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Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]

July 31, 2024

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Listing: Tokyo
Securities code: 8550
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Scheduled date to commence dividend payments: -
Trading accounts: None
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	10,706	5.4	1,668	39.5	1,050	86.4
June 30, 2023	10,158	(19.6)	1,196	38.8	563	87.0

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ (631) million [-%]
Three months ended June 30, 2023: ¥ 1,376 million [-%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	10.15	-
June 30, 2023	5.44	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	3,441,167	150,798	4.3
March 31, 2024	3,314,542	151,761	4.5

(Reference) Equity: As of June 30, 2024: ¥ 149,243 million
As of March 31, 2024: ¥ 150,198 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	3.00	-	3.00	6.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		3.50	-	3.50	7.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Ordinary revenues		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	21,000	(0.4)	2,900	(16.1)	1,800	(2.3)	17.38
Full year	43,000	(5.0)	5,900	39.3	3,600	71.3	34.76

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement
1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: None
3) Changes in accounting estimates: None
4) Restatement: None

(4) Number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2024: 109,608,000 shares
March 31, 2024: 109,608,000 shares

2) Number of treasury shares at the end of the period:
June 30, 2024: 6,035,589 shares
March 31, 2024: 6,035,589 shares

3) Average number of shares outstanding during the period:
Three months ended June 30, 2024: 103,572,411 shares
Three months ended June 30, 2023: 103,538,965 shares

(Note) The Bank has introduced boad benefit trust (BBT). The total number of treasury shares at the end of period includes shares of the Bank (1,521,400 shares as of March 31, 2024, 1,521,400 shares as of June 30, 2024), held by BBT. The average number of shares during the period includes the average number of shares (1,531,957 shares during the year ended March 31, 2024, 1,521,400 shares during three monthes ended June 30, 2024) held by BBT as the treasury shares to be deducted.

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

* Proper use of earnings forecasts, and other special matters

The financial results forecast and other forward-looking statements herein are based on information currently available to the Bank and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to various factors.

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1. Overview of Operating Results

(1) Overview of Operating Results for the Period under Review

The financial results during the three months ended June 30, 2024 were as follows:

Ordinary income increased by 548 million yen year on year to 10,706 million yen due in part to increases in interest on loans and discounts and in fees and commissions, despite a decrease in interest and dividends on securities. Ordinary expenses increased by 76 million yen year on year to 9,038 million yen due in part to increases in loss on sale of equity securities and interest on deposits, despite a decrease in costs for loans written-off.

As a result, ordinary profit amounted to 1,668 million yen and profit attributable to owners of parent amounted to 1,050 million yen.

The operating results by segment are as follows:

In the Banking Business, ordinary income increased by 620 million yen year on year to 9,531 million yen, and segment profit increased by 625 million yen year on year to 1,609 million yen.

In the Financial Instruments Business, ordinary income decreased by 113 million yen to 553 million yen, and segment profit decreased by 83 million yen to 67 million yen.

In the Others, which is not included in the reportable segments but includes income from the leasing and credit card businesses of the consolidated subsidiaries, ordinary income increased by 132 million yen year on year to 904 million yen, and segment profit decreased by 69 million yen year on year to 19 million yen.

(2) Overview of Financial Position for the Period under Review

Assets at the end of the first quarter of the fiscal year under review increased by 126.6 billion yen from the end of the previous fiscal year to 3,441.1 billion yen due in part to increases in cash and due from banks. Liabilities increased by 127.5 billion yen from the end of the previous fiscal year to 3,290.3 billion yen due in part to an increase in deposits. Net assets decreased by 0.9 billion yen from the end of the previous fiscal year to 150.7 billion yen due in part to an increase in valuation difference on available-for-sale securities.

The status of main accounts is as follows:

(i) Deposits

The balance of deposits increased by 70.8 billion yen from the end of the previous fiscal year to 3,180.9 billion yen due in part to an increase in personal deposits.

(ii) Loans and bills discounted

The balance of loans and bills discounted increased by 11.2 billion yen from the end of the previous fiscal year to 2,071.2 billion yen.

(iii) Securities

The balance of securities increased by 0.4 billion yen from the end of the previous fiscal year to 607.1 billion yen.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

The status of profit and loss during the three months ended June 30, 2024 has been steady, and there is no change to the financial results forecast announced on May 10, 2024.

Quarterly Consolidated Financial Statements

Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Cash and due from banks	585,706	699,027
Call loans and bills bought	1,098	1,179
Trading securities	4	18
Money held in trust	600	584
Securities	606,717	607,185
Loans and bills discounted	2,060,027	2,071,252
Foreign exchanges	678	760
Other assets	29,217	29,570
Tangible fixed assets	20,350	21,163
Intangible fixed assets	1,169	1,163
Retirement benefit asset	10,232	10,387
Deferred tax assets	8,180	7,802
Customers' liabilities for acceptances and guarantees	2,265	2,907
Allowance for loan losses	(11,704)	(11,835)
Total assets	3,314,542	3,441,167
Liabilities		
Deposits	3,110,102	3,180,957
Negotiable certificates of deposit	-	1,000
Cash collateral received for securities lent	-	51,063
Borrowed money	34,125	35,113
Foreign exchanges	5	0
Other liabilities	13,402	17,095
Provision for bonuses	875	232
Provision for bonuses for directors (and other officers)	26	2
Retirement benefit liability	335	286
Provision for retirement benefits for directors (and other officers)	10	5
Provision for share awards for directors (and other officers)	164	204
Provision for reimbursement of deposits	266	268
Provision for contingent loss	357	383
Reserves under special laws	12	13
Deferred tax liabilities for land revaluation	833	833
Acceptances and guarantees	2,265	2,907
Total liabilities	3,162,781	3,290,368
Net assets		
Share capital	27,408	27,408
Capital surplus	30,036	30,036
Retained earnings	119,431	120,166
Treasury shares	(2,314)	(2,314)
Total shareholders' equity	174,561	175,296
Valuation difference on available-for-sale securities	(27,715)	(29,199)
Revaluation reserve for land	(637)	(637)
Remeasurements of defined benefit plans	3,989	3,783
Total accumulated other comprehensive income	(24,363)	(26,053)
Non-controlling interests	1,562	1,554
Total net assets	151,761	150,798
Total liabilities and net assets	3,314,542	3,441,167

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Ordinary income	10,158	10,706
Interest income	6,447	6,643
Interest on loans and discounts	5,161	5,333
Interest and dividends on securities	1,074	1,018
Fees and commissions	2,281	2,407
Other ordinary income	262	168
Other income	1,167	1,487
Ordinary expenses	8,962	9,038
Interest expenses	33	157
Interest on deposits	23	121
Fees and commissions payments	948	1,005
Other ordinary expenses	534	558
General and administrative expenses	5,927	5,689
Other expenses	1,518	1,627
Ordinary profit	1,196	1,668
Extraordinary income	1	61
Gain on disposal of non-current assets	1	61
Extraordinary losses	1	2
Loss on disposal of non-current assets	1	1
Provision of reserve for financial instruments transaction liabilities	-	0
Profit before income taxes	1,196	1,727
Income taxes - current	399	205
Income taxes - deferred	194	463
Total income taxes	594	669
Profit	602	1,058
Profit attributable to non-controlling interests	38	7
Profit attributable to owners of parent	563	1,050

Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	602	1,058
Other comprehensive income	774	(1,690)
Valuation difference on available-for-sale securities	798	(1,484)
Remeasurements of defined benefit plans, net of tax	(23)	(205)
Comprehensive income	1,376	(631)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,338	(639)
Comprehensive income attributable to non-controlling interests	38	7

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes to significant changes in shareholders' equity)

Not applicable.

(Additional information)

(Assumptions in estimating allowance for loan losses)

Although the impact of COVID-19 on economic activities is already in the recovery phase, the financial position of certain borrowers, which deteriorated as a result of the infection, has yet to recover.

For these borrowers, the Bank has decided the borrower classification in consideration of the prospects for business improvement. At the same time, in view of uncertainties as to whether borrowers will be able to continuously secure profits and cash flows necessary to improve the financial position, the Bank has estimated such effects for borrowers where the uncertainties still exist, and made necessary adjustments to its projected loss ratio and posted an allowance for loan losses of 1,695 million yen as of the end of the period under review (1,701 million yen as of the end of the previous fiscal year).

The Bank has made necessary adjustments to the above-projected loss ratio since the fiscal year ended March 31, 2021, and there were no borrowers subject to the necessary adjustments during the first quarter of the fiscal year under review. The amount of allowance for loan losses may increase or decrease in or after the second quarter of the fiscal year under review if the underlying assumptions for these estimates change.

Given the absence of precedent or standardized view to serve as a reference on the possibility of recovery of the financial position of borrowers, which has deteriorated due to the impact of the infection, the Bank has made its best possible estimates based on external and internal information currently available, and under certain assumptions.

(Performance-linked share-based remuneration plan using board benefit trust)

The Bank has introduced a board benefit trust (hereinafter, the "BBT") as a performance-linked share-based remuneration plan. The objective of the BBT is to further clarify the link between remuneration provided to Directors of the Bank (excluding Outside Directors) and the Bank's business performance and share value and thereby increase Directors' motivation to contribute to improving the Bank's medium- to long-term business performance and increasing its corporate value by sharing with shareholders not only benefits of share price increases but also risks associated with share price declines.

(i) Overview of the BBT

The BBT is a performance-linked share-based remuneration plan under which shares of the Bank are acquired through a trust (hereinafter, the trust established under the BBT is referred to as the "Trust") using money contributed by the Bank as the funds, and shares of the Bank and money equivalent to the amount of shares of the Bank converted based on fair value (hereinafter, "Shares of the Bank, etc.") are delivered to Directors through the Trust in accordance with the Regulations on Share Delivery to Officers stipulated by the Bank. In principle, Directors receive delivery of Shares of the

Bank, etc. when they retire from office as Director.

(ii) Shares of the Bank remaining in the Trust

Shares of the Bank remaining in the Trust are recorded as treasury shares under shareholders' equity, and the book value and number of said treasury shares as of the end of the first quarter of the fiscal year under review were 438 million yen and 1,521 thousand shares (438 million yen and 1,521 thousand shares as of the end of the fiscal year ended March 31, 2024), respectively.

(Notes to segment information, etc.)

Segment information

For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

1. Information concerning amount of ordinary income, and profit or loss by reportable segment

(Million yen)

	Reportable segment			Others	Total	Adjustments	Amount recorded in Quarterly Consolidated Statements of Income
	Banking Business	Financial Instruments Business	Total				
Ordinary income							
Ordinary income from outside customers	8,871	667	9,538	619	10,158	–	10,158
Inter-segment ordinary income	40	0	40	151	192	(192)	–
Total	8,911	667	9,579	771	10,350	(192)	10,158
Segment profit	984	151	1,135	89	1,224	(28)	1,196

(Notes) 1. Ordinary income is stated for each segment in lieu of net sales of general companies.

2. “Others” is a business segment that is not included in the reportable segments, which is comprised of the leasing business, the credit card business, etc.

3. The adjustment of (28) million yen in segment profit is due to elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.

2. Information concerning impairment losses on fixed assets and goodwill by reportable segment

(Significant impairment losses on fixed assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

For the three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

1. Information concerning amount of ordinary income, and profit or loss by reportable segment

(Million yen)

	Reportable segment			Others	Total	Adjustments	Amount recorded in Quarterly Consolidated Statements of Income
	Banking Business	Financial Instruments Business	Total				
Ordinary income							
Ordinary income from outside customers	9,404	553	9,958	748	10,706	–	10,706
Inter-segment ordinary income	126	0	127	155	283	(283)	–
Total	9,531	553	10,085	904	10,990	(283)	10,706
Segment profit	1,609	67	1,677	19	1,697	(28)	1,668

(Notes) 1. Ordinary income is stated for each segment in lieu of net sales of general companies.

2. “Others” is a business segment that is not included in the reportable segments, which is comprised of the leasing business, the credit card business, etc.

3. The negative adjustment of (28) million yen in segment profit is due to elimination of intersegment transactions.

4. Segment profit is adjusted with ordinary profit in the Quarterly Consolidated Statements of Income.

2. Information concerning impairment losses on fixed assets and goodwill by reportable segment

(Significant impairment losses on fixed assets)

Not applicable.

(Significant changes in the amount of goodwill)

Not applicable.

(Significant gain on negative goodwill)

Not applicable.

(Notes to statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 have not been prepared. Depreciation (including amortization related to intangible fixed assets) for the three months ended June 30, 2024 is as follows.

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	254	343

3. Reference Information

(1) Status of Profit and Loss for the Three Months Ended June 30, 2024 [Non-consolidated]

(Million yen)

	Three months ended June 30, 2024 (A)	Three months ended June 30, 2023 (B)	Changes (A) - (B)
Gross operating profit	7,038	6,891	147
(Excluding gains (losses) on government bonds and other securities)	7,591	7,401	189
Net interest income	6,507	6,443	64
Fees and commissions income	1,067	956	111
Other operating income	(537)	(508)	(28)
Expenses (excluding extraordinary adjustments)	5,436	5,418	17
Core net business profit	2,155	1,983	172
Core net business profit (excluding gains (losses) from cancellation of investment trust)	1,954	1,806	148
Gains (losses) on government bonds and other securities	(552)	(510)	(42)
Substantial net business profit	1,602	1,472	129
Provision of general allowance for loan losses (1)	71	229	(158)
Net business profit	1,531	1,243	288
Unusual profits and losses	43	(299)	342
Bad loans disposed (2)	270	708	(437)
(Costs for loans written-off (1) + (2))	341	938	(596)
Gains (losses) related to equity	(178)	198	(377)
Loss on devaluation of equity securities	–	0	0
Ordinary profit	1,575	944	630
Extraordinary income and losses	58	(1)	59
Profit before income taxes	1,633	942	690
Income taxes - current	171	276	(105)
Income taxes - deferred	432	190	242
Total income taxes	604	466	137
Profit	1,029	476	553

(2) Status of Loans Based on the Banking Act and the Financial Reconstruction Act

[Non-consolidated] (Million yen)

	June 30, 2024	June 30, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	1,992	1,515	1,848
Doubtful loans	40,414	41,170	40,178
Special attention loans	1,339	699	956
Accruing loans contractually past due 3 months or more	95	13	44
Restructured loans	1,244	686	912
Subtotal (A)	43,747	43,385	42,983
Normal assets	2,058,345	1,976,417	2,047,180
Total (total claims) (B)	2,102,093	2,019,803	2,090,164
Ratio to total claims (A) / (B)	2.08%	2.14%	2.05%

[Consolidated] (Million yen)

	June 30, 2024	June 30, 2023	March 31, 2024
Bankrupt and quasi-bankrupt loans	2,116	1,706	1,987
Doubtful loans	40,516	41,284	40,285
Special attention loans	1,340	700	956
Accruing loans contractually past due 3 months or more	95	13	44
Restructured loans	1,244	686	912
Subtotal (A)	43,973	43,691	43,228
Normal assets	2,057,140	1,976,003	2,046,411
Total (total claims) (B)	2,101,114	2,019,694	2,089,640
Ratio to total claims (A) / (B)	2.09%	2.16%	2.06%

(3) Capital Adequacy Ratio (domestic standard)

[Non-consolidated] (Million yen, %)

	June 30, 2024	March 31, 2024
(1) Capital adequacy ratio (2) / (3)	11.17	11.13
(2) Non-consolidated equity capital	169,539	168,781
(3) Risk assets	1,516,639	1,515,747
(4) Total consolidated equity capital requirements (3) × 4%	60,665	60,629

[Consolidated] (Million yen, %)

	June 30, 2024	March 31, 2024
(1) Capital adequacy ratio (2) / (3)	11.48	11.43
(2) Consolidated equity capital	175,770	174,914
(3) Risk assets	1,530,758	1,529,271
(4) Total consolidated equity capital requirements (3) × 4%	61,230	61,170

(4) Valuation Gain and Loss on Securities with Market Value [Non-consolidated]

(Million yen)

	June 30, 2024		June 30, 2023		March 31, 2024	
	Fair value	Valuation difference	Fair value	Valuation difference	Fair value	Valuation difference
Available-for-sale securities	602,135	(35,248)	622,621	(25,554)	601,784	(33,766)
Stocks	11,526	3,993	10,582	2,700	11,027	4,209
Bonds	334,163	(19,840)	351,275	(9,276)	330,140	(14,180)
Other	256,445	(19,402)	260,763	(18,977)	260,615	(23,795)

(Notes) 1. Valuation difference and unrealized gains (losses) are the difference between the carrying amount (after applying the amortized cost method and impairment) and the fair value.

2. Unrealized gains (losses) on bonds held to maturity are as follows:

(Million yen)

	June 30, 2024		June 30, 2023		March 31, 2024	
	Book value	Unrealized gains (losses)	Book value	Unrealized gains (losses)	Book value	Unrealized gains (losses)
Bonds held to maturity	–	–	–	–	–	–

(5) Balance of Deposits and Loans [Non-consolidated]

(Million yen)

	June 30, 2024	June 30, 2023	March 31, 2024
Deposits	3,183,618	3,137,883	3,111,935
Of which, personal deposits	2,537,518	2,499,050	2,508,550
Loans	2,072,234	1,990,234	2,060,553
Of which, housing loans	605,932	598,789	604,236

(Note) Negotiable certificates of deposit are not included.

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