

SURUGA bank, Ltd.

Consolidated financial results for the three months ended June 30, 2022

<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, 2022

(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, 2022	20,681	(11.7)	4,302	24.3	4,060	59.2
June 30, 2021	23,443	(6.2)	3,460	256.3	2,550	402.1

(Note) Comprehensive income: (a) Three months ended June 30, 2022: ¥ (9,270) million [-%]

(b) Three months ended June 30, 2021: ¥ 3,362 million [102.2 %]

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Three months ended		
June 30, 2022	21.56	-
June 30, 2021	11.00	-

(Note) Earnings per share for the three months ended June 30, 2021 and 2022 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, 2022	3,663,345	253,829	6.9
March 31, 2022	3,589,982	264,229	7.3

(Reference) Shareholders' equity: (a) As of June 30, 2022: ¥ 253,731 million; (b) As of March 31, 2022: ¥ 264,129 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, 2022	—	0.00	—	6.00	6.00
ending March 31, 2023	—				
ending March 31, 2023 (forecast)		0.00	—	6.00	6.00

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2023

(% 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, FY3/2023	45,500	(15.9)	12,000	(43.7)	11,000	(38.2)	58.41
FY3/2023	86,000	(6.5)	10,500	(0.9)	9,000	13.0	47.79

(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, 2022	232,139,248 shares	As of March 31, 2022	232,139,248 shares
(B) Number of treasury shares:	As of June 30, 2022	43,818,120 shares	As of March 31, 2022	43,818,103 shares
(C) Average number of shares:	Three months ended June 30, 2022	188,321,128 shares	Three months ended June 30, 2021	231,648,852 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)

Table of contents

1. Qualitative information on financial results.....	2
(1) Details of operating results	2
(2) Details of financial position.....	2
(3) Details of forecast information, including earnings forecast	2
2. Consolidated financial statements and notes	3
(1) Consolidated balance sheets	3
(2) Consolidated statements of income and Consolidated statements of comprehensive income	4
(3) Notes regarding consolidated financial statements	6
(Notes on going-concern assumption)	6
(Notes for material changes in shareholders' equity)	6
(Adoption of any particular accounting methods for quarterly consolidated financial statements).....	6
(Changes in accounting policies).....	6
(Changes in accounting estimates)	6
(Additional information).....	6
* Financial results for the three months ended June 30, 2022 supplementary information	7

1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the three months ended June 30, 2022, ordinary income decreased by ¥2.762 billion year-on-year to ¥20.681 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 ¥3.603 billion year-on-year to ¥16.379 billion, mainly due to the decline in provision of allowance for loan losses.

As a result, ordinary profit increased by ¥0.842 billion year-on-year to ¥4.302 billion.

Profit attributable to owners of parent increased by ¥1.510 billion year-on-year to ¥4.060 billion.

(2) Details of financial position

As for the consolidated major account balances as of June 30, 2022, deposits amounted to ¥3,390.393 billion, rose by ¥83.086 billion from March 31, 2022, mainly due to an increase of ¥24.287 billion in individual deposits.

Loans and bills discounted came in at ¥2,138.655 billion, down by ¥9.424 billion from March 31, 2022, mainly due to a decrease of ¥39.454 billion in consumer loans (non-consolidated).

Securities amounted to ¥469.864 billion, rose by ¥6.432 billion from March 31, 2022.

(3) Details of forecast information, including earnings forecast

The Bank has revised its earnings forecast for the fiscal year ending March 31, 2023 from that announced on May 13, 2022. For details, please refer to the document disclosed separately today (August 10, 2022) 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	42.5	3.0	86.0	84.0	2.0
Ordinary profit	12.0	3.0	9.0	10.5	8.0	2.5
Profit attributable to owners of parent	11.0	2.5	8.5	9.0	7.0	2.0

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	40.5	38.5	2.0	77.0	76.0	1.0
Core net operating profit	11.5	10.5	1.0	21.0	21.0	—
Net operating profit	8.0	9.0	(1.0)	17.0	19.0	(2.0)
Ordinary profit	11.0	3.0	8.0	9.0	7.5	1.5
Net income	10.5	2.5	8.0	8.5	6.5	2.0
Actual credit costs	(0.5)	7.5	(8.0)	10.5	13.5	(3.0)

(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, 2022	As of Jun. 30, 2022
Assets		
Cash and due from banks	874,184	980,992
Call loans and bills bought	40,244	10,478
Monetary claims bought	59,739	58,978
Trading securities	82	90
Money held in trust	99	99
Securities	463,432	469,864
Loans and bills discounted	2,148,079	2,138,655
Foreign exchanges	2,292	2,064
Lease receivables and investment assets	5,066	4,960
Other assets	45,241	44,949
Property, plant and equipment	35,227	35,325
Intangible assets	18,474	17,947
Net defined benefit asset	20,509	20,711
Deferred tax assets	14,751	14,817
Customers' liabilities for acceptances and guarantees	1,474	1,547
Allowance for loan losses	(138,917)	(138,139)
Total assets	3,589,982	3,663,345
Liabilities		
Deposits	3,307,307	3,390,393
Foreign exchanges	41	39
Other liabilities	14,479	15,569
Provision for bonuses	486	17
Provision for bonuses for directors (and other officers)	41	-
Net defined benefit liability	292	297
Provision for share-based compensation	205	223
Provision for reimbursement of deposits	247	238
Provision for contingent loss	75	89
Deferred tax liabilities	1,102	1,099
Acceptances and guarantees	1,474	1,547
Total liabilities	3,325,753	3,409,516
Net assets		
Share capital	30,043	30,043
Capital surplus	1,976	1,976
Retained earnings	245,595	248,526
Treasury shares	(18,131)	(18,131)
Total shareholders' equity	259,484	262,414
Valuation difference on available-for-sale securities	1,324	(11,837)
Deferred gains or losses on hedges	(3)	0
Remeasurements of defined benefit plans	3,324	3,153
Total accumulated other comprehensive income	4,645	(8,683)
Non-controlling interests	100	97
Total net assets	264,229	253,829
Total liabilities and net assets	3,589,982	3,663,345

(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, 2021	For the three months ended Jun. 30, 2022
Ordinary income	23,443	20,681
Interest income	19,219	17,432
Interest on loans and discounts	18,769	16,635
Interest and dividends on securities	239	300
Fees and commissions	2,040	1,756
Other ordinary income	860	776
Other income	1,321	716
Ordinary expenses	19,982	16,379
Interest expenses	380	359
Interest on deposits	373	342
Fees and commissions payments	3,029	2,408
Other ordinary expenses	737	727
General and administrative expenses	10,521	10,055
Other expenses	5,313	2,828
Ordinary profit	3,460	4,302
Extraordinary income	-	48
Gain on disposal of non-current assets	-	48
Extraordinary losses	108	56
Loss on disposal of non-current assets	108	56
Profit before income taxes	3,352	4,294
Income taxes	806	236
Profit	2,545	4,057
Profit attributable to non-controlling interests	(4)	(2)
Profit attributable to owners of parent	2,550	4,060

Consolidated statements of comprehensive income

(Millions of yen)

	For the three months ended Jun. 30, 2021	For the three months ended Jun. 30, 2022
Profit	2,545	4,057
Other comprehensive income		
Valuation difference on available-for-sale securities	1,093	(13,161)
Deferred gains(losses) on hedges	0	4
Remeasurements of defined benefit plans, net of tax	(277)	(171)
Total other comprehensive income	816	(13,328)
Comprehensive income	3,362	(9,270)
(Breakdown)		
Comprehensive income attributable to owners of parent	3,367	(9,268)
Comprehensive income attributable to non-controlling interests	(4)	(2)

(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, 2022 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2023, 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 Implementation Guidance on Accounting Standard for Fair Value Measurement)

The "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021) 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 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Bank decided to adopt a new accounting standard stipulated by the Implementation Guidance on 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 12 years. However, because the average remaining service life of employees was reduced, the amortization period has been revised to 10 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, 2023.

Financial Results for the three months ended June 30, 2022

- Supplementary Information -

(1) Operating results for the three months ended June 30, 2022 (Non-consolidated)

(Millions of yen)

	Three months ended Jun. 30, 2022 (a)	Three months ended Jun. 30, 2021 (b)	Change (a) - (b)	FY3/2022
Gross operating profit	15,100	16,610	(1,510)	65,302
Net interest income	15,970	17,720	(1,750)	69,417
Net fees and commissions	(871)	(1,178)	307	(4,704)
Net other operating income	1	68	(67)	589
(Gains (losses) on bonds)	(9)	58	(67)	544
Core gross operating profit (Note1)	15,110	16,551	(1,441)	64,758
Expenses	9,503	10,175	(672)	39,722
Personnel expenses	3,504	3,637	(133)	14,224
Non-personnel expenses	5,072	5,489	(417)	22,522
Core net operating profit (Note2)	5,606	6,376	(770)	25,036
Excluding gains (losses) on cancellation of investment trusts	5,606	6,376	(770)	25,036
Actual net operating profit (Note3)	5,596	6,435	(839)	25,580
Provision of general allowance for loan losses	(561)	(7,011)	6,450	(10,569)
Net operating profit	6,158	13,446	(7,288)	36,149
Non-recurring gains (losses)	(2,011)	(10,083)	8,072	(26,055)
Gains (losses) on stocks	(2)	(3)	1	(22)
Ordinary profit	4,147	3,362	785	10,093
Extraordinary gains (losses)	(7)	(68)	61	(1,481)
Income before income taxes	4,139	3,294	845	8,612
Income taxes (Note4)	186	774	(588)	757
Net income	3,953	2,520	1,433	7,854

(Millions of yen)

Net credit costs (Note5)	1,882	4,635	(2,753)	20,989
Provision of general allowance for loan losses	(561)	(7,011)	6,450	(10,569)
Disposal of non-performing loans	2,444	11,646	(9,202)	31,558
Recoveries of written-off claims	554	1,193	(639)	4,957
Actual credit costs (Note6)	1,328	3,442	(2,114)	16,032

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

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

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

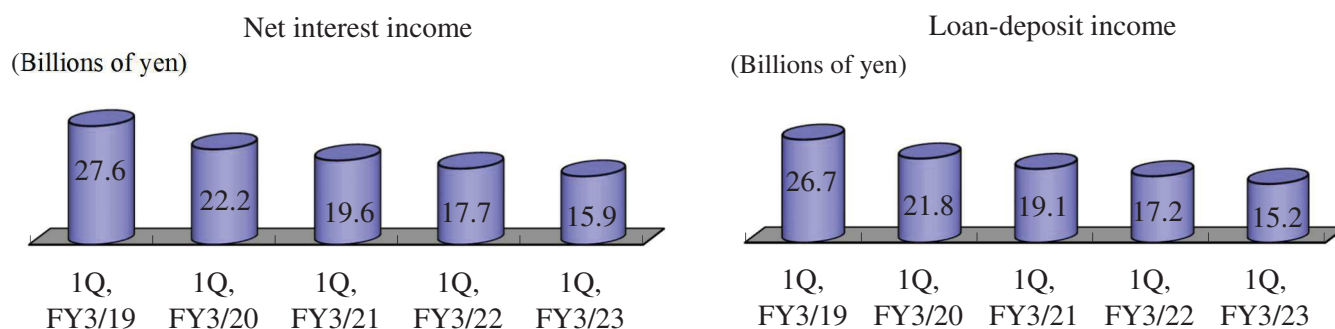
(Note4) The amount of Income taxes for the fiscal year ended March 31, 2022 is that of Total income taxes.

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

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

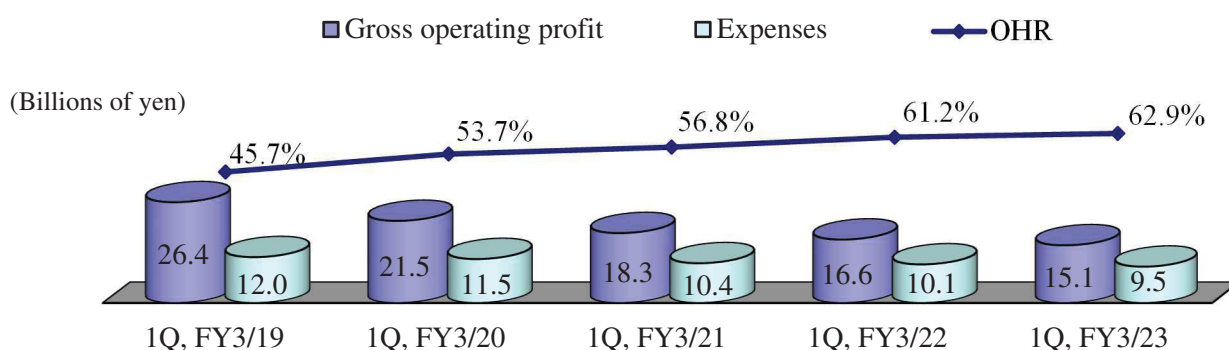
(A) Gross operating profit: ¥15.1 billion

- Net interest income decreased by ¥1.7 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Loan-deposit income decreased by ¥2.0 billion year-on-year.
- Gross operating profit decreased by ¥1.5 billion year-on-year.



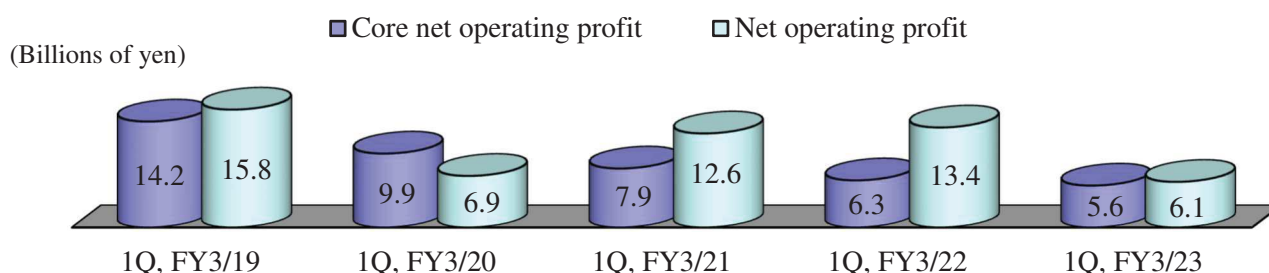
(B) Expenses: OHR: 62.9 %

- Expenses decreased by ¥0.6 billion year-on-year.
 - OHR rose to 62.9% year-on-year.
- (OHR (%) = Expenses / Gross operating profit × 100)



(C) Core net operating profit: ¥5.6 billion, Net operating profit: ¥6.1 billion

- Core net operating profit decreased by ¥0.7 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit decreased by ¥7.2 billion year-on-year, mainly due to an increase in provision of general allowance for loan losses.



(D) Ordinary profit: ¥4.1 billion, Net income: ¥3.9 billion

- Ordinary profit increased by ¥0.7 billion year-on-year, mainly due to a decrease in net credit costs.
- Net income increased by ¥1.4 billion year-on-year, mainly due to an increase in ordinary profit.

(E) Actual credit costs: ¥1.3 billion

- Net credit costs decreased by ¥2.7 billion year-on-year, mainly due to an increase (¥6.4 billion) in provision of general allowance for loan losses and a decrease (¥9.2 billion) in disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥1.8 billion) minus the amount of recoveries of written-off claims (¥0.5 billion) amounted to ¥1.3 billion.

(2) Loans and deposits (Non-consolidated)

(A) Loans and bills discounted

- Loans and bills discounted (period-end balance) decreased by ¥149.5 billion year-on-year.
- Yield on loans and bills discounted dropped by 15 basis points year-on-year to 2.93%.

	Jun. 30, 2022 (a)	(a) - (b)	Jun. 30, 2021 (b)	(Billions of yen) Mar. 31, 2022
Loans and bills discounted (period-end balance)	2,129.0	(149.5)	2,278.5	2,138.5
Consumer loans	1,799.1	(226.8)	2,025.9	1,838.5
Asset management company loans for property investment	35.3	17.4	17.9	33.5
Structured finance, etc.	76.0	35.4	40.6	68.9
Loans and bills discounted (average balance)	2,125.3	(169.0)	2,294.3	2,244.3

Results of new loans

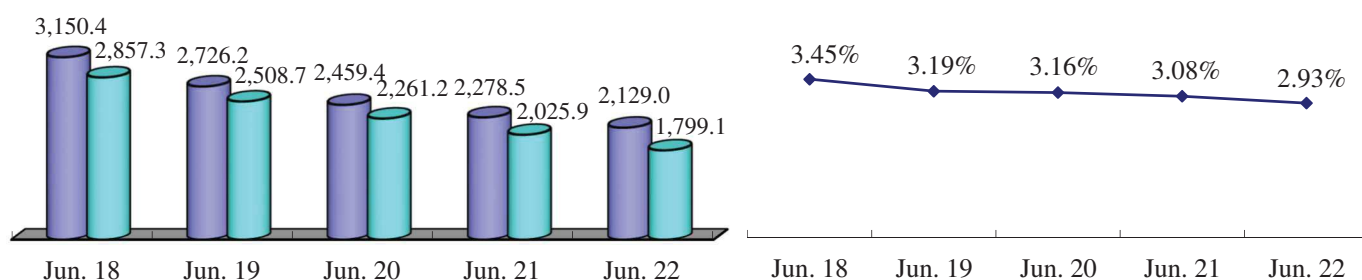
	Three months ended Jun. 30, 2022 (a)	(a) - (b)	Three months ended Jun. 30, 2021 (b)
New consumer loans	9.8	2.6	7.2
New asset management company loans for property investment	2.7	(0.1)	2.8
Subtotal	12.5	2.4	10.1
New structured finance	9.6	0.3	9.3
Total	22.1	2.7	19.4
New monetary claims bought	-	-	-
Grand total	22.1	2.7	19.4

■ 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, 2022			Mar. 31, 2022		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	1,659.4	3.08%	7.42%	1,693.1	3.09%	7.18%
Housing loans	449.7	2.77%	0.27%	457.6	2.79%	0.31%
Studio apartment loans	136.0	3.37%	2.76%	142.3	3.37%	2.64%
Single building apartment loans	999.2	3.20%	9.31%	1,017.7	3.21%	8.96%
Share house loans	41.4	1.37%	61.92%	41.8	1.39%	61.91%
Other secured loans	32.8	4.51%	0.23%	33.4	4.57%	0.38%
Unsecured loans	139.6	10.45%	2.44%	145.4	10.40%	2.44%
Card loans	95.0	11.78%	0.94%	98.0	11.77%	0.89%
Unsecured certificate loans	44.6	7.61%	5.63%	47.4	7.57%	5.64%
Consumer loans (A)	1,799.1	3.65%	7.04%	1,838.5	3.67%	6.81%
Consumer loans (excluding share house-related loans)	1,746.2	-	5.57%	1,784.9	-	5.37%
Asset management company loans for property investment (B)	35.3	1.82%	-	33.5	1.81%	-
Structured finance, etc. (C)	76.0	2.27%	-	68.9	2.27%	-
Monetary claims bought (D)	58.9	1.94%	-	59.7	1.89%	-
Total (A)+(B)+(C)+(D)	1,969.5	3.51%	6.43%	2,000.8	3.54%	6.26%

(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.

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		
Mar. 31, 2019	250.3	86.5	51.0	88.0	225.6	24.6
Mar. 31, 2020	192.1	45.9	28.9	100.7	175.5	16.5
Mar. 31, 2021	135.7	53.3	31.5	40.1	124.9	10.7
Mar. 31, 2022	53.6	30.7	6.5	9.1	46.4	7.2
Jun. 30, 2022	52.8	31.1	5.2	8.7	45.1	7.7

(Billions of yen)

	Total		Collateral or guarantees, etc. B	Unsecured portion C	Allowance D	Coverage ratio (B+D)/A
	A	Share house claims				
Mar. 31, 2019	250.3	201.9	91.4	158.8	139.3	92.20%
Mar. 31, 2020	192.1	154.7	72.7	119.3	102.5	91.29%
Mar. 31, 2021	135.7	107.2	52.5	83.1	76.7	95.24%
Mar. 31, 2022	53.6	41.9	26.2	27.4	25.7	96.87%
Jun. 30, 2022	52.8	41.4	25.7	27.1	25.4	96.88%

(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, 2022	
	Actual credit costs	Allowance
Share house-related loans	(0.1)	25.4
Investment property loans	0.9	91.2
Housing loans	0.1	3.2
Unsecured loans	0.0	3.2
Monetary claims bought	0.0	0.2
Business financing loans, etc.	0.2	8.8
Total	1.3	132.3

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

(B) Deposits

- Deposits (period-end balance) increased by ¥93.1 billion year-on-year.
- Yield on deposits was 0.04%.

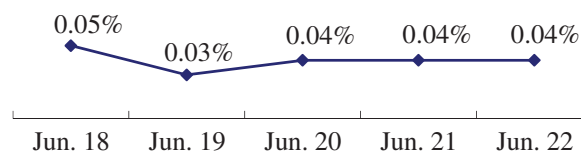
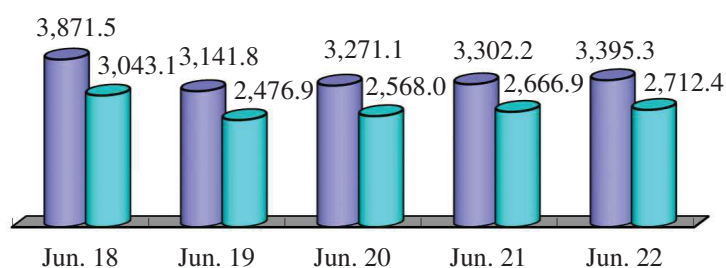
(Billions of yen)

	Jun. 30, 2022 (a)	(a) – (b)	Jun. 30, 2021 (b)	Mar. 31, 2022
Deposits (period-end balance)	3,395.3	93.1	3,302.2	3,312.1
Individual deposits	2,712.4	45.5	2,666.9	2,688.1
Deposits (average balance)	3,325.9	61.0	3,264.9	3,291.5

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

◆ Yield on deposits

(Billions of yen)



(3) Interest margins (Non-consolidated)

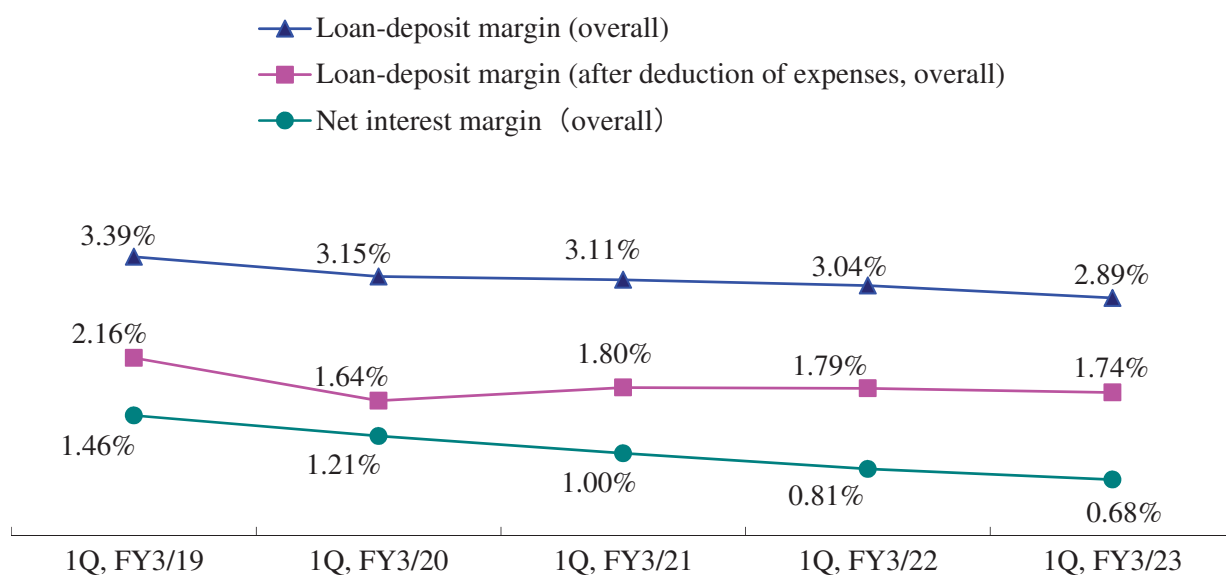
- Loan-deposit margin (after deduction of expenses, overall) shrunk by 5 basis points year-on-year to 1.74%, mainly due to the decline in the yield on loans and bills discounted.
- Net interest margin (overall) shrunk by 13 basis points year-on-year to 0.68%.

Overall

	Three months ended Jun. 30, 2022 (a)	(a) - (b)	Three months ended Jun. 30, 2021 (b)	FY3/2022
Yield on loans and bills discounted	2.93	(0.15)	3.08	3.02
Yield on deposits	0.04	0.00	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.74	(0.05)	1.79	1.77
Net interest margin	0.68	(0.13)	0.81	0.78

Domestic

	Three months ended Jun. 30, 2022 (a)	(a) - (b)	Three months ended Jun. 30, 2021 (b)	FY3/2022
Yield on loans and bills discounted	2.93	(0.16)	3.09	3.02
Yield on deposits	0.04	0.00	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.78	(0.05)	1.83	1.80
Net interest margin	0.71	(0.14)	0.85	0.81



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

- | |
|--|
| <ul style="list-style-type: none"> Non-performing loans based on the Financial Reconstruction Law decreased by ¥ 55.5 billion year-on-year. Non-performing loan ratio declined by 161 basis points year-on-year to 12.35%. |
|--|

(Millions of yen)

	Jun. 30, 2022	Jun. 30, 2021	Mar. 31, 2022
Claims against bankrupt and substantially bankrupt obligors	135,288	104,731	134,167
Claims with collection risk	63,707	95,079	65,861
Claims for special attention	65,545	120,255	71,851
Total (Non-performing loans based on the Financial Reconstruction Law)	264,541	320,066	271,880

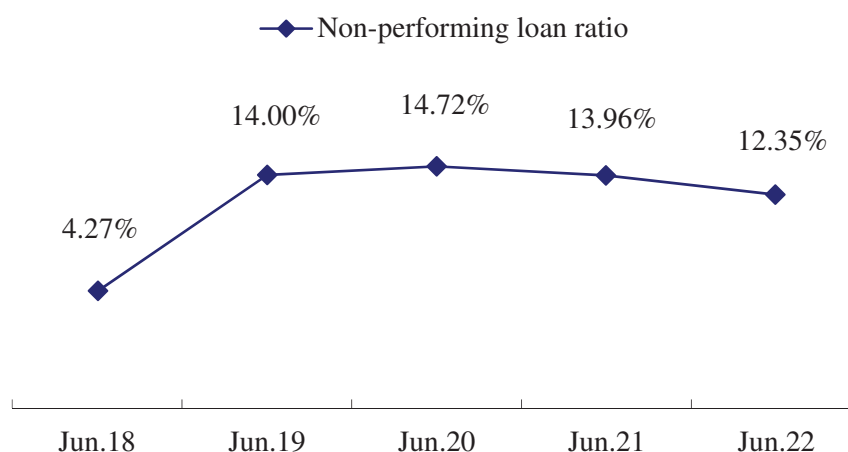
Non-performing loan ratio	12.35%	13.96%	12.63%
Total coverage	210,861	230,718	215,200
Coverage ratio	79.70%	72.08%	79.15%

(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.

- "Claims against bankrupt and substantially bankrupt obligors" correspond to the claims against "Effectively bankrupt obligors" or "Bankrupt obligors" under self-assessment.
- "Claims with collection risk" correspond to the claims against "Potentially bankrupt obligors" under self-assessment.
- "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)

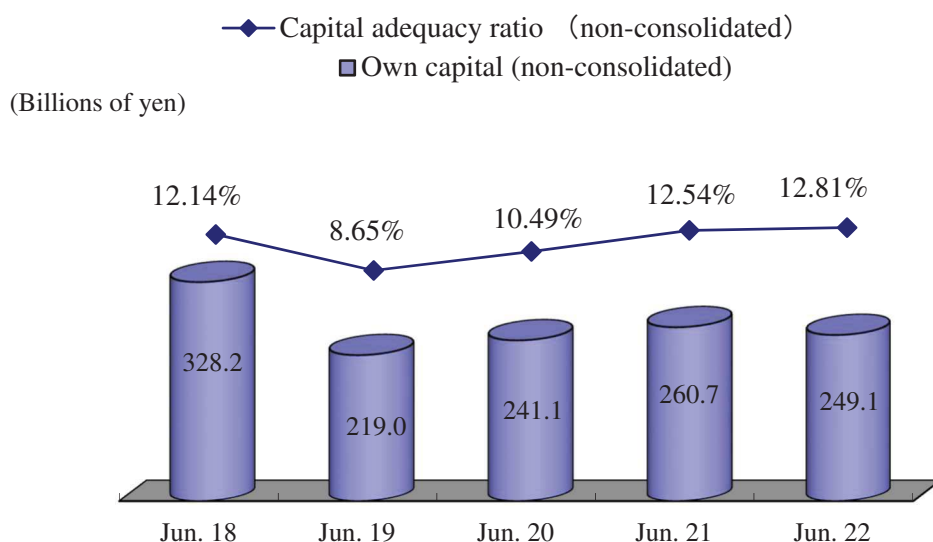
·Capital adequacy ratio (non-consolidated) rose by 27 basis points year-on-year to 12.81%.
--

Non-consolidated

	Jun. 30, 2022	Jun. 30, 2021	(Millions of yen) Mar. 31, 2022
Capital adequacy ratio	12.81%	12.54%	12.35%
Own capital (Core capital)	249,104	260,783	245,238
Core capital: instruments and reserves	272,244	283,119	268,795
Core capital: regulatory adjustments (-)	23,140	22,336	23,557
Risk-weighted assets	1,943,948	2,078,254	1,984,271
Total required capital	75,753	80,151	76,858

Consolidated

	Jun. 30, 2022	Jun. 30, 2021	(Millions of yen) Mar. 31, 2022
Capital adequacy ratio	13.16%	12.83%	12.68%
Own capital (Core capital)	260,789	271,575	256,800
Core capital: instruments and reserves	288,188	301,772	284,838
Core capital: regulatory adjustments (-)	27,399	30,197	28,038
Risk-weighted assets	1,981,493	2,116,127	2,024,556
Total required capital	77,255	81,666	78,470



(6) Composition of own capital (domestic standard)

(Millions of yen)

	Jun. 30, 2022	
	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	249,781	262,414
Capital and capital surplus	48,629	32,019
Retained earnings	219,284	248,526
Treasury shares (-)	18,131	18,131
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	3,153
Remeasurements of defined benefit plans	-	3,153
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	22,462	22,601
General allowance for loan losses	22,462	22,601
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	-	19
Core capital: instruments and reserves (A)	272,244	288,188
Core capital: regulatory adjustments (2)		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	11,354	12,908
Goodwill (including those equivalent)	-	1,262
Other intangible fixed assets other than goodwill and mortgage servicing rights	11,354	11,645
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	34
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	11,303	-
Net defined benefit asset	-	14,456
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	482	-
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)	482	-
Amount exceeding the 15% threshold on specified items	-	-
Core capital: regulatory adjustments (B)	23,140	27,399
Total capital (A-B) (C)	249,104	260,789
Risk-weighted assets (3)		
Credit risk-weighted assets	1,797,115	1,808,192
Amount equivalent to market risk × 12.5	-	-
Amount equivalent to operational risk × 12.5	146,832	173,301
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	1,943,948	1,981,493
Capital adequacy ratio (non-consolidated)		
Capital adequacy ratio (non-consolidated) (C/D)	12.81%	-
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) (C/D)	-	13.16%

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

·Net unrealized gains (losses) on securities decreased by ¥ 25.5 billion year-on-year.

(Millions of yen)

	Jun. 30, 2022				Jun. 30, 2021				Mar. 31, 2022			
	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	460,760	(14,640)	9,707	24,348	339,416	10,898	11,388	490	454,234	(1,482)	9,332	10,814
Stocks	16,372	8,096	8,348	251	16,390	8,115	8,518	403	15,862	7,587	7,901	314
Bonds	162,585	(776)	93	870	138,883	526	542	15	143,556	(353)	140	494
Others	281,802	(21,961)	1,265	23,226	184,141	2,256	2,327	71	294,816	(8,715)	1,290	10,005

(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 ¥ 37.5 billion year-on-year.

·The ratio of investment products to total individual deposit assets dropped by 30 basis points year-on-year to 3.6%.

(Millions of yen)

	Jun. 30, 2022 (a)	(a) - (b)	Jun. 30, 2021 (b)	Mar. 31, 2022
Individual deposit assets	2,810,596	37,518	2,773,078	2,789,587
Yen deposits	2,709,358	46,426	2,662,932	2,684,636
Investment products	101,238	(8,908)	110,146	104,951
Foreign currency deposits	3,081	(926)	4,007	3,516
Public bonds	4,029	(1,395)	5,424	4,356
Mutual funds	65,237	(4,326)	69,563	68,475
Personal pension plans	14,295	(2,962)	17,257	14,656
Single premium life insurance	14,594	701	13,893	13,945
The ratio of investment products to total individual deposit assets	3.6%	(0.3%)	3.9%	3.7%