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

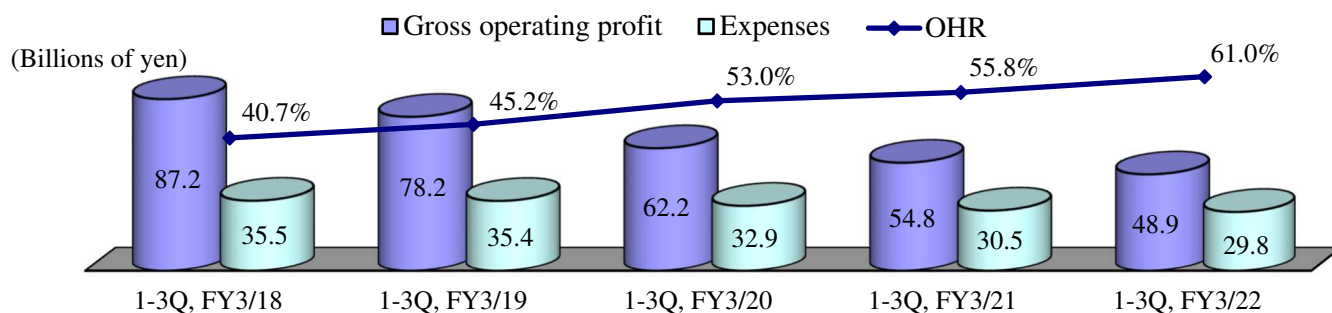
## (A) Gross operating profit: ¥48.9 billion

- Net interest income decreased by ¥5.3 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Loan-deposit income decreased by ¥5.7 billion year-on-year.
- Gross operating profit decreased by ¥5.8 billion year-on-year.



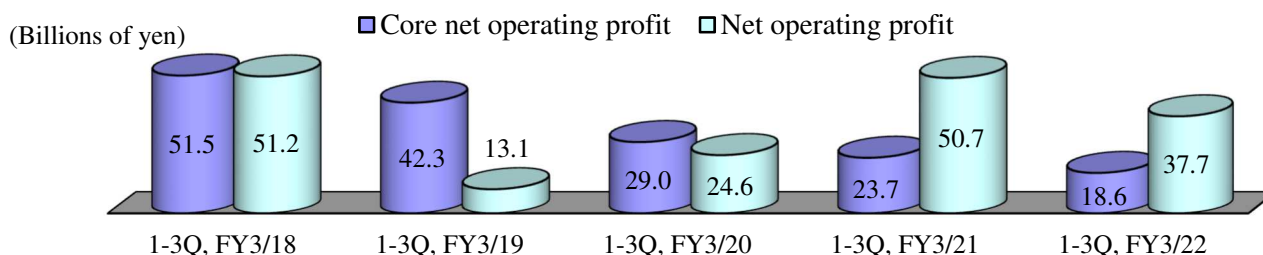
## (B) Expenses; OHR: 61.0%

- Expenses decreased by ¥0.7 billion year-on-year.
  - OHR rose year-on-year to 61.0%.
- (OHR (%) = Expenses / Gross operating profit × 100)



## (C) Core net operating profit: ¥18.6 billion, Net operating profit: ¥37.7 billion

- Core net operating profit decreased by ¥5.0 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit decreased by ¥13.0 billion year-on-year, mainly due to an increase in provision for general allowance for loan losses.



## (D) Ordinary profit: ¥13.6 billion, Net income: ¥9.4 billion

- Ordinary profit was ¥13.6 billion year-on-year.
- Net income increased by ¥1.8 billion year-on-year, mainly due to a decrease in income taxes.

## (E) Actual credit costs: ¥6.6 billion

- Net credit costs decreased by ¥2.1 billion year-on-year, mainly due to a decrease (¥10.0 billion) in disposal of non-performing loans and an increase (¥7.8 billion) in provision for general allowance for loan losses.
- Actual credit costs, calculated as net credit costs (¥10.2 billion) minus the amount of recoveries of written-off claims (¥3.6 billion) amounted to ¥6.6 billion.

**(2) Loans and deposits (Non-consolidated)****(A) Loans and bills discounted**

- Loans and bills discounted (period-end balance) decreased by ¥162.5 billion year-on-year.
- Yield on loans and bills discounted dropped by 10 basis points year-on-year to 3.02%.

	Dec. 31, 2021 (a)	(a) – (b)	Dec. 31, 2020 (b)	(Billions of yen) Mar. 31, 2021
Loans and bills discounted (period-end balance)	2,216.8	(162.5)	2,379.3	2,310.9
Consumer loans	1,937.7	(228.3)	2,166.0	2,075.5
Asset management company loans for property investment	27.6	18.1	9.5	15.1
Structured finance	58.8	41.1	17.7	33.5
Loans and bills discounted (average balance)	2,262.2	(174.0)	2,436.2	2,414.7

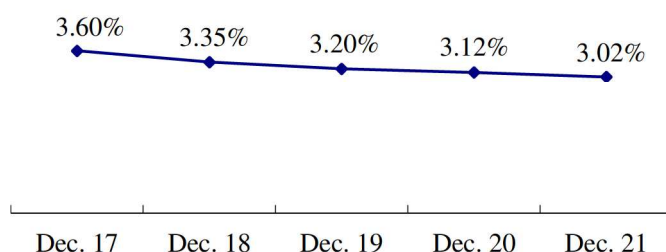
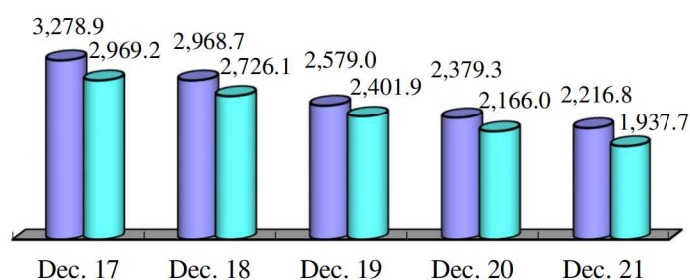
## Results of new loans

	Dec. 31, 2021 (a)	(a) – (b)	Dec. 31, 2020 (b)
New consumer loans	23.6	8.6	15.0
New asset management company loans for property investment	12.9	3.5	9.3
Subtotal	36.5	12.1	24.3
New structured finance	32.5	18.1	14.3
Total	69.0	30.2	38.7
New monetary claims bought	29.9	29.9	-
Grand total	99.0	60.2	38.7

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

◆ Yield on loans and bills discounted

(Billions of yen)



## Outstanding balance, yield, delinquency rate by loan category

(Billions of yen)

Loan category	Dec. 31, 2021			Sep. 30, 2021		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	1,787.4	3.05%	9.04%	1,823.6	3.07%	7.05%
Housing loans	466.2	2.80%	0.33%	475.1	2.82%	0.27%
Studio apartment loans	147.9	3.38%	2.14%	155.0	3.39%	1.75%
Single building apartment loans	1,036.0	3.23%	7.16%	1,054.3	3.24%	4.70%
Share house loans	103.0	1.40%	81.72%	104.2	1.40%	73.33%
Other secured loans	33.9	4.62%	0.23%	34.8	4.66%	0.34%
Unsecured loans	150.3	10.38%	2.32%	156.8	10.37%	2.28%
Card loans	100.7	11.76%	0.86%	104.5	11.75%	0.85%
Unsecured certificate loans	49.6	7.58%	5.29%	52.2	7.59%	5.14%
Consumer loans (A)	1,937.7	3.62%	8.53%	1,980.4	3.64%	6.68%
Consumer loans (excluding share house-related loans)	1,807.7	-	4.11%	1,848.8	-	2.74%
Asset management company loans for property investment (B)	27.6	1.84%	-	22.2	1.87%	-
Structured finance (C)	58.8	2.25%	-	50.8	2.34%	-
Monetary claims bought (D)	29.9	1.96%	-	-	-	-
Total (A) + (B) + (C) + (D)	2,054.2	3.53%	8.05%	2,053.5	3.59%	6.45%

(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 original claims before securitization.

## 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		
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
Sep. 30, 2021	131.6	73.0	38.0	14.9	126.0	5.6
Dec. 31, 2021	130.0	93.0	19.0	11.4	123.5	6.5

(Billions of yen)

	Total		Collateral or guarantees, etc. B	Unsecured portion C	Allowance D	Coverage ratio (B + D) / A
	A	Share house claims				
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%
Sep. 30, 2021	131.6	104.2	61.7	69.8	67.7	98.36%
Dec. 31, 2021	130.0	103.1	60.0	70.0	68.2	98.60%

(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. (Change the ratio from Sep 30, 2021)

(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	Actual credit costs	Allowance
Share house-related loans	(5.3)	68.2
Investment property loans	11.7	64.6
Housing loans	(0.5)	3.5
Unsecured loans	0.1	2.1
Monetary claims bought	0.1	0.1
Business financing loans, etc.	0.5	8.7
Total	6.6	147.4

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

## (B) Deposits

- Deposits increased (period-end balance) by ¥82.9 billion year-on-year.
- Yield on deposits was 0.04%.

(Billions of yen)

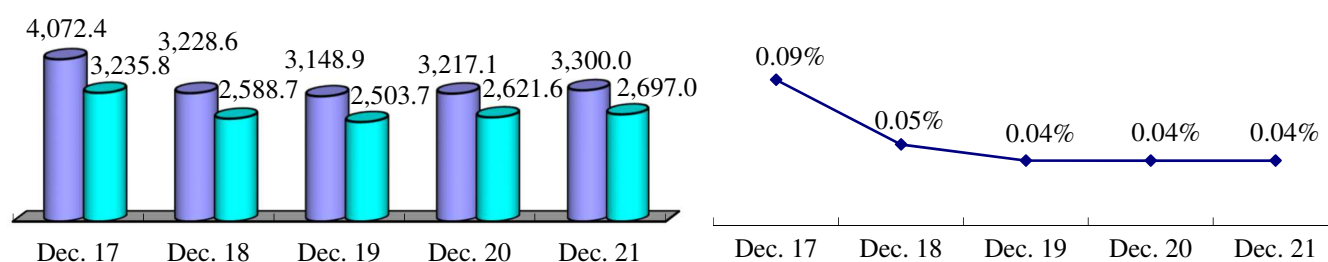
	Dec. 31, 2021 (a)	(a) – (b)	Dec. 31, 2020 (b)	Mar. 31, 2021
Deposits (period-end balance)	3,300.0	82.9	3,217.1	3,250.4
Individual deposits	2,697.0	75.4	2,621.6	2,637.4
Deposits (average balance)	3,286.8	100.6	3,186.2	3,194.4

■ Deposits (period-end balance)

◆ Yield on deposits

■ Individual deposits (period-end balance)

(Billions of yen)



**(3) Interest margins (Non-consolidated)**

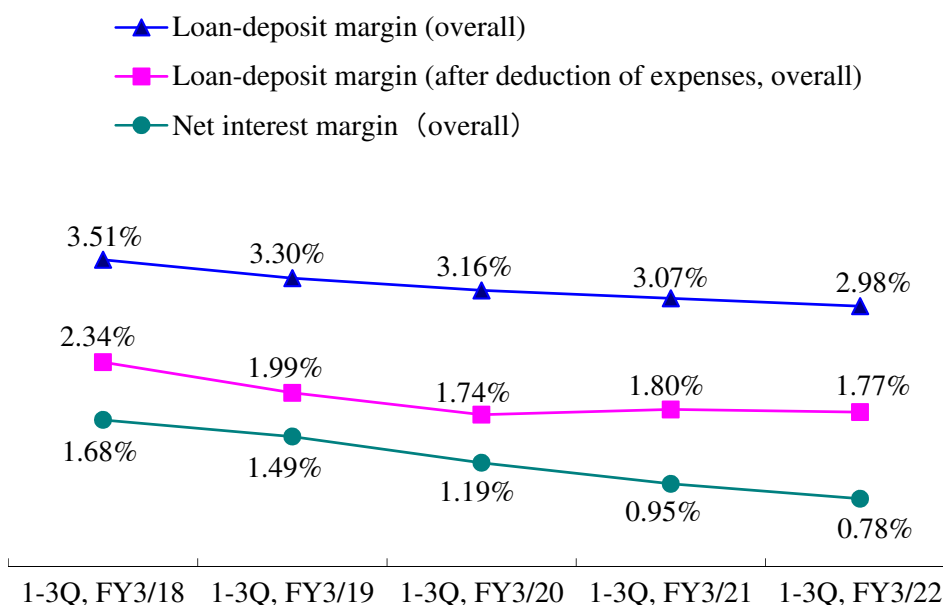
- Loan-deposit margin (after deduction of expenses, overall) shrunk by 3 basis points year-on-year to 1.77%, mainly due to a dropping by yield on loans and bills discounted.
- Net interest margin (overall) shrunk by 17 basis points year-on-year to 0.78%.

## Overall

	Nine months ended Dec. 31, 2021 (a)	(a) – (b)	Nine months ended Dec. 31, 2020 (b)	(%) FY3/2021
Yield on loans and bills discounted	3.02	(0.10)	3.12	3.12
Yield on deposits	0.04	0.00	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.77	(0.03)	1.80	1.81
Net interest margin	0.78	(0.17)	0.95	0.94

## Domestic

	Nine months ended Dec. 31, 2021 (a)	(a) – (b)	Nine months ended Dec. 31, 2020 (b)	(%) FY3/2021
Yield on loans and bills discounted	3.03	(0.09)	3.12	3.13
Yield on deposits	0.04	0.00	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.81	(0.03)	1.84	1.85
Net interest margin	0.82	(0.16)	0.98	0.98





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

- Non-performing loans based on the Financial Reconstruction Law decreased by ¥37.5 billion year-on-year.
- Non-performing loan ratio dropped by 53 basis points year-on-year to 15.25%.

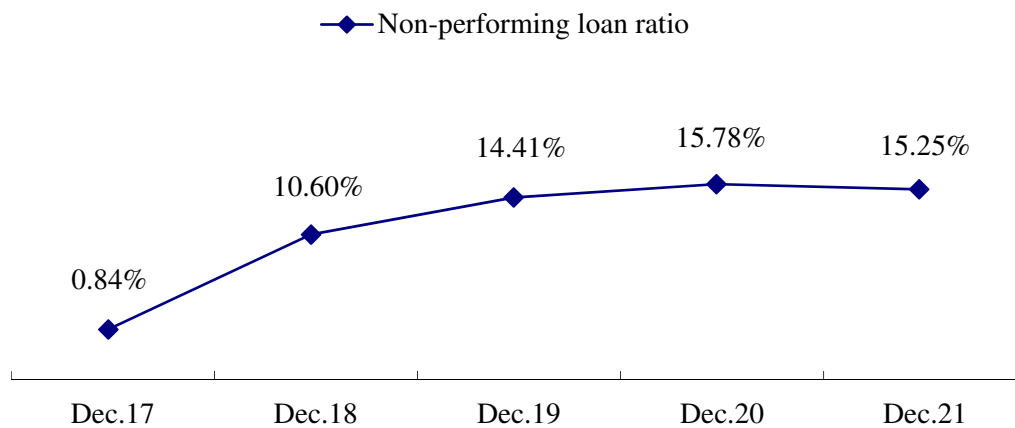
	Dec. 31, 2021	Dec. 31, 2020	(Millions of yen) Mar. 31, 2021
Claims against bankrupt and substantially bankrupt obligors	145,682	124,426	100,433
Claims with collection risk	119,807	104,657	91,253
Claims for special attention	74,797	148,787	134,362
Total (Non-performing loans based on the Financial Reconstruction Law)	340,288	377,871	326,048
Non-performing loan ratio	15.25%	15.78%	14.02%
Total coverage	259,008	279,768	232,946
Coverage ratio	76.11%	74.03%	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)**

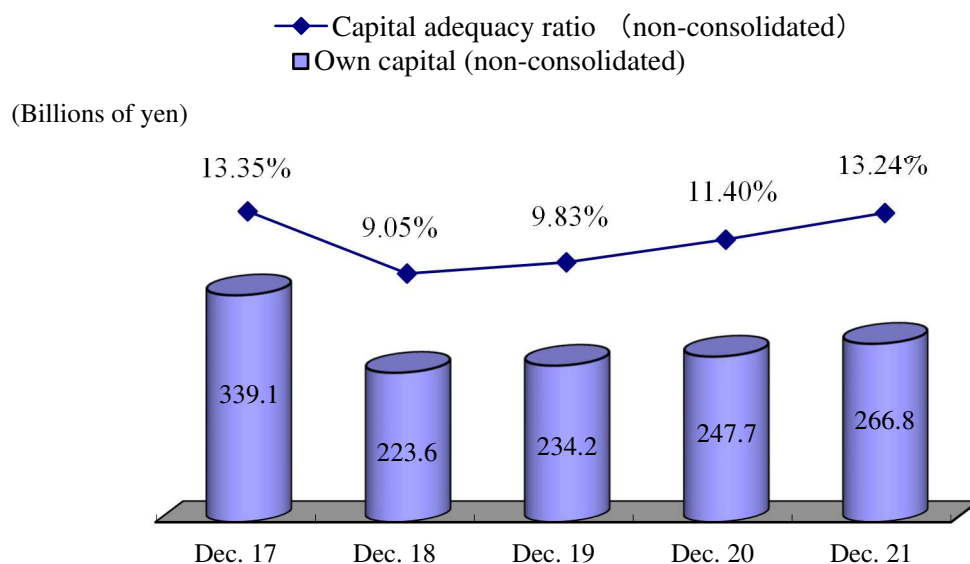
· Capital adequacy ratio (non-consolidated) rose by 184 basis points year-on-year to 13.24%.
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## Non-consolidated

	Dec. 31, 2021	Dec. 31, 2020	(Millions of yen) Mar. 31, 2021
Capital adequacy ratio	13.24%	11.40%	12.13%
Own capital (Core capital)	266,835	247,776	258,806
Core capital: instruments and reserves	289,417	271,462	281,357
Core capital: regulatory adjustments (-)	22,582	23,686	22,550
Risk-weighted assets	2,014,143	2,172,160	2,133,374
Total required capital	77,896	83,317	82,258

## Consolidated

	Dec. 31, 2021	Dec. 31, 2020	(Millions of yen) Mar. 31, 2021
Capital adequacy ratio	13.52%	11.60%	12.39%
Own capital (Core capital)	277,947	257,299	269,590
Core capital: instruments and reserves	307,693	283,784	300,308
Core capital: regulatory adjustments (-)	29,745	26,485	30,717
Risk-weighted assets	2,055,248	2,216,332	2,175,140
Total required capital	79,540	85,084	83,929



**(6) Composition of own capital (domestic standard)**

(Millions of yen)

	December 31, 2021	
	Non-consolidated	Consolidated
<b>Core capital: instruments and reserves (1)</b>		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	266,196	278,778
Capital and capital surplus	48,629	32,019
Retained earnings	218,029	247,220
Treasury shares (-)	(462)	(462)
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	5,508
Remeasurements of defined benefit plans	-	5,508
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	23,220	23,377
General allowance for loan losses	23,220	23,377
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)	289,417	307,693
<b>Core capital: regulatory adjustments (2)</b>		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	11,979	13,577
Goodwill (including those equivalent)	-	1,327
Other intangible fixed assets other than goodwill and mortgage servicing rights	11,979	12,250
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	57
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	10,602	-
Net defined benefit asset	-	16,111
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)	22,582	29,745
<b>Total capital</b>		
Total capital (A-B) (C)	266,835	277,947
<b>Risk-weighted assets (3)</b>		
Credit risk-weighted assets	1,857,763	1,870,250
Total of items included in risk-weighted assets subject to transitional arrangements	-	-
Amount equivalent to market risk × 12.5	-	-
Amount equivalent to operational risk × 12.5	156,380	184,998
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	2,014,143	2,055,248
<b>Capital adequacy ratio (non-consolidated)</b>		
Capital adequacy ratio (non-consolidated) (C/D)	13.24%	-
<b>Capital adequacy ratio (consolidated)</b>		
Capital adequacy ratio (consolidated) (C/D)	-	13.52%

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

• Net unrealized gains (losses) on securities increased by ¥2.0 billion year-on-year.

	Dec. 31, 2021				Dec. 31, 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)		
		Gains	Losses			Gains	Losses			Gains	Losses	
Available-for-sale securities	435,609	11,354	11,819	464	226,729	9,278	9,588	310	258,452	9,518	10,481	963
Stocks	15,410	7,135	7,468	333	15,242	6,967	7,232	264	16,922	8,646	8,840	193
Bonds	144,297	493	523	30	118,484	399	434	34	119,092	324	402	78
Others	275,901	3,726	3,827	100	93,002	1,910	1,922	11	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 ¥73.2 billion year-on-year.

• The ratio of investment products to total individual deposit assets declined by 10 basis points year-on-year to 3.8%.

	Dec. 31, 2021	(a) - (b)	Dec. 31, 2020	(Millions of yen)	
	(a)		(b)	Mar. 31, 2021	
Individual deposit assets	2,799,755	73,252	2,726,503		2,743,750
Yen deposits	2,693,216	75,460	2,617,756		2,633,381
Investment products	106,539	(2,207)	108,746		110,369
Foreign currency deposits	3,835	(100)	3,935		4,111
Public bonds	4,638	(1,706)	6,344		6,035
Mutual funds	69,073	3,892	65,181		68,050
Personal pension plans	15,556	(3,531)	19,087		18,093
Single premium life insurance	13,433	(764)	14,197		14,078
The ratio of investment products to total individual deposit assets	3.8%	(0.1%)	3.9%		4.0%