

# SURUGA bank, Ltd.

## Consolidated financial results for the nine months ended December 31, 2023

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)  
 URL: <https://www.surugabank.co.jp>  
 Representative: Kosuke Kato, 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, 2023

#### (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, 2023	67,416	(7.7)	17,733	(23.3)	13,497	(35.3)
December 31, 2022	73,064	5.5	23,142	65.8	20,881	117.8

(Note) Comprehensive income: (a) Nine months ended December 31, 2023: ¥20,912 million [-%]

(b) Nine months ended December 31, 2022: ¥307 million [(97.0)%]

Nine months ended	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
December 31, 2023	65.40		-	
December 31, 2022	110.86		-	

(Note) Earnings per share for the nine months ended December 31, 2022 and 2023 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, 2023	3,543,662		291,213		8.2	
March 31, 2023	3,639,910		271,040		7.4	

(Reference) Shareholders' equity: (a) As of December 31, 2023: ¥291,108 million; (b) As of March 31, 2023: ¥270,939 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 ended March 31, 2023	—	0.00	—	9.00	9.00
ending March 31, 2024	—	7.00	—		
ending March 31, 2024 (forecast)				7.00	14.00

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

### 3. Consolidated earnings forecast for the fiscal year ending March 31, 2024

(% 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, 2024	87,500	(5.3)	17,500	31.9	12,000	13.4	59.50	

(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: No

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

(C) Changes in accounting estimates: No

(D) Restatements: No

(4) Number of issued shares (common stock)

(A) Number of issued shares (including treasury shares):	As of Dec. 31, 2023	232,139,248 shares	As of Mar. 31, 2023	232,139,248 shares
(B) Number of treasury shares:	As of Dec. 31, 2023	30,461,413 shares	As of Mar. 31, 2023	43,768,676 shares
(C) Average number of shares:	Nine months ended Dec. 31, 2023	206,379,691 shares	Nine months ended Dec. 31, 2022	188,344,452 shares

(Note) The number of treasury shares at the end of the period includes the Company's shares held by the employee stock ownership plan trust (hereinafter "ESOP Trust") (As of Dec. 31, 2023: 257,900 shares, As of Mar. 31, 2023: - shares).

The average number of the Company's shares held by the ESOP Trust is included in the number of treasury stock that are deducted in calculation of the average number of shares during the period (As of Dec. 31, 2023: 124,729 shares, As of Dec. 31, 2022: - 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, 2023, ordinary income decreased by ¥5.648 billion year-on-year to ¥67.416 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 ¥0.239 billion year-on-year to ¥49.682 billion, mainly due to a decrease in recording of losses on redemption of bonds.

As a result, ordinary profit decreased by ¥5.409 billion year-on-year to ¥17.733 billion.

Profit attributable to owners of parent decreased by ¥7.384 billion year-on-year to ¥13.497 billion.

### (2) Details of financial position

As for the consolidated major account balances as of December 31, 2023, loans and bills discounted came in at ¥2,052.470 billion, decreased by ¥37.857 billion from March 31, 2023, mainly due to a decrease of ¥108.092 billion in consumer loans (non-consolidated).

Securities amounted to ¥329.429 billion, increased by ¥31.546 billion from March 31, 2023.

Deposits amounted to ¥3,228.816 billion, decreased by ¥120.815 billion from March 31, 2023, and a decrease of ¥27.641 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, 2024 from that announced on November 6, 2023. For details, please refer to the document disclosed separately today (February 9, 2024) titled “Announcement regarding Losses on Sales of Securities Holdings, etc. and Revision of Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2024”.

#### Consolidated

(Billions of yen)

	Fiscal year ending March 31, 2024
Ordinary profit	17.5
Profit attributable to owners of parent	12.0

#### Non-consolidated

(Billions of yen)

	Fiscal year ending March 31, 2024
Core gross operating profit	57.5
Net operating profit	21.5
Ordinary profit	17.0
Net income	11.5
Actual credit costs	(1.0)

(Note) Core gross operating profit: The forecast for the full fiscal year ending March 31, 2024, does not anticipate the recording of gains/losses from the redemption of investment trusts.

(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, 2023	As of Dec. 31, 2023
<b>Assets</b>		
Cash and due from banks	1,044,263	929,220
Call loans and bills bought	60,293	80,595
Monetary claims bought	131,517	130,231
Trading securities	85	39
Money held in trust	99	99
Securities	297,883	329,429
Loans and bills discounted	2,090,327	2,052,470
Foreign exchanges	4,805	5,541
Lease receivables and investment assets	4,698	4,909
Other assets	44,172	43,963
Property, plant and equipment	33,339	32,117
Intangible assets	16,009	14,152
Retirement benefit asset	20,126	20,790
Deferred tax assets	15,311	12,251
Customers' liabilities for acceptances and guarantees	1,271	1,349
Allowance for loan losses	(124,295)	(113,499)
<b>Total assets</b>	<b>3,639,910</b>	<b>3,543,662</b>
<b>Liabilities</b>		
Deposits	3,349,631	3,228,816
Foreign exchanges	41	41
Other liabilities	16,340	20,895
Provision for bonuses	461	17
Provision for bonuses for directors (and other officers)	38	—
Retirement benefit liability	293	276
Provision for share-based compensation	303	574
Provision for reimbursement of deposits	223	164
Provision for contingent loss	51	51
Deferred tax liabilities	211	262
Acceptances and guarantees	1,271	1,349
<b>Total liabilities</b>	<b>3,368,869</b>	<b>3,252,449</b>
<b>Net assets</b>		
Share capital	30,043	30,043
Capital surplus	1,974	4,579
Retained earnings	255,042	265,312
Treasury shares	(18,111)	(18,229)
<b>Total shareholders' equity</b>	<b>268,949</b>	<b>281,706</b>
Valuation difference on available-for-sale securities	167	7,857
Deferred gains or losses on hedges	(0)	2
Remeasurements of defined benefit plans	1,823	1,541
<b>Total accumulated other comprehensive income</b>	<b>1,990</b>	<b>9,402</b>
Non-controlling interests	101	104
<b>Total net assets</b>	<b>271,040</b>	<b>291,213</b>
<b>Total liabilities and net assets</b>	<b>3,639,910</b>	<b>3,543,662</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, 2022	For the nine months ended Dec. 31, 2023
Ordinary income	73,064	67,416
Interest income	51,765	50,270
Interest on loans and discounts	49,223	46,367
Interest and dividends on securities	699	1,042
Fees and commissions	5,409	5,457
Other ordinary income	2,613	2,301
Other income	13,275	9,387
Ordinary expenses	49,921	49,682
Interest expenses	1,078	877
Interest on deposits	999	860
Fees and commissions payments	7,975	7,144
Other ordinary expenses	5,295	4,334
General and administrative expenses	29,520	29,127
Other expenses	6,051	8,198
Ordinary profit	23,142	17,733
Extraordinary income	51	90
Gain on disposal of non-current assets	51	90
Extraordinary losses	322	901
Loss on disposal of non-current assets	306	400
Impairment losses	16	501
Profit before income taxes	22,871	16,921
Income taxes	1,993	3,421
Profit	20,878	13,500
Profit (loss) attributable to non-controlling interests	(2)	2
Profit attributable to owners of parent	20,881	13,497

## Consolidated statements of comprehensive income

	(Millions of yen)	
	For the nine months ended Dec. 31, 2022	For the nine months ended Dec. 31, 2023
Profit	20,878	13,500
Other comprehensive income		
Valuation difference on available-for-sale securities	(20,072)	7,689
Deferred gains(losses) on hedges	15	3
Remeasurements of defined benefit plans, net of tax	(513)	(281)
Total other comprehensive income	(20,570)	7,412
Comprehensive income	307	20,912
(Breakdown)		
Comprehensive income attributable to owners of parent	310	20,909
Comprehensive income attributable to non-controlling interests	(2)	2

### (3) Notes regarding consolidated financial statements

#### (Notes on going-concern assumption)

Not applicable.

#### (Notes for material changes in shareholders' equity)

##### (1) Disposal of treasury shares

At the Board of Directors meeting held on May 18, 2023, the Company resolved to dispose treasury shares through a third-party allotment based on the capital and business alliance concluded with Credit Saison Co., Ltd. On July 3, 2023, the Company disposed of treasury shares to which Credit Saison Co., Ltd. is the allottee. As a result, capital surplus increased by ¥2,603 million and treasury stock decreased by 14,519 million yen during the third quarter consolidated cumulative period.

##### (2) Acquisition of treasury shares

At the Board of Directors meeting held on May 18, 2023, the Company resolved matters pertaining to the establishment of a share repurchase limit pursuant to Article 156-1 of the Companies Act in accordance with Article 33 of the Company's Articles of Incorporation under Article 459-1-1 of the Companies Act. The share repurchase limit was thus implemented on August 17, 2023. As a result, treasury stock increased by ¥14,493 million during the third quarter consolidated cumulative period.

Mainly due to (1) and (2) above, capital surplus was ¥4,579 million and treasury stock was ¥(18,229) million yen as of the end of the third quarter consolidated accounting period.

#### (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, 2023 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2024, 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)

Not applicable.

#### (Changes in accounting estimates)

Not applicable.

#### (Additional information)

##### (Accounting estimates for coronavirus impact)

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, 2024.



(Disposal of treasury shares through third-party allotment based on the capital and business alliance with Credit Saison Co.)

Credit Saison Co., Ltd. has completed payment for the disposal of treasury shares through third party allotment resolved at the Board of Directors meeting of Suruga Bank Ltd. held on May 18, 2023

#### Overview of the Disposal of Treasury Shares

1. Disposal date	July 3, 2023
2. Type and number of shares disposed	35,089,000 shares of common stock
3. Disposal value	488 yen per share
4. Total disposal value	17,123,432,000 yen
5. Disposal method	Third-party allotment
6. Allotted to	Credit Saison Co., Ltd.

#### (Stock compensation plan for executives)

Effective from the current third quarter consolidated accounting period, the Company has introduced a stock compensation plan based on a stock-granting ESOP trust (hereinafter referred to as the “Plan”) for executive employees consisting of the heads of the Bank’s branches and each division among other executives (excluding non-residents in Japan; hereinafter referred to as “executive employees”). The purpose of this Plan is to increase engagement and share interests with shareholders to raise awareness of the need to contribute to improving corporate value from a long-term perspective while extracting value from our human resources.

Regarding the accounting treatment related to the trust agreement, the Company has applied the “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015).

##### (1) Transaction summary

Under this Plan, the Company’s shares acquired by the ESOP Trust with money contributed by the Company will be delivered and paid to executives who fulfill certain requirements at the time of their retirement in accordance with the predetermined share delivery rules, in an amount equivalent to the Company’s shares and the cash proceeds from the conversion of the Company’s shares.

##### (2) Company shares remaining in Trust

The Company’s shares remaining in the Trust are recorded as treasury stock under net assets at the book value in the Trust (excluding the amount of incidental expenses). The book value and number of shares remaining in the Trust at the end of the current third quarter consolidated accounting period were ¥148 million and 257 thousand shares, respectively.

## Financial Results for the nine months ended December 31, 2023 - Supplementary Information -

(1) Operating results for the nine months ended December 31, 2023 (Non-consolidated)

(Millions of yen)

	Nine months ended Dec. 31, 2023 (a)	Nine months ended Dec. 31, 2022 (b)	Change (a) - (b)	FY3/2023
Gross operating profit	42,059	43,079	(1,020)	43,422
Net interest income	46,625	49,170	(2,545)	64,673
Net fees and commissions	(2,326)	(3,225)	899	(4,417)
Net other operating income	(2,240)	(2,865)	625	(16,833)
(Gains (losses) on bonds)	((2,260))	(2,862)	602	(16,823))
Core gross operating profit (Note1)	44,319	45,942	(1,623)	60,245
Expenses	27,010	27,916	(906)	36,209
Personnel expenses	10,065	10,323	(258)	13,657
Non-personnel expenses	14,579	15,123	(544)	19,910
Core net operating profit (Note2)	17,308	18,025	(717)	24,035
Excluding gains (losses) on cancellation of investment trusts	17,308	18,025	(717)	24,035
Actual net operating profit (Note3)	15,048	15,162	(114)	7,212
Provision for general allowance for loan losses (Note4)	-	-	-	-
Net operating profit	15,048	15,162	(114)	7,212
Non-recurring gains (losses)	2,322	6,405	(4,083)	4,055
Gains (losses) on stocks	6	2,539	(2,533)	2,421
Ordinary profit	17,371	21,568	(4,197)	11,267
Extraordinary gains (losses)	(810)	(269)	(541)	(1,225)
Income before income taxes	16,560	21,299	(4,739)	10,042
Income taxes (Note5)	3,295	958	2,337	504
Net income	13,264	20,340	(7,076)	9,537

(Millions of yen)

Net credit costs (Note6)	2,072	(1,384)	3,456	1,905
Provision for general allowance for loan losses (Note4)	-	-	-	-
Disposal of non-performing loans	6,411	4,154	2,257	5,952
Reversal of allowance for loan losses (Note4)	4,339	5,539	(1,200)	4,047
Recoveries of written-off claims	4,436	2,152	2,284	3,084
Actual credit costs (Note7)	(2,364)	(3,536)	1,172	(1,178)

(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 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.

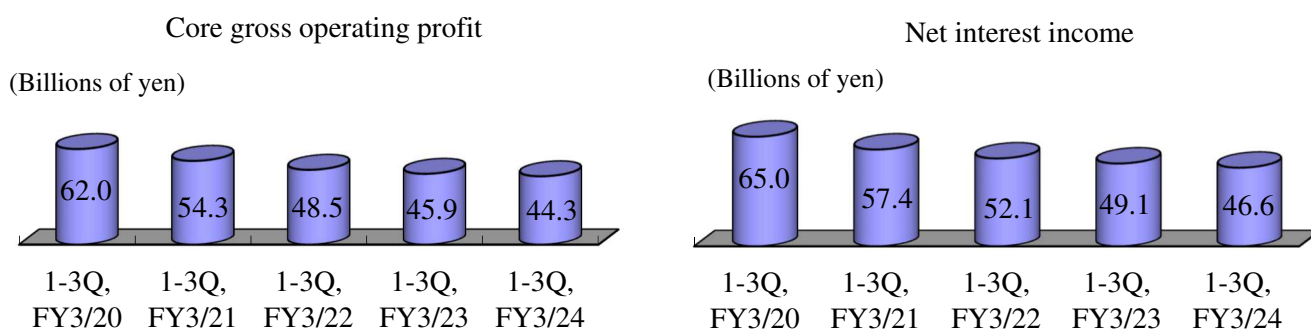
(Note5) The amount of Income taxes for the fiscal year ended March 31, 2023 is that of Total income taxes.

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

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

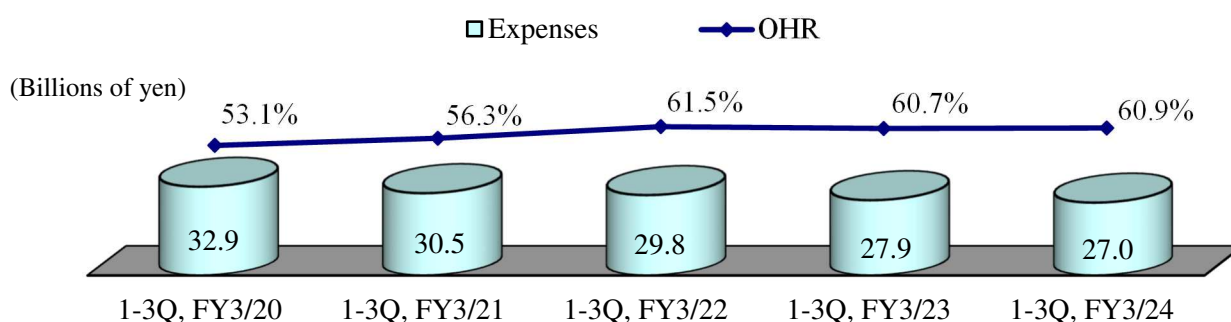
(A) Core gross operating profit: ¥44.3 billion

- Core gross operating profit decreased by ¥1.6 billion year-on-year.
- Net interest income decreased by ¥2.5 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.



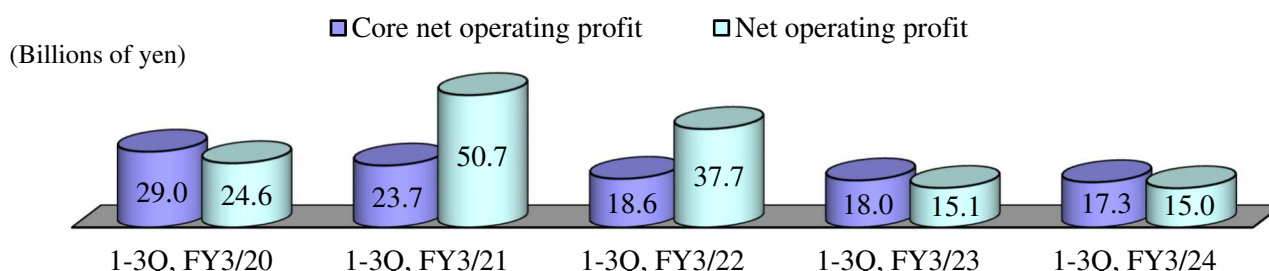
(B) Expenses; OHR (Based on core gross operating profit (excluding gains (losses) on cancellation of investment trusts): 60.9 %

- Expenses decreased by ¥0.9 billion year-on-year.
  - OHR rose to 60.9% year-on-year.
- (OHR (%) = Expenses / Core gross operating profit (excluding gains (losses) on cancellation of investment trusts) × 100)



(C) Core net operating profit: ¥17.3 billion, Net operating profit: ¥15.0 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 ¥0.1 billion year-on-year.



(D) Ordinary profit: ¥17.3 billion, Net income: ¥13.2 billion

- Ordinary profit decreased by ¥4.1 billion year-on-year.
- Net income decreased by ¥7.0 billion year-on-year, mainly due to a decrease in ordinary profit.

(E) Actual credit costs: ¥(2.3) billion

- Net credit costs increased by ¥3.4 billion year-on-year, mainly due to an increase (¥2.2 billion) in disposal of non-performing loans and a decrease (¥1.2 billion) in reversal of allowance for loan losses.
- Actual credit costs, calculated as net credit costs (¥2.0 billion) minus the amount of recoveries of written-off claims (¥4.4 billion) amounted to ¥(2.3) billion.

## (2) Loans and deposits (Non-consolidated)

## (A) Loans and bills discounted

- Loans and bills discounted (period-end balance) decreased by ¥23.4 billion year-on-year.
- Yield on loans and bills discounted dropped by 9 basis points year-on-year to 2.82%.

	Dec. 31, 2023 (a)	(a) – (b)	Dec. 31, 2022 (b)	(Billions of yen) Mar. 31, 2023
Loans and bills discounted (period-end balance)	2,042.6	(23.4)	2,066.1	2,080.1
Consumer loans	1,562.3	(140.1)	1,702.5	1,670.4
Corporate investment real estate loans	90.0	44.9	45.0	57.4
Structured finance	150.8	53.4	97.3	126.4
Loans and bills discounted (average balance)	2,050.0	(45.0)	2,095.0	2,085.5

## Results of new loans

	Nine months ended Dec. 31, 2023 (a)	(a) - (b)	Nine months ended Dec. 31, 2022 (b)
New consumer loans	61.3	22.1	39.2
New corporate investment real estate loans	34.1	21.2	12.9
Subtotal	95.4	43.2	52.2
New structured finance	49.7	9.9	39.8
New collaboration loans, etc.	15.4	(24.5)	39.9
Grand total	160.7	28.7	132.0

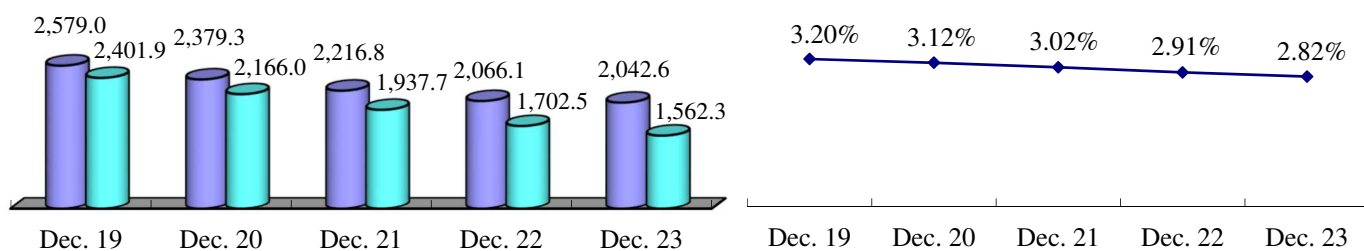
(Note) New loans of the areas to be promoted under the “Re:Start 2025” Mid-term Business Plan and thereafter.

Structured finance includes specified bonds, etc. and collaboration loans, etc. includes monetary claims bought.

- 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, 2023			Dec. 31, 2022		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	1,446.3	2.97%	7.18%	1,571.5	3.06%	6.82%
Housing loans	422.3	2.60%	0.36%	435.0	2.73%	0.32%
Investment property loans	992.3	3.09%	10.30%	1,103.8	3.17%	9.60%
Other secured loans	31.6	4.10%	0.28%	32.5	4.33%	0.21%
Unsecured loans	116.0	10.49%	1.81%	131.0	10.46%	2.45%
Card loans	83.5	11.66%	0.71%	90.2	11.77%	0.84%
Unsecured certificate loans	32.4	7.49%	4.66%	40.7	7.56%	6.02%
Consumer loans (A)	1,562.3	3.53%	6.78%	1,702.5	3.63%	6.49%
Consumer loans (excluding organizational negotiation partners)	1,465.8	-	1.42%	1,598.6	-	1.52%
Corporate investment real estate loans (B)	90.0	1.71%	-	45.0	1.81%	-
Structured finance (C)	155.4	2.27%	-	97.3	2.24%	-
Collaboration loans, etc. (D)	135.6	2.18%	0.02%	94.3	2.06%	-
Total (A)+(B)+(C)+(D)	1,943.4	3.25%	5.45%	1,939.2	3.44%	5.69%

(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) Classified by the areas to be promoted under the "Re:Start 2025" Mid-term Business Plan and thereafter.

Corporate investment real estate loans include investment real estate loans for asset management companies, etc.

Structured finance includes specified bonds, etc.

Collaboration loans, etc. are loans made jointly or in partnership with other companies (loan participations, purchases of corporate loans, etc.)

(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, 2023	
	Actual credit costs	Allowance
Investment property loans	(1.1)	96.3
Housing loans	(0.1)	1.9
Unsecured loans	0.0	2.2
Collaboration loans, etc.	(0.0)	0.2
Business financing loans, etc.	(1.0)	7.5
Total	(2.3)	108.3

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

## (B) Deposits

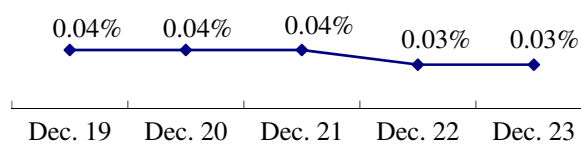
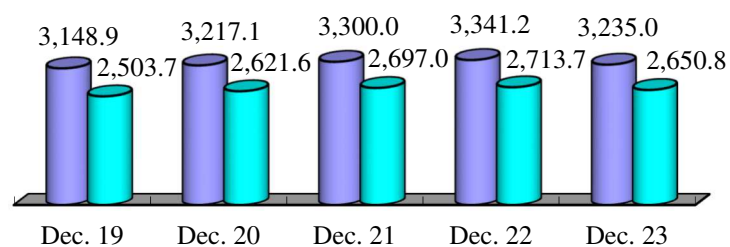
- Deposits (period-end balance) decreased by ¥106.1 billion year-on-year.
- Yield on deposits was 0.03%

	Dec. 31, 2023 (a)	(a) – (b)	Dec. 31, 2022 (b)	(Billions of yen)	
Deposits (period-end balance)	3,235.0	(106.1)	3,341.2	Mar. 31, 2023	3,355.7
Individual deposits	2,650.8	(62.9)	2,713.7		2,678.5
Deposits (average balance)	3,295.1	(44.3)	3,339.4		3,339.4

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

◆ Yield on deposits

(Billions of yen)



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

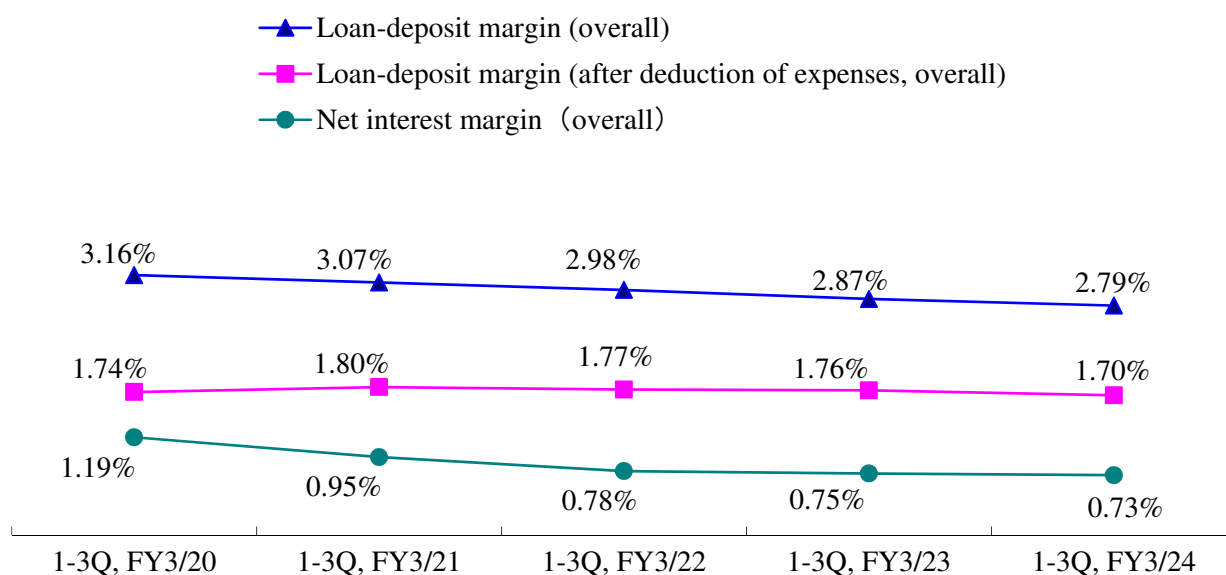
- Loan-deposit margin (after deduction of expenses, overall) shrunk by 6 basis points year-on-year to 1.70%, mainly due to the decline in the yield on loans and bills discounted.
- Net interest margin (overall) shrunk by 2 basis points year-on-year to 0.73%.

## Overall

	Nine months ended Dec. 31, 2023 (a)	(a) - (b)	Nine months ended Dec. 31, 2022 (b)	FY3/2023 (%)
Yield on loans and bills discounted	2.82	(0.09)	2.91	2.92
Yield on deposits	0.03	0.00	0.03	0.03
Loan-deposit margin (after deduction of expenses)	1.70	(0.06)	1.76	1.80
Net interest margin	0.73	(0.02)	0.75	0.77

## Domestic

	Nine months ended Dec. 31, 2023 (a)	(a) - (b)	Nine months ended Dec. 31, 2022 (b)	FY3/2023 (%)
Yield on loans and bills discounted	2.82	(0.09)	2.91	2.92
Yield on deposits	0.03	0.00	0.03	0.03
Loan-deposit margin (after deduction of expenses)	1.70	(0.09)	1.79	1.81
Net interest margin	0.74	(0.03)	0.77	0.79



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

- |  |
|--|
| <ul style="list-style-type: none"> <li>Non-performing loans based on the Financial Reconstruction Law decreased by ¥ 21.3 billion year-on-year.</li> <li>Non-performing loan ratio declined by 91 basis points year-on-year to 9.92%.</li> </ul> |
|--|

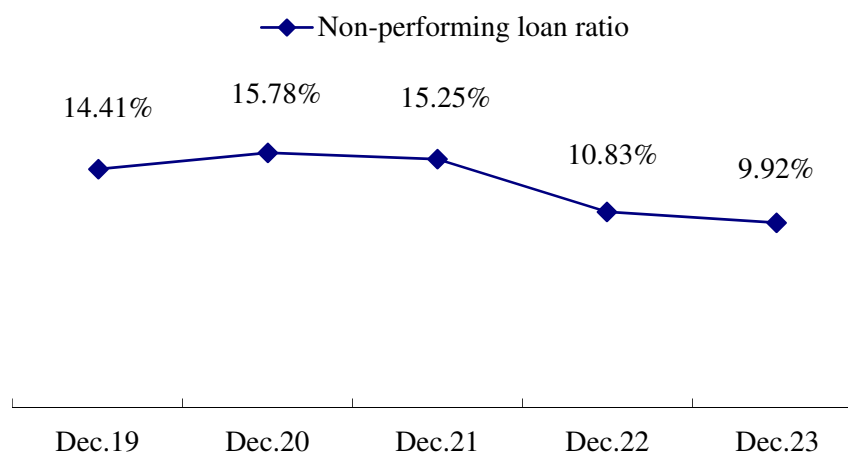
	Dec. 31, 2023	Dec. 31, 2022	(Millions of yen) Mar. 31, 2023
Claims against bankrupt and substantially bankrupt obligors	113,141	116,601	118,845
Claims with collection risk	42,373	50,660	47,205
Claims for special attention	48,153	57,798	53,255
Total (Non-performing loans based on the Financial Reconstruction Law)	203,668	225,059	219,307
Non-performing loan ratio	9.92%	10.83%	10.48%
Total coverage	170,158	180,017	180,037
Coverage ratio	83.54%	79.98%	82.09%

(Note1) Total claims = Loans and bills discounted + Foreign exchanges + Accrued interest + Customers' liabilities for acceptances and guarantees + 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)

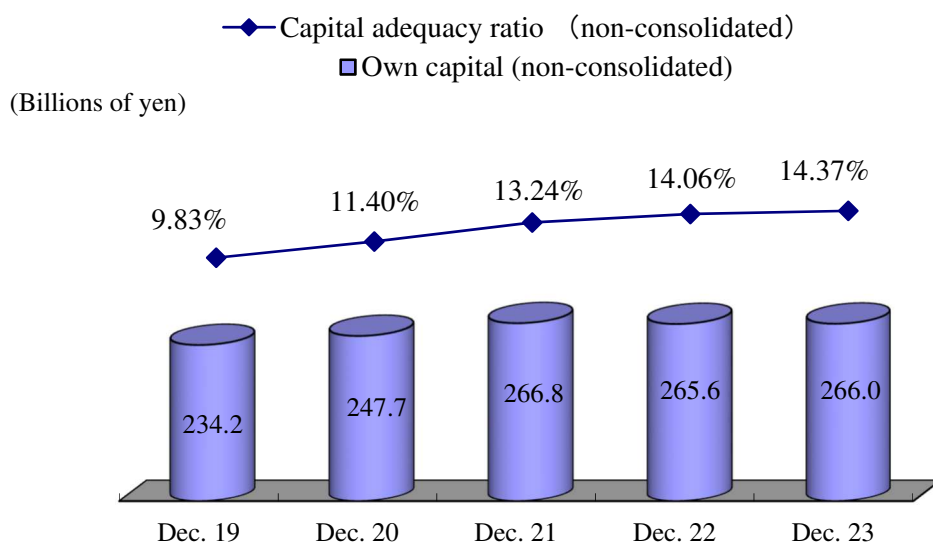
· Capital adequacy ratio (non-consolidated) rose by 31 basis points year-on-year to 14.37%.
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## Non-consolidated

	Dec. 31, 2023	Dec. 31, 2022	(Millions of yen) Mar. 31, 2023
Capital adequacy ratio	14.37%	14.06%	13.04%
Own capital (Core capital)	266,042	265,658	251,896
Core capital: instruments and reserves	289,439	288,056	276,161
Core capital: regulatory adjustments (-)	23,397	22,397	24,264
Risk-weighted assets	1,850,713	1,888,416	1,930,471
Total required capital	74,028	74,312	75,759

## Consolidated

	Dec. 31, 2023	Dec. 31, 2022	(Millions of yen) Mar. 31, 2023
Capital adequacy ratio	14.76%	14.39%	13.43%
Own capital (Core capital)	278,716	277,487	264,173
Core capital: instruments and reserves	304,999	304,150	291,739
Core capital: regulatory adjustments (-)	26,282	26,662	27,566
Risk-weighted assets	1,887,573	1,927,517	1,966,465
Total required capital	75,502	75,876	77,199



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

(Millions of yen)

	Dec. 31, 2023	
	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	267,909	281,706
Capital and capital surplus	51,234	34,622
Retained earnings	234,904	265,312
Treasury shares (-)	18,229	18,229
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	1,541
Remeasurements of defined benefit plans	-	1,541
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	21,530	21,740
General allowance for loan losses	21,530	21,740
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	-	10
<b>Core capital: instruments and reserves (A)</b>	<b>289,439</b>	<b>304,999</b>
<b>Core capital: regulatory adjustments (2)</b>		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	8,953	10,200
Goodwill (including those equivalent)	-	1,068
Other intangible fixed assets other than goodwill and mortgage servicing rights	8,953	9,132
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	1,473	1,570
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	12,970	-
Net defined benefit asset	-	14,511
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	-	-
<b>Core capital: regulatory adjustments (B)</b>	<b>23,397</b>	<b>26,282</b>
<b>Total capital (A-B) (C)</b>	<b>266,042</b>	<b>278,716</b>
<b>Risk-weighted assets (3)</b>		
Credit risk-weighted assets	1,722,464	1,739,322
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	128,249	148,250
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
<b>Total amount of risk-weighted assets (D)</b>	<b>1,850,713</b>	<b>1,887,573</b>
<b>Capital adequacy ratio (non-consolidated) (C/D)</b>	<b>14.37%</b>	<b>-</b>
<b>Capital adequacy ratio (consolidated) (C/D)</b>	<b>-</b>	<b>14.76%</b>

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

• Net unrealized gains (losses) on securities increased by ¥ 29.9 billion year-on-year.

	Dec. 31, 2023				Dec. 31, 2022				(Millions of yen) Mar. 31, 2023			
	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	324,697	9,845	18,464	8,618	446,244	(20,055)	7,890	27,946	292,026	(1,270)	8,239	9,509
Stocks	41,528	18,188	18,227	39	15,644	7,669	7,880	210	15,598	7,741	7,841	100
Bonds	164,039	(634)	220	855	187,008	(3,910)	9	3,920	154,701	(324)	397	721
Others	119,129	(7,708)	15	7,723	243,590	(23,814)	-	23,814	121,726	(8,687)	-	8,687

(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 decreased by ¥ 43.4 billion year-on-year.

• The ratio of investment products to total individual deposit assets rose by 70 basis points year-on-year to 4.2%.

	Dec. 31, 2023	(a) - (b)	Dec. 31, 2022	(Millions of yen) Mar. 31, 2023	
	(a)		(b)		
Individual deposit assets	2,766,956	(43,425)	2,810,381	2,778,039	
Yen deposits	2,648,739	(62,428)	2,711,167	2,676,056	
Investment products	118,217	19,004	99,213	101,982	
Foreign currency deposits	2,139	(477)	2,616	2,462	
Public bonds	4,528	794	3,734	3,891	
Mutual funds	66,819	5,430	61,389	62,828	
Personal pension plans	22,032	7,854	14,178	14,219	
Single premium life insurance	22,696	5,403	17,293	18,581	
The ratio of investment products to total individual deposit assets	4.2%	0.7%	3.5%	3.6%	