



# Financial Results for the Fiscal Year Ended March 31st, 2024

May 24th, 2024

Nishi-Nippon Financial Holdings, Inc.

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# I. Financial Results

# 1. Overview of Financial Results

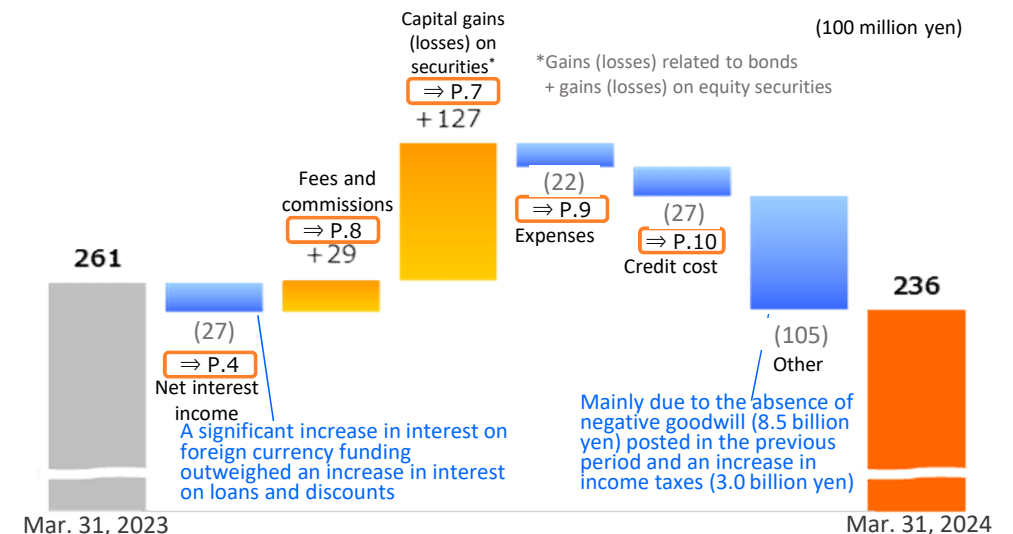
- ◆ Profit attributable to owners of parent fell 2.5 billion yen year-on-year (YoY) to 23.6 billion yen, as an increase in income from the main business including loans and fees and commissions was outweighed by the absence of the gain on negative goodwill posted in the previous fiscal year\* and an increase in interest on foreign currency funding resulting from the rising US interest rate.

\*Posted following the inclusion of Kyushu Leasing Service Co., Ltd. and City Ascom Co., Ltd. into the Group in October 2022.

## ■ Profit and Loss (Consolidated)

	FYE Mar. 31, 2024		FYE Mar. 31, 2023
	A	A-B	B
(100 million yen)			
<b>Gross operating profit</b>	<b>1,098</b>	16	<b>1,082</b>
(Core gross operating profit)	1,206	20	1,186
Net interest income	910	(27)	937
Fees and commissions	240	29	211
Trading income	10	(4)	14
Other operating income	(63)	18	(81)
(of which, net gains (losses) related to bonds)	(108)	(4)	(104)
<b>Expenses</b>	<b>802</b>	22	<b>780</b>
<b>Net business profits</b>	<b>296</b>	(5)	<b>301</b>
(Core business profits)	404	(2)	406
Gains (losses) on equity securities	153	131	22
Credit cost	66	27	39
Other extraordinary gains (losses)	(26)	(79)	53
<b>Ordinary profit</b>	<b>356</b>	19	<b>337</b>
Extraordinary profit (loss)	(8)	(12)	4
Income taxes	106	29	77
Profit attributable to non-controlling interest	6	2	4
<b>Profit attributable to owners of parent</b>	<b>236</b>	(25)	<b>261</b>

## <Profit attributable to owners of parent: Variance Factors YoY>



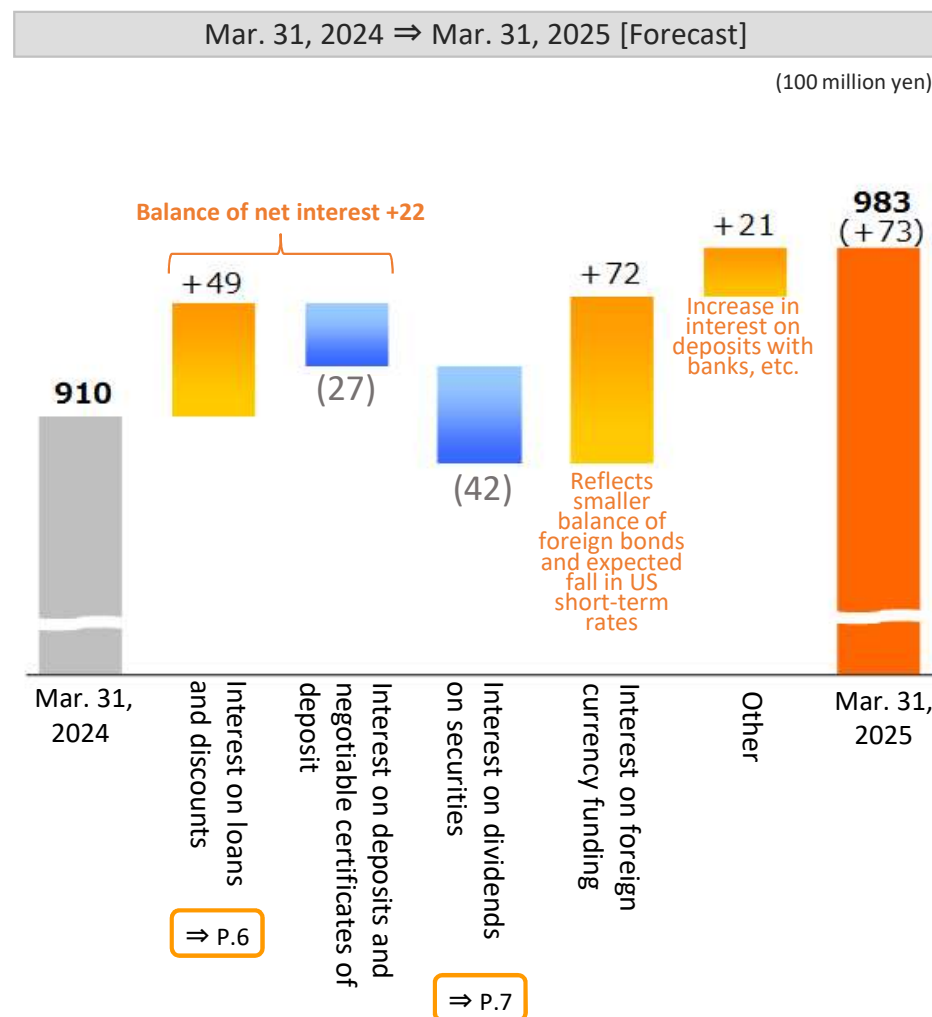
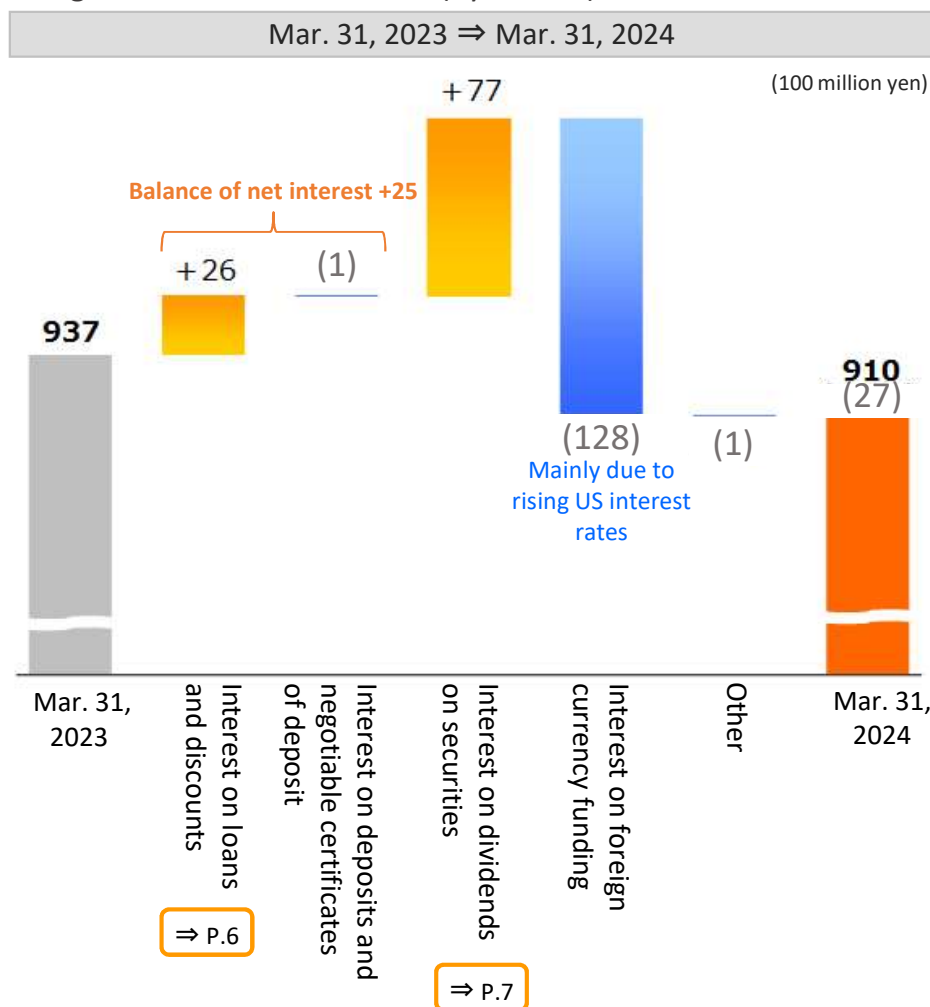
## ■ Profit and Loss (NCB)

	FYE Mar. 31, 2024		FYE Mar. 31, 2023
	A	A-B	B
(100 million yen)			
<b>Gross operating profit</b>	<b>883</b>	(5)	<b>888</b>
<b>Expenses</b>	<b>665</b>	14	<b>651</b>
<b>Net business profits</b>	<b>218</b>	(19)	<b>237</b>
Credit cost	53	20	33
<b>Ordinary profit</b>	<b>279</b>	75	<b>204</b>
<b>Profit attributable to owners of parent</b>	<b>188</b>	43	<b>145</b>

## 2. Net Interest Income

- ◆ Net interest income for the fiscal year ended March 31st, 2024 shrank by 2.7 billion yen YoY to 91.0 billion yen mainly due to an increase in interest on foreign currency funding, despite increases in interest on loans and discounts and interest and dividends on securities.
- ◆ Net interest income for the fiscal year ending March 31st, 2025 is expected to rise by 7.3 billion yen YoY to 98.3 billion yen.

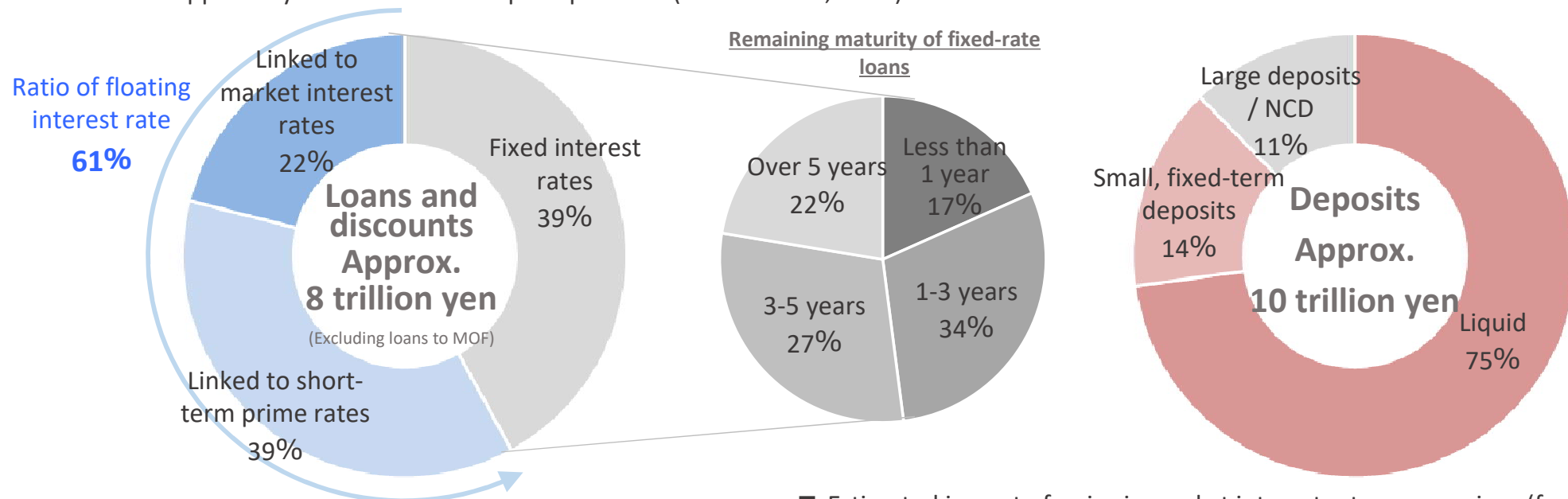
### ■ Changes in net interest income (by factors)



## <Appendix> Impact of Rising Domestic Interest Rates on Earnings

- ◆ The rise in market interest rates against the background of the change in the Bank of Japan's monetary policy and other factors is expected to have a positive impact on our performance, mainly through the expansion of the loan-to-deposit spread.
  - Approximately 60% of the Nishi-Nippon City Bank's loans and discounts are floating interest rate loans, and the bank's loan-deposit ratio is 80%, which is higher than the regional bank average. Due to this balance sheet structure, the bank will enjoy greater benefit from the rise in market interest rates.

■ The Nishi-Nippon City Bank's loan and deposit portfolio (as of Mar. 31, 2024)



<Loan-deposit ratio>

Nishi-Nippon City Bank	<b>80 %</b>
Regional bank average*	72 %

\* Calculated from data published by the Regional Banks Association of Japan (as of Sept. 30, 2023)

<Ratio of floating rate loans>

Nishi-Nippon City Bank	<b>61 %</b>
Major regional bank average*	54 %

\* Average of nine banks that disclose the above ratio in their IR data (for first half of FY2023), etc. among the largest 15 banks based on total assets

■ Estimated impact of a rise in market interest rates on earnings (for loans and deposits denominated in yen)

✓ Impact of a 0.1% rise in market interests on net interest income in a year **Approx. + 3.0 billion yen**  
(approx. +5.0 billion yen incl. impact of interest on money deposited in BOJ's current account [+2.0 billion yen])

Premises of the above calculation

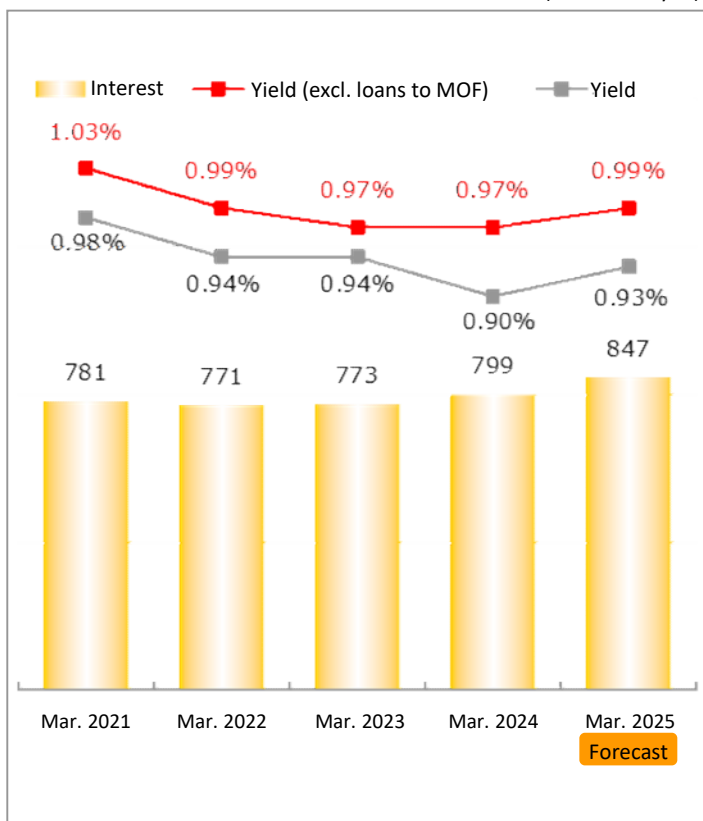
- Rises in market interest rates are immediately reflected without considering interest renewal timing. (Pass-throughs of market rate changes are projected as 60% for loans/discounts and 20% for deposits.)
- The above estimate assumes the same change in short-term prime rates. The impact without the short-term prime rate change is approx. +2.0 billion yen.)

## 2. Net Interest Income (1) Interest on Loans and Discounts (NCB)

- ◆ Interest on loans and discounts for the fiscal year ended March 31st, 2024 increased by 2.6 billion yen YoY to 79.9 billion yen on the back of solid growth of business loans and personal loans.
- ◆ Interest on loans and discounts for the fiscal year ending March 31st, 2025 is expected to grow by 4.8 billion yen YoY to 84.7 billion yen, given the ongoing trend of loan balance increases and the expected rise in yield.

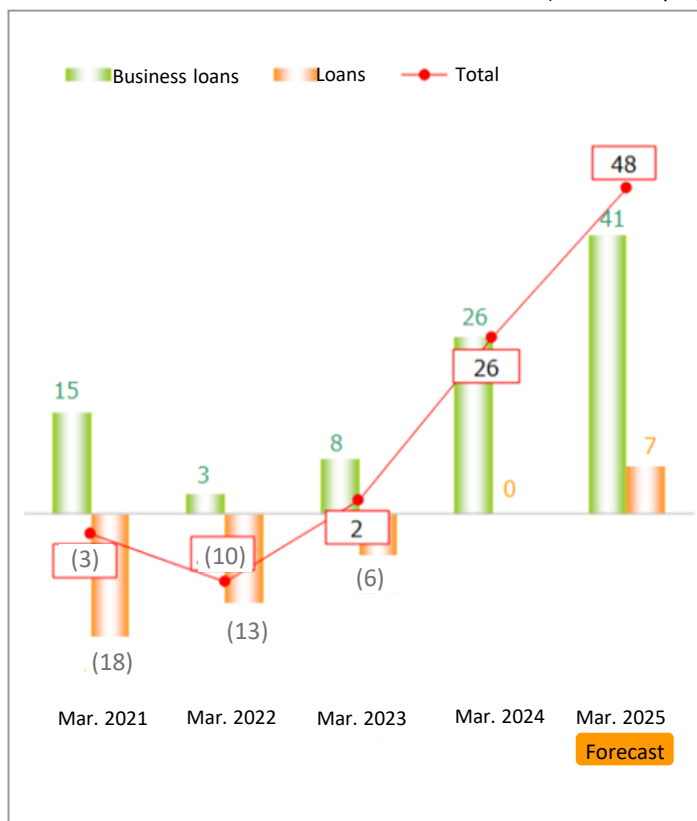
### ■ Interest and yield on loans and discounts

(100 million yen)



### ■ YoY changes in interest on loans and discounts

(100 million yen)



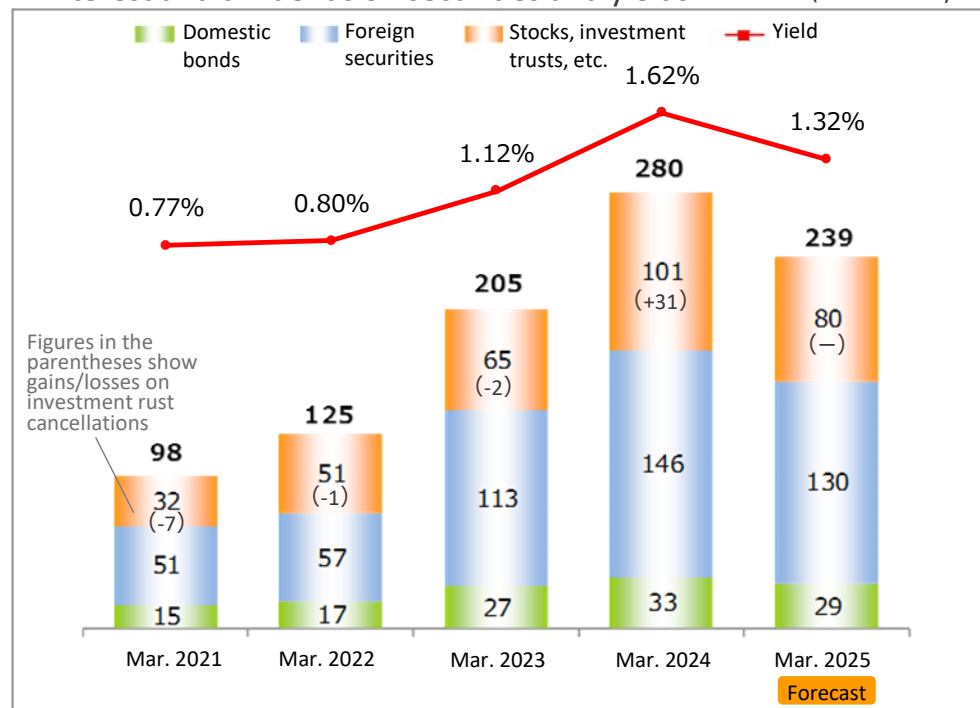
### ■ Loans and discounts (on an average amount outstanding basis) (Excluding loans to MOF) (100 million yen)



## 2. Net Interest Income (2) Interest and Dividends on Securities (NCB)

- ◆ Interest and dividends on securities for the fiscal year ended March 31st, 2024 increased by 7.5 billion yen YoY to 28.0 billion yen, mainly due to increases in interest on foreign securities and gains on investment trust cancellations.
- ◆ Interest and dividends on securities for the fiscal year ending March 31st, 2025 is expected to decrease by 4.1 billion yen YoY to 23.9 billion yen.

### ■ Interest and dividends on securities and yields (100 million yen)

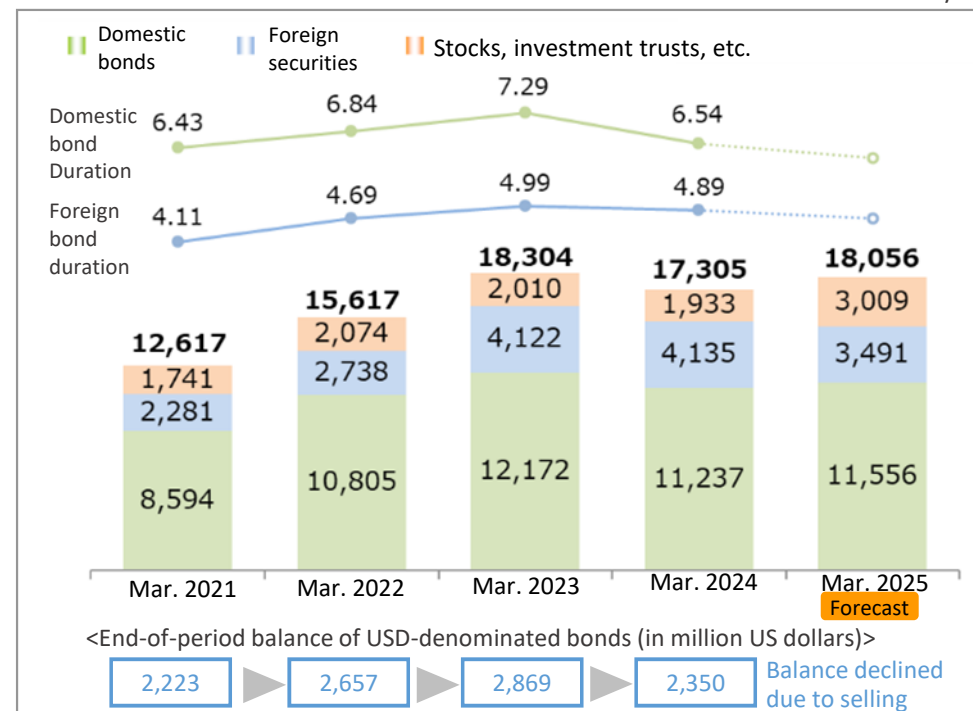


### ■ Capitals gains (losses) on securities (Net gains (losses) related to bonds, gains (losses) on equity securities)

(100 million yen)	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Net gains (losses) related to bonds	28	10	(104)	(108)
Gains (losses) on equity securities	19	(7)	25	146
Total	47	3	(79)	38

Loss posted mainly due to the sale of low yield foreign bonds

### ■ Balance of securities (on an average amount outstanding basis) (100 million yen)



### ■ Gains (losses) on valuation of securities

(100 million yen)	Mar. 2021	Mar. 2022	Mar. 2023	Mar. 2024
Domestic bonds	8	(91)	(213)	(368)
Foreign securities	71	(107)	(214)	(186)
Investment trusts, etc.	97	133	108	260
Stocks	722	577	643	847
Total	898	512	324	553

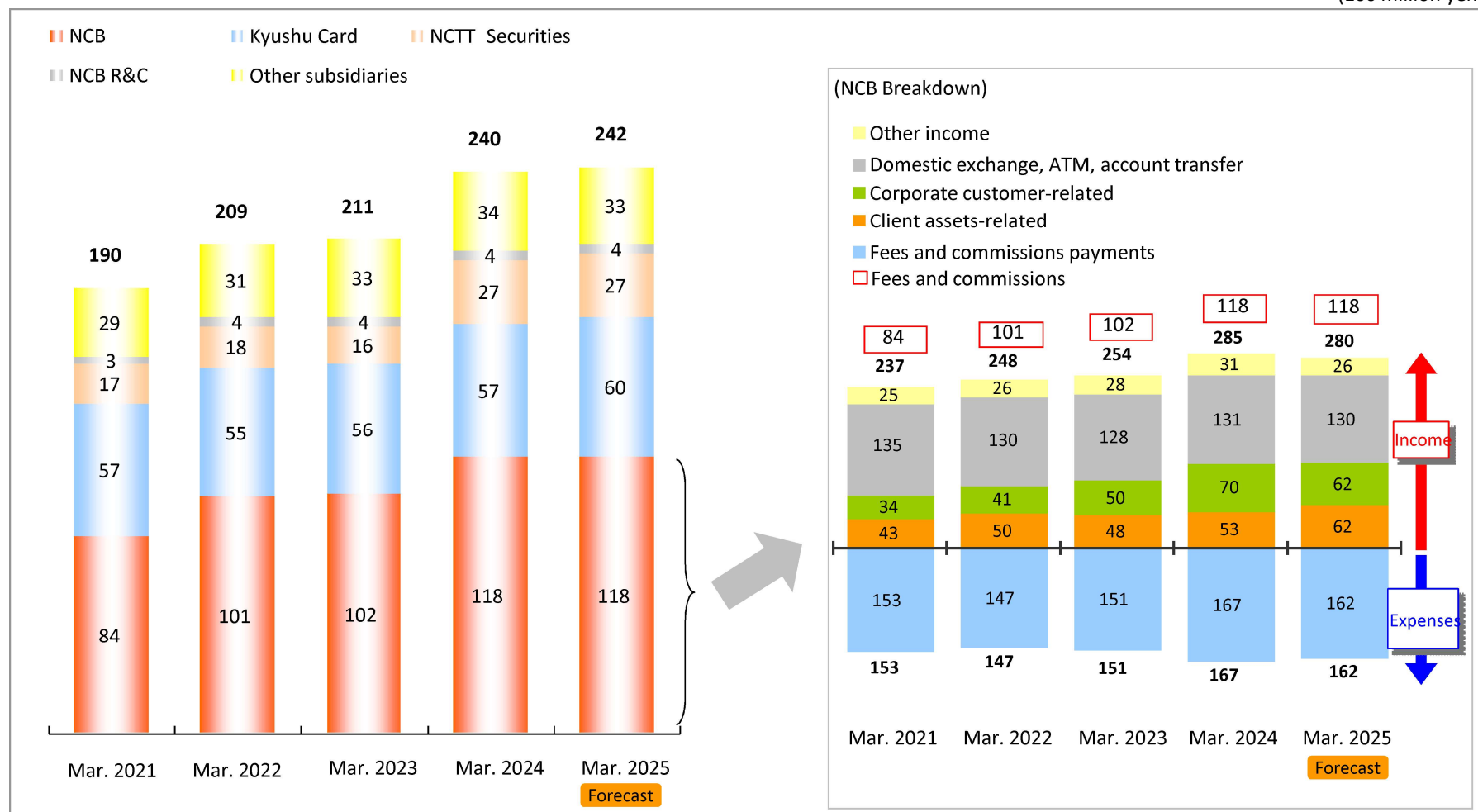


### 3. Fees and Commissions

- ◆ Fees and commissions for the fiscal year ended March 31st, 2024 increased by 2.9 billion yen YoY to 24.0 billion yen, mainly due to increases in corporate customer-related fee income and client assets-related fee income at the bank and a securities subsidiary.
- ◆ Fees and commissions for the fiscal year ending March 31st, 2025 are expected to increase by 0.2 billion yen YoY to 24.2 billion yen.

#### ■ Fees and commissions (Consolidated) / (NCB)

(100 million yen)

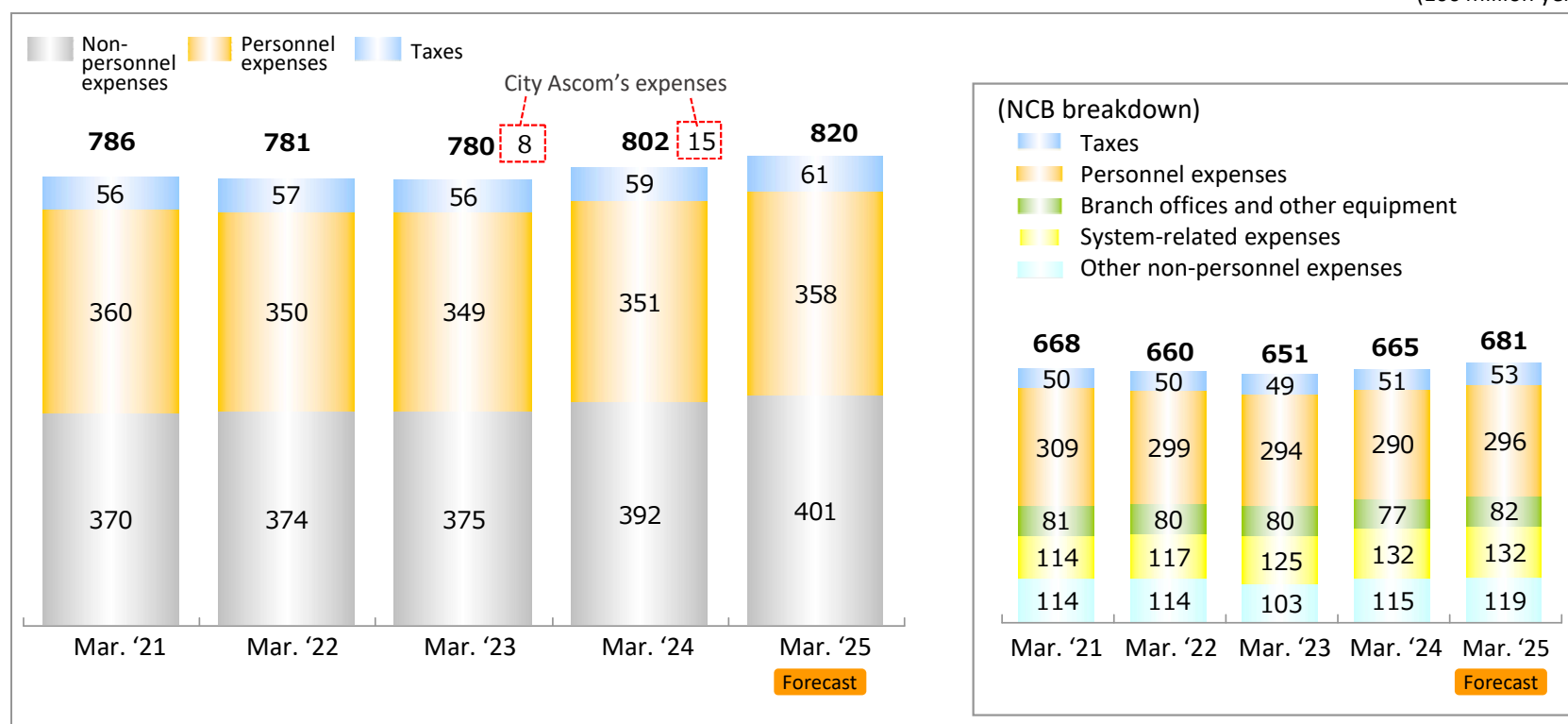


## 4. Expenses

- ◆ Expenses for the fiscal year ended March 31st, 2024 rose by 2.2 billion yen YoY to 80.2 billion yen, mainly due to an increase in system-related expenses and the addition of City Ascom's expenses after it joined the NNFH Group in the previous fiscal year.
- ◆ Expenses for the year ending March 31st, 2025 are expected to rise by 1.8 billion yen YoY to 82.0 billion yen, factoring in an increase in personnel expenses following wage raises and an increase in non-personnel expenses related to strategic system-related investments.

### ■ Expenses (Consolidated) / (NCB)

(100 million yen)



### <Changes in OHR>

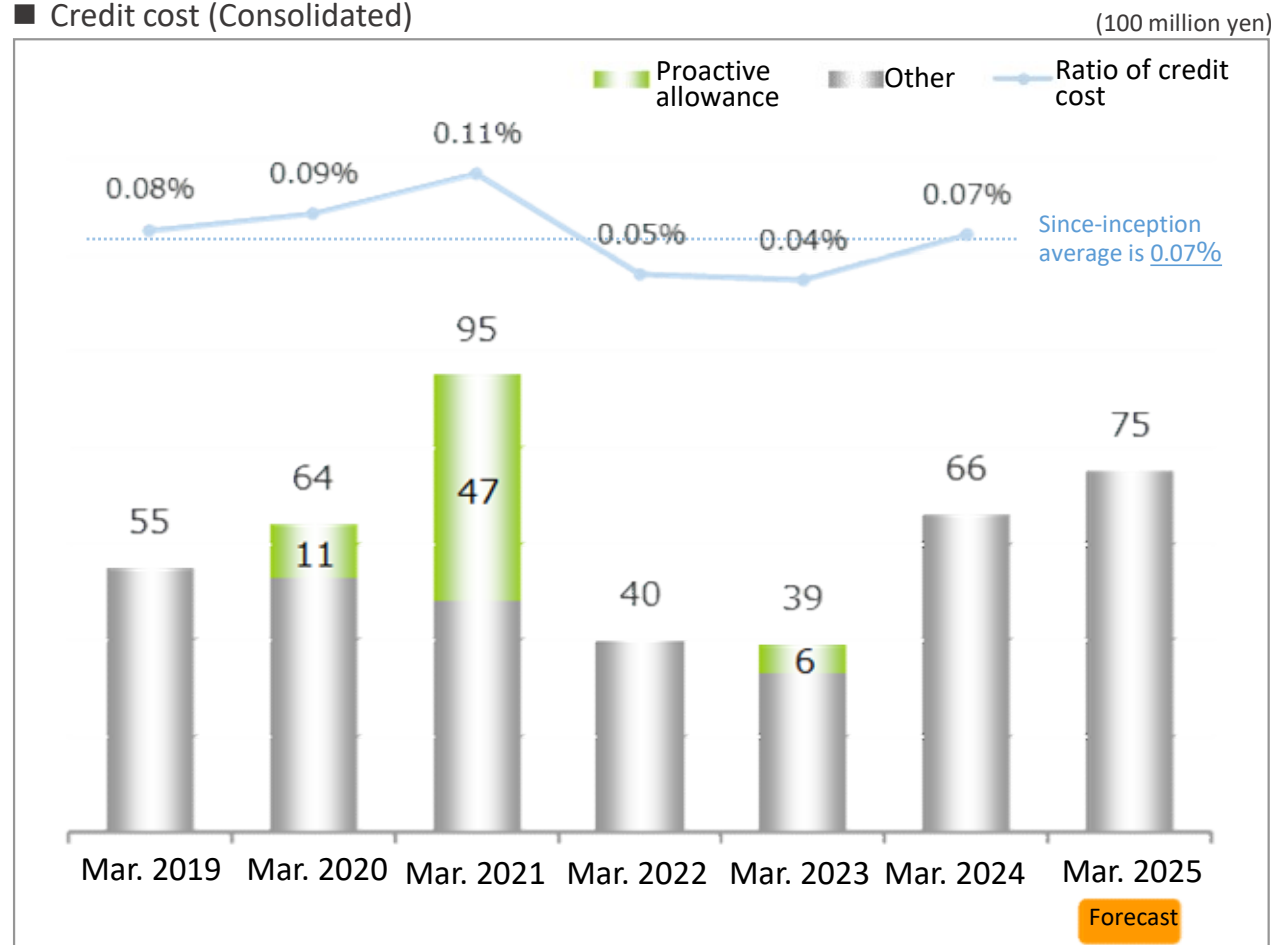
	Mar. '21	Mar. '22	Mar. '23	Mar. '24	Mar. '25 (Forecast)
OHR	67.7 %	64.1 %	72.1 %	73.0 %	66.1 %
Core OHR *	69.3 %	64.6 %	65.8 %	66.5 %	64.8 %

\*Core gross operating profit OHR derived by dividing expenses by core gross operating profit

## 5. Credit Cost

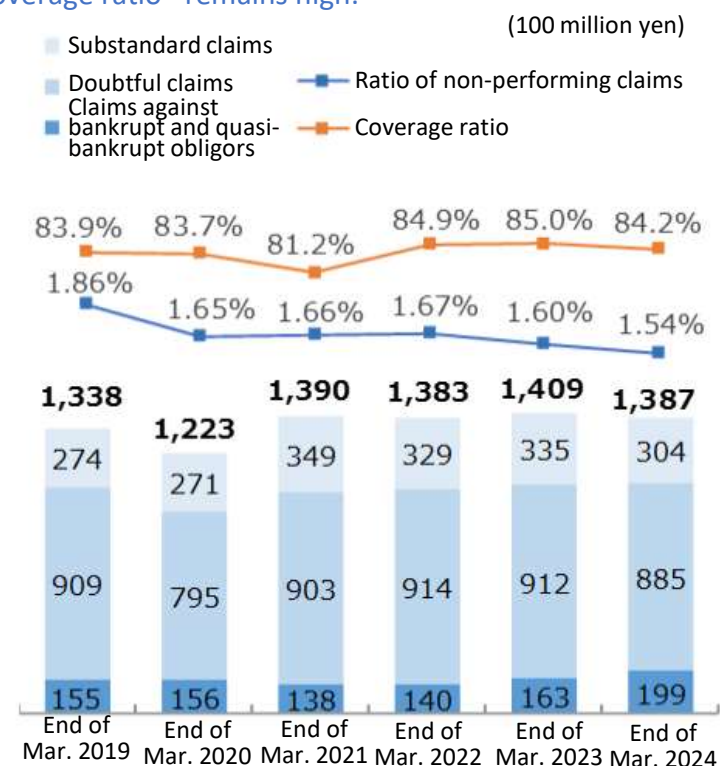
- ◆ Credit cost for the fiscal year ended March 31st, 2024 rose by 2.7 billion yen YoY to 6.6 billion yen, close to its pre-COVID-19 pandemic levels. While outstanding loans and bills discounted grew, the ratio of credit cost and the ratio of non-performing loans remained at low levels.
- ◆ Credit cost for the fiscal year ending March 31st, 2025 is expected to rise by 0.9 billion yen YoY to 7.5 billion yen.

### ■ Credit cost (Consolidated)



<Ref.> Loans disclosed based on the Financial Reconstruction Act (FRA) (NCB)

- ✓ While the ratio of non-performing claims is low, their coverage ratio\* remains high.



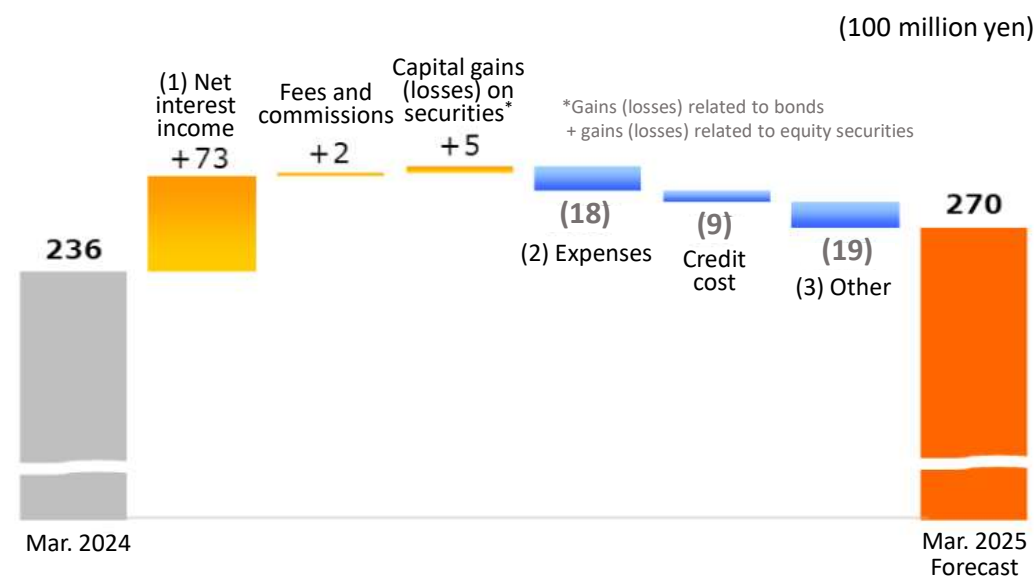
\*Coverage ratio = (collateral and guarantees + allowances) / balance of loans disclosed under the FRA

## 6. Financial Results Forecast

- ◆ Profit attributable to owners of parent for the year ending March 31st, 2025 is expected to grow 3.4 billion yen YoY to 27.0 billion yen, mainly due to an increase in net interest income resulting from an increase in interest on loans and discounts and a fall in interest on foreign currency funding.

■ Profit and Loss (Consolidated)	Year ending Mar. 30, 2025 Forecast		Year ended Mar. 31, 2024 Results
	A	A-B	B
(100 million yen)			
<b>Gross operating profit</b>	<b>1,240</b>	142	<b>1,098</b>
(Core gross operating profit)	1,265	59	1,206
Net interest income	<b>983</b>	73	<b>910</b>
Fees and commissions	<b>242</b>	2	<b>240</b>
Trading income	<b>10</b>	0	<b>10</b>
Other operating income	<b>5</b>	68	<b>(63)</b>
(of which, net gains (losses) related to bonds)	<b>(25)</b>	83	<b>(108)</b>
<b>Expenses</b>	<b>820</b>	18	<b>802</b>
<b>Net business profits</b>	<b>421</b>	125	<b>296</b>
(Core net business profits)	446	42	404
Gains (losses) on equity securities	<b>75</b>	(78)	<b>153</b>
Credit cost	<b>75</b>	9	<b>66</b>
Other extraordinary gains (losses)	<b>(10)</b>	16	<b>(26)</b>
<b>Ordinary profit</b>	<b>410</b>	54	<b>356</b>
Extraordinary profit (loss)	<b>(11)</b>	(3)	<b>(8)</b>
Income taxes	<b>123</b>	17	<b>106</b>
Profit attributable to non-controlling interests	<b>6</b>	0	<b>6</b>
<b>Profit attributable to owners of parent</b>	<b>270</b>	34	<b>236</b>

<Profit attributable to owners of parent (Forecast): Variance Factors YoY>



### (1) Net interest income

- To increase by 7.3 billion yen YoY, mainly due to an increase in interest on loans and discounts (+4.8 billion yen) and a fall in interest on foreign currency funding (-7.2 billion yen)

### (2) Expenses

- To increase by 1.8 billion yen YoY mainly due to an increase in personnel expenses following wage raises (+0.7 billion yen) and an increase in non-personnel expenses due to strategic system-related investments (+0.9 billion yen)

### (3) Other

- An increase in income taxes (+1.7 billion yen), etc.

## II. Management Strategies

- Initiatives to Enhance Corporate Value -

# 1. Local Market Environment in Kyushu/Fukuoka




- ◆ Strong economies of Fukuoka and other areas in the Kyushu Region, the NNFH Group's main market, where a series of large-scale urban redevelopment projects and the accumulation of industries centering on semiconductors are ongoing, lead to a number of business opportunities.

## Kyushu

Kyushu accounts for 10% of Japan's economy

Population: **10.2%** / Gross regional product: **8.3%** [2022]

Kyushu hosts a diverse range of industries

	<b>Auto</b>	<b>14%</b> of domestic auto production by unit
	<b>Agriculture</b>	<b>20%</b> of domestic agricultural production value
	<b>Semi-conductors</b>	<b>44%</b> of domestic IC production

Source: Kyushu Bureau of Economy, Trade and Industry

## Fukuoka Prefecture

**Over 40%** of Kyushu's GDP with **130,000** SMEs (2021, of 350,000 companies in Kyushu)

Source: Small and Medium Enterprise Agency

## Fukuoka City

**No. 1 ordinance-designated city** in population growth and business start-up rate



Population growth: **4.8%** [2015-2020 growth]

Business start-up rate: **5.3%** [2022]

## Kita-Kyushu City

Approach to creating "harmony between industry and environment" **has been met with great acclaim in Japan and abroad**

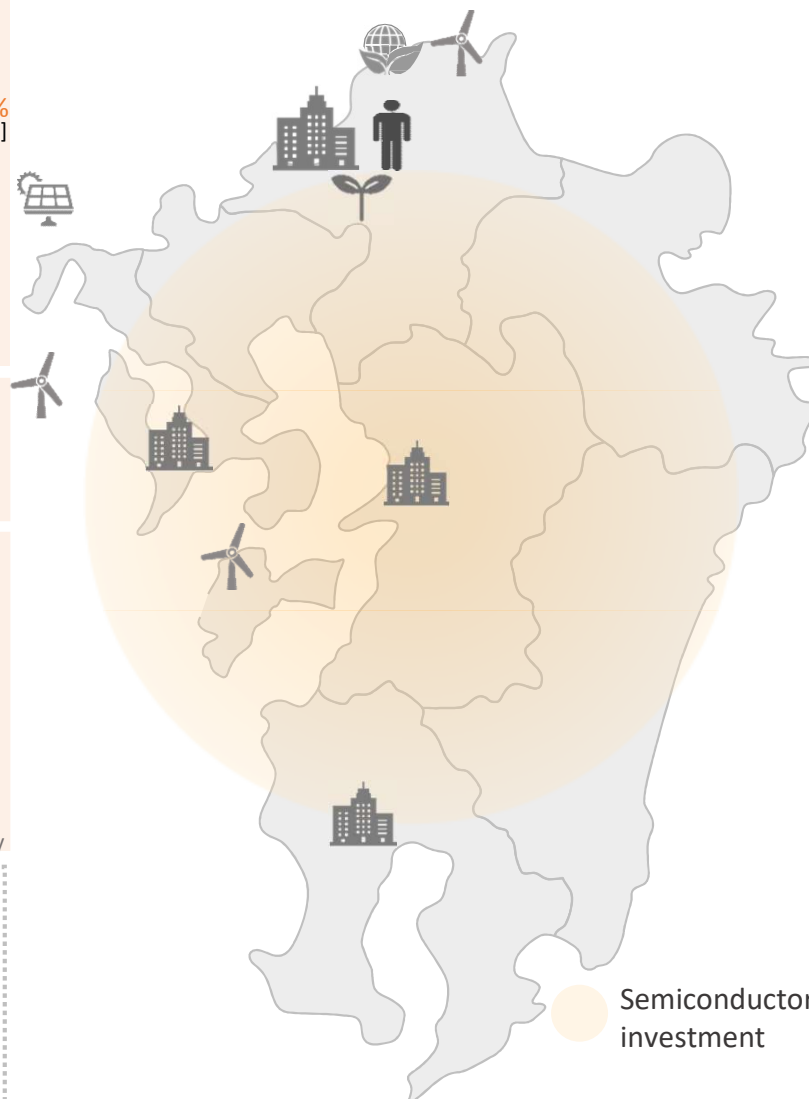
Source: Ministry of Internal Affairs and Communications, Fukuoka City

- **Projected population [change between 2020 and 2035]** -

- Population decline in Fukuoka Prefecture is moderate compared to the national average. Population growth is expected to continue in Fukuoka City up to around 2035.

Japan	Fukuoka Pref.	Fukuoka City
<b>-7.5%</b>	<b>-4.9%</b>	<b>+3.5%</b>

Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research



## Urban development



**Tenjin Big Bang / Hakata Connected**

Construction investment effect  
**290.0 billion yen/260.0 billion yen**  
Knock-on effect/year  
**850.0 billion yen/500.0 billion yen**

Source: Fukuoka City

**Redevelopment of major cities in Kyushu**

Progressing in core areas such as Nagasaki City, Kumamoto City, and Kagoshima City

## Semiconductors



**Capital expenditure by semiconductor-related industries**  
TSMC (Kikuyo-machi, Kumamoto Prefecture) etc.

Investment  
**Over 4,700.0 billion yen**  
Number of semiconductor-related businesses in Kyushu  
**Approx. 1,000**

Source: Kyushu Bureau of Economy, Trade and Industry

## Renewable energy



**Capital expenditure in offshore wind and mega solar facilities, etc.**

**Hibikina Offshore Wind Farm**  
(Kita-Kyushu City, Fukuoka Pref.)  
**175.0 billion yen**  
**Ukujima Mega Solar**  
(Sasebo City, Nagasaki Pref.)  
**200.0 billion yen** etc.

Source: Relevant municipalities, company websites

# 1. Local Market Environment in Kyushu/Fukuoka (1) Economic Outlook in Kyushu

- ◆ Kyushu's economy is expected to grow at a level exceeding the national average growth for three consecutive years, driven by an increase in capital investments centered on semiconductor-related industries.

## ■ Kyushu's economic outlook (GDP YoY change)

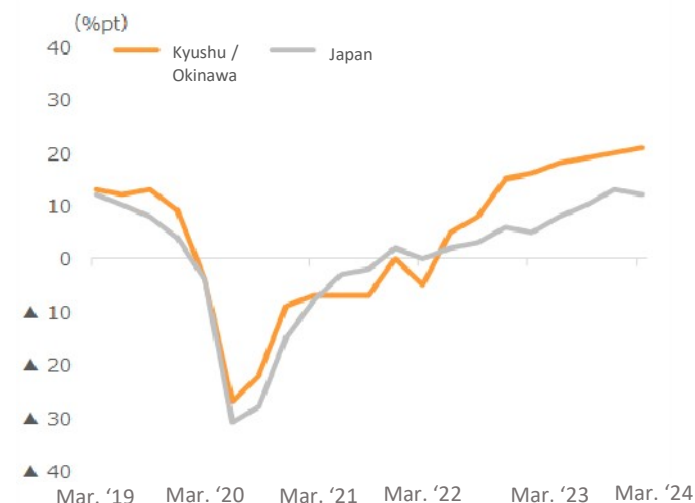
(%)	2020	2021	2022	2023	2024
Kyushu	(4.9)	2.4	3.2	1.9	1.4
Japan	(3.9)	2.8	1.5	1.6	1.0

Source: Kyushu Economic Research Center

- ✓ Current business sentiments exceed national average
- ✓ Capital investments expected to remain at high levels
- ✓ Recovery in inbound demand is providing a boost

## Business sentiments (diffusion index (DI))

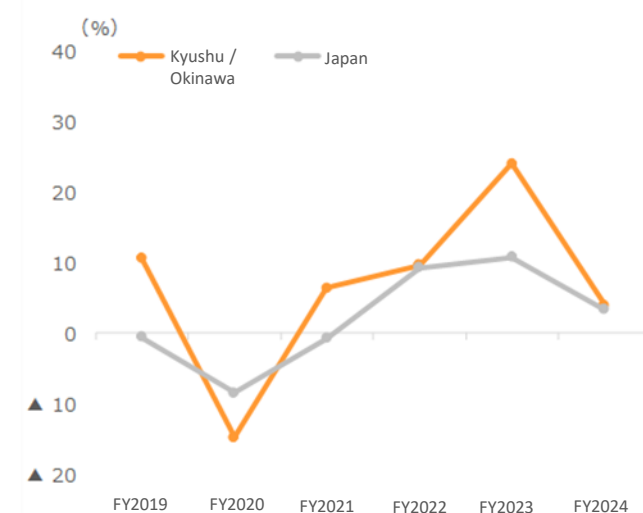
- Exceeding the national average



Source: Bank of Japan Tankan

## Capital investments (YoY change)

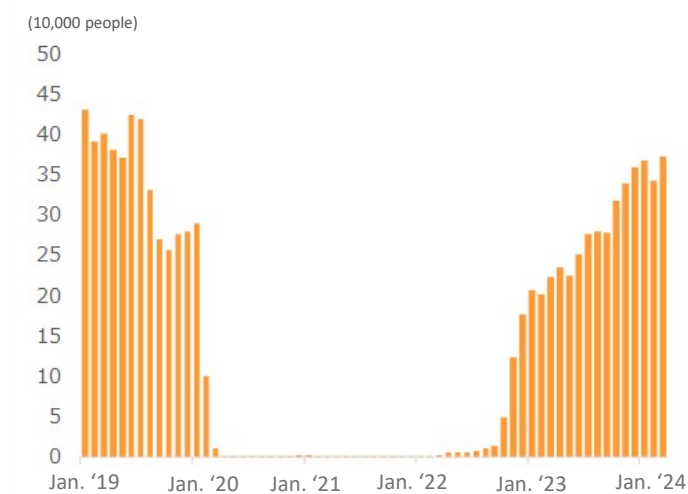
- Expected to remain at high levels, although growth rate will slow



Source: Bank of Japan Tankan

## Inbound trend (overseas arrivals)

- Number of overseas visitors has almost returned to pre-COVID-19 pandemic levels



Source: Kyushu District Transport Bureau

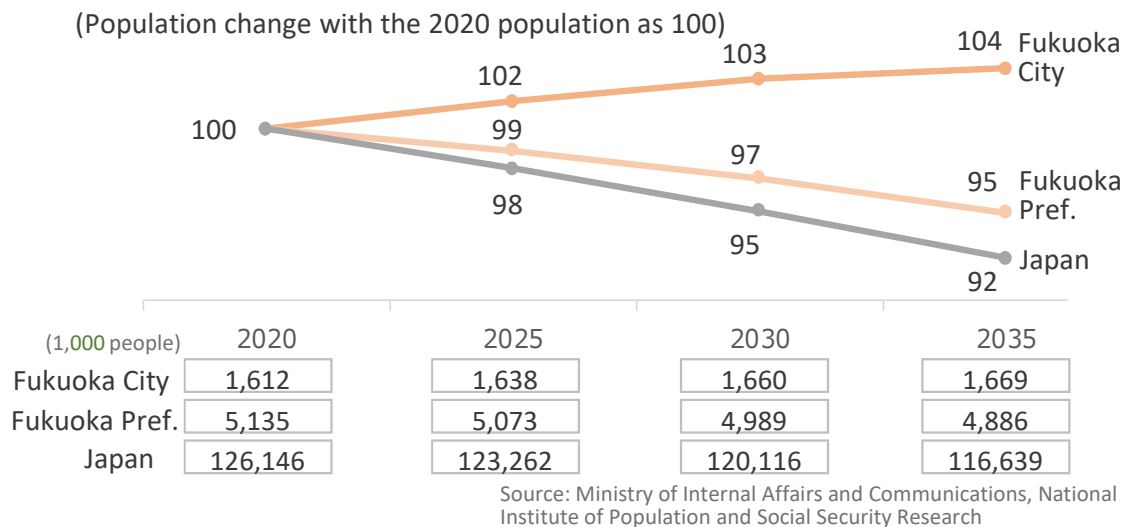


# 1. Local Market Environment in Kyushu/Fukuoka (2) Demographics in Fukuoka Pref./Fukuoka City

- ◆ Population decline in Fukuoka Prefecture, where our Head Office is located, is moderate compared to the national average on the back of the growing population in Fukuoka City.

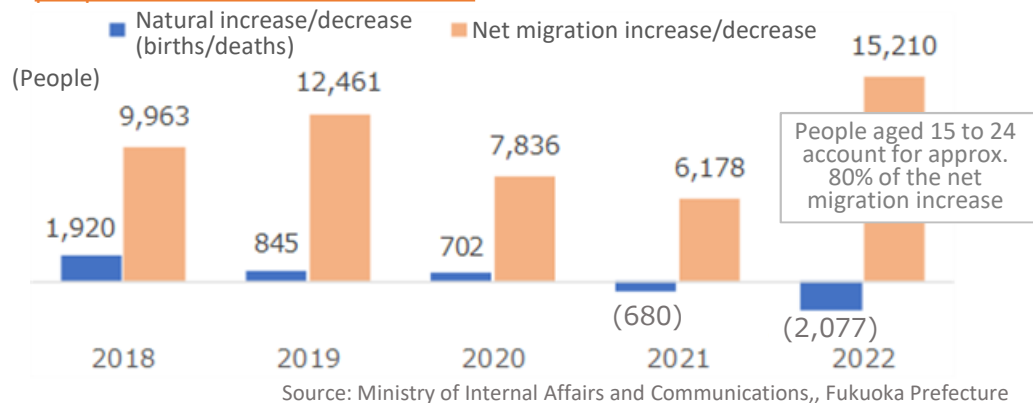
## ■ Population projection for Fukuoka Pref., Fukuoka City, and Japan

- Population growth is expected to continue in Fukuoka City until around 2035



## ■ Breakdown of Fukuoka City's population growth

- Fukuoka City's population growth is mainly due to a net migration increase in people in their teens and twenties



## Fukuoka City's characteristics

### Third-party evaluations

- Japan Power Cities 2023 (Mori Memorial Foundation) -

**Fukuoka City**  
Total score

**4<sup>th</sup>**  
Economy & Business **2<sup>nd</sup>**  
Accessibility **3<sup>rd</sup>**  
Daily Life & Livability **3<sup>rd</sup>** etc

1st Osaka City  
2nd Yokohama City  
3rd Nagoya City  
5th Kyoto City

...Overall high evaluation, especially for business environment and livability

### High start-up rate

**Fukuoka City 5.3% (1st)**

Tokyo 23 wards 4.5% (4th)

Osaka City 4.5% (4th)

\*Fiscal year 2022

\*Among 21 major cities (Tokyo 23 wards + ordinance-designated cities)

Source: Fukuoka City Economy, Tourism & Culture Bureau

### High ratio of young people

**Fukuoka City 17.6% (1st)**

Tokyo 23 wards 16.9% (3rd)

Osaka City 16.5% (6th)

\*Ratio of residents aged 15-29 to total residents

\*Among 21 major cities (Tokyo 23 wards + ordinance-designated cities)

Source: Fukuoka Growth 2022 by Fukuoka Asian Urban Research Center

### Accessibility from airport

**Fukuoka 5 min. (1st)**

Singapore 18 min. (2nd)

Tokyo 25 min. (3rd)

\*Time taken to travel from an airport to city center

Source: Institute for Urban Strategies, Mori Memorial Foundation (Out of 48 major global cities)

### Short commuting time

**Fukuoka/Kita-Kyushu metropolitan areas 36 min.**

Kanto major cities 50 min.

Kinki major cities 45 min.

\*One-way travel to work/school on weekdays

Source: 2021 Survey on Time Use and Leisure Activities by the Ministry of Internal Affairs and Communications



# 1. Local Market Environment in Kyushu/Fukuoka (3) Development Trend in Fukuoka City and Its Vicinity

- ◆ In addition to large-scale redevelopment projects in the central part of Fukuoka City, development projects for housing and logistics facilities are progressing in the vicinity of Fukuoka City on the back of its growing population and robust economic environment.



## Hakata Connected [Duration: Dec. 2019 – Dec. 2028]

- Project to take advantage of the relaxed floor-area ratio to rebuild existing buildings into advanced, quake-proof buildings, along with the expansion of transport infrastructure, including extended subway lines

**Nishi-Nippon City Bank has commenced a series of redevelopment projects in the area in front of Hakata Station including reconstruction of its Head Office building**

<New Head Office to be completed in Jan. 2026>  
 (Artist's rendition)



The building is designed to be a multi-purpose facility accommodating office floors and commercial stores in addition to providing the Nishi-Nippon City Bank's head office functions

## Development in the vicinity of Fukuoka City (marked   on map)

- Development projects have expanded to housing and logistics facilities in the area around Fukuoka City on the back of rising land prices and site shortages  
 (Ref.) Land price (residential) YoY change

	Jan. 2022	Jan. 2023	Jan. 2024
Fukuoka City	+6.1%	+8.0%	+9.6%
Fukuoka metropolitan area	+5.2%	+6.3%	+7.9%
Japan	+0.5%	+1.4%	+2.0%

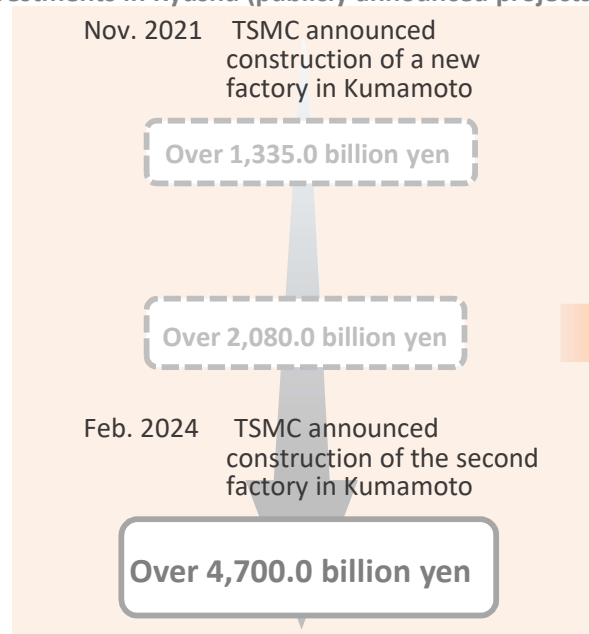
Source: Ministry of Land, Infrastructure, Transport and Tourism

\*The Fukuoka metropolitan area refers to Chikushino City, Kasuga City, Ohnojo City, Munakata City, Dazaifu City, Koga City, Fukutsu City, Itoshima City, Nakagawa City, Umi-machi, Sasaguri-machi, Shime-machi, Sue-machi, Shingu-machi, Hisayama-machi, and Kasuya-machi.

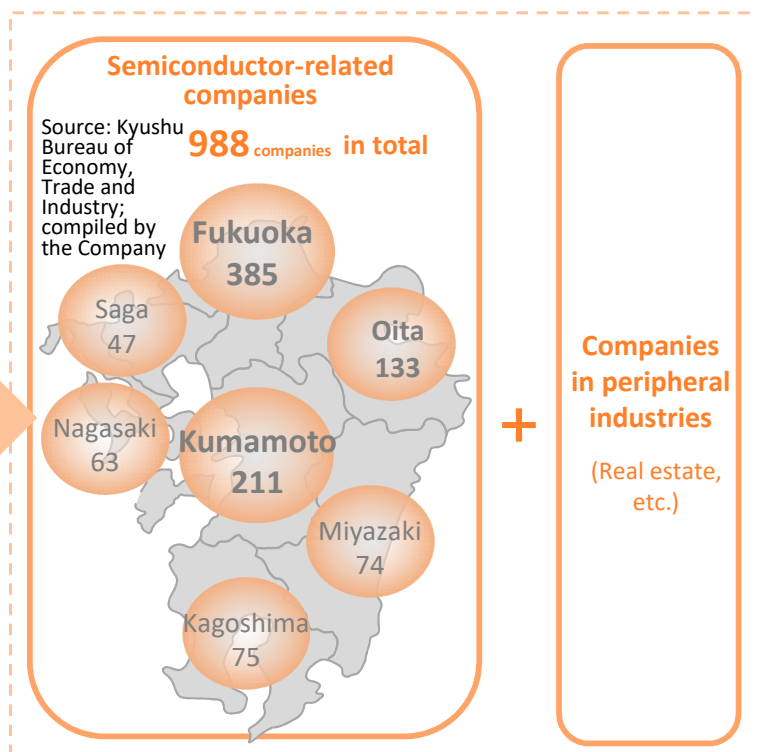
# 1. Local Market Environment in Kyushu/Fukuoka (4) Update on Semiconductor-related Investments

- ◆ Companies around the world are proactively making capex for semiconductor-related facilities in many prefectures in Kyushu, most notably Taiwan Semiconductor Manufacturing Company Limited (TSMC) in Kumamoto.

Scheduled/ongoing semiconductor-related capital investments in Kyushu (publicly announced projects only)



Source: Kyushu Bureau of Economy, Trade and Industry; compiled by the Company



Related companies' financing needs as surveyed by the Company

<Approx. 700 companies surveyed>

Financing needed:  
Approx. 200 companies/Approx. 95.0 billion yen

Kumamoto: Approx. 45.0 billion yen

Fukuoka: Approx. 37.0 billion yen

Nagasaki: Approx. 6.0 billion yen

Oita: Approx. 1.0 billion yen

Others: Approx. 6.0 billion yen

(As of March 31st, 2024)

## Recent initiatives

### ● Conclusion of partnership agreement among regional banks in Kyushu/Okinawa

- ✓ In Jan. 2024, 11 regional banks in Kyushu and Okinawa including the Nishi-Nippon City Bank signed a partnership agreement to create New Silicon Island Kyushu
- ✓ The Nishi-Nippon City Bank will be involved in its operation as a leader of the consultative body under the partnership agreement

#### <Areas of collaboration>

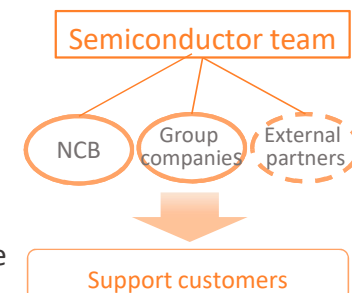
Supply chain resilience

Sustainability promotion

Finance

### ● Creation of dedicated semiconductor team

- ✓ In Apr. 2024, a dedicated team was created in the Nishi-Nippon City Bank
- ✓ In collaboration with headquarters, Group companies, external organizations, etc., the team supports a wide range of customers



etc.

## 2. Initiatives to Enhance Corporate Value

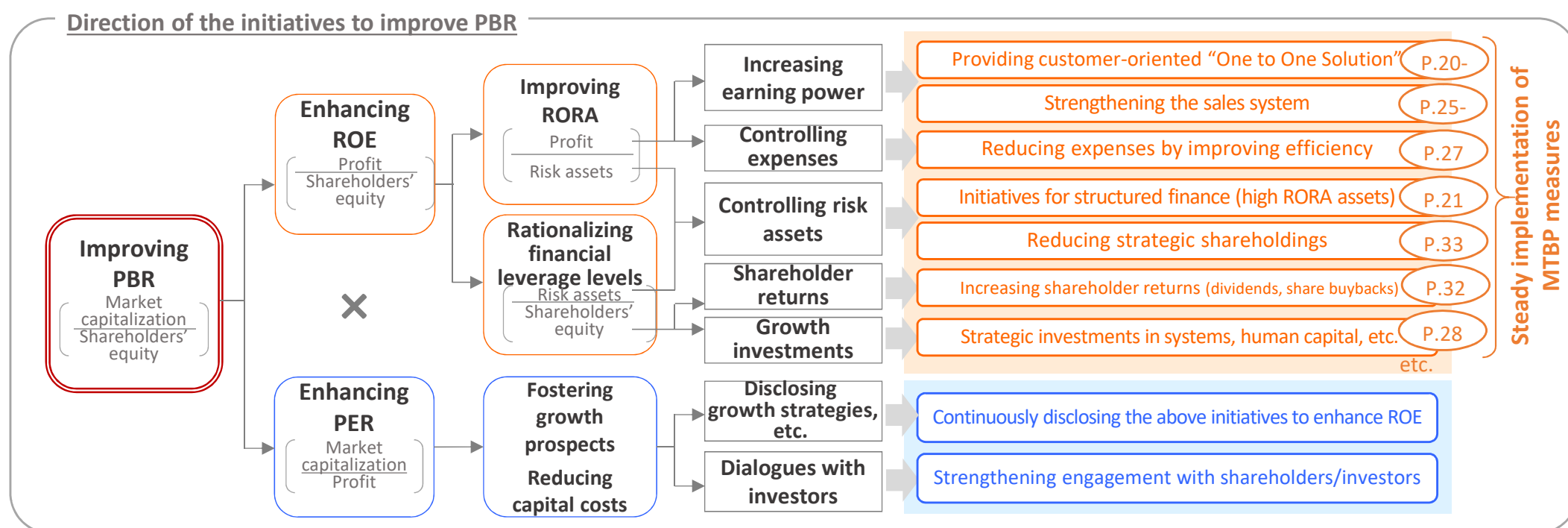
- While improving ROE through steady implementation of the measures under the Medium-Term Business Plan, we aim to increase PER through continuous disclosures of the status of each initiative, among other metrics, and dialogues with investors, thus enhancing our corporate value (i.e., higher PBR).

<b>Medium-Term Business Plan (MTBP)</b> <b>Leaping Forward 2026</b> <b>Connecting with Sincerity, Connecting with the Future</b> (from April 2023 to March 2026)	
Basic strategy #1	Providing customer-oriented “One to One Solution”
Basic strategy #2	Sales reform
Basic strategy #3	Human resource reform
Basic strategy #4	Sustainability initiatives

### <Target Management Indices (MTBP KPIs)>

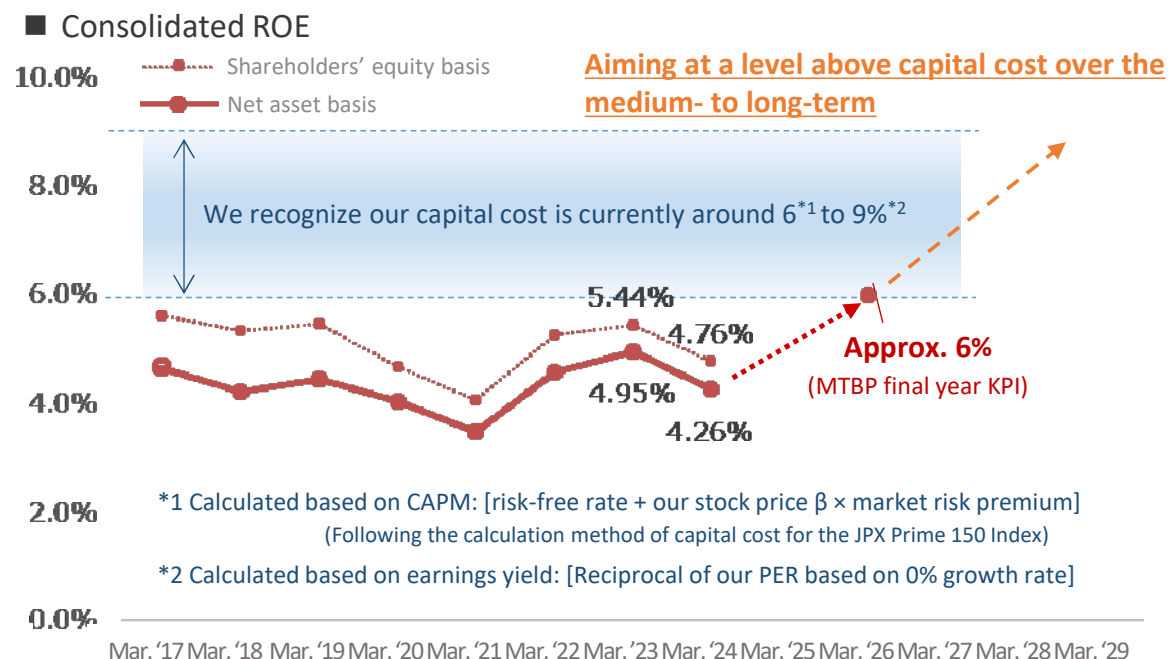
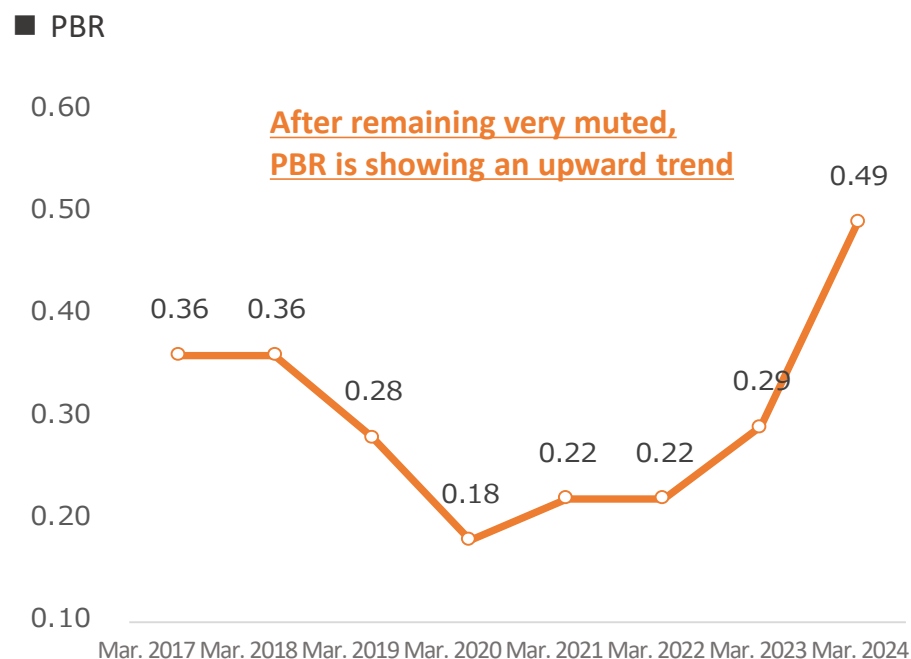
	FYE Mar. '23 (result)	FYE Mar. '24 (result)	FYE June '26 (plan)
✓ Consolidated profit	26.1 billion yen	⇒ 23.6 billion yen	⇒ <b>32.0 billion yen</b>
✓ Consolidated ROE	4.95%	⇒ 4.26%	⇒ <b>Approx. 6%</b>
✓ Consolidated core OHR	65.8%	⇒ 66.5%	⇒ <b>Approx. 60%</b>
✓ Consolidated capital adequacy ratio	12.10% (10.39%)	⇒ 12.41% (10.32%)	⇒ <b>Mid-11% range</b> (Low 10% range)

Figures in brackets are based on full application of finalized Basel III reforms.





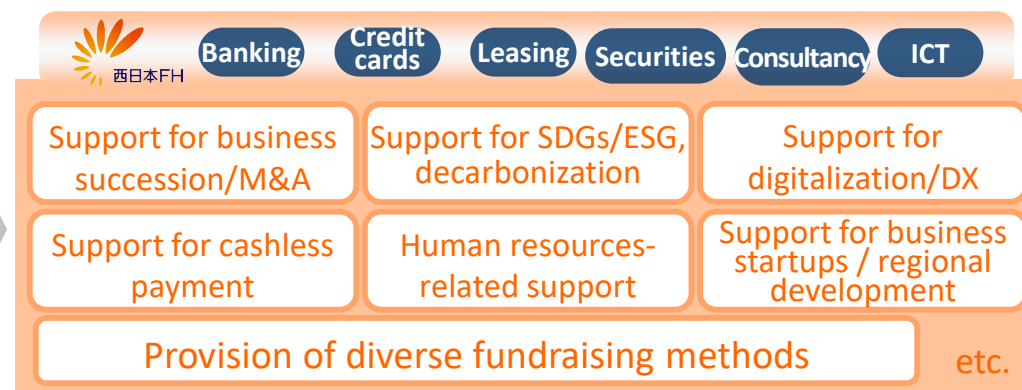
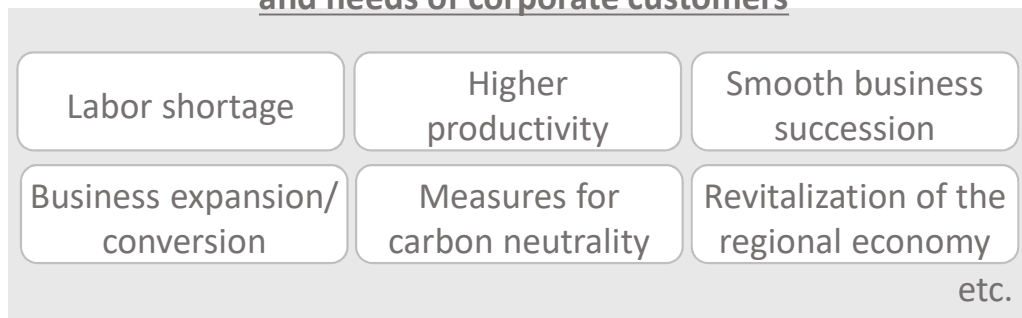
# 《Appendix》 PBR, ROE, and Stock Prices



### 3. Providing Customer-Oriented “One to One Solutions” (1) Corporate Customers

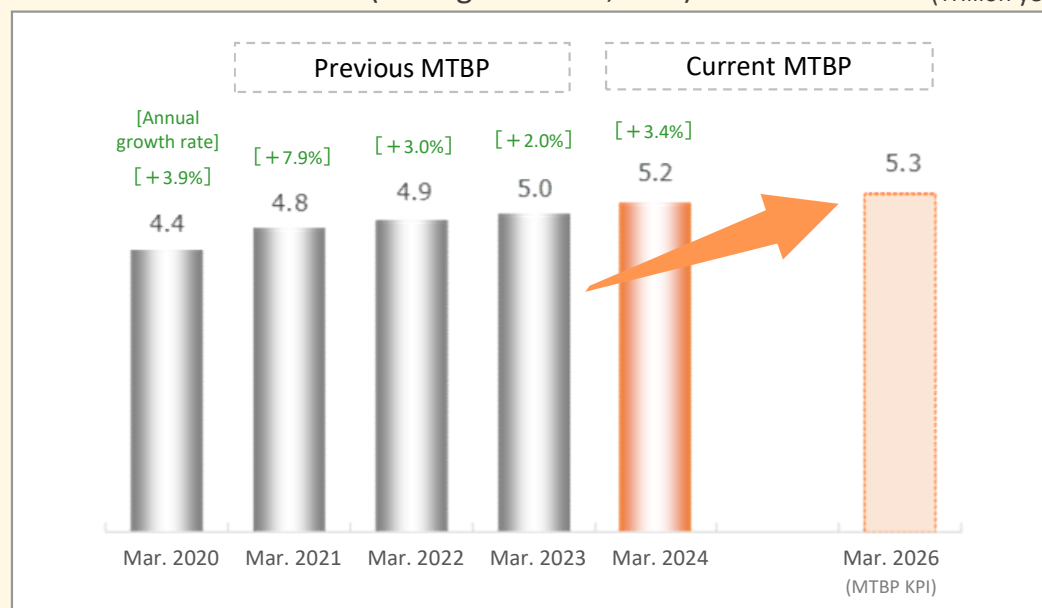
- ◆ Provide financial and non-financial solutions tailored to each corporate customer’s needs, which are becoming increasingly diverse and sophisticated.

Increasingly diverse and sophisticated issues  
and needs of corporate customers



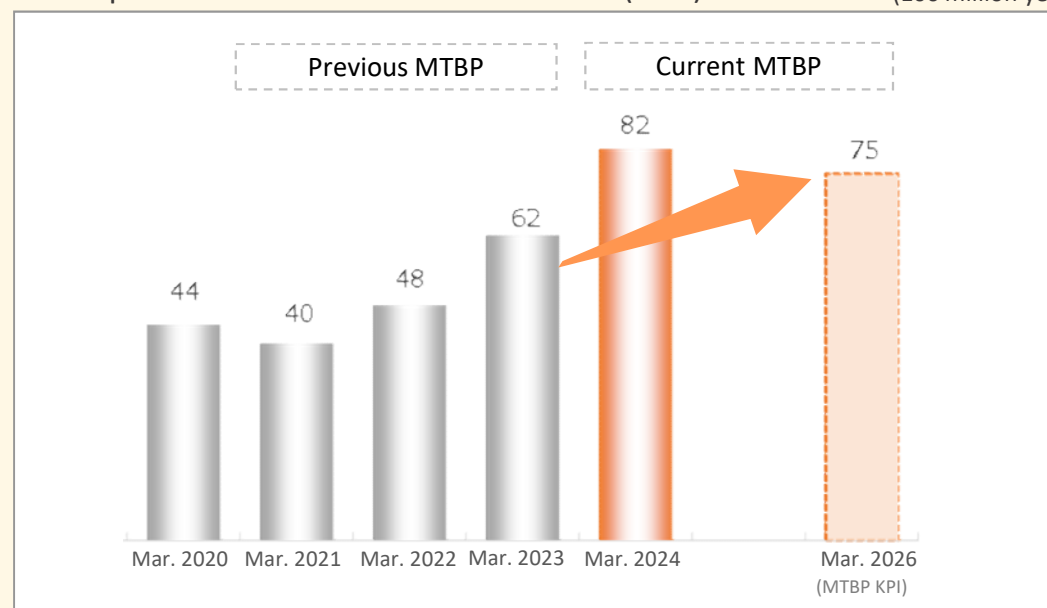
■ Business loan balance (average balance; NCB)

(Trillion yen)



■ Corporate customer-related fee income (NCB)

(100 million yen)



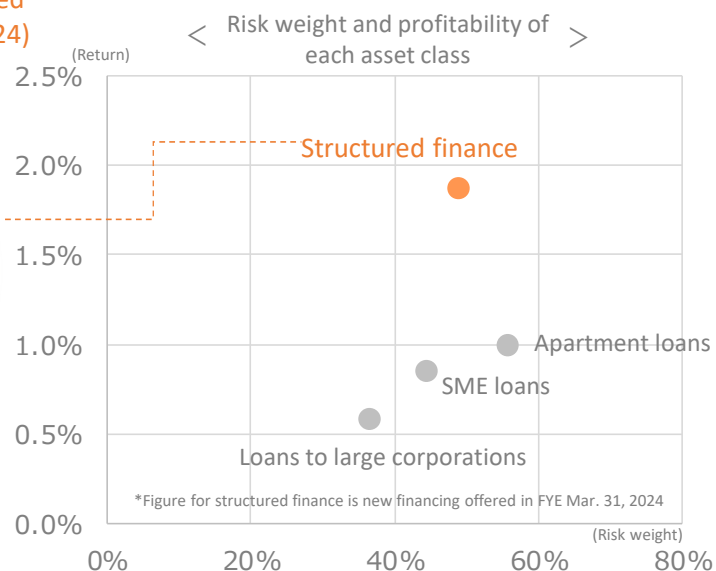
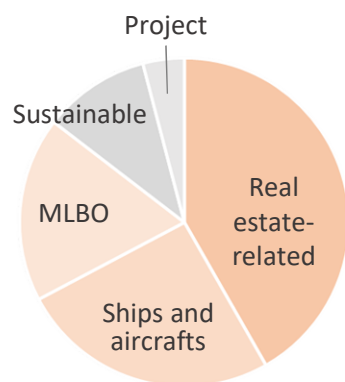
### 3. Providing Customer-Oriented “One to One Solutions” (1) Corporate Customers

- ◆ Provide diverse fundraising methods that meet customers’ individual needs using structured finance, funds, and other instruments.

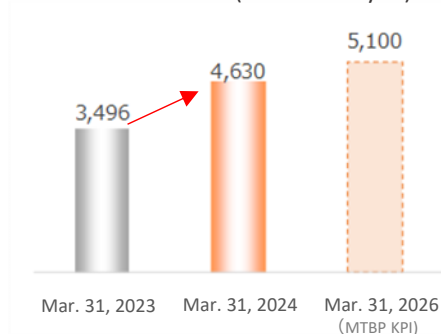
#### Initiatives for structured finance

- ✓ Offering a diverse menu of structured finance, including real estate-related financing, MLBO financing, and ship and aircraft financing

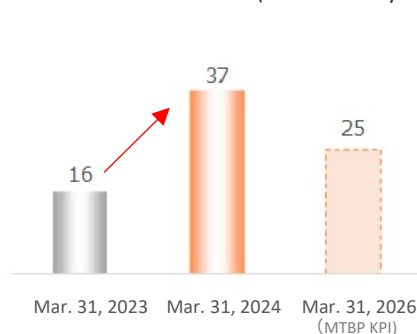
Breakdown of newly offered financing (FYE Mar. 31, 2024)



■ Structured financing balance (at term end) (100 million yen)



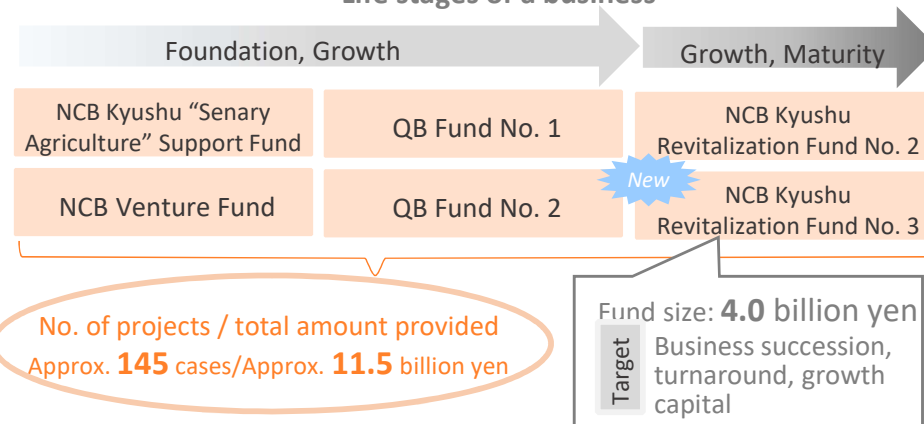
■ Credit-related fees (100 million yen)



#### Utilization of funds

- ✓ Launched a successor to the NCB Kyushu Revitalization Fund No. 2 (Fund No. 3) to support business succession, turnaround, etc. of local companies

##### Life stages of a business



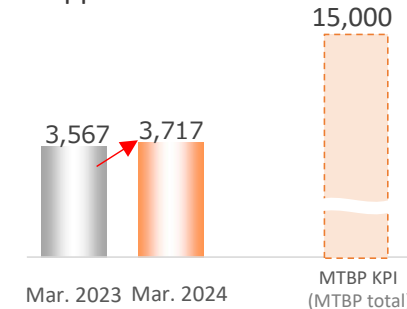
No. of projects / total amount provided  
Approx. 145 cases/Approx. 11.5 billion yen

#### Finely-tuned start-up support

- ✓ Tapping into the “DNA” of developing SMEs, we support start-ups by meeting their financing and non-financial needs



■ Number of start-ups supported (Cases)

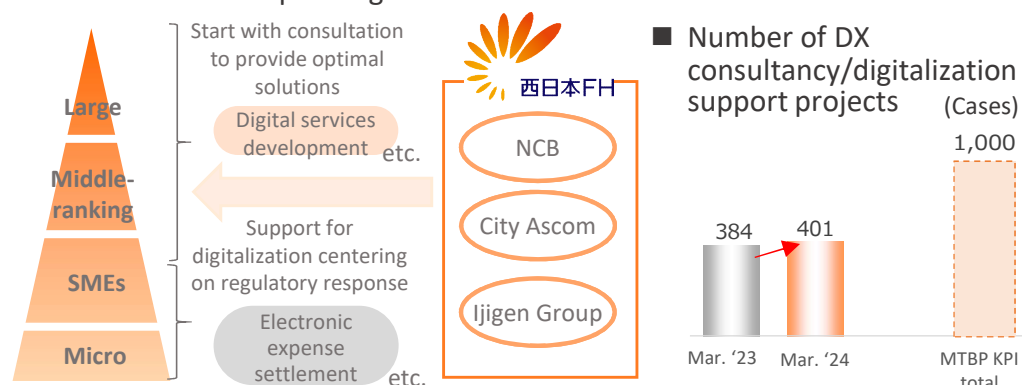


### 3. Providing Customer-Oriented “One to One Solutions” (1) Corporate Customers

- ◆ Provide a diverse range of solutions that address immediate managerial issues of many corporate customers, including “digitalization/DX” and “recruitment.”

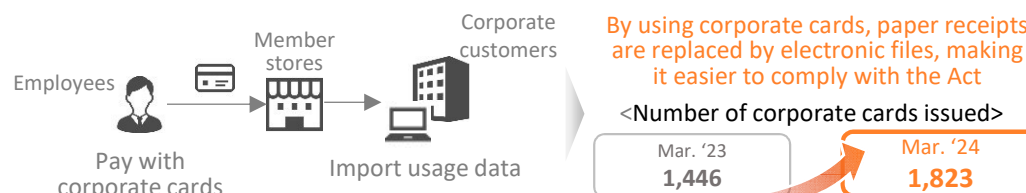
#### Support for digitalization/DX

- ✓ NCB, City Ascom, and Ijigen Group to work as one to provide optimal solutions corresponding to the size and issues of customers

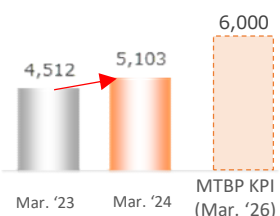


#### Support for cashless payment (The Kyushu Card Co., Ltd.)

- ✓ Starting with support for compliance with the Electronic Books Maintenance Act, encourage corporate customers to introduce corporate cards



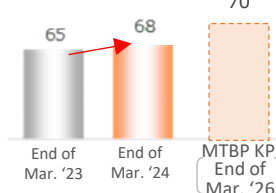
■ Card transaction volume (100 million yen)



**No. 1\*** in Japan  
based on the number of cards issued

\*Among credit card companies affiliated with regional banks  
\*Based on the fiscal year ended Mar. 31, 2023

■ Number of member stores (1,000 stores)



#### Human resources-related support

- ✓ Group companies with HR-related solution functions to collaborate to provide solutions that match the issues of each customer

HR referrals			Temporary staffing (contracting)	Training	HR consultancy
Full-time employees	Side business	Concurrent position			
NCB Research & Consulting (R&C)			City Career Service	R&C	R&C Ijigen G

#### <New HR-related solution functions launched last fiscal year>

Recruitment DX package

Provide packaged support from recruitment-related challenge diagnosis to website production, SNS launches, etc.

Side business HR referrals

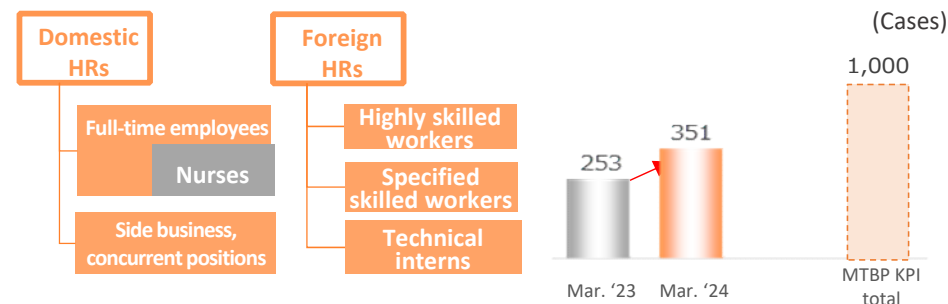
Refer professionals looking for side business to corporate customers who are considering hiring professionals for a limited time for launching new businesses, promoting DX, etc.

Referral of nurses

Refer nurses who match well with the needs of customers in the healthcare/welfare industries which are troubled with chronic labor shortages

#### The NNFH Group's HR referral function

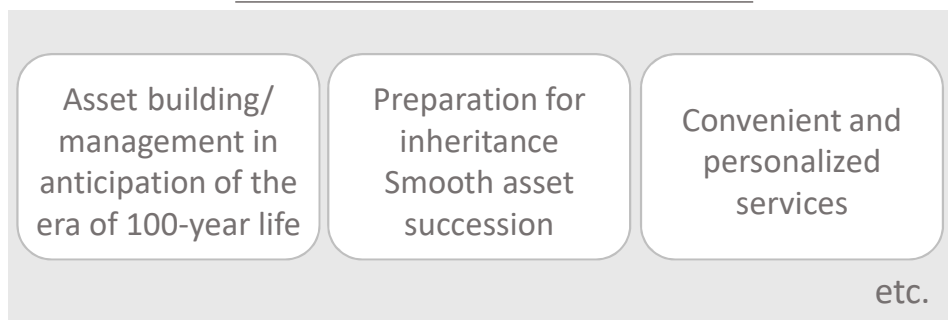
■ Cases of HR-related solutions



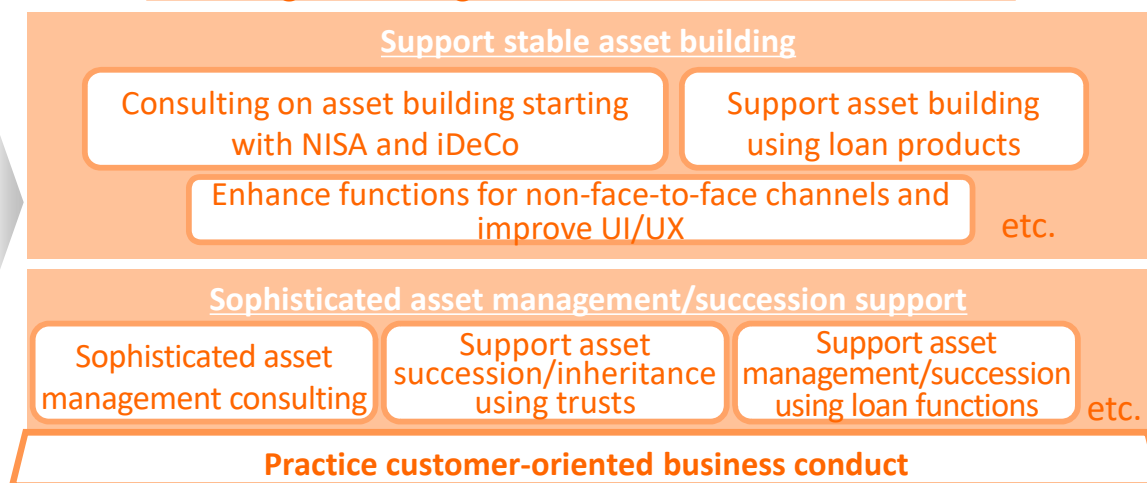
### 3. Providing Customer-Oriented “One to One Solutions” (2) Retail Customers

- ◆ Provide optimal solutions for each customer by practicing customer-oriented business operation and consulting on all assets and liabilities for a broad range of customers.

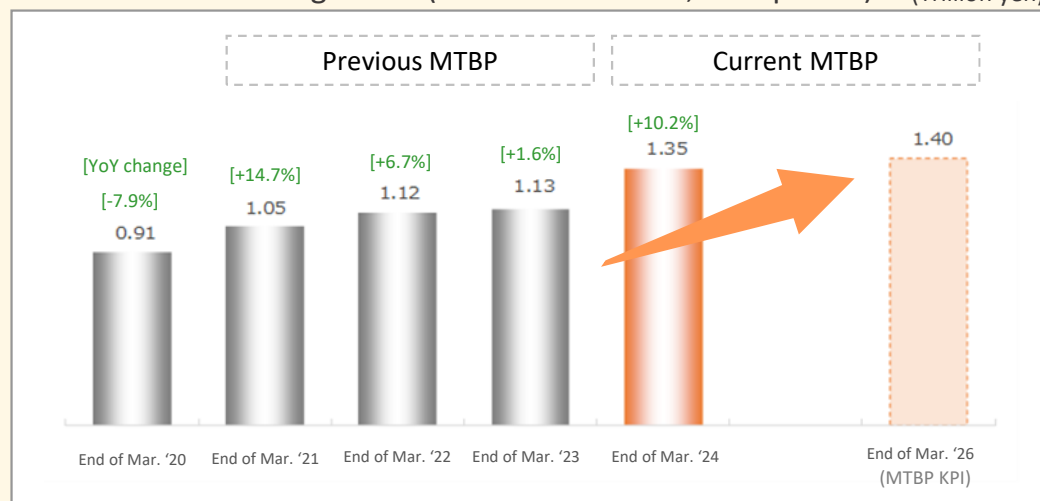
#### Issues and needs of retail customers



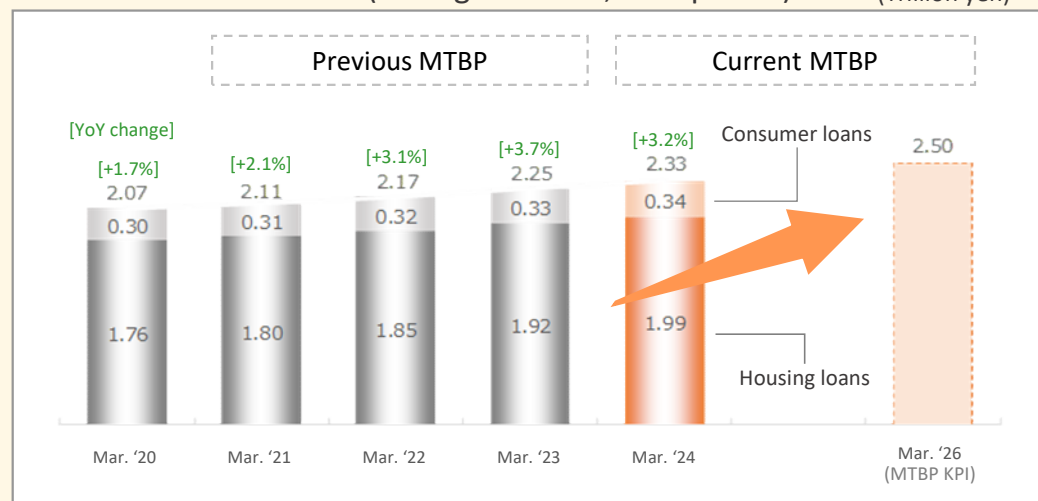
#### Consulting on full range of assets and liabilities of customers



■ Asset under management (term-end balance; Group total) (Trillion yen)



■ Personal loan balance (average balance; Group total) (Trillion yen)





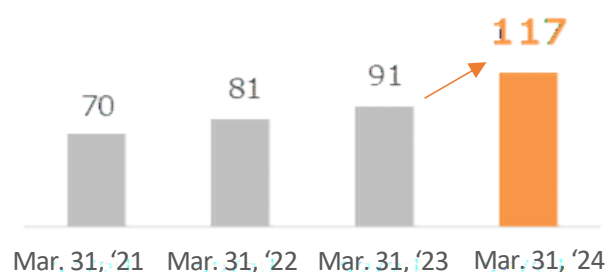
### 3. Providing Customer-Oriented “One to One Solutions” (2) Retail Customers

- ◆ Provide optimal solutions for each customer by proposing asset building starting with NISA and loan products that correspond to the life stage of the customer.

#### Consulting on asset building, starting with NISA, etc.

##### ■ NISA accounts (NCB)

(1,000 accounts)



New NISA account openings grew **2.5 times YoY**

Number of NISA accounts at NCB is the **second largest\*** among regional banks

\* As of Dec. 31, 2023 (based on a survey by Kinyu Zaisei Jijo Kenkyu-kai)

##### ● Proactively hold finance seminars

Proactively hold finance seminars at local business partners, schools, etc., to stimulate customers' asset building needs (619 seminars held in the previous fiscal year)

##### ● Consulting using tools

Focus on proposing long-term, diversified investment tailored to the life plan of each customer



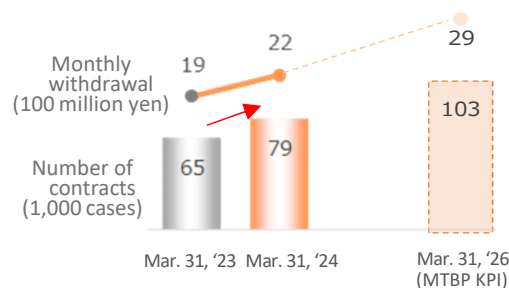
##### ● Enhance app functions

Added an investment trust/NISA account opening function to NCB's app



First among regional banks in Kyushu (June '23)  
⇒ Ongoing efforts to improve UI/UX

##### ■ Investment trust

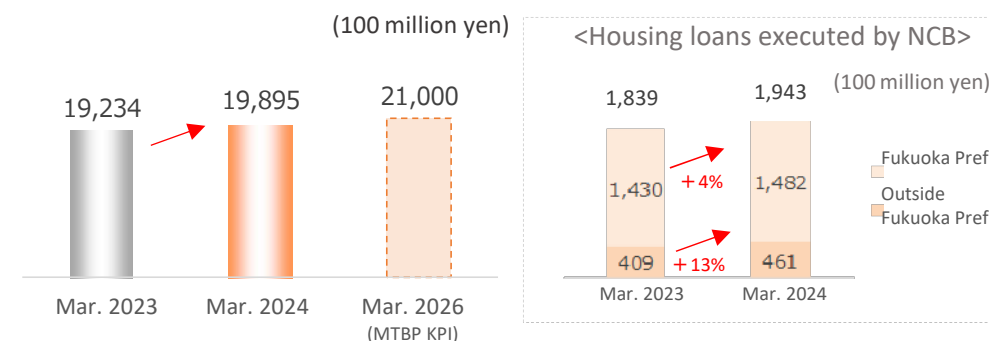


#### Provision of loan products appropriate for a life stage of the customer

##### ● Expanded the dedicated loan site system

Flexibly allocated personnel to each dedicate loan site in each regional market, achieving the steady growth in the housing loan balance

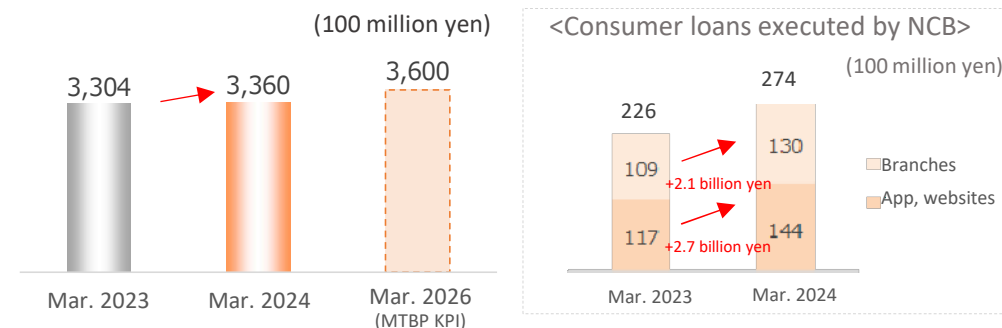
##### ■ Housing loan balance (average balance)



##### ● Strengthen the non-face-to-face channel function

Thanks to the addition of various loan application functions on the app, the ratio of contracts via non-face-to-face channels has risen, raising the overall amount of loans executed.

##### ■ Consumer loan balance (average balance)



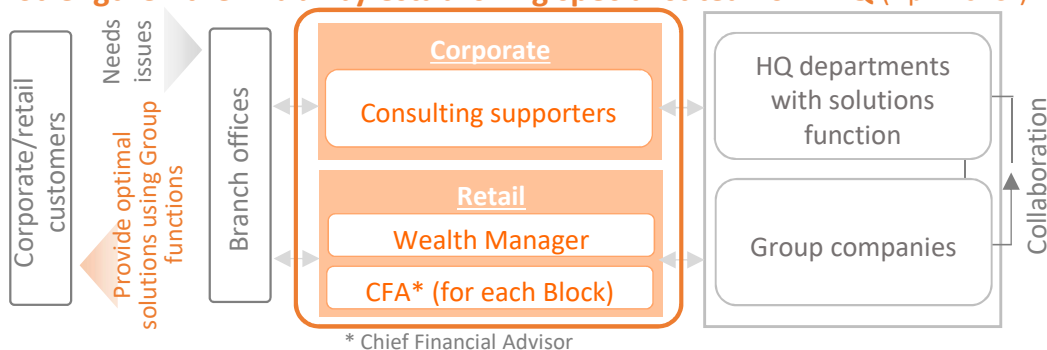
## 4. Sales Reform (1) Strengthening the Sales System

- ◆ Strengthen the framework for Group collaboration while enhancing the HQ support system in both corporate and retail businesses, so that we can properly connect customers' issues and needs with the Group's diverse solution functions.

### Strengthen the HQ support system

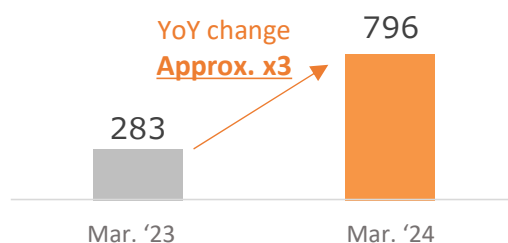
- Established specialized units in HQ to strengthen a hub that would connect the issues/needs of customers with the Group's solution functions, resulting in a significant increase in the number of collaborative cases between HQ and branch offices.

### Strengthen the "hub" by establishing specialist teams in HQ (Apr. 2023-)

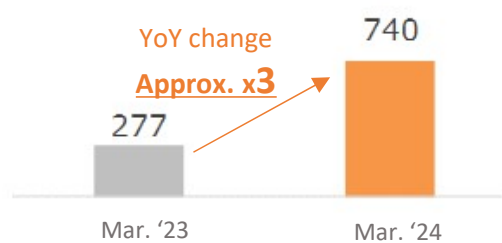


### ■ Number of data collaboration cases between HQ and branch offices

#### <Corporate (consulting supporters)>



#### <Retail (Wealth Manager)>



Main outcomes from the above collaboration (Mar. '24)

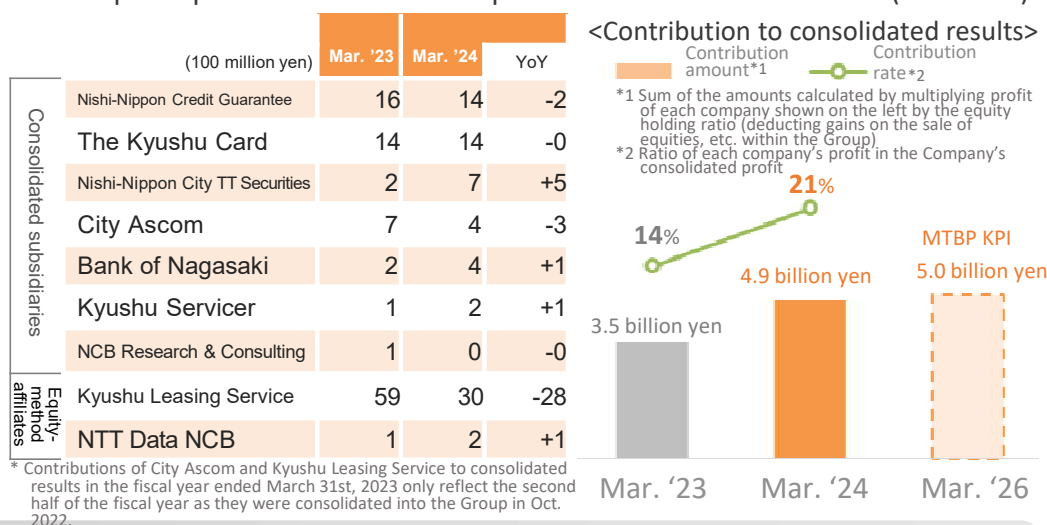


### Enhance the Group collaboration system

- Rolled out cross-Group strategies through the Group Strategy Council, etc., resulting in the contribution of Group companies (excl. NCB) to consolidated results exceeding 20%.



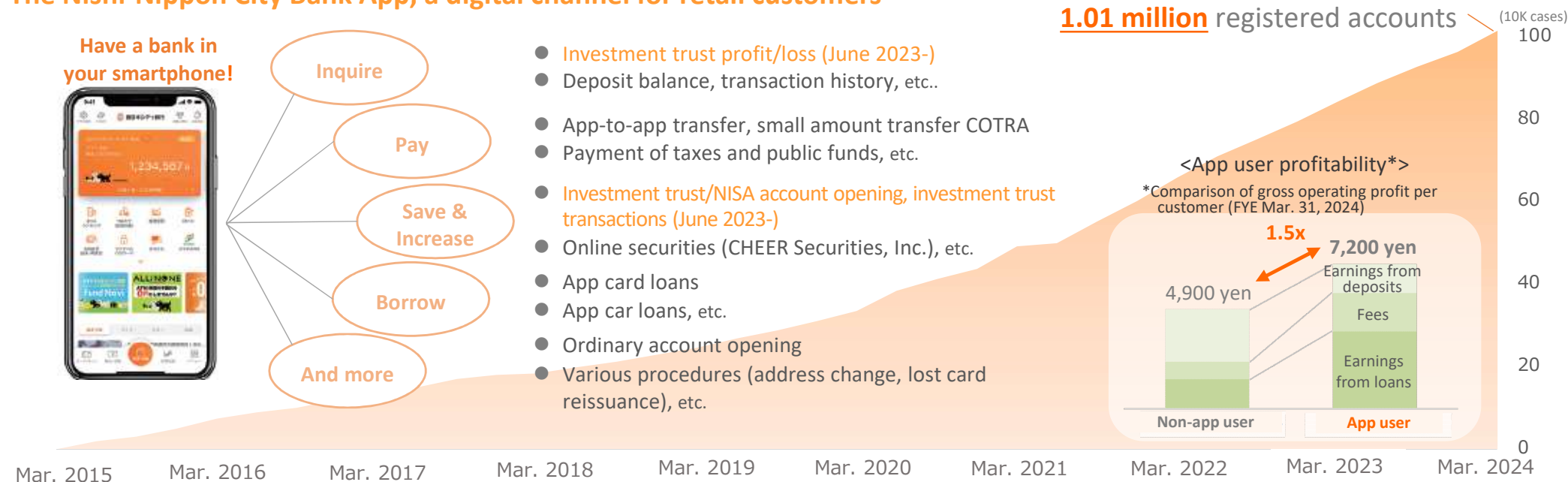
### ■ Group companies' contribution to profit and consolidated results (excl. NCB)



## 4. Sales Reform (2) Digital Strategy

- ◆ Continue expanding the functions of NCB App (for retail customers) and NCB Business Station (for corporate customers). With the expansion of the user base accelerating, these two digital channels are assuming greater importance as our customer contact points.

### The Nishi-Nippon City Bank App, a digital channel for retail customers



### NCB Business Station, a digital channel for corporate customers

**Always access to an online counter!**



#### Financial service

- Single transfer
- Bundle transfer, salary transfer
- Deposit balance and account activity inquiries
- Other banks online inquiry services
- Online loan functions etc.

#### Non-financial service

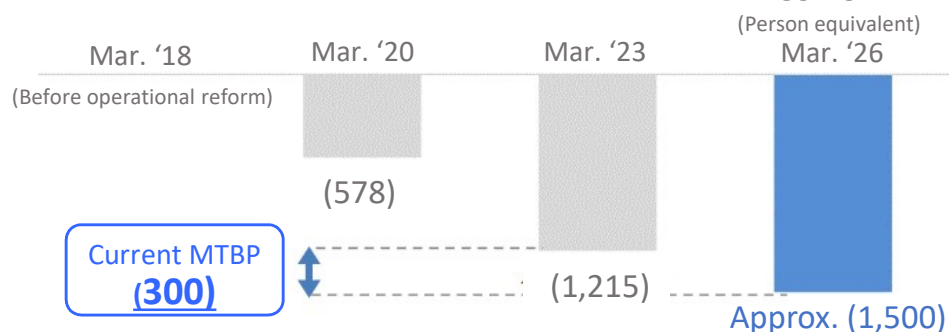
- Business matching
- Provision of subsidy and grant information
- Provision of seminar and management information
- Employee benefits services
- Electronic form issuance services (May 2023-) etc.



## 4. Sales Reform (3) Work Reform

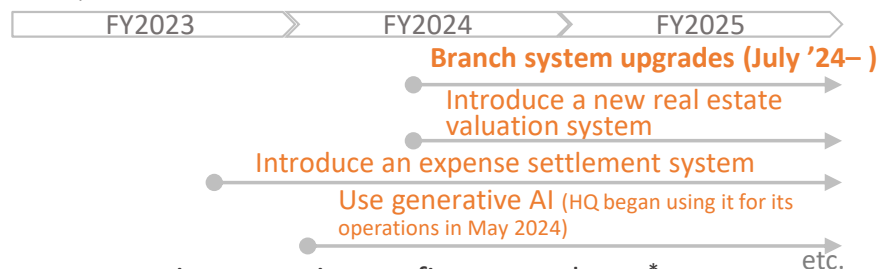
- ◆ Continue initiatives for increasing operational efficiency to enhance productivity of the entire Group.
- ◆ The branch system upgrade to be implemented in this fiscal year is especially designed to fundamentally reduce branch administration, transforming branch offices into “business locations focused on consulting.”

### ■ Volume of office work reduced at HQ and branches (aggregated)



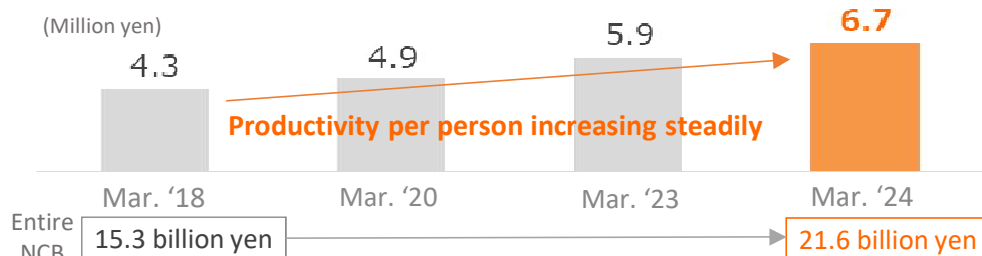
⇒ Step by step implementation of streamlining measures to reduce the work volume at HQ and branches

(Measures that should reduce the work volume equivalent to 300 persons are in place at present.)



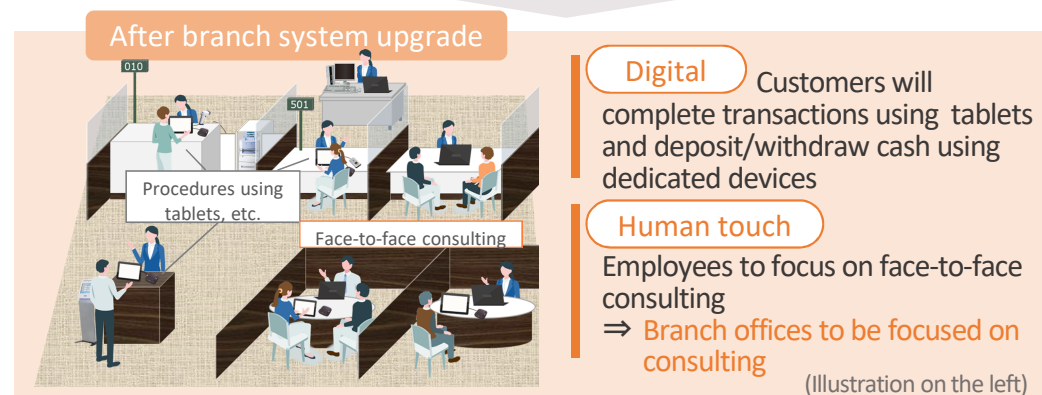
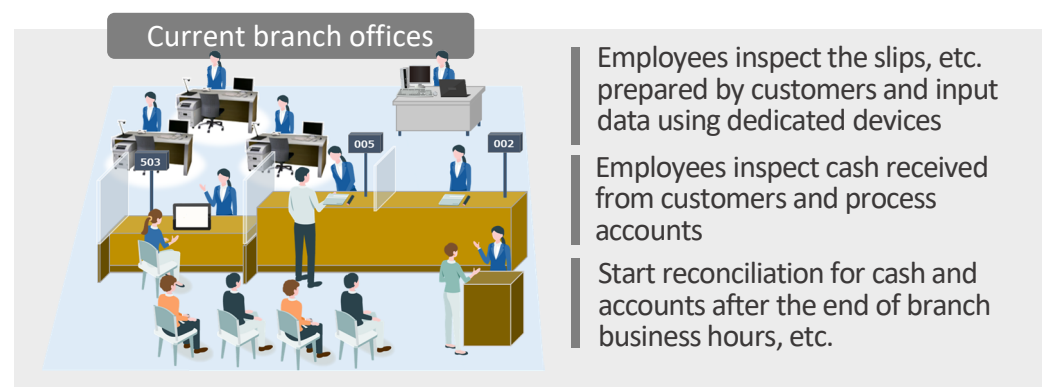
### ■ Customer service operation profit per employee\*

\*Calculated by dividing (average balance of loan x loan-deposit spread + fees and commissions – operating expenses) by the average number of employees during the period



### Branch system upgrades (scheduled for FY2024)

- Significantly reduce/simplify branch administration by realizing the three “less (slip/ledger-less, cash-less, and account calculation-less)” (reduce administrative work equivalent to 140 persons’ work)  
⇒ Office work will be mainly handled by part-time staff, with full-time employees shifting to face-to-face consulting operations, etc.



## 5. Human Resources Reform (1) HR Development

- ◆ Strongly support the growth of each employee by developing strategic human resources to lead the Group's future in consulting, DX, planning, etc., and expanding job class/business operation-based training and re-skilling training

### ● Developing strategic HRs

- ✓ Expand the development menu to include internal/external training programs at the bank's cost in order to enhance the expertise and skill sets of employees

#### Consulting personnel

Support the acquisition of 1st-grade FP and SME Management Consultant credentials  
(e.g., holding exam preparation seminars at the bank's cost)

Expand incentive payments to acquire advanced qualifications etc.

##### Specialists\*1



##### Core personnel\*1



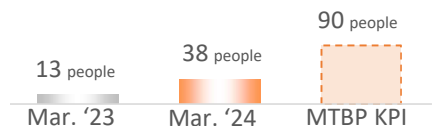
\*1 Specialists: Those who have 1st-grade FP credential or other advanced qualifications (e.g., SME Management Consultants) designated by the company and certain years of practical experience  
Core personnel: Those who have 1st-grade FP credential or other qualifications such as 2nd-grade FP credential with certain years of practical experience

#### DX personnel

Data engineer development program

Strategic secondment to companies with strengths in DX etc.

##### Specialists\*2



##### Core personnel\*2



\*2: Specialists: Those who have advanced qualifications (e.g., IT Strategist) designated by the Company and certain years of practical experience  
Core personnel: Those who have qualifications designated by the Company (Fundamental Information Technology Engineer) and certain practical experience

#### Planning personnel

- Expand the training menu corresponding to each person's experience and skills

Dispatch to business schools, etc.

#### Specialist personnel

- Develop HRs who will play a central role in each field through OJT in IT, financial market, international business, and other specialized divisions

### ● Job class / business operation-based training

- ✓ Comprehensively review the training system and contents to provide practical training at the HR development facility, *Kokoro-kan*



HR development facility, *Kokoro-kan*

#### Job class training

- Expand the training menu to develop skills expected of each job class

Younger employees	Expand follow-up training
Middle-ranking employees	Establish pre-management training
Managerial personnel	Expand training to improve management skills

#### Business operation-based training

- Review the training content to help improve consulting skills

Corporate/regional sales	Expand skill-up training according to experience	Enhance OJT system
Retail sales	Expand training for broadening the scope of retail consulting	

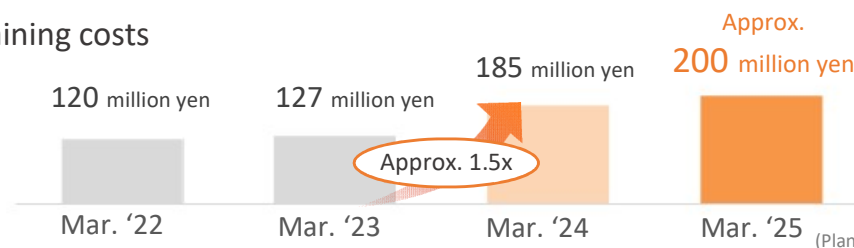
### ● Re-skilling

- ✓ Implement re-skilling measures to expand opportunities for each individual to play an active role

VBA specialist training seminar for efficiency improvement

Introduce a program to support the acquisition of professional qualifications etc.

### ■ Training costs





## 5. Human Resources Reform (2) Greater Job Satisfaction

- ◆ Build a corporate culture that promotes advancement of diverse human resources by establishing an environment that improves job satisfaction through a review of treatment of employees, HQ building reconstruction / branch office renovations, promotion of diversity & inclusion, etc.

### ● Review of treatment of employees

- ✓ Increase salary levels based on the internal and external environment, review employment system for part-time staff, etc.

Increase salary levels

Raises of **an average of roughly 5.0% in two consecutive years**<sup>\*1</sup>

<sup>\*1</sup>: Rate of salary increase on the annual salary basis incl. regular salary increases in fiscal years 2023 and 2024

Raise salaries for new graduates

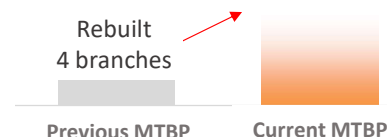
Raise to **260,000 yen by FY2025**

FY2023: 215,000 yen ⇒ FY2024: JPY240,000 ⇒ FY2025: 260,000 yen

### ● Establish workplace environment

- ✓ Accelerate the renewal of aging stores through renovation, which reduces costs and shortens construction periods, in addition to reconstruction

(Number of stores for renewal)



[Completed in FY2023]  
- Chikushi-dori Branch (Renovation)  
- Ito Branch (New branch)

[Renewal in FY2024 onward]  
- Head Office (Rebuilding)  
- Oita Branch (Rebuilding) etc.

### <Employee engagement>

#### ■ Employee survey findings (Average of 5-point scale responses)

- ✓ Employee satisfaction regarding “Self growth” and “Job” grew YoY, maintaining high levels compared with industry peers as well as all industries.

	FY2023 <sup>*2</sup>		FY2022	
	NCB		NCB	All industries
Working here, I realize how much I have grown	3.9		3.6	3.1
I feel proud to work here	4.0		3.7	3.2

<sup>\*2</sup>: The FY2023 survey used a 6-point scale response system. Responses in FY2023 were therefore recalculated using a 5-point scale response system.

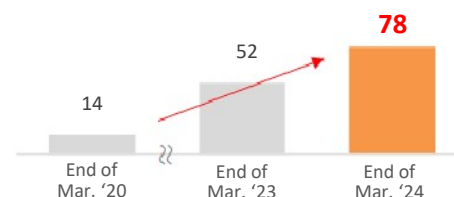
### ● Promote diversity & inclusion

- ✓ Strengthen initiatives to ensure active participation of diverse HR through mid-career recruitment and empowerment of female workers

#### Mid-career recruitment

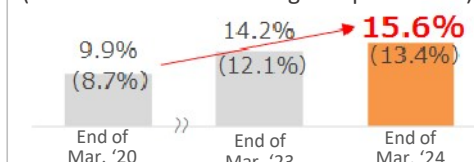
- Actively recruit professionals who have advanced expertise and skills  
(E.g., lawyer, CPA, tax accountant)

(Employees recruited mid-career)



#### Empowerment of women

(Ratio of women in managerial positions<sup>\*3</sup>)



The figures in parentheses show the ratio of women in positions of section manager or above

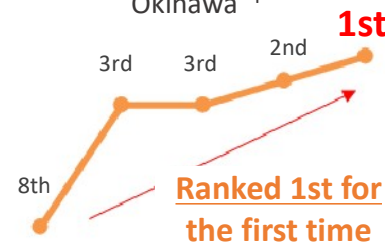
(Ratio of female directors at NNFH)  
After AGM in June 2024  
(scheduled)



<sup>\*3</sup>: Those who are in the position to which heads of their affiliations (Branch Managers, General Managers) may delegate their authority according to in-house regulations (the same job level as section managers)

#### <External assessment>

Popularity among job seekers in Kyushu and Okinawa<sup>\*4</sup>



<sup>\*4</sup>: Survey by Nikkei Career-tasu, Inc.



Certified as a 2024 Health & Productivity Management Organization



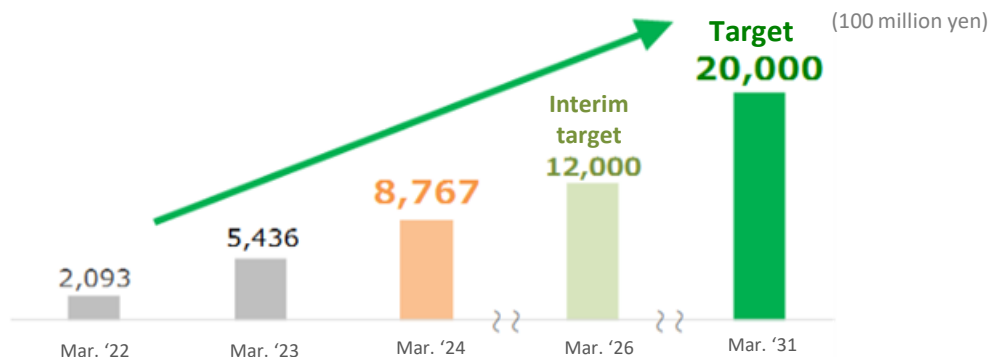
Rated 3 Stars in the 7th Nikkei Smart Work Management Survey

## 6. Sustainability Initiatives

- ◆ Contribute to the realization of a sustainable society by bolstering SDGs/ESG initiatives via means only available to a regional financial group.

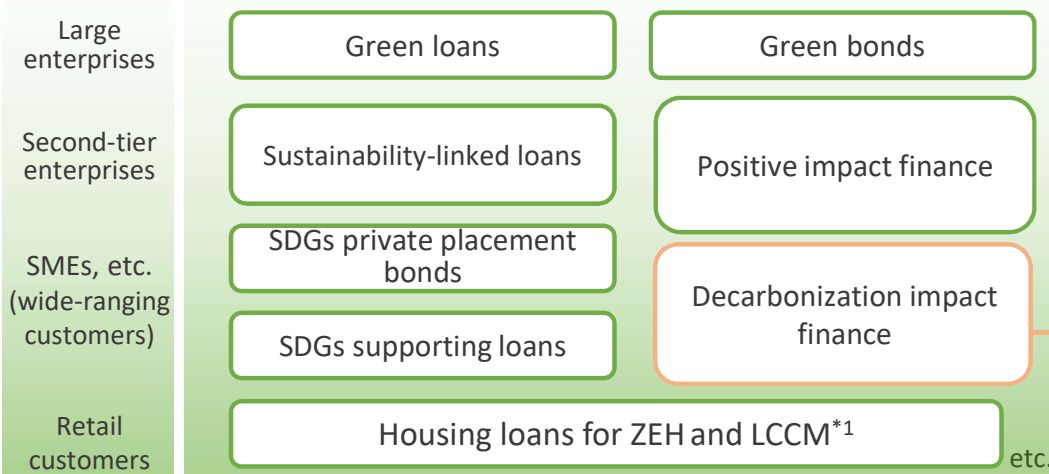
### Supporting customers' efforts

- Amount of sustainable finance executed (two banks combined)



- Offering sustainable finance tailored to diverse customer needs

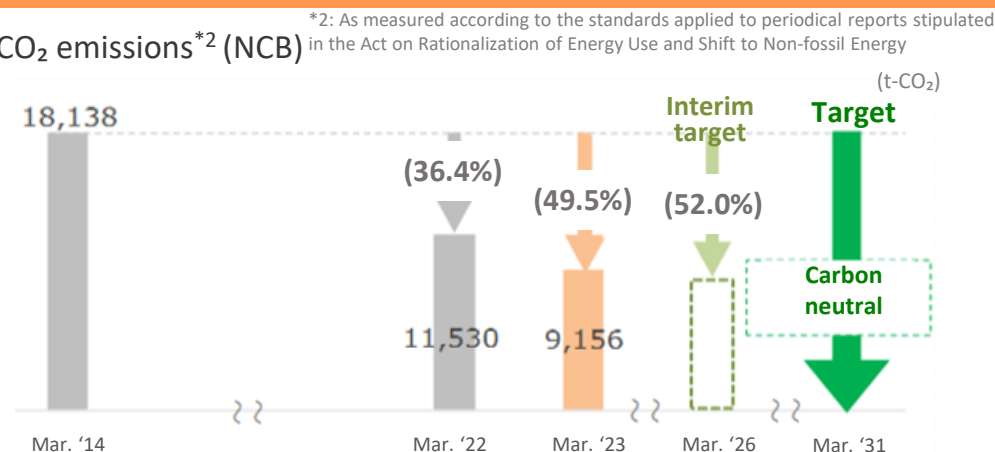
- ✓ Supporting customers' efforts for the environment and climate change with optimal solutions by expanding the lineup of sustainable finance offerings



\*1 ZEH (Net Zero Energy Housing): Housing aiming to achieve net zero annual primary energy consumption  
LCCM (Life Cycle Carbon Minus Houses): Housing that reduces the balance of CO<sub>2</sub> emissions below zero during its life cycle (construction, usage, disposal)

### Our initiatives

- CO<sub>2</sub> emissions\*<sup>2</sup> (NCB)

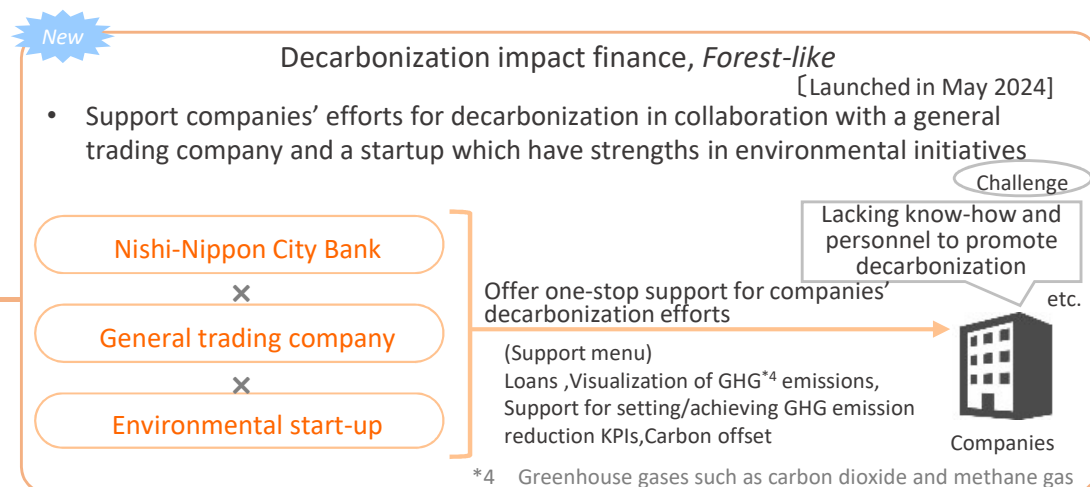


\*2: As measured according to the standards applied to periodical reports stipulated in the Act on Rationalization of Energy Use and Shift to Non-fossil Energy

- Reconstructing the Head Office Building [to be completed in FY2025]

- ✓ Aim to acquire ZEB Ready\*<sup>3</sup> certification through the proactive adoption of eco-friendly technologies

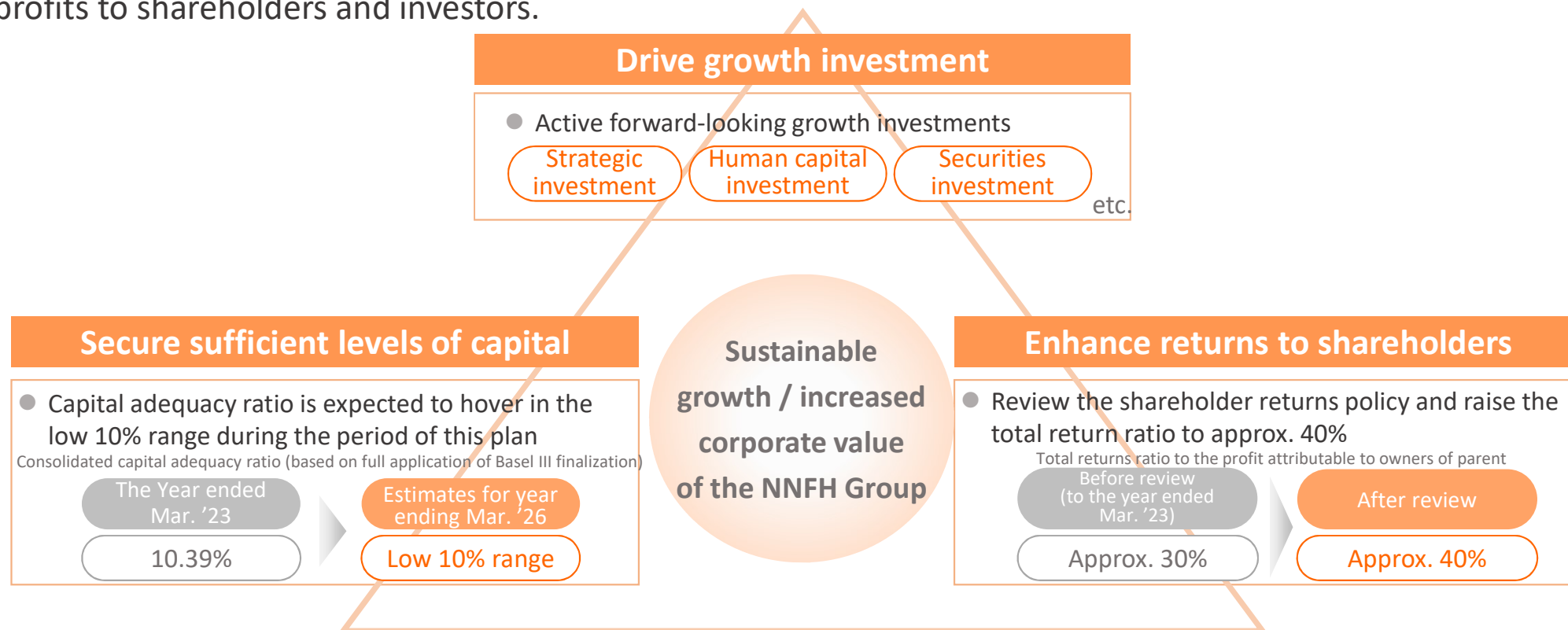
\*3 ZEB Ready: Granted to buildings achieving energy savings of 50% or more



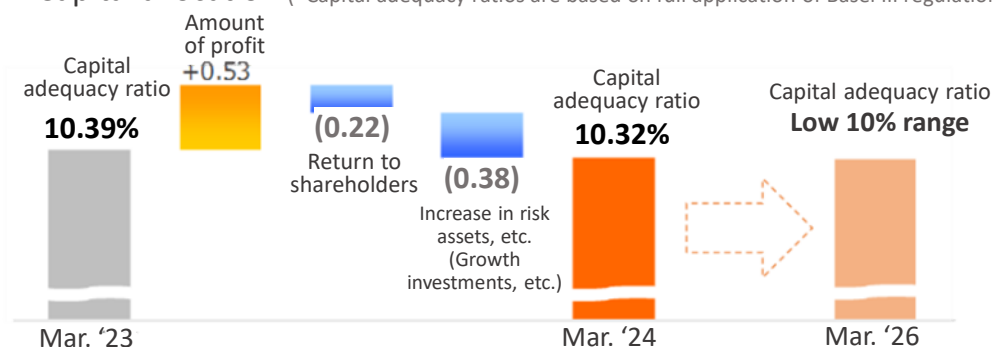
\*4 Greenhouse gases such as carbon dioxide and methane gas

## 7. Capital Policy (1) Basic Approaches

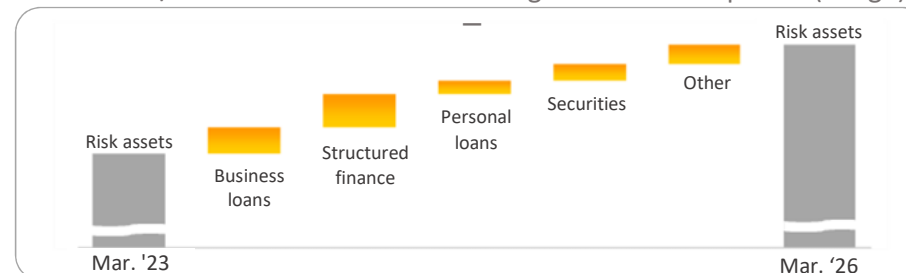
- ◆ Actively make forward-looking growth investments while securing sufficient levels of capital for sustainable growth and improvement of the corporate value of the NNFH Group; at the same time, increase returns of profits to shareholders and investors.



### ■ Capital allocation (\*Capital adequacy ratios are based on full application of Basel III regulations.)



### — Increases/decreases in risk assets during current MTBP period (image) —





## 7. Capital Policy (2) Shareholder Returns

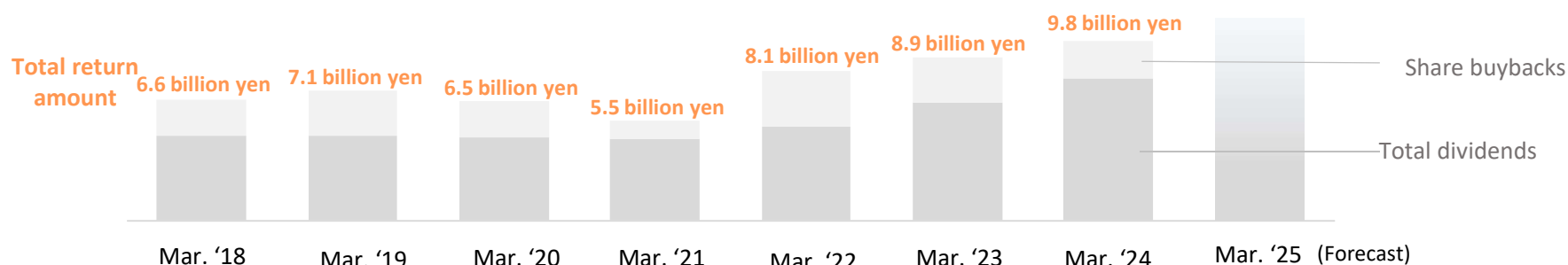
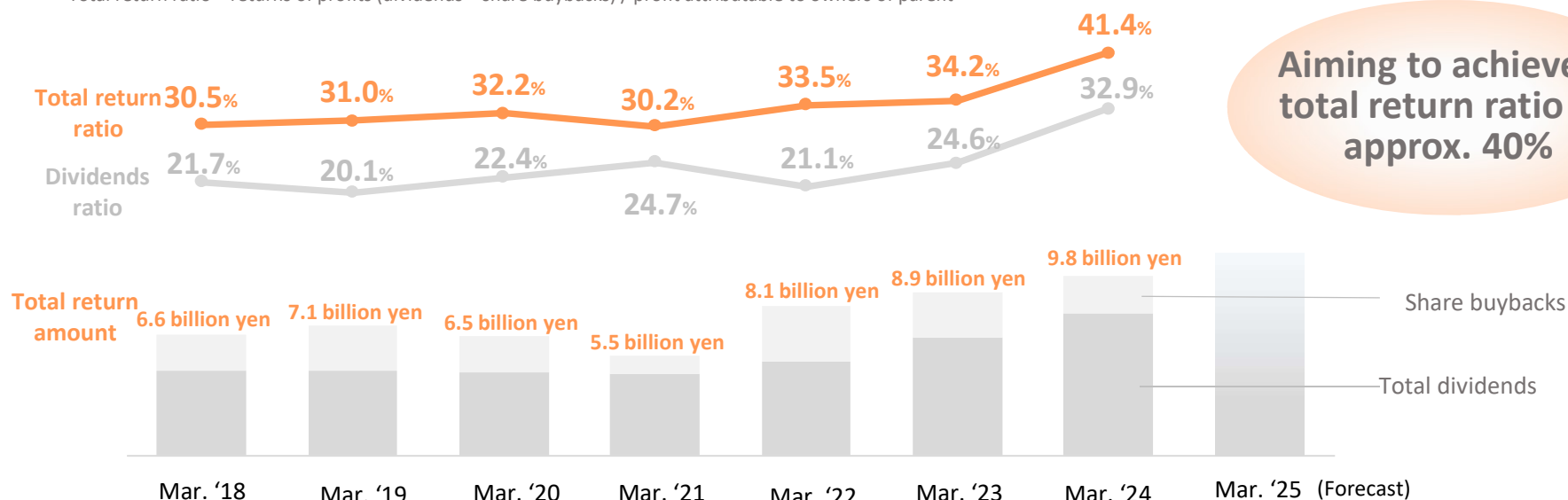
- ◆ Shareholder returns for the fiscal year ended March 31st, 2024 totaled 9.8 billion yen with a total return ratio of 41.4%.
- ◆ Plan to increase annual dividends from 55 yen to 60 yen in line with the target total return ratio of around 40% in the fiscal year ending March 31st, 2025.

### Shareholder returns policy

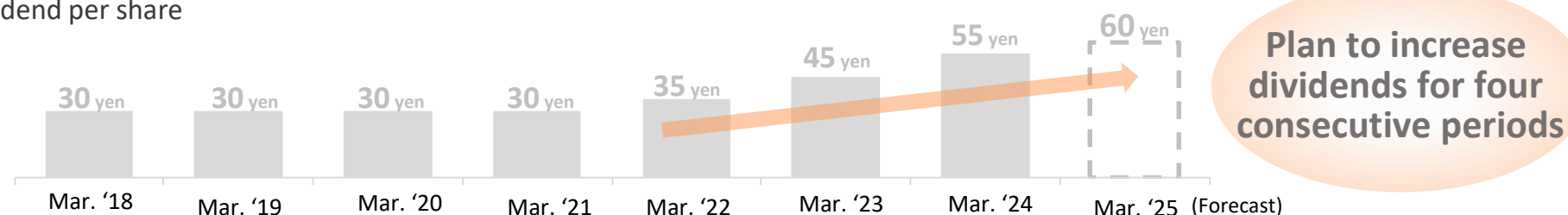
In the light of the public nature of a bank holding company and the importance of maintaining its sound management, we strive to strengthen our financial resilience by retaining an appropriate level of internal reserves and providing stable dividend payments to our shareholders. Specifically, with roughly 40% of the ratio of total return to profit attributable to owners of parent as rough guidance for the time being, we decide what and how much to each to each term by taking into account the current economic circumstances, financial conditions, earnings forecasts and other parameters.

#### ■ Total return ratio

\* Total return ratio = returns of profits (dividends + share buybacks) / profit attributable to owners of parent



#### ■ Dividend per share

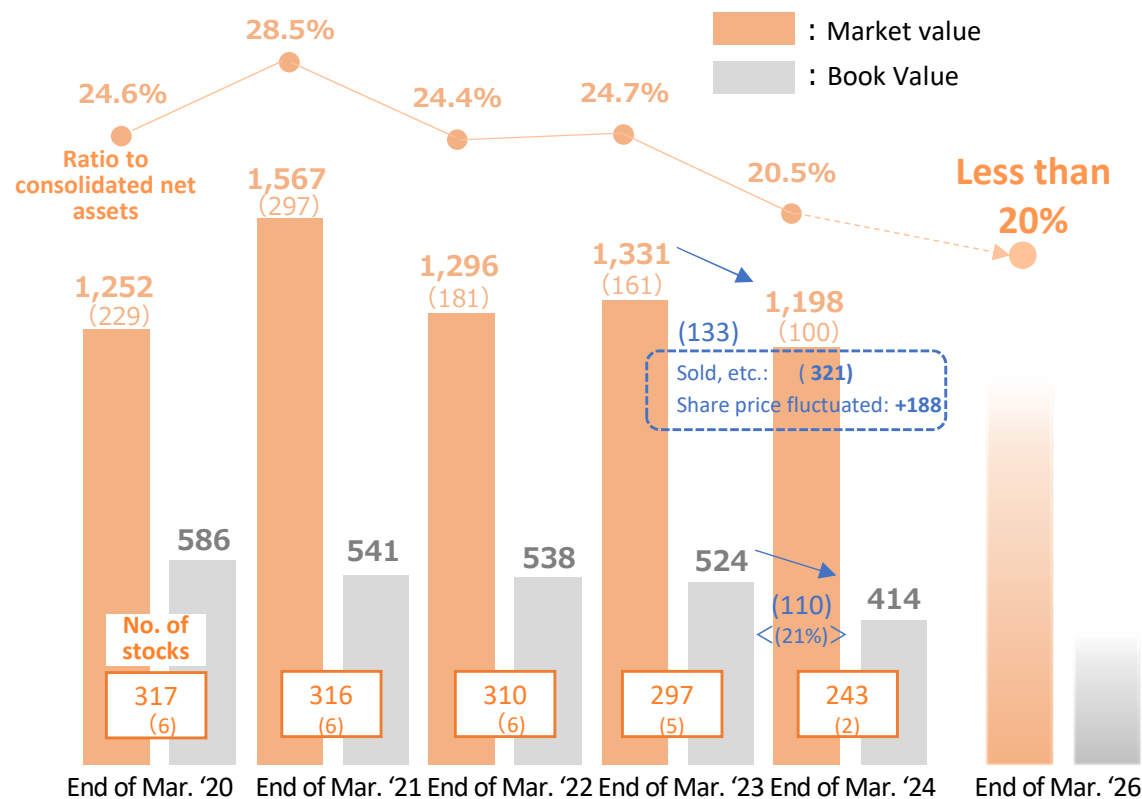


## 7. Capital Policy (3) Reduction of Strategic Shares

- ◆ Accelerated the reduction of strategic shares centered on those of financial institutions and non-local companies.
- ◆ As a result, achieved the reduction target (10% or more of the balance) announced in the previous year.
- ◆ Continue reviewing whether it is appropriate to keep holding each issue and consider reduction.

■ Balance of strategic shares, number of issues, ratio to consolidated net assets

(\*Figures are for NCB who has the largest balance of strategic shares in the NNFH Group)



\*The figures in parentheses in the graph are the number of shares deemed to be held

■ Breakdown of balance of strategic shares (excl. shares deemed to be held)

- In FY2023, we accelerated the reduction of financial institution shares and listed company shares for non-local companies (e.g., companies in Kanto and Kansai)

Issuer attribute		Mar. 31, 2023		Mar. 31, 2024	
		No. of stocks	Book Value	No. of Stocks	Book Value
Financial institutions	Listed	19	70	2	1
	Not listed	3	33	2	32
Non-local companies (e.g., Kanto, Kansai)	Listed	25	35	4	13
	Not listed	20	25	20	25
Local companies	Listed	73	283	62	266
	Not listed	152	78	151	77

Strategic share reduction target during MTBP period (announced in Dec. 2023)

**Reduce 10% or more of the balance (book value basis)**

⇒ Reduced the balance by 21% from Mar. 31, 2023 to Mar. 31, 2024 and achieved the target earlier than planned

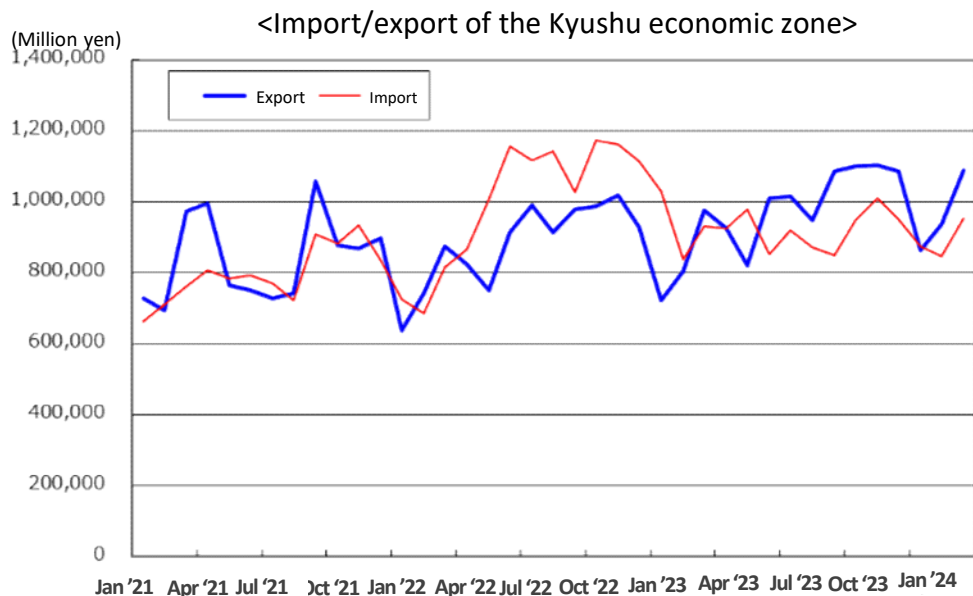
MTBP period (Apr. 2023-Mar. 2026)



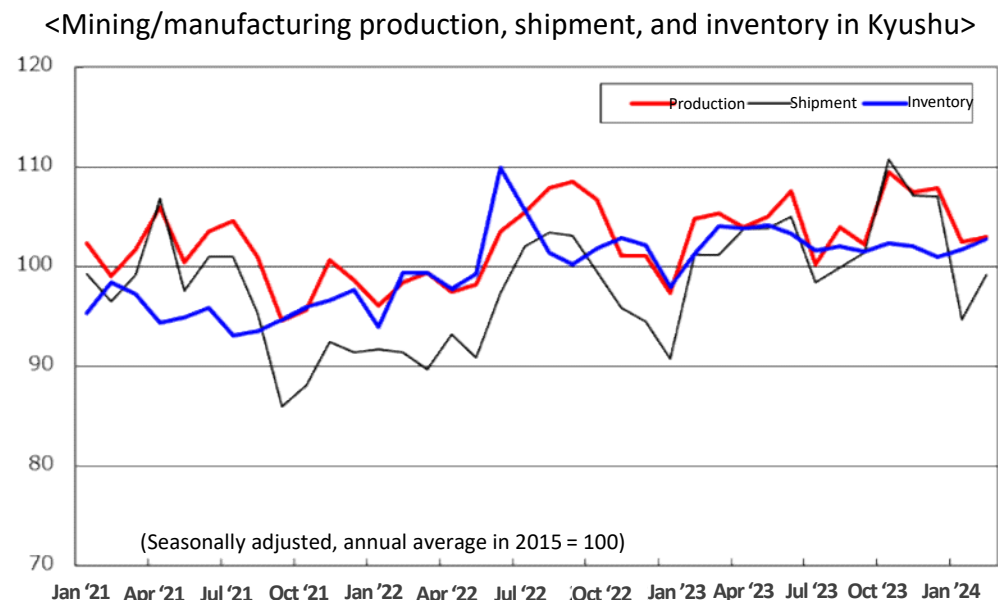
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# The Economic Environment in Kyushu/Fukuoka

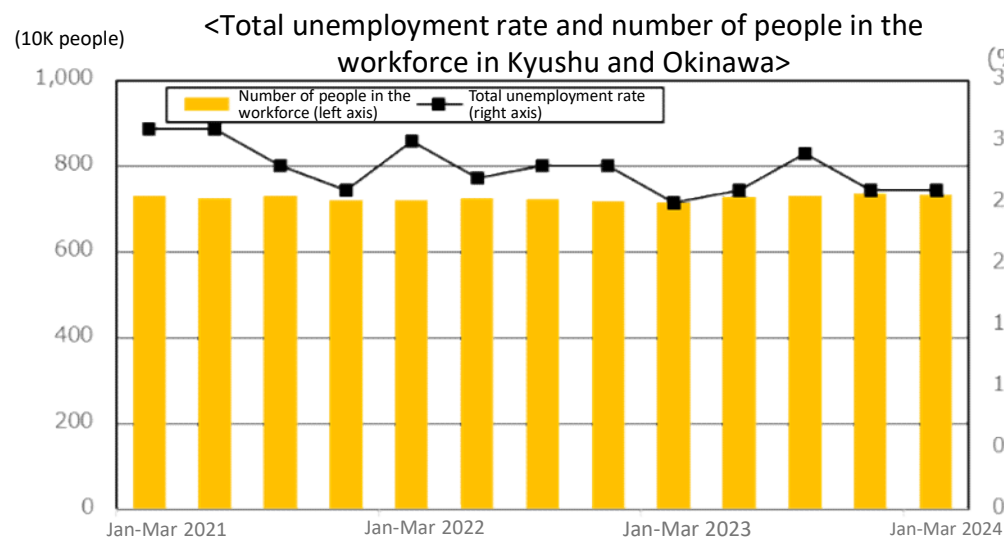
# 1. Key Economic Indicators



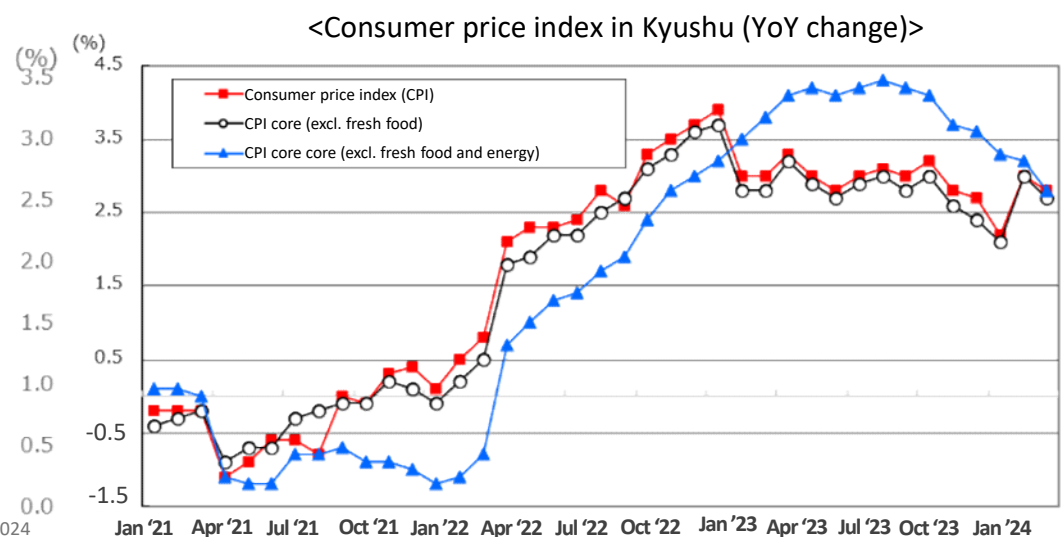
Source: Moji Customs, MOF



Source: Kyushu Bureau of Economy, Trade and Industry



Source: Ministry of Internal Affairs and Communications



Source: Ministry of Internal Affairs and Communications

## 2. Trends in Local Economies

### (1) Business sentiment among local enterprises

- The business survey index for Northern Kyushu in the January-March 2024 quarter saw the index in the manufacturing sector fall from the positive to negative territory and the index in the non-manufacturing sector also fall albeit still in the positive territory, resulting in the index for all industries worsening by 10.4 percentage points to minus 3.2.
- The outlook for the April-June 2024 quarter in Northern Kyushu is that the index in the manufacturing sector will likely improve, although it will remain in negative territory, while the index will move sideways in the non-manufacturing sector, improving the index for all industries to minus 0.2.

<Business Survey Index> (Difference of “up”-“down” compared to previous quarter)

			Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023 (previous)	Jan-Mar 2024 (present)	Apr-Jun 2024 (outlook I)	Jul-Sep 2024 (outlook II)
Northern Kyushu	All industries		6.2	2.8	7.2	(3.2)	(0.2)	3.7
	Manufacturing		1.9	(11.4)	1.9	(12.7)	(1.9)	0.6
	Non-manufacturing		7.8	8.2	9.2	0.5	0.5	4.9
Southern Kyushu	All industries		0.2	0.7	13.6	(5.5)	3.5	5.5
	Manufacturing		(3.7)	(6.7)	11.9	(12.7)	6.7	8.2
	Non-manufacturing		2.0	4.0	14.4	(2.3)	2.0	4.3

Source: Fukuoka Local Finance Branch Bureau, Kyushu Local Finance Bureau

### (2) Foreign visitors to Kyushu

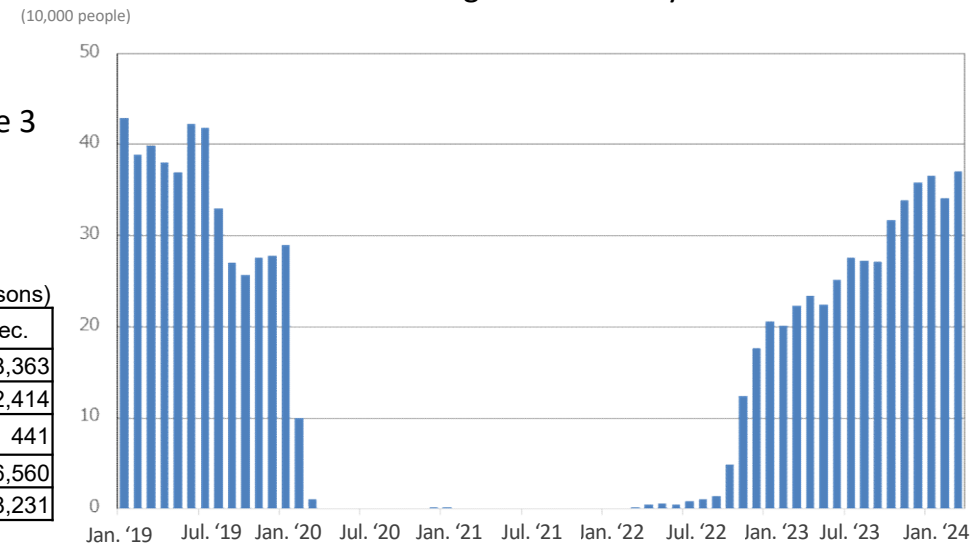
- In 2023, the number of foreign visitors to Kyushu was 3.17 million, regaining the 3 million range for the first time in a while with recovery from the COVID-19 pandemic, while not reaching the past record of 5.11 million attained in 2018.

<Foreign visitors to Kyushu>

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
2019	429,268	389,410	399,311	380,770	369,933	423,361	418,878	330,240	269,772	256,633	276,087	278,363
2020	289,487	100,192	11,102	37	273	11	81	89	84	223	820	2,414
2021	2,129	191	349	352	264	261	453	191	400	458	630	441
2022	533	597	2,144	5,222	6,264	5,258	8,034	11,108	13,823	49,116	123,538	176,560
2023	205,477	201,758	223,239	234,552	224,506	251,307	275,142	272,036	271,814	317,407	338,833	358,231
2024	366,465	341,619	371,057									

(Persons)

<Foreign visitors to Kyushu>



Source: Kyushu District Transport Bureau, Ministry of Justice Immigration Bureau



## 2. Trends in Local Economies

### (3) Trends in key industries

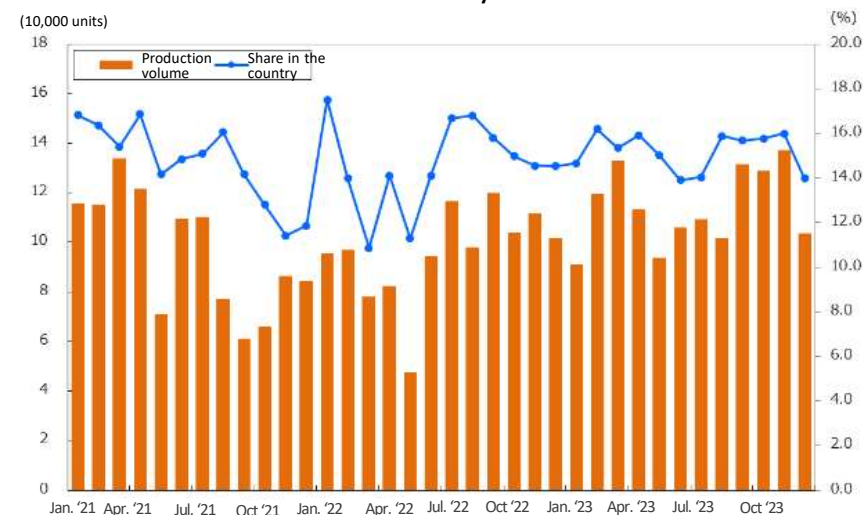
#### (Automobiles)

- The automobile industry in Kyushu has grown steadily as one assembly plant after another opened and a cluster of auto-related companies (component manufacturing, processing, etc.) was formed in northern Kyushu. The region, which is one of the largest auto-producing centers in the world with an annual capacity of 1.5 million units, has become an auto industry hub that can handle whole process from development and design to production, with the establishment of a multitude of development centers.
- In 2023, 1.368 million cars were produced, increasing YoY for the first time in four years as production had decreased for three consecutive years from 2020 to 2022 mainly due to supply chain disruptions and semiconductor shortages during the COVID-19 pandemic.

#### (Semiconductors)

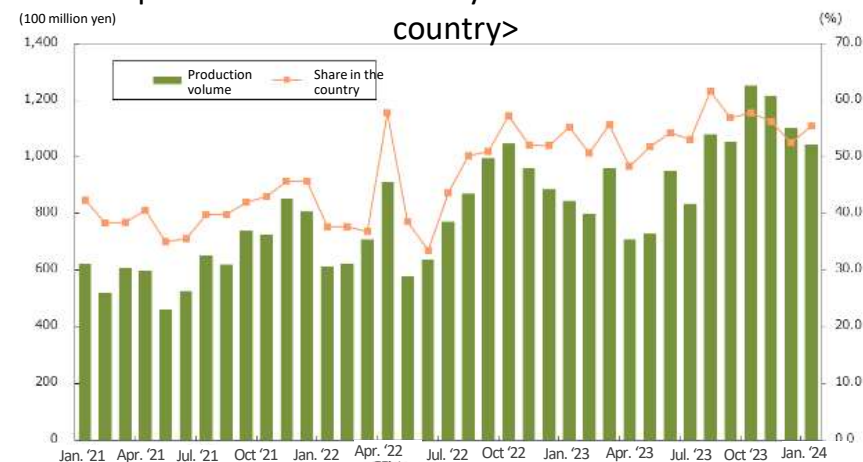
- The semiconductor-related industry in Kyushu saw some semiconductor plants being closed/consolidated after the 2008 economic crisis. However, global leaders in CMOS image sensors, on-vehicle microcomputers, etc. and numerous SMEs that support them have clustered together in Kyushu, including the world's largest semiconductor maker, TSMC, and the Sony Group spending approximately 1 trillion yen to build a new plant in Kikuyo-machi, Kumamoto Prefecture with a plan to start production before the end of 2024. This triggered successive investments in semiconductor plants and by semiconductor suppliers throughout Kyushu, creating "Silicon Island Kyushu" comprising approximately 1,000 enterprises.
- In 2023, IC production grew 24.0% YoY in terms of value to 1,153.3 billion yen, outperforming the previous year in the third consecutive year and exceeding the 1-trillion-yen mark for the first time in 16 years since 2007. Although production volume is still less than half of its peak, production value has been growing due to the higher values added to products.

<Auto production volume in Kyushu and its share in the country>



Source: Kyushu Bureau of Economy, Trade and Industry

<IC production amount in Kyushu and its share in the country>



Source: Ministry of Economy, Trade and Industry



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# Supplementary Materials on Performance

# 1. Statement of Income (1) Fiscal Year Ended March 31st, 2024 - YoY Comparisons

(100 million yen)

Ordinary income
Gross operating profit
[Core gross operating profit]
Net interest income
(Interest on loans and discounts)
(Interest and dividends on securities)
(Interest on deposits and negotiable certificates of deposit)
Fees and commissions
Trading income
Other operating income
(Net gains (losses) related to bonds)
Expenses
Net business profits
[Core net business profits]
Provision for general reserve for possible loan losses
Business profits
Extraordinary gains (losses)
Gains (losses) on equity securities (excluding losses on write-offs of DES)
Losses from disposal of non-performing loans
Other extraordinary gains (losses)
Ordinary profit
Extraordinary profit (loss)
Gains on disposition of fixed assets
Impairment loss on fixed assets
Other extraordinary profit (loss)
Profit before income taxes
Income taxes
Profit attributable to non-controlling interests
Profit attributable to owners of parent

Credit cost A+B

Fiscal year ended March 31st, 2024 Results		
NNFH (A)	NCB (B)	(A) – (B)
(consolidated)		
1,856	1,575	281
1,098	883	215
[1,206]	[991]	[215]
910	849	61
838	799	39
287	280	7
6	5	1
240	118	122
10	0	10
(63)	(84)	21
(108)	(108)	0
802	665	137
296	218	78
[404]	[325]	[79]
10	3	7
286	214	72
70	64	6
153	146	7
56	49	7
(26)	(32)	6
356	279	77
(8)	(7)	(1)
(3)	(3)	0
4	4	0
(0)	-	(0)
349	271	78
106	83	23
6	-	6
236	188	48

66 53 13

YoY change		
NNFH (A)	NCB (B)	(A) – (B)
(consolidated)		
252	254	△ 2
16	(5)	21
[20]	[(1)]	[21]
(27)	(30)	3
26	26	0
77	75	2
1	1	0
29	16	13
(4)	0	(4)
18	9	9
(4)	(4)	0
22	14	8
(5)	(19)	14
[(2)]	[(16)]	[14]
23	9	14
(28)	(29)	1
47	103	(56)
131	121	10
4	10	(6)
(79)	(7)	(72)
19	75	(56)
(12)	(3)	(9)
0	0	0
3	4	(1)
(8)	-	(8)
8	71	(63)
29	28	1
2	-	2
(25)	43	(68)

27 20 7

Fiscal year ended March 31st, 2023 Results		
NNFH (A)	NCB (B)	(A) – (B)
(consolidated)		
1,604	1,321	283
1,082	888	194
[1,186]	[992]	[194]
937	879	58
812	773	39
210	205	5
5	4	1
211	102	109
14	0	14
(81)	(93)	12
(104)	(104)	(0)
780	651	129
301	237	64
[406]	[341]	[65]
(13)	(6)	(7)
314	243	71
23	(39)	62
22	25	(3)
52	39	13
53	(25)	78
337	204	133
4	(4)	8
(3)	(3)	0
1	0	1
8	-	8
341	200	141
77	55	22
4	-	4
261	145	116

39 33 6

# 1. Statement of Income (2) Fiscal Year Ended March 31st, 2024 – Comparison with Previous Forecast

(100 million yen)

Ordinary income
Gross operating profit
[Core gross operating profit]
Net interest income
(Interest on loans and discounts)
(Interest and dividends on securities)
(Interest on deposits and negotiable certificates of deposit)
Fees and commissions
Trading income
Other operating income
(Net gains (losses) related to bonds)
Expenses
Net business profits
[Core net business profits]
Provision for general reserve for possible loan losses
Business profits
Extraordinary gains (losses)
Gains (losses) on equity securities (excluding losses on write-offs of DES)
Losses from disposal of non-performing loans
Other extraordinary gains (losses)
Ordinary profit
Extraordinary profit (loss)
Gains on disposition of fixed assets
Impairment loss on fixed assets
Other extraordinary profit (loss)
Profit before income taxes
Income taxes
Profit attributable to non-controlling interests
Profit attributable to owners of parent

Fiscal year ended March 31st, 2024 Results		
NNFH (A)	NCB (B)	(A) – (B)
(consolidated)		
1,856	1,575	281
1,098	883	215
[1,206]	[991]	[215]
910	849	61
838	799	39
287	280	7
6	5	1
240	118	122
10	0	10
(63)	(84)	21
(108)	(108)	0
802	665	137
296	218	78
[404]	[325]	[79]
10	3	7
286	214	72
70	64	6
153	146	7
56	49	7
(26)	(32)	6
356	279	77
(8)	(7)	(1)
(3)	(3)	0
4	4	0
-	-	-
349	271	78
106	83	23
6	-	6
236	188	48

Comparison with previous forecast		
NNFH (A)	NCB (B)	(A) – (B)
(consolidated)		
102	80	22
(56)	(67)	11
[42]	[31]	[11]
31	31	0
2	1	1
19	20	(1)
1	0	1
3	2	1
(2)	0	(2)
(89)	(100)	11
(98)	(98)	0
(1)	0	(1)
(55)	(67)	12
[43]	[30]	[13]
7	3	4
(62)	(71)	9
73	64	9
60	53	7
(11)	(11)	0
3	1	2
11	(6)	17
(4)	(3)	(1)
0	0	0
3	3	0
-	-	-
8	(10)	18
9	2	7
2	-	2
(4)	(12)	8

Previous forecast for fiscal year ended March 31st, 2024 <sup>[Note]</sup>		
NNFH (A)	NCB (B)	(A) – (B)
(consolidated)		
1,754	1,495	259
1,154	950	204
[1,164]	[960]	[204]
879	818	61
836	798	38
268	260	8
5	5	-
237	116	121
12	-	12
26	16	10
(10)	(10)	-
803	665	138
351	285	66
[361]	[295]	[66]
3	-	3
348	285	63
(3)	-	(3)
93	93	-
67	60	7
(29)	(33)	4
345	285	60
(4)	(4)	-
(3)	(3)	-
1	1	-
-	-	-
341	281	60
97	81	16
4	-	4
240	200	40

Credit cost	A+B	66	53	13
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(4)	(7)	3
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70	60	10
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(Note) Forecast at the time of a financial results briefing for the six months ended September 30th, 2023 (held on December 1, 2023)

# 1. Statement of Income (3) Forecast for the Fiscal Year Ended March 31st, 2025 – YoY Comparisons

(100 million yen)		Fiscal year ended March 31st, 2025 Forecast			YoY change			Fiscal year ended March 31st, 2024 Results		
		NNFH (A)	NCB (B)	(A) – (B)	NNFH (A)	NCB (B)	(A) – (B)	NNFH (A)	NCB (B)	(A) – (B)
		(consolidated)			(consolidated)			(consolidated)		
Ordinary income		1,803	1,527	276	(53)	(48)	(5)	1,856	1,575	281
Gross operating profit		1,240	1,027	213	142	144	(2)	1,098	883	215
[Core gross operating profit]		[1,265]	[1,052]	[213]	[59]	[61]	[(2)]	[1,206]	[991]	[215]
Net interest income		983	921	62	73	72	1	910	849	61
(Interest on loans and discounts)		888	847	41	50	48	2	838	799	39
(Interest and dividends on securities)		245	239	6	(42)	(41)	(1)	287	280	7
(Interest on deposits and negotiable certificates of deposit)		33	32	1	27	27	0	6	5	1
Fees and commissions		242	118	124	2	0	2	240	118	122
Trading income		10	0	10	0	0	0	10	0	10
Other operating income		5	(12)	17	68	72	(4)	(63)	(84)	21
(Net gains (losses) related to bonds)		(25)	(25)	-	83	83	0	(108)	(108)	0
Expenses		820	681	139	18	16	2	802	665	137
Net business profits		421	346	75	125	128	(3)	296	218	78
[Core net business profits]		[446]	[371]	[75]	[42]	[46]	[(4)]	[404]	[325]	[79]
Provision for general reserve for possible loan losses		2	1	1	(8)	(2)	(6)	10	3	7
Business profits		419	345	74	133	131	2	286	214	72
Extraordinary gains (losses)		(9)	(5)	(4)	(79)	(69)	(10)	70	64	6
Gains (losses) on equity securities (excluding losses on write-offs of DES)		75	75	0	(78)	(71)	(7)	153	146	7
Losses from disposal of non-performing loans		73	64	9	17	15	2	56	49	7
Other extraordinary gains (losses)		(11)	(16)	5	15	16	(1)	(26)	(32)	6
Ordinary profit		410	340	70	54	61	(7)	356	279	77
Extraordinary profit (loss)		(11)	(10)	(1)	(3)	(3)	0	(8)	(7)	(1)
Gains on disposition of fixed assets		(9)	(9)	0	(6)	(6)	0	(3)	(3)	0
Impairment loss on fixed assets		2	2	0	(2)	(2)	0	4	4	0
Other extraordinary profit (loss)		-	-	-	-	-	-	-	-	-
Profit before income taxes		399	330	69	50	59	(9)	349	271	78
Income taxes		123	100	23	17	17	0	106	83	23
Profit attributable to non-controlling interests		6	-	6	0	-	0	6	-	6
Profit attributable to owners of parent		236	188	48	34	42	(8)	236	188	48
Credit cost		75	65	10	9	12	(3)	66	53	13



## 2. Balance Sheet (1) Assets

(100 million yen)

### Assets

Cash and due from banks
Call loans and bills bought
Monetary claims bought
Trading account assets
Money held in trust
Securities
Loans and bills discounted (YoY % change)
Foreign exchanges
Other assets
Tangible fixed assets
Intangible fixed assets
Retirement benefit assets (prepaid pension costs)
Deferred tax assets
Customers' liabilities for acceptances and guarantees
Allowance for loan losses
Allowance for investment losses
Total assets

NNFH(Consolidated)				
Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2024

17,147	17,388	26,147	19,466	22,006
12	-	-	80	76
370	367	396	427	477
14	1	-	-	-
54	113	117	116	117
12,979	15,068	17,733	17,927	18,032
75,541	85,439	84,709	89,554	91,782
2.9%	13.1%	(0.9%)	5.7%	2.5%
144	111	228	173	94
889	1,156	903	991	1,019
1,196	1,176	1,162	1,169	1,160
37	35	42	52	52
53	178	75	80	250
7	5	21	64	11
202	166	176	164	186
(411)	(441)	(425)	(405)	(423)
(6)	(6)	(6)	(6)	(6)
108,228	120,756	131,279	129,852	134,831

NCB				
Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2024

17,007	17,103	25,597	19,112	21,613
432	300	400	390	336
-	-	-	-	-
14	1	-	-	-
54	113	117	116	117
12,878	14,899	17,537	17,573	17,657
73,413	83,188	82,360	87,379	89,594
2.9%	13.3%	(1.0%)	6.1%	2.5%
144	111	228	173	94
804	1,026	781	816	848
1,154	1,135	1,118	1,109	1,101
31	30	37	46	48
231	233	259	267	268
-	-	-	-	-
180	146	158	147	170
(347)	(384)	(370)	(358)	(374)
(5)	(5)	(5)	(4)	(4)
105,990	117,895	128,217	126,767	131,468

(Loans to MoF excluded from total loans and bills discounted)

## 2. Balance Sheet (2) Liabilities and Net Assets

Liabilities and Net Assets (100 million yen)

Deposits (YoY % change)	
Negotiable certificates of deposit	
Call money and bills sold	
Securities sold under repurchase agreements	
Cash collateral received for securities lent	
Borrowed money	
Foreign exchanges	
Bonds payable	
Borrowed money from trust account	
Other liabilities	
Provision for stock-based payments for officers	
Retirement benefit liability (Reserve for employee retirement benefits)	
Provision for retirement benefits for directors (and other officers)	
Provision for reimbursement of deposits	
Provision for contingent losses	
Provision under special laws	
Deferred tax liabilities	
Deferred tax liabilities for land revaluation	
Acceptances and guarantees	
<b>Total liabilities</b>	
Share capital	
Capital surplus	
Retained earnings	
Treasury shares	
<b>Total shareholders' equity</b>	
Valuation difference on available-for-sale securities	
Deferred gains or losses on hedges	
Revaluation reserve for land	
Remeasurements of defined benefit plans	
Total accumulated other comprehensive income (Total valuation and translation adjustments)	
<b>Non-controlling interests</b>	
<b>Total net assets</b>	
<b>Total liabilities and net assets</b>	

NNFH(Consolidated)				
Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2024
84,816	92,955	95,703	97,918	101,772
4.8%	9.6%	3.0%	2.3%	3.9%
3,495	1,885	2,643	1,674	2,477
390	2,081	5,100	5,125	1,045
2,070	1,943	2,511	2,659	2,262
891	411	872	2,939	2,382
9,942	14,377	17,552	12,497	17,591
1	2	2	5	7
100	-	-	-	-
8	32	48	52	53
1,000	1,076	1,140	1,202	936
-	-	-	0	0
37	5	48	46	20
2	3	2	2	2
16	12	8	5	4
14	13	11	12	12
0	0	0	0	0
5	138	8	11	86
149	147	147	146	146
202	166	176	164	186
<b>103,140</b>	<b>115,247</b>	<b>125,972</b>	<b>124,457</b>	<b>128,983</b>
500	500	500	500	500
1,295	1,272	1,211	1,187	1,176
2,710	2,845	3,042	3,255	3,413
(99)	(86)	(55)	(57)	(66)
<b>4,406</b>	<b>4,531</b>	<b>4,698</b>	<b>4,885</b>	<b>5,023</b>
470	652	386	258	433
(18)	(14)	(0)	10	7
299	296	294	294	297
(145)	(38)	(157)	(148)	(14)
607	897	523	414	723
75	81	86	96	102
<b>5,088</b>	<b>5,509</b>	<b>5,307</b>	<b>5,394</b>	<b>5,848</b>
<b>108,228</b>	<b>120,756</b>	<b>131,279</b>	<b>129,852</b>	<b>134,831</b>

NCB				
Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023	Mar. 31, 2024
82,916	90,755	93,350	95,552	99,399
4.9%	9.5%	2.9%	2.4%	4.0%
3,479	1,873	2,570	1,672	2,449
390	2,081	5,100	5,125	1,045
2,070	1,943	2,511	2,659	2,262
891	411	872	2,939	2,382
9,884	14,191	17,325	12,422	17,500
1	2	2	5	7
100	-	-	-	-
8	32	48	52	53
722	759	791	805	481
-	-	-	-	-
2	2	2	2	2
-	-	-	-	-
16	11	8	5	4
14	12	11	12	11
77	157	59	16	80
147	145	144	144	143
180	146	158	147	170
<b>100,898</b>	<b>112,521</b>	<b>122,951</b>	<b>121,556</b>	<b>125,989</b>
857	857	857	857	857
857	857	857	857	857
2,644	2,751	2,899	2,964	3,068
-	-	-	-	-
<b>4,358</b>	<b>4,465</b>	<b>4,614</b>	<b>4,678</b>	<b>4,783</b>
453	627	358	229	393
(18)	(14)	(0)	10	7
299	296	294	294	297
734	909	653	533	697
5,092	5,374	5,266	5,212	5,479
<b>105,990</b>	<b>117,895</b>	<b>128,217</b>	<b>126,767</b>	<b>131,468</b>

### 3. Average Amount Outstanding, Yield, and Interest of Main Accounts (Interim) (NCB)

(Fiscal year ended)

(100 million yen)

Forecast

#### Loans

	March 31st, 2020			March 31st, 2021			March 31st, 2022			March 31st, 2023			March 31st, 2024			March 31st, 2025		
	Avg. amount outstanding	Yield	Interest	Avg. amount outstanding	Yield	Interest	Avg. amount outstanding	Yield	Interest	Avg. amount outstanding	Yield	Interest	Avg. amount outstanding	Yield	Interest	Avg. amount outstanding	Yield	Interest
Japan	71,065	1.08%	766	79,335	0.97%	773	81,855	0.94%	766	81,522	0.93%	757	88,038	0.88%	775	89,791	0.90%	817
Business loans	43,309	0.76%	328	51,182	0.69%	353	53,179	0.67%	359	52,174	0.68%	356	57,686	0.65%	374	58,334	0.70%	410
Housing loans and loans for apartment buildings (Housing loans)	24,885	1.13%	282	25,198	1.09%	274	25,622	1.04%	268	26,197	1.01%	264	27,145	0.97%	265	28,119	0.95%	268
(Loans for apartment buildings)	16,433	1.17%	192	16,780	1.11%	186	17,435	1.05%	183	17,992	1.01%	181	18,640	0.96%	180	19,274	0.93%	180
Consumer loans	8,452	1.06%	90	8,418	1.04%	88	8,188	1.03%	84	8,205	1.01%	83	8,505	1.00%	85	8,845	0.99%	88
	2,871	5.43%	156	2,955	4.94%	146	3,055	4.56%	139	3,151	4.33%	137	3,207	4.25%	136	3,338	4.18%	140
International	725	2.45%	18	645	1.19%	8	574	0.99%	6	575	2.81%	16	511	4.72%	24	683	4.46%	30
Total	71,790	1.09%	784	79,980	0.98%	781	82,429	0.94%	771	82,096	0.94%	773	88,548	0.90%	799	90,474	0.93%	847
Loan to deposit simple spread	1.08%			0.97%			0.93%			0.94%			0.90%			0.90%		

#### Securities

Japan	10,295	0.63%	65	10,335	0.46%	47	12,879	0.53%	69	14,182	0.65%	92	13,170	1.02%	134	14,565	0.75%	109
Bonds	8,500	0.22%	19	8,594	0.18%	15	10,805	0.16%	17	12,172	0.22%	27	11,237	0.30%	33	11,556	0.25%	29
Stocks	606	4.27%	26	588	4.27%	25	594	5.71%	34	569	7.31%	42	552	6.69%	37	527	9.02%	48
Other	1,189	1.70%	20	1,153	0.57%	7	1,479	1.18%	17	1,441	1.62%	23	1,380	4.64%	64	2,482	1.31%	33
International	2,964	2.60%	77	2,281	2.22%	51	2,738	2.07%	57	4,122	2.74%	113	4,135	3.54%	146	3,491	3.72%	130
Total	13,259	1.07%	142	12,617	0.77%	98	15,617	0.80%	125	18,304	1.12%	205	17,305	1.62%	280	18,056	1.32%	239
Gain or loss from cancellation of investment trust	13			(7)			(0)			(2)			31			-		
Excluding gain or loss from cancellation of investment trust																		
Japan: Other	1,189	0.60%	7	1,153	1.20%	14	1,479	1.22%	18	1,441	1.76%	25	1,380	2.37%	33	2,482	1.31%	33
Total	13,259	0.97%	129	12,617	0.83%	105	15,617	0.81%	126	18,304	1.13%	207	17,305	1.44%	249	18,056	1.32%	239

#### Deposits and negotiable certificates of deposit

Japan	85,242	0.01%	11	91,336	0.01%	7	96,560	0.00%	4	98,672	0.00%	2	101,979	0.00%	3	103,346	0.03%	29
Liquid	53,987	0.00%	0	62,606	0.00%	0	68,749	0.00%	0	71,838	0.00%	0	76,526	0.00%	1	79,837	0.03%	23
Small, fixed-term	16,605	0.02%	4	16,116	0.01%	2	15,483	0.01%	1	14,693	0.00%	0	13,826	0.01%	0	12,938	0.02%	3
Large + negotiable certificates of deposit	14,650	0.04%	7	12,614	0.03%	4	12,328	0.02%	2	12,141	0.01%	1	11,628	0.01%	1	10,571	0.03%	3
International	247	0.40%	0	303	0.30%	1	320	0.19%	1	256	0.62%	2	195	1.40%	3	242	1.04%	3
Total	85,490	0.01%	11	91,639	0.01%	8	96,880	0.00%	5	98,928	0.00%	4	102,174	0.01%	5	103,588	0.03%	32

## 4. Balance and Valuation Gains or Losses of Securities (NCB)

(100 million yen)

### ■Balance sheet amount

	March 31st, 2020	March 31st, 2021	March 31st, 2022	March 31st, 2023	March 31st, 2024
Government bonds	2,125	3,655	5,006	4,959	4,440
Local government bonds	2,611	3,321	4,007	4,219	4,798
Corporate bonds	3,124	2,592	2,215	1,859	1,650
Stocks	1,024	1,313	1,147	1,206	1,368
Foreign securities	2,802	2,623	3,334	3,711	3,372
(Of which, foreign bonds)	2,802	2,623	3,334	3,711	3,372
Other	1,192	1,394	1,828	1,619	2,029
Total securities	12,878	14,899	17,537	17,573	17,657

### ■Valuation gains or losses

Government bonds	19	(4)	(78)	(179)	(301)
Local government bonds	(5)	(3)	(17)	(25)	(40)
Corporate bonds	22	15	4	(9)	(27)
Stocks	437	722	577	643	847
Foreign securities	155	71	(107)	(214)	(186)
(Of which, foreign bonds)	155	71	(107)	(214)	(186)
Other	23	97	133	108	260
Total securities	651	898	512	324	553

## 5. Breakdown of Credit Cost by Cause (NCB)

(100 million yen)

(Fiscal year ended)

Provision for general reserve for possible loan losses (Reversal of allowance for loan losses)	A
Changes in loan-loss reserve ratio	
Changes in balance	
Cost of depreciation and specific provisions	B
Falling collateral value	
Downgrade: Lower borrower assessment	
Upgrade: Improved borrower assessment	
Collection	
Loss (gain) on removal from balance sheet	
Responsibility-sharing system	
Other	
Recoveries of written-off claims	C
Credit cost	D=A+B-C

March 31st, 2020	March 31st, 2021	March 31st, 2022	March 31st, 2023	March 31st, 2024
14	26	(18)	(6)	3
6	0	(3)	(3)	(2)
8	26	(14)	0	5
39	59	52	41	52
7	3	11	3	2
62	84	71	44	70
(6)	(23)	(0)	(0)	(7)
(27)	(16)	(28)	(13)	(17)
(2)	7	(2)	0	(0)
5	4	0	4	4
(0)	(0)	(0)	3	(0)
1	2	3	2	3
53	84	31	33	53

Average amount of loans outstanding	E
Credit cost rate	D ÷ E

71,790	79,980	82,429	82,096	88,548
0.073%	0.105%	0.038%	0.040%	0.060%

## 6. Capital Adequacy Ratio (Consolidated)

### ■ Capital Adequacy Ratio (Consolidated)

		Mar. 31, 2024	Mar. 31, 2023	Mar. 31, 2023
(100 million yen)				
Core capital: instruments and reserves	A	5,003	243	4,760
Directly issued qualifying common share capital		4,981	135	4,846
Accumulated other comprehensive income		(14)	134	(148)
Adjusted noncontrolling interests		3	0	3
Total of reserves		13	1	12
Eligible capital instruments subject to transitional arrangements		-	-	-
Land revaluation excess subject to transitional arrangements		-	(20)	20
Noncontrolling interests subject to transitional arrangements		20	(8)	28
Core capital: regulatory adjustments	B	251	93	158
(of which, shortfall of eligible provisions to expected losses)		27	(24)	51
(of which, net defined benefit asset)		188	118	70
Capital	C = A-B	4,752	150	4,602
Risk-weighted assets, etc.	D	38,260	253	38,007
Credit risk-weighted asset		36,828	1,200	35,628
Operational risk adjustments		1,432	(947)	2,379
Capital adequacy ratio (Consolidated)	C ÷ D	12.41%	0.31pt	12.10%



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Nishi-Nippon Financial Holdings, Inc.