

SURUGA bank, Ltd.

Consolidated financial results for the three months ended June 30, 2024

<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 three months ended June 30, 2024

(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	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	22,286	6.3	7,594	58.8	6,810	94.0
June 30, 2023	20,963	1.3	4,780	11.1	3,510	(13.5)

(Note) Comprehensive income: (a) Three months ended June 30, 2024: ¥ 4,496 million [(8.2)%]

(b) Three months ended June 30, 2023: ¥ 4,902 million [-%]

	Earnings per share	Earnings per share (diluted)
Three months ended	Yen	Yen
June 30, 2024	35.37	-
June 30, 2023	18.63	-

(Note) Earnings per share (diluted) for the three months ended June 30, 2023 and 2024 are not provided because there are no potentially shares.

(2) Consolidated financial position

	Total assets	Total net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	3,527,866	296,916	8.4
March 31, 2024	3,560,741	295,120	8.2

(Reference) Shareholders' equity: (a) As of June 30, 2024: ¥ 296,812 million; (b) As of March 31, 2024: ¥ 295,012 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, 2024	—	7.00	—	14.00	21.00
ending March 31, 2025	—				
ending March 31, 2025 (forecast)		11.00	—	11.00	22.00

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2025

(% represents the change from the previous fiscal year)

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	yen
1H, FY3/2025	8,500	(33.8)	7,000	(27.0)	36.35
FY3/2025	19,000	(7.9)	14,500	(5.6)	75.30

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

*Notes

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

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

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

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

(A) Changes in accounting policies due to revision of accounting standards: 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 June 30, 2024	197,139,248 shares	As of March 31, 2024	232,139,248 shares
(B) Number of treasury shares:	As of June 30, 2024	4,592,906 shares	As of March 31, 2024	39,592,505 shares
(C) Average number of shares:	Three months ended June 30, 2024	192,546,535 shares	Three months ended June 30, 2023	188,372,270 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 Jun. 30, 2024: 257,900 shares, As of Mar. 31, 2024: 257,900 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 Jun. 30, 2024: 257,900 shares, As of Jun. 30, 2023: - shares).

(Note1) Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

(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.

(Note3) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Appendix)

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1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the three months ended June 30, 2024, ordinary income increased by ¥1.323 billion year-on-year to ¥22.286 billion. This was primarily due to an increase in reversal of allowance for loan losses. Meanwhile, ordinary expenses decreased by ¥1.491 billion year-on-year to ¥14.692 billion, mainly due to the decline in disposal of non-performing loan losses.

As a result, ordinary profit increased by ¥2.814 billion year-on-year to ¥7.594 billion.

Profit attributable to owners of parent increased by ¥3.300 billion year-on-year to ¥6.810 billion.

(2) Details of financial position

As for the consolidated major account balances as of June 30, 2024, deposits amounted to ¥3,212.534 billion, down by ¥32.373 billion from March 31, 2024.

Loans and bills discounted came in at ¥2,081.607 billion, down by ¥4.994 billion from March 31, 2024.

Securities amounted to ¥308.223 billion, rose by ¥32.142 billion from March 31, 2024.

(3) Details of forecast information, including earnings forecast

The earnings forecast for the fiscal year ending March 31, 2025 remains unchanged from that announced on May 10, 2024.

Consolidated

(Billions of yen)

	FY3/2025 (Forecast)	
	First half	Full year
Ordinary profit	8.5	19.0
Profit attributable to owners of parent	7.0	14.5

Non-consolidated

(Billions of yen)

	FY3/2025 (Forecast)	
	First half	Full year
Core gross operating profit	28.5	56.0
Core net operating profit	10.5	20.5
Ordinary profit	8.5	18.5
Net income	7.0	14.5
Actual credit costs	2.5	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, 2024	As of Jun. 30, 2024
Assets		
Cash and due from banks	982,204	887,318
Call loans and bills bought	85,000	115,837
Monetary claims bought	125,353	119,635
Trading securities	42	43
Money held in trust	99	99
Securities	276,081	308,223
Loans and bills discounted	2,076,613	2,081,607
Foreign exchanges	6,366	3,185
Lease receivables and investment assets	4,948	5,075
Other assets	40,340	38,627
Property, plant and equipment	31,950	30,846
Intangible assets	13,358	12,775
Retirement benefit asset	22,916	23,316
Deferred tax assets	7,052	7,999
Customers' liabilities for acceptances and guarantees	1,265	1,211
Allowance for loan losses	(112,852)	(107,936)
Total assets	3,560,741	3,527,866
Liabilities		
Deposits	3,244,907	3,212,534
Foreign exchanges	180	13
Other liabilities	17,332	15,618
Provision for bonuses	464	17
Provision for bonuses for directors (and other officers)	19	—
Retirement benefit liability	282	286
Provision for share-based compensation	676	814
Provision for reimbursement of deposits	198	183
Provision for contingent loss	44	48
Deferred tax liabilities	248	220
Acceptances and guarantees	1,265	1,211
Total liabilities	3,265,621	3,230,949
Net assets		
Share capital	30,043	30,043
Capital surplus	4,579	—
Retained earnings	267,190	253,114
Treasury shares	(25,735)	(2,968)
Total shareholders' equity	276,077	280,188
Valuation difference on available-for-sale securities	16,114	13,945
Deferred gains or losses on hedges	4	7
Remeasurements of defined benefit plans	2,815	2,670
Total accumulated other comprehensive income	18,934	16,623
Non-controlling interests	108	104
Total net assets	295,120	296,916
Total liabilities and net assets	3,560,741	3,527,866

(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, 2023	For the three months ended Jun. 30, 2024
Ordinary income	20,963	22,286
Interest income	17,013	17,211
Interest on loans and discounts	15,727	14,764
Interest and dividends on securities	362	1,465
Fees and commissions	1,799	1,995
Other ordinary income	723	762
Other income	1,427	2,317
Ordinary expenses	16,183	14,692
Interest expenses	299	342
Interest on deposits	293	337
Fees and commissions payments	2,373	2,267
Other ordinary expenses	666	660
General and administrative expenses	10,330	9,718
Other expenses	2,514	1,703
Ordinary profit	4,780	7,594
Extraordinary income	—	738
Gain on disposal of non-current assets	—	738
Extraordinary losses	431	140
Loss on disposal of non-current assets	88	139
Impairment losses	342	0
Profit before income taxes	4,348	8,192
Income taxes	840	1,385
Profit	3,508	6,807
Loss attributable to non-controlling interests	(2)	(3)
Profit attributable to owners of parent	3,510	6,810

Consolidated statements of comprehensive income

(Millions of yen)

	For the three months ended Jun. 30, 2023	For the three months ended Jun. 30, 2024
Profit	3,508	6,807
Other comprehensive income		
Valuation difference on available-for-sale securities	1,490	(2,168)
Deferred gains(losses) on hedges	(2)	2
Remeasurements of defined benefit plans, net of tax	(93)	(144)
Total other comprehensive income	1,393	(2,310)
Comprehensive income	4,902	4,496
(Breakdown)		
Comprehensive income attributable to owners of parent	4,904	4,499
Comprehensive income attributable to non-controlling interests	(2)	(3)

(3) Notes regarding consolidated financial statements

(Notes on going-concern assumption)

Not applicable.

(Notes for material changes in shareholders' equity)

Suruga Bank cancelled 35,000 thousand shares of treasury stock in accordance with the resolution of the Board of Directors meeting held on April 4, 2024, resulting in a decrease of 22,767 million yen in both capital surplus and treasury stock.

As a result of the cancellation, the balance of other capital surplus was -18,187 million yen. Other capital surplus was therefore set to zero, and the negative value was reduced from other retained earnings.

Consequently, retained earnings decreased 14,076 million yen to 253,114 million yen and treasury stock decreased 22,767 million yen to 2,968 million yen at the end of the first quarter of the current consolidated fiscal year.

(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, 2024 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2025, 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, changes in accounting estimates and restatements)

Not applicable.

(Additional information)

(Stock compensation plan for executives)

Effective from the current fiscal year 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 first quarter consolidated accounting period were ¥148 million and 257 thousand shares, respectively.

The estimated amount to be paid under this plan for the previous consolidated fiscal year is recorded as a reserve for stock compensation.

(Notes for Segment Information)

For the three months ended June 30, 2023

1. Information on ordinary income and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Others	Total	Adjustments	Amount recorded in the consolidated financial statements
	Banking				
Ordinary income					
Ordinary income to external customers	18,949	2,014	20,963	-	20,963
Inter-segment internal ordinary income	30	286	316	(316)	-
Total	18,979	2,300	21,280	(316)	20,963
Segment profit	4,616	195	4,811	(31)	4,780

(Note1) Ordinary income is equivalent to net sales reported by companies in other industries.

(Note2) "Others" consists of businesses operated by consolidated subsidiaries (such as money lending, leasing, clerical agency services, credit guarantee and credit card services) which are not included in the reportable segments.

(Note3) The negative adjustment of ¥31 million in segment profit consists of the following: amortization of goodwill (¥(32) million) and deduction of inter-segment transactions (¥0 million).

(Note4) Segment profit is adjusted to ordinary profit as reported in the consolidated statements of income.

2. Information on impairment loss on non-current assets or goodwill by reportable segment

(Impairment loss on non-current assets by reportable segment)

In the banking segment, due to a decrease in operating cash flow from branches, etc., the book value of assets has been reduced to their recoverable amount, and the decrease has been recorded as an impairment loss under extraordinary losses. Additionally, for idle assets where the recovery of investment is no longer anticipated due to a change in usage, the book value of these assets has also been reduced to their recoverable amount, with the decrease recorded as an impairment loss under extraordinary losses.

The amount of such impairment loss recorded was 342 million yen for the first quarter of the consolidated cumulative accounting period.

(Significant changes in the amount of goodwill)

Not applicable.

(Gain on negative goodwill by reportable segment)

Not applicable.

For the three months ended June 30, 2024

1. Information on ordinary income and profit or loss by reportable segment

(Millions of yen)

	Reportable segment	Others	Total	Adjustments	Amount recorded in the consolidated financial statements
	Banking				
Ordinary income					
Ordinary income to external customers	20,428	2,076	22,505	(218)	22,286
Inter-segment internal ordinary income	33	247	280	(280)	-
Total	20,462	2,323	22,786	(499)	22,286
Segment profit	7,572	69	7,641	(47)	7,594

(Note1) Ordinary income is equivalent to net sales reported by companies in other industries.

(Note2) "Others" consists of businesses operated by consolidated subsidiaries (such as money lending, leasing, clerical agency services, credit guarantee and credit card services) which are not included in the reportable segments.

(Note3) The negative adjustment of ¥218 million in ordinary income to external customers consists of the following: reversal of allowance for loan losses (¥(218) million).

(Note4) The negative adjustment of ¥47 million in segment profit consists of the following: amortization of goodwill (¥(32) million) and deduction of inter-segment transactions (¥(14) million).

(Note5) Segment profit is adjusted to ordinary profit as reported in the consolidated statements of income.

2. Information on impairment loss on non-current assets or goodwill by reportable segment

(Impairment loss on non-current assets by reportable segment)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Gain on negative goodwill by reportable segment)

Not applicable.

3. Matters related to changes in reportable segments, etc

The Suruga Bank Group used to report Banking and Credit Card Business as its reportable segments. However, from the first quarter of the consolidated accounting period, the Group has changed to report only Banking as a reportable segment, as it has determined that the Credit Card Business is no longer significant in terms of volume. For reference, the segment information for the previous first quarter consolidated cumulative period is presented according to the revised classification.

(Notes for statements of cash flows)

The Company does not prepare the quarterly statement of cash flows for the cumulative first quarter period of the current fiscal year. Depreciation expenses (including the amortization of intangible assets excluding good will) and goodwill amortization expense for the cumulative first quarter periods are as follows.

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation expenses	1,283	1,178
Goodwill amortization expense	32	32

Financial Results for the three months ended June 30, 2024 - Supplementary Information -

(1) Operating results for the three months ended June 30, 2024 (Non-consolidated)

(Millions of yen)

	Three months ended Jun. 30, 2024 (a)	Three months ended Jun. 30, 2023 (b)	Change (a) - (b)	FY3/2024
Gross operating profit	15,448	14,978	470	51,175
Net interest income	15,911	15,766	145	61,473
Net fees and commissions	(476)	(782)	306	(2,984)
Net other operating income	13	(5)	18	(7,313)
(Gains (losses) on bonds)	(1)	(12)	11	(7,339)
Core gross operating profit (Note1)	15,450	14,990	460	58,514
Expenses	9,010	9,610	(600)	35,159
Personnel expenses	3,382	3,406	(24)	13,414
Non-personnel expenses	4,703	5,209	(506)	18,851
Core net operating profit (Note2)	6,439	5,380	1,059	23,354
Excluding gains (losses) on cancellation of investment trusts	6,439	5,380	1,059	23,354
Actual net operating profit (Note3)	6,438	5,367	1,071	16,015
Provision of general allowance for loan losses (Note4)	-	(1,438)	1,438	-
Net operating profit	6,438	6,805	(367)	16,015
Non-recurring gains (losses)	1,134	(2,189)	3,323	4,141
Gains (losses) on stocks	-	(0)	0	2,150
Ordinary profit	7,572	4,616	2,956	20,156
Extraordinary gains (losses)	598	(431)	1,029	(1,153)
Income before income taxes	8,170	4,184	3,986	19,003
Income taxes (Note5)	1,356	790	566	3,977
Net income	6,814	3,393	3,421	15,025

(Millions of yen)

Net credit costs (Note6)	30	1,864	(1,834)	4,248
Provision of general allowance for loan losses (Note4)	-	(1,438)	1,438	-
Disposal of non-performing loans	1,220	3,303	(2,083)	8,796
Reversal of allowance for loan losses (Note4)	1,189	-	1,189	4,547
Recoveries of written-off claims	1,231	1,235	(4)	6,308
Actual credit costs (Note7)	(1,200)	629	(1,829)	(2,059)

(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 fiscal year ended Jun. 30, 2024, and FY 3/2024 the net amount of reversal of general allowance for loan losses and provision for specific allowance for loan losses is recorded in reversal of allowance for loan losses, given that the former exceeded the latter during period.

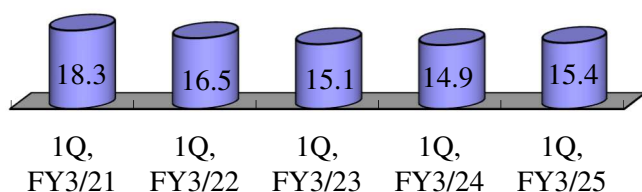
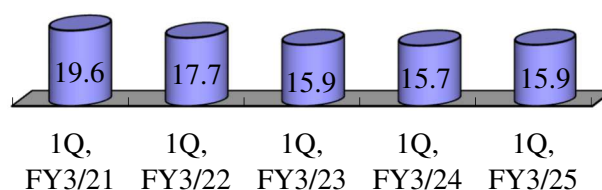
(Note5) The amount of Income taxes for the FY3/2024 is that of Total income taxes.

(Note6) Net credit costs = Provision of 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) Gross operating profit: ¥15.4 billion

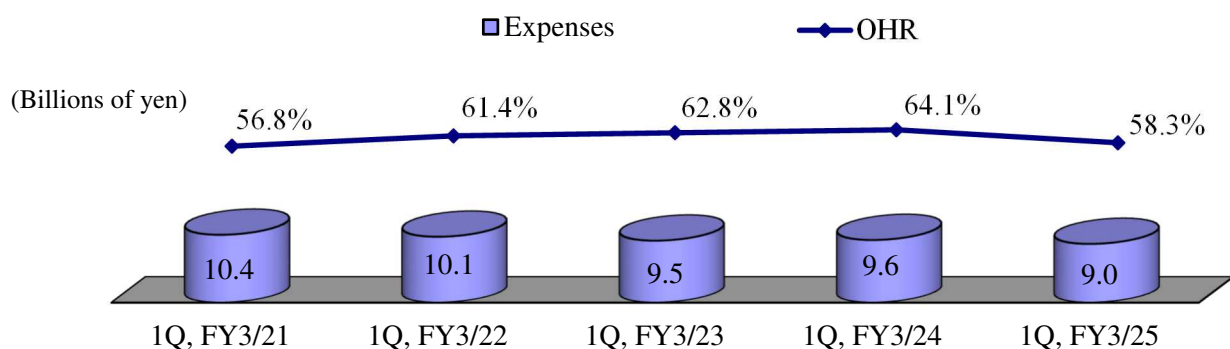
- Core gross operating profit increased by ¥0.4 billion year-on-year.
- Net interest income increased by ¥0.1 billion year-on-year, mainly due to an increase in interest and dividends on securities.

Core gross operating profit
(Billions of yen)Net interest income
(Billions of yen)

(B) Expenses: OHR (Based on core gross profit (excluding gains (losses) on cancellation of investment trusts): 58.3%

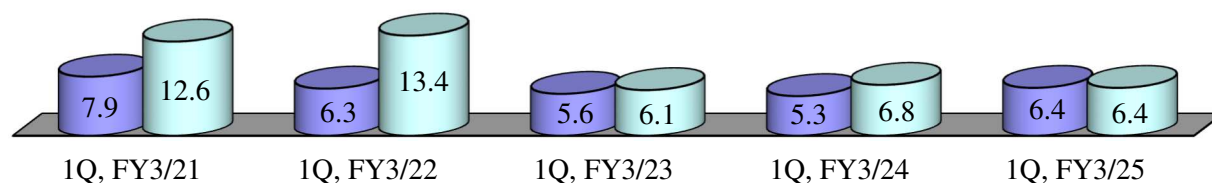
- Expenses decreased by ¥0.6 billion year-on-year, mainly due to a decrease in Non-personnel expenses.
- OHR declined year-on-year to 58.3%.

(OHR (%) = Expenses / Core gross operating profit (excluding gains (losses) on cancellation of investment trusts) × 100)



(C) Core net operating profit: ¥6.4 billion, Net operating profit: ¥6.4 billion

- Core net operating profit increased by ¥1.0 billion year-on-year, mainly due to a decrease in expenses.
- Net operating profit decreased by ¥0.3 billion year-on-year.

Core net operating profit Net operating profit
(Billions of yen)

(D) Ordinary profit: ¥7.5 billion, Net income: ¥6.8 billion

- Ordinary profit increased by ¥2.9 billion year-on-year.
- Net income increased by ¥3.4 billion year-on-year, mainly due to an increase in ordinary profit.

(E) Actual credit costs: ¥(1.2) billion

- Net credit costs decreased by ¥1.8 billion year-on-year, mainly due to a decrease (¥2.0 billion) in disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥0.0 billion) minus the amount of recoveries of written-off claims (¥1.2 billion) amounted to ¥(1.2) billion.

(2) Loans and deposits (Non-consolidated)

(A) Loans and bills discounted

- Loans and bills discounted (period-end balance) increased by ¥12.8 billion year-on-year.
- Yield on loans and bills discounted dropped by 17 basis points year-on-year to 2.69%.

	Jun. 30, 2024 (a)	(a) – (b)	Jun. 30, 2023 (b)	(Billions of yen) Mar. 31, 2024
Loans and bills discounted (period-end balance)	2,072.1	12.8	2,059.3	2,066.7
Consumer loans	1,512.0	(120.8)	1,632.8	1,537.9
Corporate investment real estate loans	112.3	46.6	65.7	101.8
Structured finance	188.0	49.3	138.7	172.2
Loans and bills discounted (average balance)	2,059.1	(14.9)	2,074.1	2,049.0

Results of new loans

	Three months ended Jun. 30, 2024 (a)	(a) - (b)	Three months ended Jun. 30, 2023 (b)
New consumer loans	25.0	8.6	16.4
New corporate investment real estate loans	11.8	3.1	8.7
Subtotal	36.9	11.8	25.1
New structured finance	19.1	(1.6)	20.7
New collaboration loans, etc.	11.1	11.1	-
Grand total	67.2	21.4	45.8

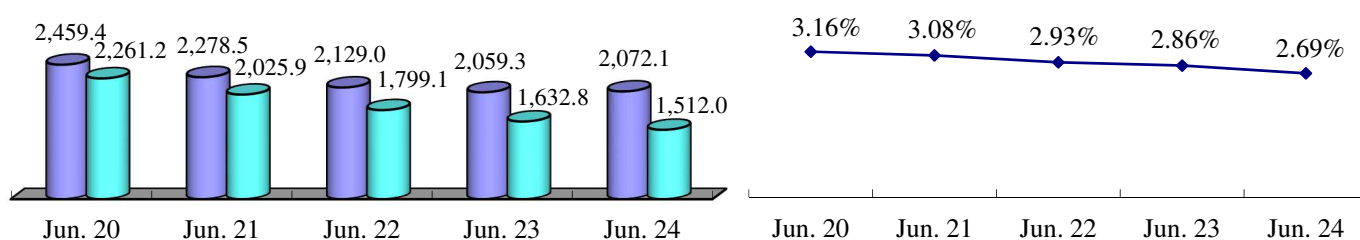
(Note1) New loans of the areas to be promoted under the “Re:Start 2025” Mid-term Business Plan and thereafter.

(Note2) 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)



Outstanding balance, yield, delinquency rate by loan category

(Billions of yen)

Loan category	Jun. 30, 2024			Jun. 30, 2023		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	1,402.0	2.91%	7.12%	1,509.0	3.04%	7.15%
Housing loans	422.2	2.52%	0.35%	426.0	2.67%	0.35%
Investment property loans	948.9	3.05%	10.36%	1,050.7	3.15%	10.11%
Other secured loans	30.8	4.00%	0.25%	32.2	4.19%	0.23%
Unsecured loans	110.0	10.48%	1.66%	123.8	10.47%	2.41%
Card loans	80.8	11.58%	0.57%	87.1	11.71%	0.90%
Unsecured certificate loans	29.1	7.44%	4.68%	36.7	7.52%	6.01%
Consumer loans (A)	1,512.0	3.46%	6.72%	1,632.8	3.60%	6.79%
Consumer loans (excluding organizational negotiation partners)	1,419.2	-	1.21%	1,533.7	-	1.61%
Corporate investment real estate loans (B)	112.3	1.68%	-	65.7	1.76%	-
Structured finance (C)	193.5	2.39%	-	143.3	2.34%	-
Collaboration loans, etc. (D)	146.5	2.21%	0.03%	127.6	2.23%	-
Total (A)+(B)+(C)+(D)	1,964.4	3.16%	5.18%	1,969.6	3.36%	5.62%

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

(Note2) Yield: Yield for customers (guarantee fee and accrued interest are not taken into account), 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.

Actual credit costs and Allowance for loan losses

(Billions of yen)

Item	Jun. 30, 2024	
	Actual credit costs	Allowance
Investment property loans	1.3	91.6
Housing loans	0.1	1.8
Unsecured loans	(0.0)	1.9
Collaboration loans, etc.	0.0	0.2
Business financing loans, etc.	0.0	7.0
Total	(1.2)	102.7

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

(B) Deposits

- Deposits (period-end balance) decreased by ¥138.0 billion year-on-year.
- Yield on deposits rose by 1 basis point year-on-year to 0.04%.

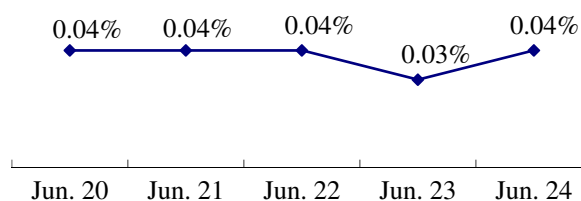
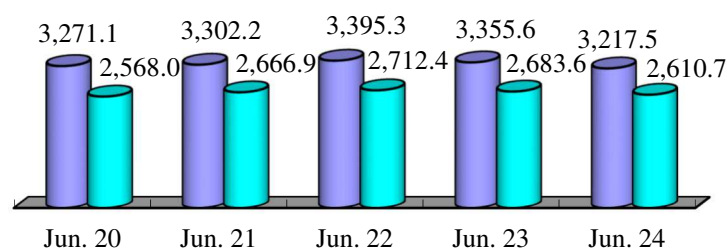
	Jun. 30, 2024 (a)	(a) – (b)	Jun. 30, 2023 (b)	(Billions of yen) Mar. 31, 2024
Deposits (period-end balance)	3,217.5	(138.0)	3,355.6	3,250.4
Individual deposits	2,610.7	(72.9)	2,683.6	2,610.9
Deposits (average balance)	3,223.7	(126.4)	3,350.1	3,278.4

■ 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 15 basis points year-on-year to 1.52%, mainly due to the decline in the yield on loans and bills discounted.
- Net interest margin (overall) expanded by 2 basis points year-on-year to 0.73%, mainly due to the rising in the yield on securities.

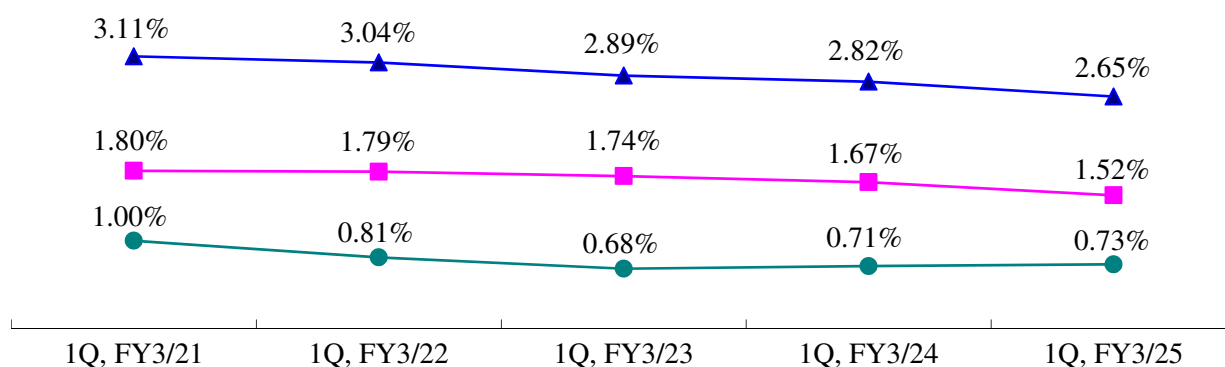
Overall

	Three months ended Jun. 30, 2024 (a)	(a) - (b)	Three months ended Jun. 30, 2023 (b)	(%) FY3/2024
Yield on loans and bills discounted	2.69	(0.17)	2.86	2.80
Yield on deposits	0.04	0.01	0.03	0.03
Loan-deposit margin (after deduction of expenses)	1.52	(0.15)	1.67	1.70
Net interest margin	0.73	0.02	0.71	0.73

Domestic

	Three months ended Jun. 30, 2024 (a)	(a) - (b)	Three months ended Jun. 30, 2023 (b)	(%) FY3/2024
Yield on loans and bills discounted	2.69	(0.17)	2.86	2.80
Yield on deposits	0.04	0.01	0.03	0.03
Loan-deposit margin (after deduction of expenses)	1.53	(0.15)	1.68	1.70
Net interest margin	0.74	0.02	0.72	0.74

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



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

- Non-performing loans based on the Financial Reconstruction Law decreased by ¥ 16.0 billion year-on-year.
- Non-performing loan ratio dropped by 83 basis points year-on-year to 9.45%.
- Non-performing loan ratio that excluding organizational negotiation partners declined by 71 basis points year-on-year (As of June 30, 2023:6.52%, As of June 30, 2024:5.95%)

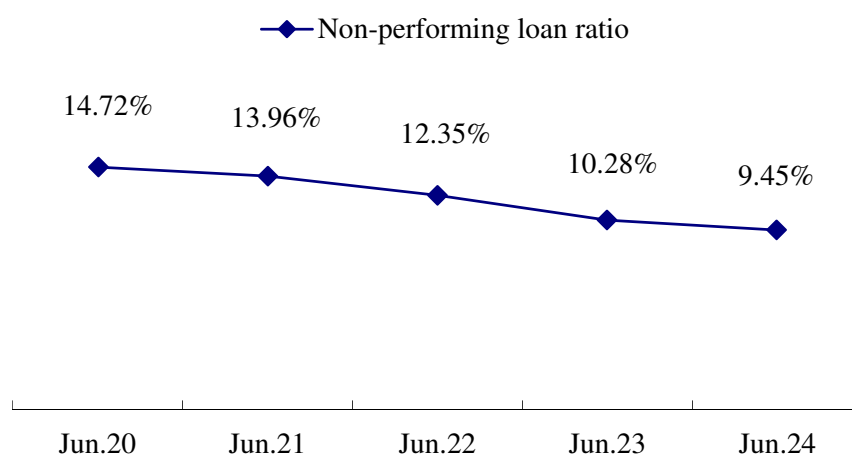
	Jun. 30, 2024	Jun. 30, 2023	(Millions of yen) Mar. 31, 2024
Claims against bankrupt and substantially bankrupt obligors	109,320	120,400	113,939
Claims with collection risk	52,797	43,909	53,336
Claims for special attention	34,667	48,512	37,964
Total (Non-performing loans based on the Financial Reconstruction Law)	196,784	212,822	205,239
Non-performing loan ratio	9.45%	10.28%	9.88%
Total coverage	164,894	177,738	171,389
Coverage ratio	83.79%	83.51%	83.50%

(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.

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



(5) Capital adequacy ratio (domestic standard)

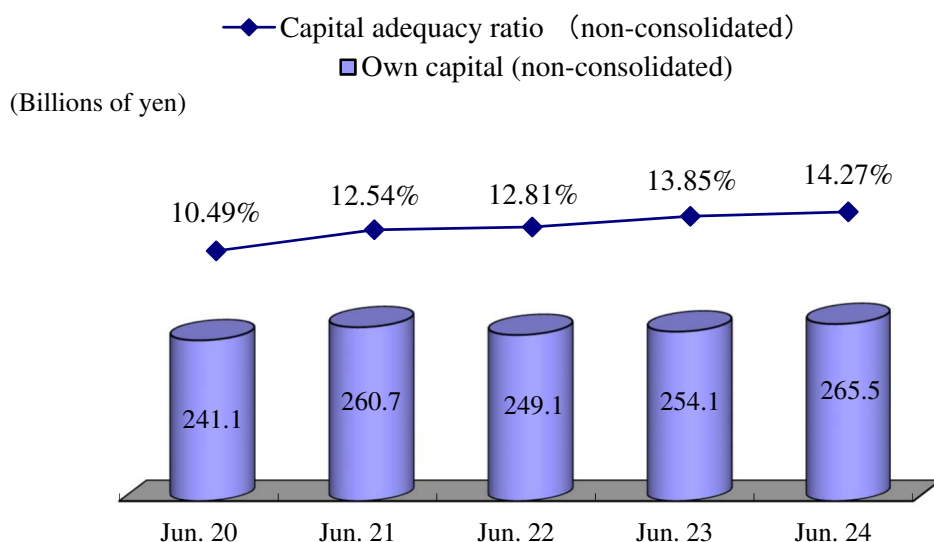
・Capital adequacy ratio (non-consolidated) rose by 42 basis points year-on-year to 14.27%.
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Non-consolidated

	Jun. 30, 2024	Jun. 30, 2023	(Millions of yen) Mar. 31, 2024
Capital adequacy ratio	14.27%	13.85%	14.00%
Own capital (Core capital)	265,545	254,182	258,609
Core capital: instruments and reserves	287,986	278,364	280,990
Core capital: regulatory adjustments (-)	22,440	24,181	22,380
Risk-weighted assets	1,860,797	1,834,997	1,846,272
Total required capital	74,431	73,399	73,850

Consolidated

	Jun. 30, 2024	Jun. 30, 2023	(Millions of yen) Mar. 31, 2024
Capital adequacy ratio	14.70%	14.25%	14.44%
Own capital (Core capital)	278,382	266,620	271,421
Core capital: instruments and reserves	304,729	293,962	297,905
Core capital: regulatory adjustments (-)	26,346	27,342	26,484
Risk-weighted assets	1,892,903	1,870,713	1,879,337
Total required capital	75,716	74,828	75,173



(6) Composition of own capital (domestic standard)

(Millions of yen)

	Jun. 30, 2024	
	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	266,278	280,188
Capital and capital surplus	48,629	30,043
Retained earnings	220,618	253,114
Treasury shares (-)	2,968	2,968
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	2,670
Remeasurements of defined benefit plans	-	2,670
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	21,707	21,870
General allowance for loan losses	21,707	21,870
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	-	-
Core capital: instruments and reserves (A)	287,986	304,729
Core capital: regulatory adjustments (2)		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	8,064	9,220
Goodwill (including those equivalent)	-	1,003
Other intangible fixed assets other than goodwill and mortgage servicing rights	8,064	8,217
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	772	851
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	13,604	-
Net defined benefit asset	-	16,274
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)	22,440	26,346
Total capital (A-B) (C)	265,545	278,382
Risk-weighted assets (3)		
Credit risk-weighted assets	1,736,624	1,749,656
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	124,172	143,246
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	1,860,797	1,892,903
Capital adequacy ratio (non-consolidated)		
Capital adequacy ratio (non-consolidated) (C/D)	14.27%	-
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) (C/D)	-	14.70%

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

• Net unrealized gains (losses) on securities increased by ¥ 18.0 billion year-on-year.

(Millions of yen)

	Jun. 30, 2024				Jun. 30, 2023				Mar. 31, 2024			
	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	303,306	18,729	25,614	6,884	316,235	640	10,569	9,929	270,974	21,742	25,503	3,761
Stocks	47,202	25,555	25,555	-	17,681	9,824	9,890	66	46,935	25,287	25,287	-
Bonds	186,342	(3,718)	13	3,731	176,351	49	678	628	159,094	(933)	191	1,125
Others	69,761	(3,106)	45	3,152	122,202	(9,234)	-	9,234	64,944	(2,611)	24	2,635

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

(Note2) Net 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 ¥ 48.4 billion year-on-year.
 • The ratio of investment products to total individual deposit assets rose by 100 basis points year-on-year to 4.8%.

(Millions of yen)

	Jun. 30, 2024 (a)	(a) - (b)	Jun. 30, 2023 (b)	Mar. 31, 2024
Individual deposit assets	2,741,191	(48,432)	2,789,623	2,734,405
Yen deposits	2,609,205	(71,986)	2,681,191	2,609,110
Investment products	131,986	23,555	108,431	125,294
Foreign currency deposits	1,507	(960)	2,467	1,807
Public bonds	5,591	1,577	4,014	4,627
Mutual funds	74,590	8,172	66,418	71,446
Personal pension plans	25,323	9,521	15,802	23,637
Single premium life insurance	24,972	5,244	19,728	23,775
The ratio of investment products to total individual deposit assets	4.8%	1.0%	3.8%	4.5%