

SURUGA bank, Ltd.

Consolidated financial results for the nine months ended December 31, 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 nine months ended December 31, 2022

(1) Consolidated operating results

(% represents the change from the same period in the previous fiscal year)

Nine months ended	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	73,064	5.5	23,142	65.8	20,881	117.8
December 31, 2021	69,226	(8.3)	13,951	(13.0)	9,584	1.7

(Note) Comprehensive income: (a) Nine months ended December 31, 2022: ¥307 million [(97.0)%]

(b) Nine months ended December 31, 2021: ¥10,348 million [(9.9)%]

Nine months ended	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
December 31, 2022	110.86		-	
December 31, 2021	41.36		-	

(Note) Earnings per share for the nine months ended December 31, 2021 and 2022 is not provided because there are no potentially shares.

(2) Consolidated financial position

As of	Total assets		Total net assets		Net assets ratio	
	Millions of yen		Millions of yen		%	
December 31, 2022	3,621,327		263,425		7.2	
March 31, 2022	3,589,982		264,229		7.3	

(Reference) Shareholders' equity: (a) As of December 31, 2022: ¥ 263,328 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 ended March 31, 2022	—	0.00	—	6.00	6.00
ending March 31, 2023	—	0.00	—		
ending March 31, 2023 (forecast)				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)

Fiscal year ending	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	
March 31, 2023	86,000	(6.5)	11,000	3.8	9,000	13.0	47.77	

(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 Dec. 31, 2022	232,139,248 shares	As of Mar. 31, 2022	232,139,248 shares
(B) Number of treasury shares:	As of Dec. 31, 2022	43,768,506 shares	As of Mar. 31, 2022	43,818,103 shares
(C) Average number of shares:	Nine months ended Dec. 31, 2022	188,344,452 shares	Nine months ended Dec. 31, 2021	231,687,731 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, 2022, ordinary income increased by ¥3.838 billion year-on-year to ¥73.064 billion. This was primarily due to the recording of a reversal of allowance for loan losses, despite a decline in interest income reflecting the drop in interest on loans and bills discounted. Meanwhile, ordinary expenses decreased by ¥5.354 billion year-on-year to ¥49.921 billion, mainly due to the decline in provision of allowance for loan losses.

As a result, ordinary profit increased by ¥9.191 billion year-on-year to ¥23.142 billion.

Profit attributable to owners of parent increased by ¥11.297 billion year-on-year to ¥20.881 billion.

(2) Details of financial position

As for the consolidated major account balances as of December 31, 2022, loans and bills discounted came in at ¥2,076.166 billion, decreased by ¥71.913 billion from March 31, 2022, mainly due to a decrease of ¥136.031 billion in consumer loans (non-consolidated).

Securities amounted to ¥452.211 billion, decreased by ¥11.221 billion from March 31, 2022.

Deposits amounted to ¥3,334.353 billion, increased by ¥27.046 billion from March 31, 2022, mainly due to an increase of ¥25.632 billion in individual deposits.

(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 November 11, 2022. For details, please refer to the document disclosed separately today (February 9, 2023) titled “Announcement regarding Losses on Sales of Securities Holdings, etc. and Revision of Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2023”.

Consolidated

(Billions of yen)			
	Current forecast (A)	Previous forecast (B)	Change (A)-(B)
Ordinary income	86.0	86.0	-
Ordinary profit	11.0	11.0	-
Profit attributable to owners of parent	9.0	10.0	(1.0)

Non-consolidated

(Billions of yen)			
	Current forecast (A)	Previous forecast (B)	Change (A)-(B)
Ordinary income	77.0	77.0	-
Core net operating profit	22.5	22.0	0.5
Net operating profit	8.0	17.5	(9.5)
Ordinary profit	10.0	10.0	-
Net income	8.5	9.5	(1.0)
Actual credit costs	1.0	10.0	(9.0)
Normal credit costs	(3.0)	3.5	(6.5)
Share house-related loans	(3.5)	(3.0)	(0.5)
Preventive allowance	7.5	9.5	(2.0)

(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 Dec. 31, 2022
Assets		
Cash and due from banks	874,184	938,531
Call loans and bills bought	40,244	40,000
Monetary claims bought	59,739	94,326
Trading securities	82	80
Money held in trust	99	99
Securities	463,432	452,211
Loans and bills discounted	2,148,079	2,076,166
Foreign exchanges	2,292	4,772
Lease receivables and investment assets	5,066	4,752
Other assets	45,241	45,534
Property, plant and equipment	35,227	34,479
Intangible assets	18,474	16,573
Retirement benefit asset	20,509	21,098
Deferred tax assets	14,751	14,981
Customers' liabilities for acceptances and guarantees	1,474	1,317
Allowance for loan losses	(138,917)	(123,598)
Total assets	3,589,982	3,621,327
Liabilities		
Deposits	3,307,307	3,334,353
Foreign exchanges	41	31
Other liabilities	14,479	21,106
Provision for bonuses	486	17
Provision for bonuses for directors (and other officers)	41	—
Retirement benefit liability	292	298
Provision for share-based compensation	205	297
Provision for reimbursement of deposits	247	207
Provision for contingent loss	75	61
Deferred tax liabilities	1,102	211
Acceptances and guarantees	1,474	1,317
Total liabilities	3,325,753	3,357,902
Net assets		
Share capital	30,043	30,043
Capital surplus	1,976	1,974
Retained earnings	245,595	265,347
Treasury shares	(18,131)	(18,111)
Total shareholders' equity	259,484	279,253
Valuation difference on available-for-sale securities	1,324	(18,748)
Deferred gains or losses on hedges	(3)	11
Remeasurements of defined benefit plans	3,324	2,810
Total accumulated other comprehensive income	4,645	(15,925)
Non-controlling interests	100	97
Total net assets	264,229	263,425
Total liabilities and net assets	3,589,982	3,621,327

(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, 2021	For the nine months ended Dec. 31, 2022
Ordinary income	69,226	73,064
Interest income	56,408	51,765
Interest on loans and discounts	54,714	49,223
Interest and dividends on securities	1,012	699
Fees and commissions	5,887	5,409
Other ordinary income	2,773	2,613
Other income	4,156	13,275
Ordinary expenses	55,275	49,921
Interest expenses	1,133	1,078
Interest on deposits	1,115	999
Fees and commissions payments	8,942	7,975
Other ordinary expenses	2,187	5,295
General and administrative expenses	30,945	29,520
Other expenses	12,066	6,051
Ordinary profit	13,951	23,142
Extraordinary income	3	51
Gain on disposal of non-current assets	3	51
Extraordinary losses	1,378	322
Loss on disposal of non-current assets	789	306
Impairment losses	588	16
Profit before income taxes	12,576	22,871
Income taxes	2,999	1,993
Profit	9,577	20,878
Profit attributable to non-controlling interests	(7)	(2)
Profit attributable to owners of parent	9,584	20,881

Consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended Dec. 31, 2021	For the nine months ended Dec. 31, 2022
Profit	9,577	20,878
Other comprehensive income		
Valuation difference on available-for-sale securities	1,600	(20,072)
Deferred gains(losses) on hedges	3	15
Remeasurements of defined benefit plans, net of tax	(832)	(513)
Total other comprehensive income	771	(20,570)
Comprehensive income	10,348	307
(Breakdown)		
Comprehensive income attributable to owners of parent	10,356	310
Comprehensive income attributable to non-controlling interests	(7)	(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 nine months ended December 31, 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 third 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 third 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 fiscal year ending March, 2023.

Financial Results for the nine months ended December 31, 2022 - Supplementary Information -

(1) Operating results for the nine months ended December 31, 2022 (Non-consolidated)

	(Millions of yen)			
	Nine months ended Dec. 31, 2022 (a)	Nine months ended Dec. 31, 2021 (b)	Change (a) - (b)	FY3/2022
Gross operating profit	43,079	48,919	(5,840)	65,302
Net interest income	49,170	52,153	(2,982)	69,417
Net fees and commissions	(3,225)	(3,645)	419	(4,704)
Net other operating income	(2,865)	411	(3,277)	589
(Gains (losses) on bonds)	((2,862)	379	(3,241)	544)
Core gross operating profit (Note1)	45,942	48,540	(2,598)	64,758
Expenses	27,916	29,862	(1,945)	39,722
Personnel expenses	10,323	10,749	(426)	14,224
Non-personnel expenses	15,123	16,379	(1,255)	22,522
Core net operating profit (Note2)	18,025	18,678	(653)	25,036
Excluding gains (losses) on cancellation of investment trusts	18,025	18,678	(653)	25,036
Actual net operating profit (Note3)	15,162	19,057	(3,894)	25,580
Provision of general allowance for loan losses (Note4)	-	(18,660)	18,660	(10,569)
Net operating profit	15,162	37,718	(22,555)	36,149
Non-recurring gains (losses)	6,405	(24,096)	30,501	(26,055)
Gains (losses) on stocks	2,539	(22)	2,561	(22)
Ordinary profit	21,568	13,622	7,946	10,093
Extraordinary gains (losses)	(269)	(1,305)	1,035	(1,481)
Income before income taxes	21,299	12,317	8,981	8,612
Income taxes (Note5)	958	2,894	(1,936)	757
Net income	20,340	9,422	10,918	7,854

	(Millions of yen)			
Net credit costs (Note6)	(1,384)	10,277	(11,662)	20,989
Provision of general allowance for loan losses (Note4)	-	(18,660)	18,660	(10,569)
Disposal of non-performing loans	4,154	28,938	(24,784)	31,558
Reversal of allowance for loan losses (Note4)	5,539	-	5,539	-
Recoveries of written-off claims	2,152	3,664	(1,512)	4,957
Actual credit costs (Note7)	(3,536)	6,613	(10,150)	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) For the nine months ended December 31, 2022, the net amount of provision for general allowance for loan losses and provision for specific allowance for loan losses is recorded in reversal of allowance for loan losses.

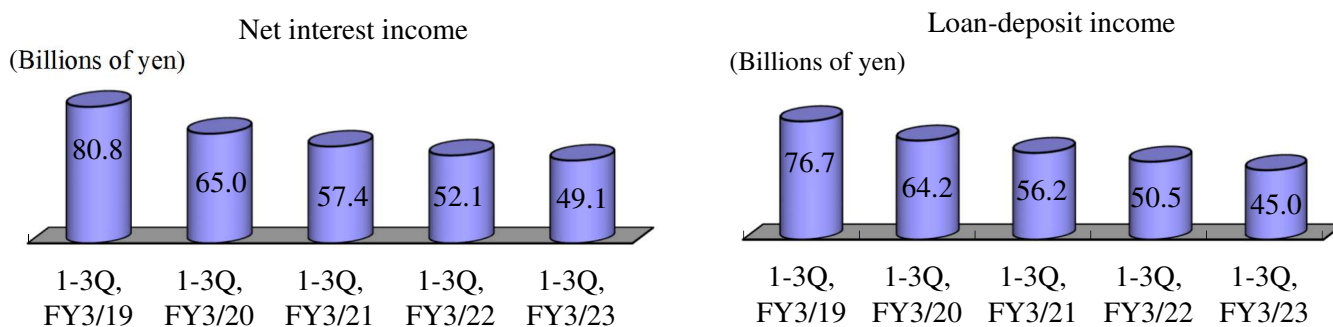
(Note5) The amount of Income taxes for the fiscal year ended March 31, 2022 is that of Total income taxes.

(Note6) Net credit costs = Provision of general allowance for loan losses + Disposal of non-performing loans

(Note7) Actual credit costs = Net credit costs - Recoveries of written-off claims.

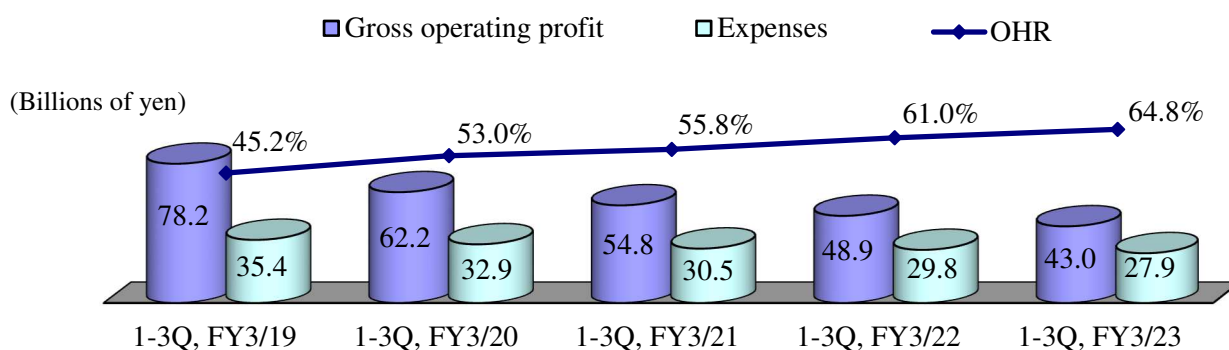
(A) Gross operating profit: ¥43.0 billion

- Net interest income decreased by ¥2.9 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Loan-deposit income decreased by ¥5.5 billion year-on-year.
- Gross operating profit decreased by ¥5.8 billion year-on-year.



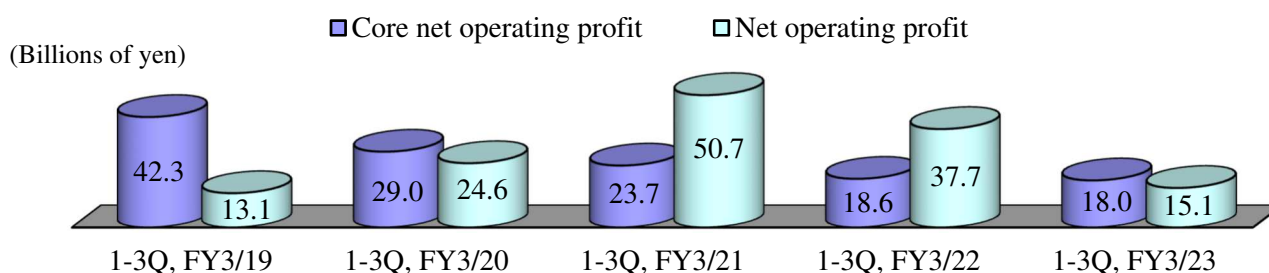
(B) Expenses: OHR: 64.8 %

- Expenses decreased by ¥1.9 billion year-on-year.
 - OHR rose to 64.8% year-on-year.
- (OHR (%) = Expenses / Gross operating profit × 100)



(C) Core net operating profit: ¥18.0 billion, Net operating profit: ¥15.1 billion

- Core net operating profit decreased by ¥0.6 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit decreased by 22.5 billion yen year-on-year, mainly due to a change in the accounting item (refer to Note 4 on 7 page) for provision of allowance for loan losses.



(D) Ordinary profit: ¥21.5 billion, Net income: ¥20.3 billion

- Ordinary profit increased by ¥7.9 billion year-on-year.
- Net income increased by ¥10.9 billion year-on-year, mainly due to an increase in ordinary profit.

(E) Actual credit costs: (¥3.5) billion

- Net credit costs decreased by ¥11.6 billion year-on-year, mainly due to a decrease (¥24.7 billion) in disposal of non-performing loans, an increase (¥18.6 billion) in provision of general allowance for loan losses and a record (¥5.5 billion) in reversal of allowance for loan losses.
- Actual credit costs, calculated as net credit costs ((¥1.3) billion) minus the amount of recoveries of written-off claims (¥2.1 billion) amounted to (¥3.5) billion.

(2) Loans and deposits (Non-consolidated)

(A) Loans and bills discounted

- Loans and bills discounted (period-end balance) decreased by ¥150.7 billion year-on-year.
- Yield on loans and bills discounted dropped by 11 basis points year-on-year to 2.91%.

	Dec. 31, 2022 (a)	(a) – (b)	Dec. 31, 2021 (b)	(Billions of yen) Mar. 31, 2022
Loans and bills discounted (period-end balance)	2,066.1	(150.7)	2,216.8	2,138.5
Consumer loans	1,702.5	(235.2)	1,937.7	1,838.5
Asset management company loans for property investment	45.0	17.4	27.6	33.5
Structured finance	97.3	38.5	58.8	68.9
Loans and bills discounted (average balance)	2,095.0	(167.2)	2,262.2	2,244.3

Results of new loans

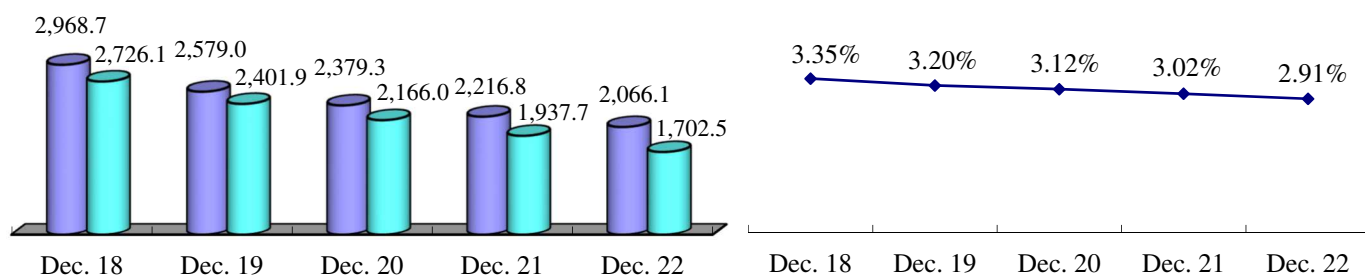
	Nine months ended Dec. 31, 2022 (a)	(a) - (b)	Nine months ended Dec. 31, 2021 (b)
New consumer loans	39.2	15.6	23.6
New asset management company loans for property investment	12.9	0.0	12.9
Subtotal	52.2	15.7	36.5
New structured finance	39.8	7.3	32.5
Total	92.0	23.0	69.0
New monetary claims bought	39.9	10.0	29.9
Grand total	132.0	33.0	99.0

■ 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	Dec. 31, 2022			Sep. 30, 2022		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	1,571.5	3.06%	6.82%	1,606.0	3.08%	6.68%
Housing loans	435.0	2.73%	0.32%	441.8	2.75%	0.28%
Studio apartment loans	124.5	3.35%	2.91%	130.0	3.36%	2.82%
Single building apartment loans (including share house loans)	979.3	3.14%	10.44%	1,001.2	3.14%	10.24%
Other secured loans	32.5	4.33%	0.21%	32.8	4.41%	0.46%
Unsecured loans	131.0	10.46%	2.45%	135.5	10.46%	2.51%
Card loans	90.2	11.77%	0.84%	92.8	11.78%	0.94%
Unsecured certificate loans	40.7	7.56%	6.02%	42.6	7.59%	5.94%
Consumer loans (A)	1,702.5	3.63%	6.49%	1,741.5	3.65%	6.36%
Consumer loans (excluding organizational negotiation partners)	1,598.6	-	1.52%	1,636.2	-	1.50%
Asset management company loans for property investment (B)	45.0	1.81%	-	40.3	1.82%	-
Structured finance (C)	97.3	2.24%	-	82.7	2.24%	-
Monetary claims bought (D)	94.3	2.06%	-	97.0	1.95%	-
Total (A)+(B)+(C)+(D)	1,939.2	3.44%	5.69%	1,961.6	3.47%	5.65%

(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) Organizational negotiation partners are customers who have suspended repayment as a result of structured negotiations (excluding share house loans).

Actual credit costs and Allowance for loan losses

(Billions of yen)

Item	Dec. 31, 2022	
	Actual credit costs	Allowance
Share house-related loans	(3.4)	13.9
Investment property loans	(0.6)	88.8
Housing loans	(0.1)	2.6
Unsecured loans	(0.0)	3.0
Monetary claims bought	0.0	0.2
Business financing loans, etc.	0.8	9.2
Total	(3.5)	117.9

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

(B) Deposits

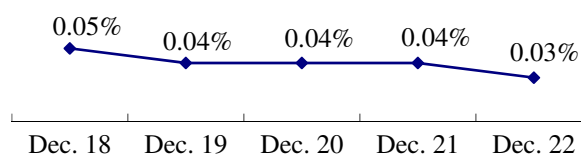
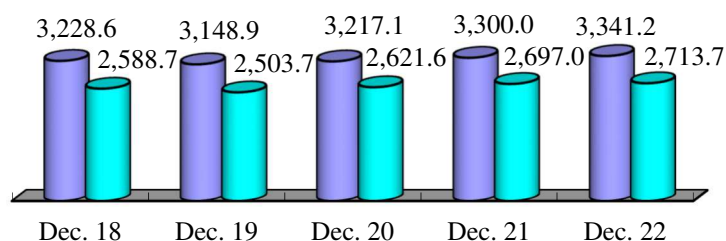
- Deposits (period-end balance) increased by ¥41.2 billion year-on-year.
- Yield on deposits dropped by 1 basis points year-on-year to 0.03%

	Dec. 31, 2022 (a)	(a) – (b)	Dec. 31, 2021 (b)	(Billions of yen) Mar. 31, 2022
Deposits (period-end balance)	3,341.2	41.2	3,300.0	3,312.1
Individual deposits	2,713.7	16.7	2,697.0	2,688.1
Deposits (average balance)	3,339.4	52.6	3,286.8	3,291.5

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

◆ Yield on deposits

(Billions of yen)



(3) Interest margins (Non-consolidated)

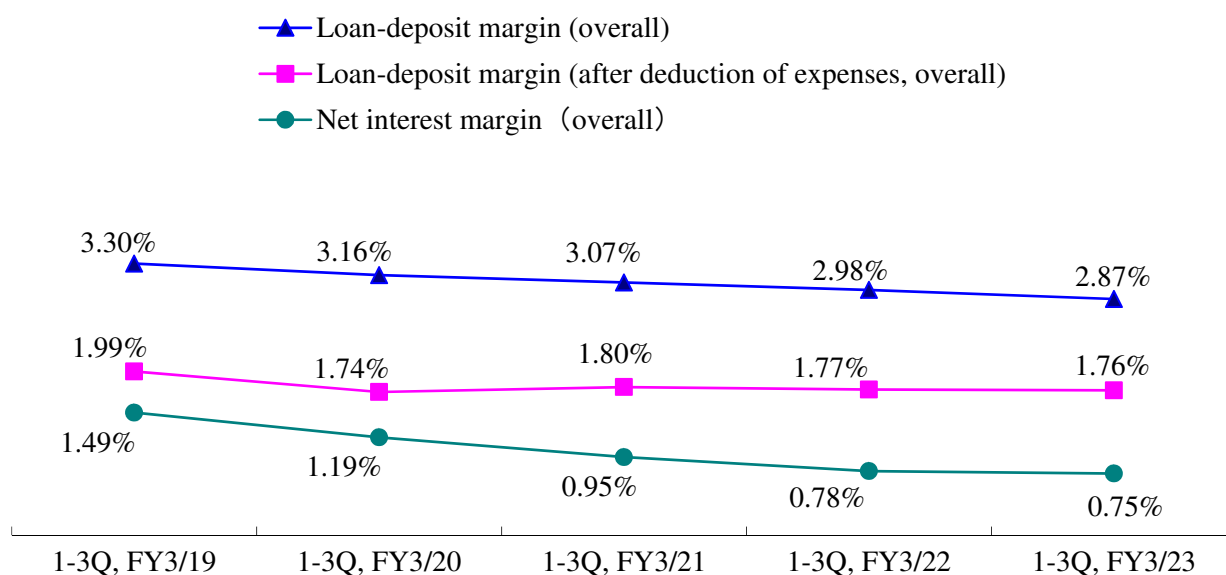
- Loan-deposit margin (after deduction of expenses, overall) shrunk by 1 basis points year-on-year to 1.76%, mainly due to the decline in the yield on loans and bills discounted.
- Net interest margin (overall) shrunk by 3 basis points year-on-year to 0.75%.

Overall

	Nine months ended Dec. 31, 2022 (a)	(a) - (b)	Nine months ended Dec. 31, 2021 (b)	FY3/2022 (%)
Yield on loans and bills discounted	2.91	(0.11)	3.02	3.02
Yield on deposits	0.03	(0.01)	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.76	(0.01)	1.77	1.77
Net interest margin	0.75	(0.03)	0.78	0.78

Domestic

	Nine months ended Dec. 31, 2022 (a)	(a) - (b)	Nine months ended Dec. 31, 2021 (b)	FY3/2022 (%)
Yield on loans and bills discounted	2.91	(0.12)	3.03	3.02
Yield on deposits	0.03	(0.01)	0.04	0.04
Loan-deposit margin (after deduction of expenses)	1.79	(0.02)	1.81	1.80
Net interest margin	0.77	(0.05)	0.82	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 ¥ 115.2 billion year-on-year. Non-performing loan ratio declined by 442 basis points year-on-year to 10.83%. |
|---|

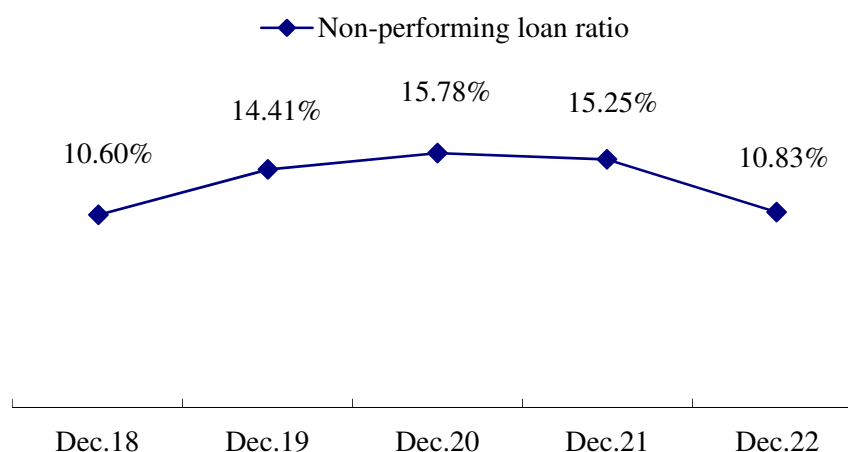
	Dec. 31, 2022	Dec. 31, 2021	(Millions of yen) Mar. 31, 2022
Claims against bankrupt and substantially bankrupt obligors	116,601	145,682	134,167
Claims with collection risk	50,660	119,807	65,861
Claims for special attention	57,798	74,797	71,851
Total (Non-performing loans based on the Financial Reconstruction Law)	225,059	340,288	271,880
Non-performing loan ratio	10.83%	15.25%	12.63%
Total coverage	180,017	259,008	215,200
Coverage ratio	79.98%	76.11%	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)

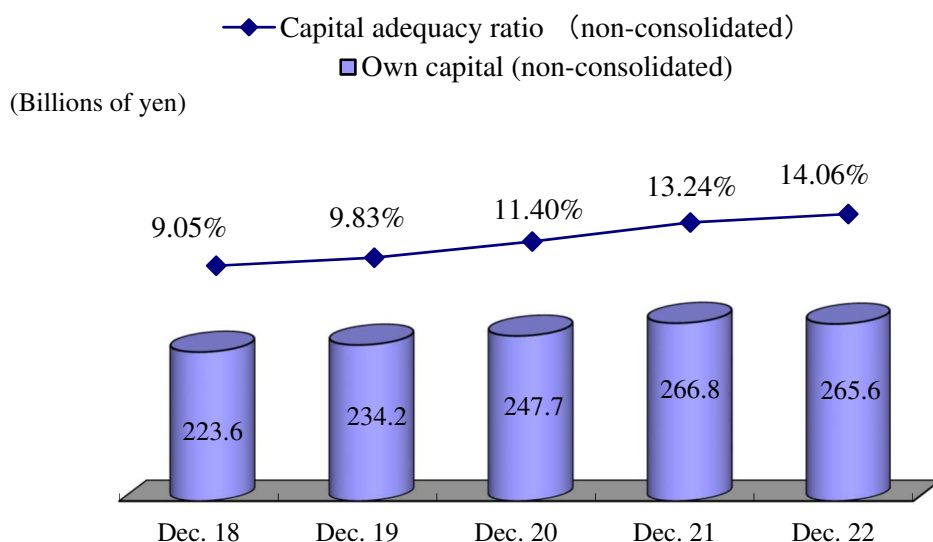
· Capital adequacy ratio (non-consolidated) rose by 82 basis points year-on-year to 14.06%.

Non-consolidated

	Dec. 31, 2022	Dec. 31, 2021	(Millions of yen) Mar. 31, 2022
Capital adequacy ratio	14.06%	13.24%	12.35%
Own capital (Core capital)	265,658	266,835	245,238
Core capital: instruments and reserves	288,056	289,417	268,795
Core capital: regulatory adjustments (-)	22,397	22,582	23,557
Risk-weighted assets	1,888,416	2,014,143	1,984,271
Total required capital	74,312	77,896	76,858

Consolidated

	Dec. 31, 2022	Dec. 31, 2021	(Millions of yen) Mar. 31, 2022
Capital adequacy ratio	14.39%	13.52%	12.68%
Own capital (Core capital)	277,487	277,947	256,800
Core capital: instruments and reserves	304,150	307,693	284,838
Core capital: regulatory adjustments (-)	26,662	29,745	28,038
Risk-weighted assets	1,927,517	2,055,248	2,024,556
Total required capital	75,876	79,540	78,470



(6) Composition of own capital (domestic standard)

(Millions of yen)

	Dec. 31, 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	266,187	279,253
Capital and capital surplus	48,629	32,017
Retained earnings	235,669	265,347
Treasury shares (-)	18,111	18,111
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	2,810
Remeasurements of defined benefit plans	-	2,810
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	21,868	22,065
General allowance for loan losses	21,868	22,065
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)	288,056	304,150
Core capital: regulatory adjustments (2)		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	10,481	11,930
Goodwill (including those equivalent)	-	1,197
Other intangible fixed assets other than goodwill and mortgage servicing rights	10,481	10,732
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	5
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	11,916	-
Net defined benefit asset	-	14,726
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)	22,397	26,662
Total capital (A-B) (C)	265,658	277,487
Risk-weighted assets (3)		
Credit risk-weighted assets	1,749,634	1,765,410
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	138,782	162,106
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	1,888,416	1,927,517
Capital adequacy ratio (non-consolidated)		
Capital adequacy ratio (non-consolidated) (C/D)	14.06%	-
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) (C/D)	-	14.39%

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

• Net unrealized gains (losses) on securities decreased by ¥ 18.5 billion year-on-year.

	Dec. 31, 2022				Sep. 30, 2022				(Millions of yen) Mar. 31, 2022			
	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	446,244	(20,055)	7,890	27,946	432,636	(15,832)	8,713	24,546	454,234	(1,482)	9,332	10,814
Stocks	15,644	7,669	7,880	210	16,678	8,403	8,666	263	15,862	7,587	7,901	314
Bonds	187,008	(3,910)	9	3,920	171,353	(1,241)	47	1,288	143,556	(353)	140	494
Others	243,590	(23,814)	-	23,814	244,603	(22,995)	-	22,995	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 ¥ 10.6 billion year-on-year.

• The ratio of investment products to total individual deposit assets dropped by 30 basis points year-on-year to 3.5%.

	Dec. 31, 2022	(a) - (b)	Dec. 31, 2021	(Millions of yen)	
	(a)		(b)	Mar. 31, 2022	
Individual deposit assets	2,810,381	10,626	2,799,755	2,789,587	
Yen deposits	2,711,167	17,951	2,693,216	2,684,636	
Investment products	99,213	(7,326)	106,539	104,951	
Foreign currency deposits	2,616	(1,219)	3,835	3,516	
Public bonds	3,734	(904)	4,638	4,356	
Mutual funds	61,389	(7,684)	69,073	68,475	
Personal pension plans	14,178	(1,378)	15,556	14,656	
Single premium life insurance	17,293	3,860	13,433	13,945	
The ratio of investment products to total individual deposit assets	3.5%	(0.3)%	3.8%	3.7%	