



Financial Results for the Second Quarter of the Fiscal Year Ending March 31st, 2024

December 1, 2023

Nishi-Nippon Financial Holdings, Inc.

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I. Financial Results

1. Overview of Financial Results

- ◆ Profit attributable to owners of parent increased by 1.9 billion yen year-on-year (YoY) to 15.4 billion yen, as a decrease in net interest income due mainly to an increase in interest on foreign currency funding was outweighed by increases in fees and commissions and gains (losses) on equity securities and other factors.

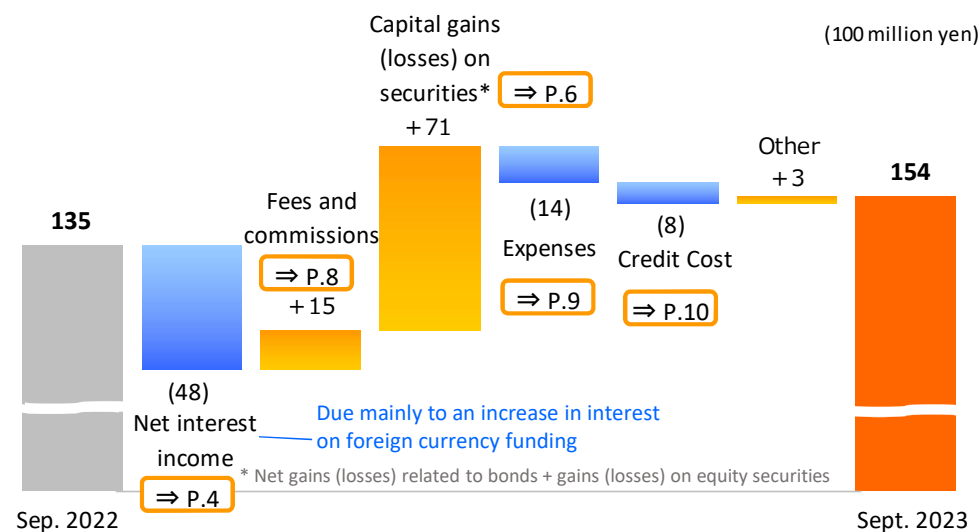
■ Profit and Loss (Consolidated)

(100 million yen)

	Six months ended Sep. 30, 2023			Six months ended Sep. 30, 2022 B	Six months ended Sep. 30, 2023 C
	A	A-B	A-C		
Gross operating profit	590	(5)	/	595	/
(Core gross operating profit)	597	(20)	(/)	617	(/)
Net interest income	443	(48)	/	491	/
Fees and commissions	126	15	/	111	/
Trading income	5	(3)	/	8	/
Other operating income	15	31	/	(16)	/
(of which net gains (losses) related to bonds)	(8)	14	/	(22)	/
Expenses	402	14	/	388	/
Net business profits	188	(19)	/	207	/
(Core business profits)	195	(34)	(/)	229	(/)
Gains (losses) on equity securities	70	56	/	14	/
Credit Cost (Δ)	22	8	/	14	/
Other extraordinary gains (losses)	(13)	3	/	(16)	/
Ordinary profit	223	33	38	190	185
Extraordinary profit (loss)	(2)	(1)	/	(1)	/
Income taxes (Δ)	64	12	/	52	/
Profit attributable to non-controlling int(3	1	/	2	/
Profit attributable to owners of parent	154	19	29	135	125

* As stated on the Consolidated Financial Results for the Year Ended March 31, 2023 (announced on May 12, 2023)

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



■ Profit and Loss (NCB)

(100 million yen)

	Six months ended Sep. 30, 2023			Six months ended Sep. 30, 2022 B	Six months ended Sep. 30, 2023 Initial forecast* C
	A	A-B	A-C		
Gross operating profit	482	(21)	(3)	503	485
Expenses	333	6	3	327	330
Net business profits	148	(28)	(7)	176	155
Credit cost	17	3	(13)	14	30
Ordinary profit	183	24	28	159	155
Profit attributable to owners of parent	130	14	25	116	105

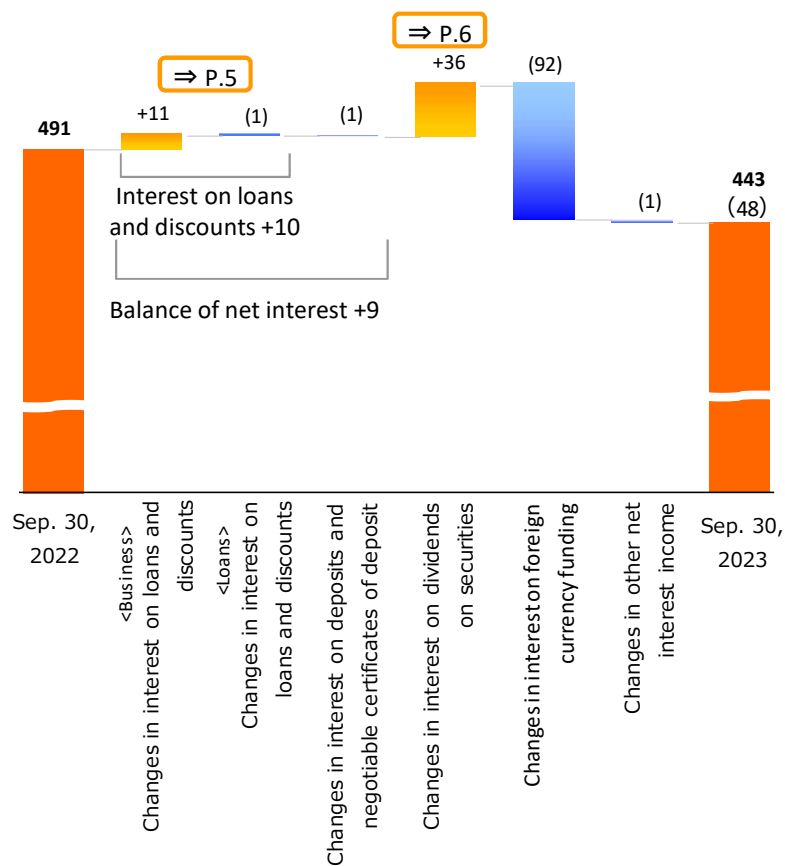
* As stated on the Consolidated Financial Results for the Year Ended March 31, 2023 (announced on May 12, 2023)

2. Net Interest Income

- ◆ Net interest income for the six months ended September 30, 2023 decreased by 4.8 billion yen YoY to 44.3 billion yen, due mainly 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 year ending March 31, 2024 is expected to decrease by 5.8 billion yen YoY to 87.9 billion yen.

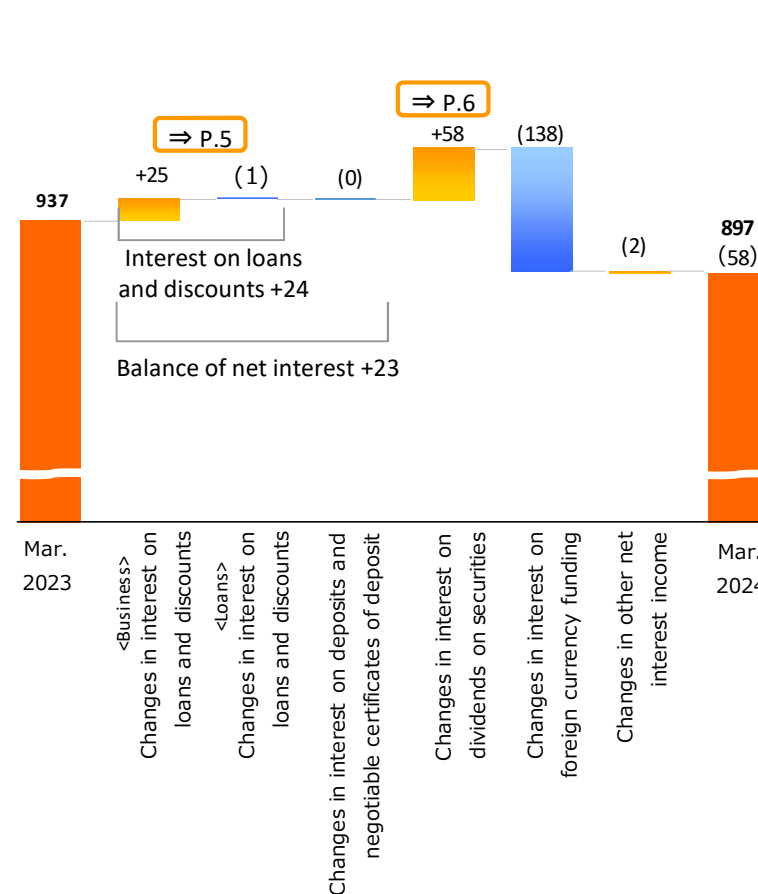
■ Changes in net interest income (by factors) (100 million yen)

Interim Results (Sep. 30, 2022 ⇒ Sep. 30, 2023)



(100 million yen)

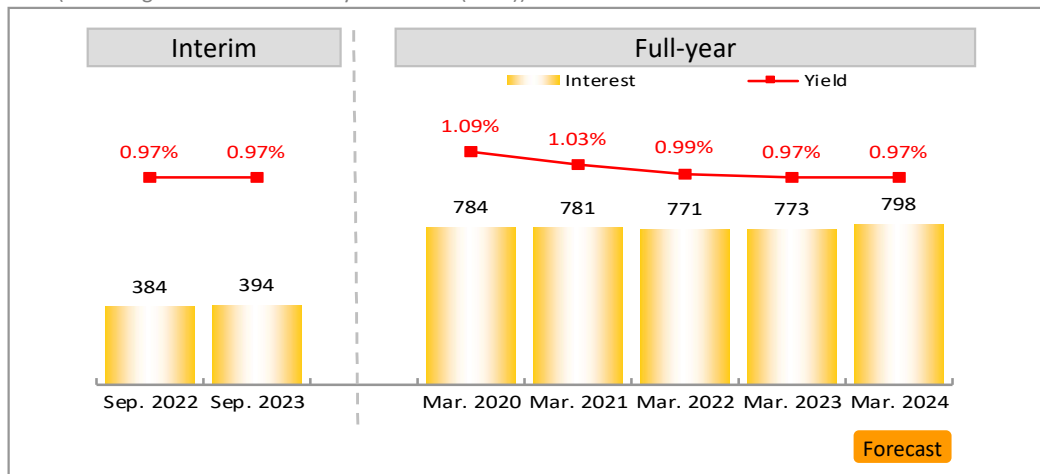
Full-Year Forecasts (Mar. 31, 2023 ⇒ Mar. 31, 2024)



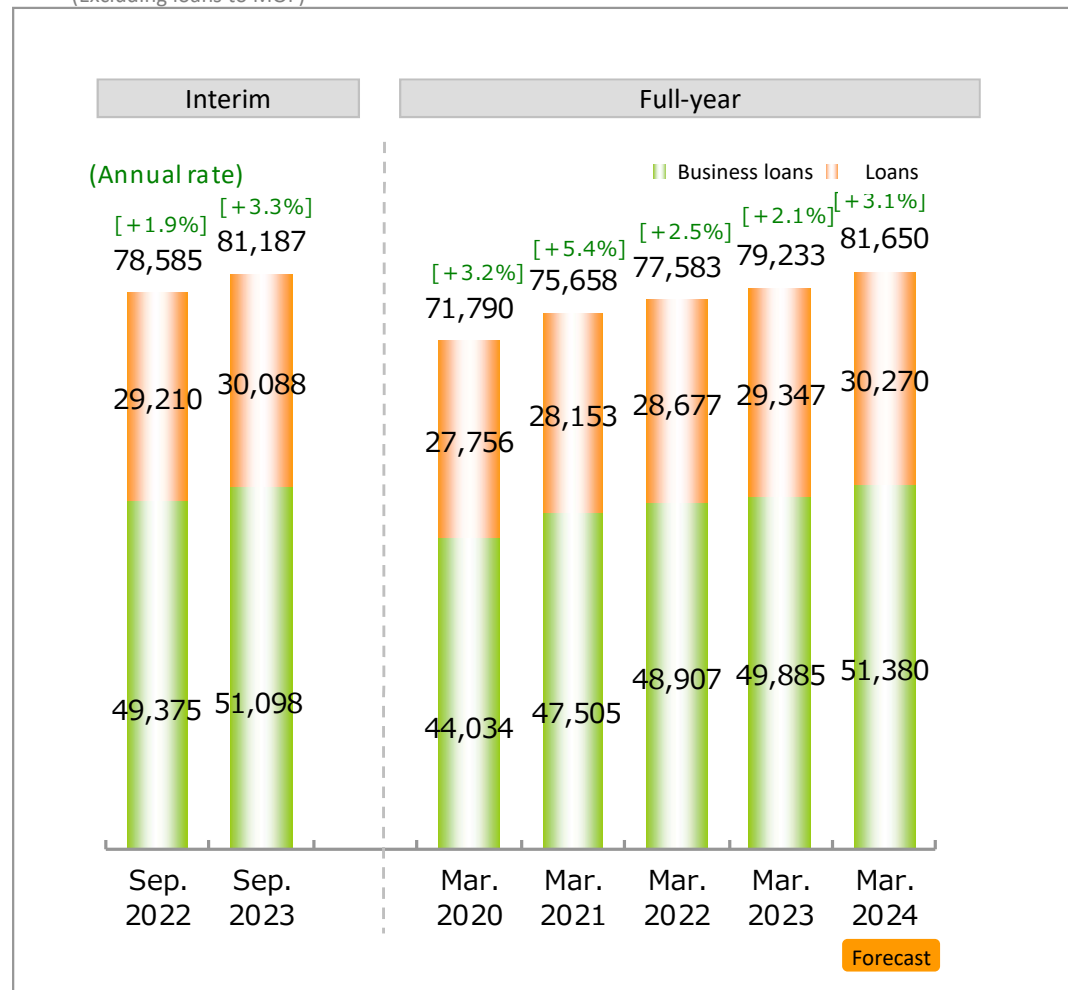
2. Net Interest Income: (1) Interest on Loans and Discounts (NCB)

- ◆ Interest on loans and discounts for the interim accounting period increased by 1.0 billion yen YoY to 39.4 billion yen on the back of solid growth of business loans and personal loans. This represents the first YoY growth of interest on loans and discounts for the interim accounting period in five years.
- ◆ Interest on loans and discounts for the year ending March 31, 2024 is expected to increase by 2.5 billion yen YoY to 79.8 billion yen.

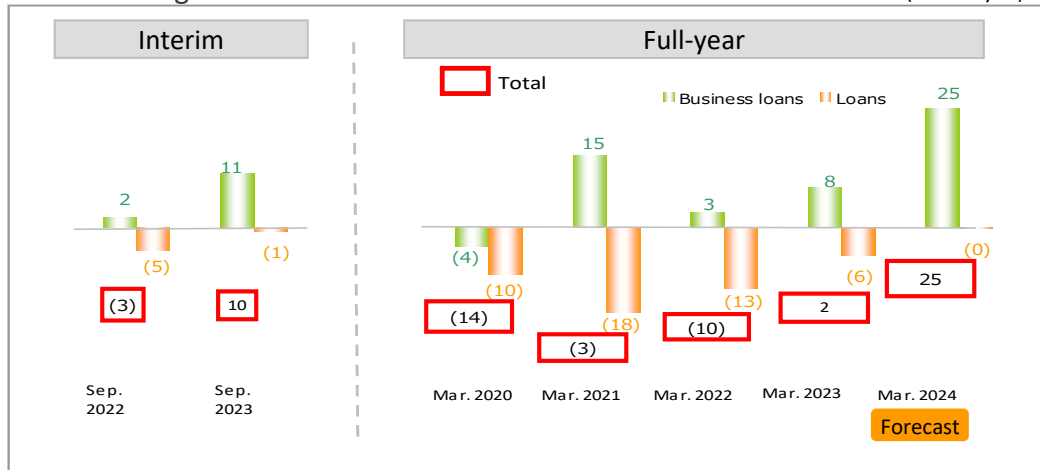
■ Interest and yield on loans and discounts
(Excluding loans to the Ministry of Finance (MOF)) (100 million yen)



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



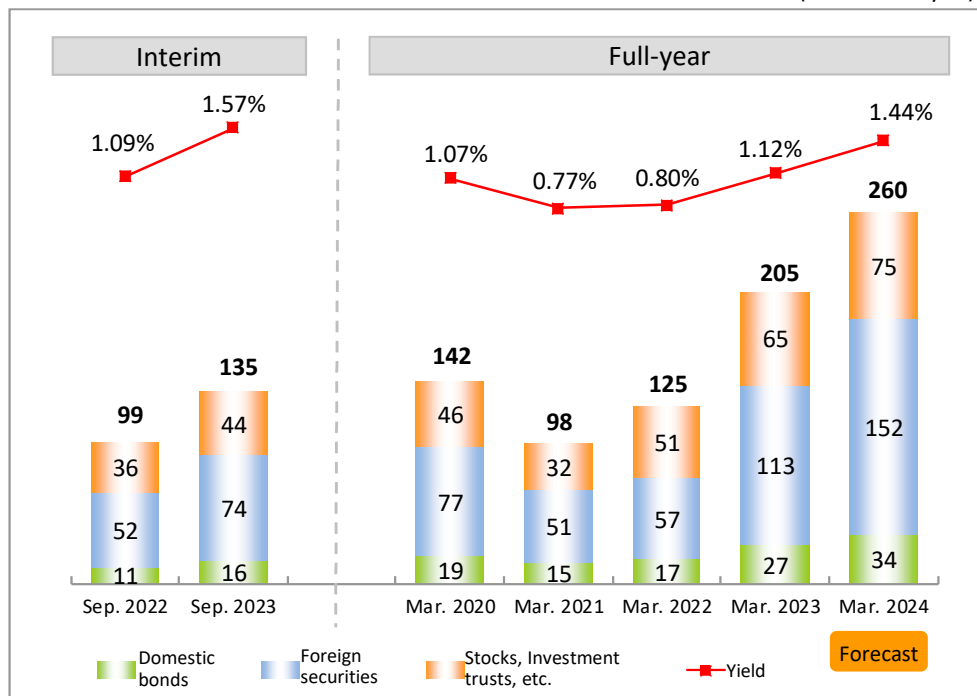
■ YoY changes in interest on loans and discounts (Million yen)



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

- ◆ Interest and dividends on securities for the interim accounting period increased by 3.6 billion yen YoY to 13.5 billion yen, due mainly to a rise in yield.
- ◆ Interest and dividends on securities for the year ending March 31, 2024 is expected to increase by 5.5 billion yen YoY to 26.0 billion yen.

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

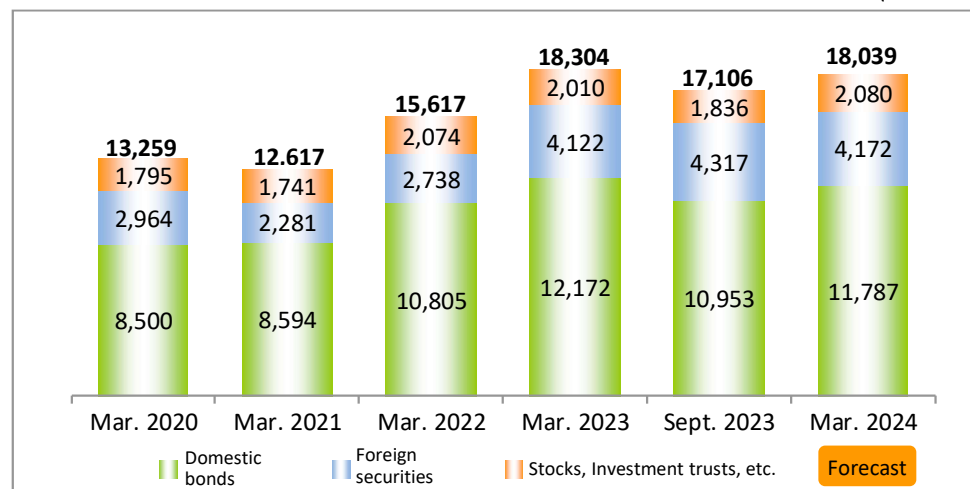


■ Capital gains (losses) on securities

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

(100 million yen)	Sep. 2022	Sep. 2023	YoY change	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023
Net gains (losses) related to bonds	(23)	(8)	15	28	28	10	(104)
Gains (losses) on equity securities	12	69	57	17	19	(7)	25
Total	(11)	61	72	45	47	3	(80)

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



■ Gains (losses) on valuation of securities

(100 million yen)	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Sep. 2023
Domestic bonds	36	8	(91)	(213)	(416)
Foreign securities	155	71	(107)	(214)	(413)
Investment trusts, etc.	23	97	133	108	187
Stocks	437	722	577	643	714
Total	651	898	512	324	72
Total (Consolidated)	686	946	566	383	146

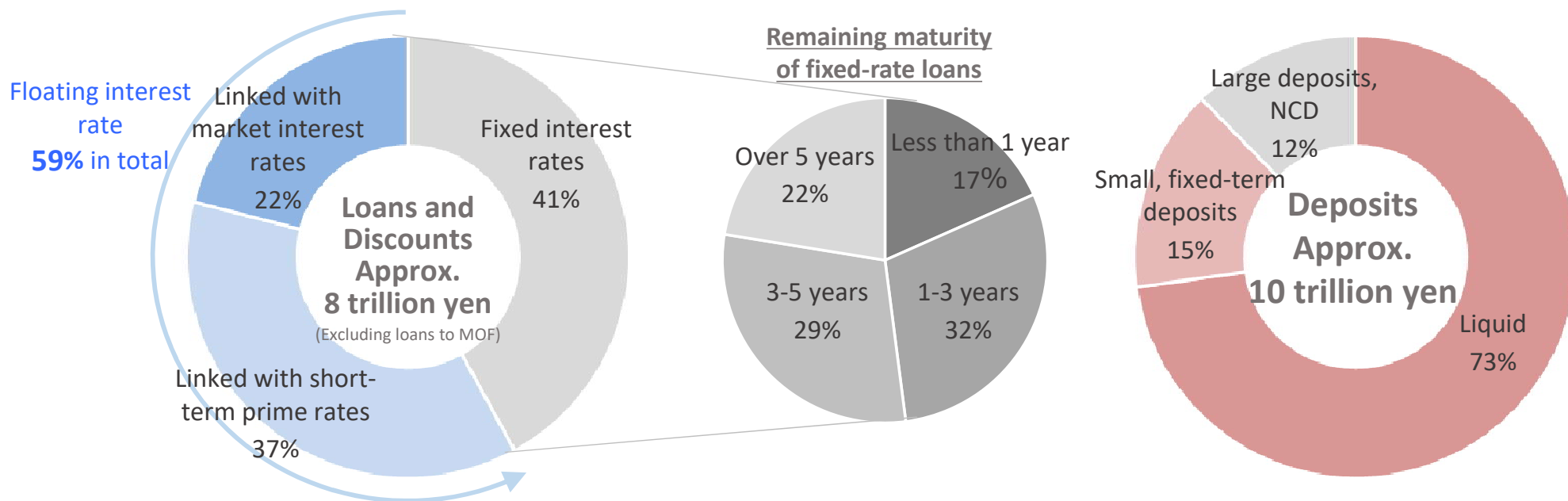
■ Status of interest-rate risk

	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023	Sep. 2023
Domestic bond duration (years)	4.03	6.43	6.84	7.29	6.71
Foreign bond duration (years)	3.69	4.11	4.69	4.99	4.96
IRRBB materiality test (%)	11.3	5.0	6.6	7.9	8.9

<Appendix> Impact of rising domestic Interest Rates on Earnings

- ◆ Floating interest rate loans, which are closely linked with market interest rates, account for approximately 60% of the Nishi-Nippon City Bank's loans and discounts.
- ◆ Compared to deposits, loans and discounts have a higher sensitivity to market interest rates. As such, the rise in market interest rates is expected to have positive impact on our earnings through the expansion of the loan-to-deposit spread.

■ The Nishi-Nippon City Bank's loan and deposit portfolio (as of September 30, 2023)



■ The Nishi-Nippon City Bank's loan-deposit ratio

The Nishi-Nippon City Bank	80%
All regional banks* (as of August 31, 2023)	74%

* Calculated from data published by the Regional Banks Association of Japan (Loans do not include those to the central government)

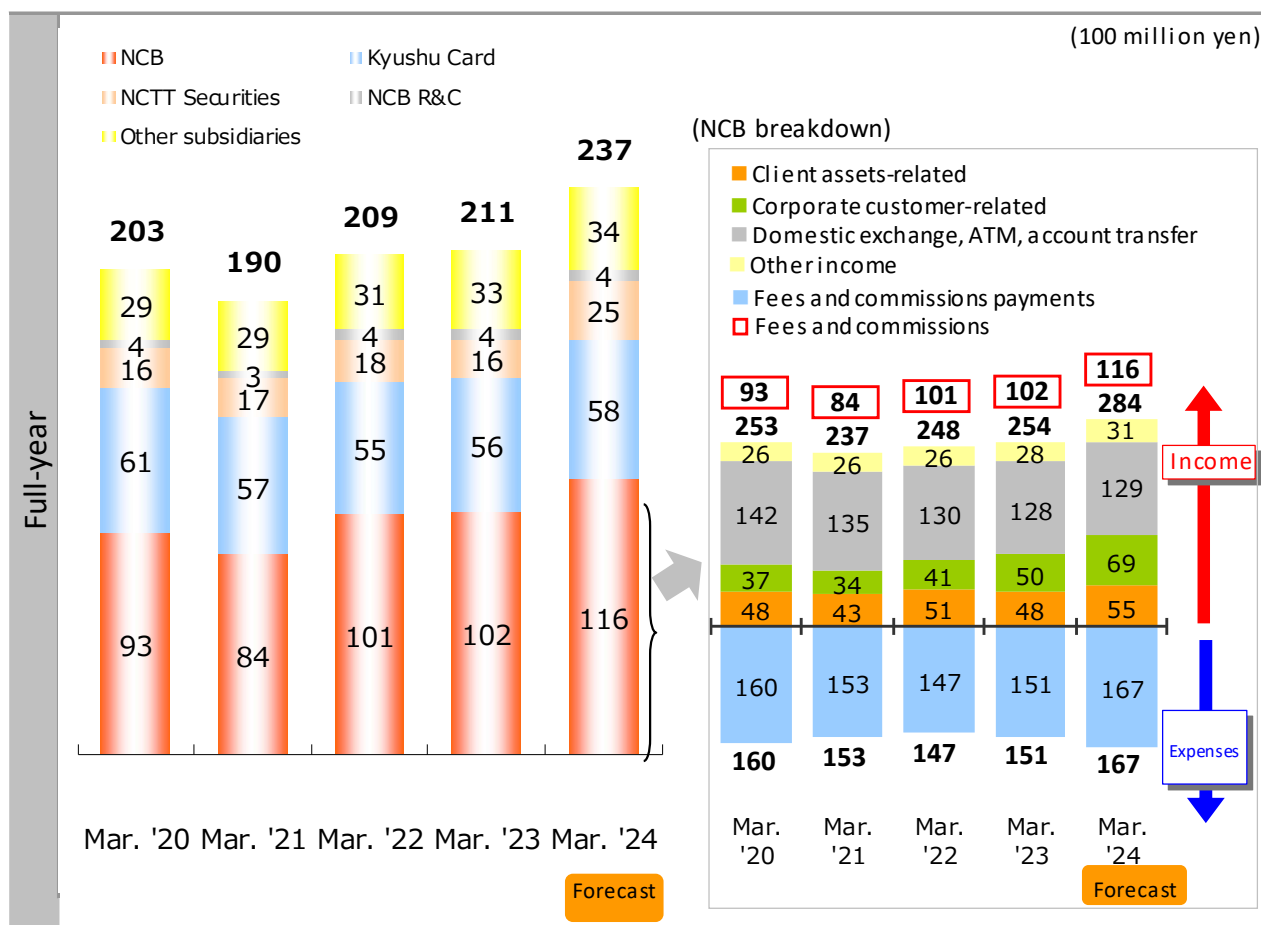
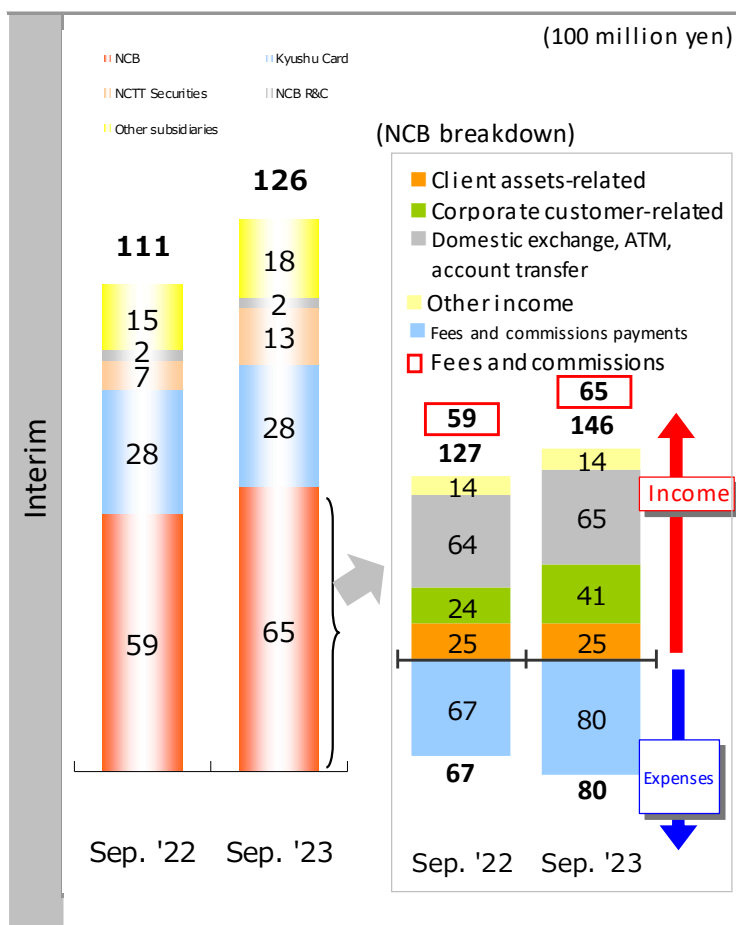
■ Trial calculation of impact of a rise in market interest rates on earnings
(Based on loans, deposits, and bonds in Japan)

Impact a 0.1% rise in market interest rates will have on net interest income one year after **+ Approx. 3.0 billion yen**

3. Fees and Commissions

- ◆ Fees and commissions for the interim accounting period increased by 1.5 billion yen YoY to 12.6 billion yen, due mainly to increases in corporate customer-related fee income and client assets-related fee income including that of a securities subsidiary company.
- ◆ Fees and commissions for the year ending March 31, 2024 are expected to increase by 2.6 billion yen YoY to 23.7 billion yen.

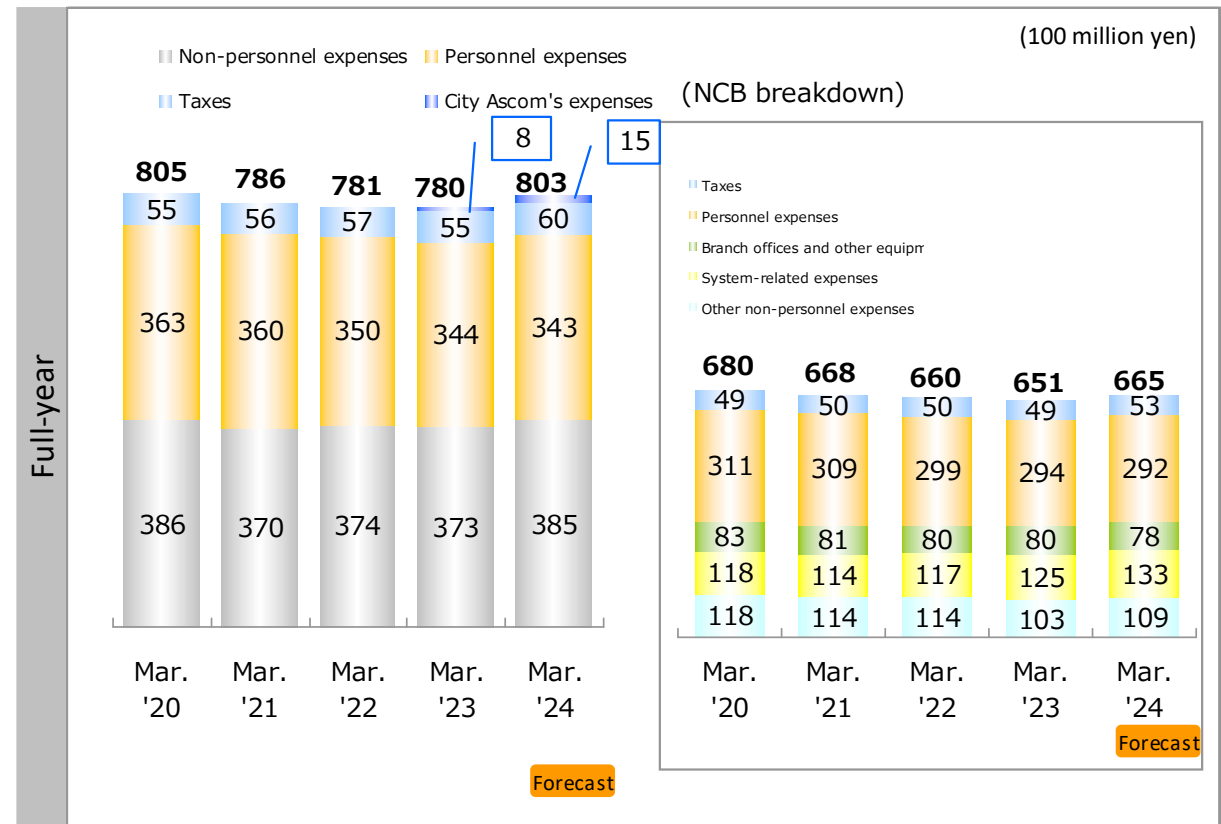
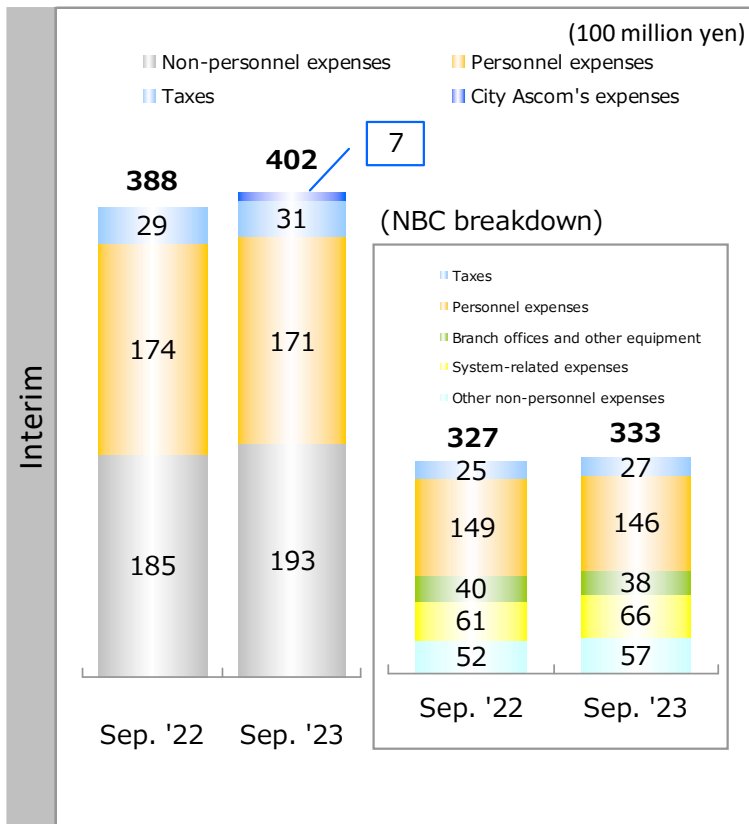
■ Fees and commissions (Consolidated) / (NCB)



4. Expenses

- ◆ Expenses for the interim accounting period increased by 1.4 billion yen YoY to 40.2 billion yen, due mainly to an increase in system-related expenses and an addition of City Ascom's expenses, which joined the NNFH Group in October 2023.
- ◆ Expenses for the year ending March 31, 2024 are expected to increase by 2.3 billion yen YoY to 80.3 billion yen.

■ Expenses (Consolidated) / (NCB)



■ Changes in OHR

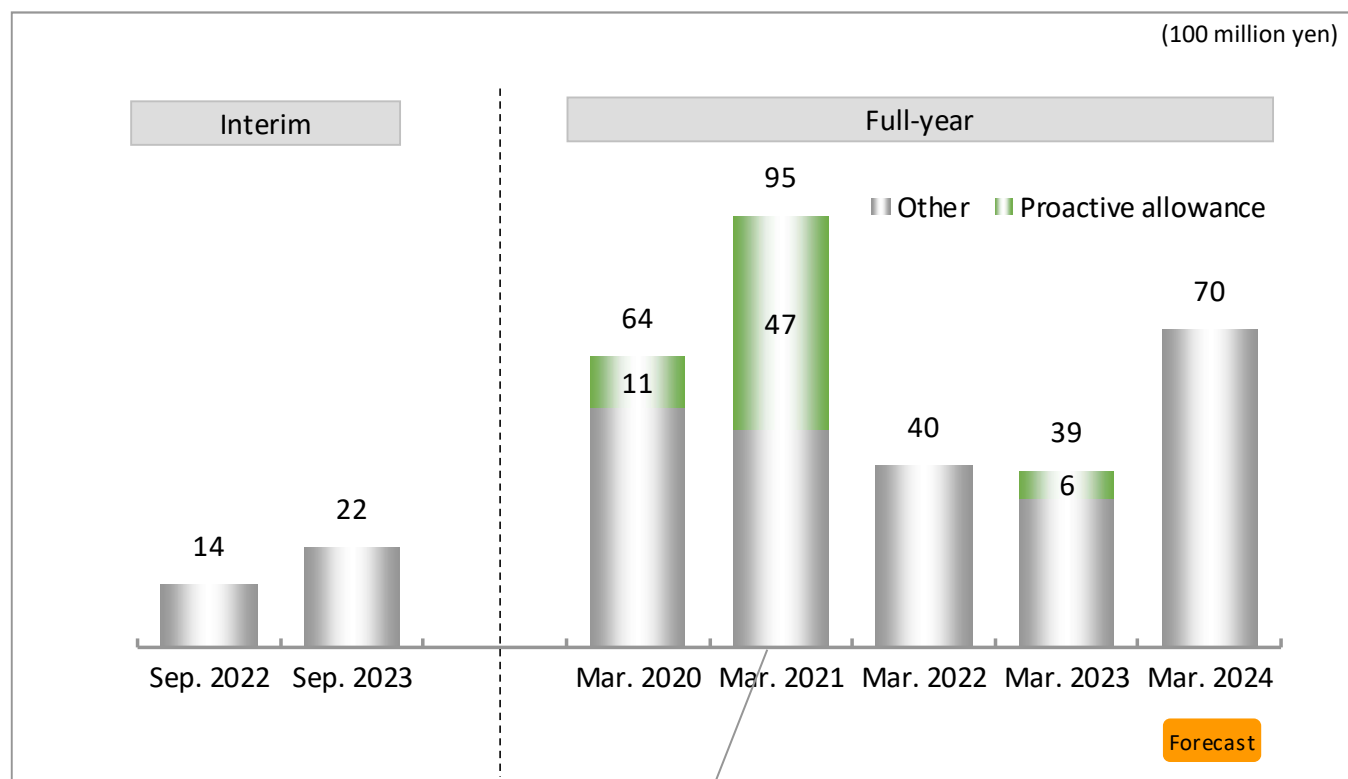
	Sep. '22	Sep. '23	YoY change	Mar. '20	Mar. '21	Mar. '22	Mar. '23	Mar. '24 (Forecast)
OHR	65.2%	68.2%	3.0%	69.8%	67.7%	64.1%	72.1%	69.6%
Core OHR*	62.8%	67.3%	4.5%	71.4%	69.3%	64.6%	65.8%	69.0%

* Core gross operating profit OHR, derived by dividing expenses by the core gross operating profit

5. Credit Cost

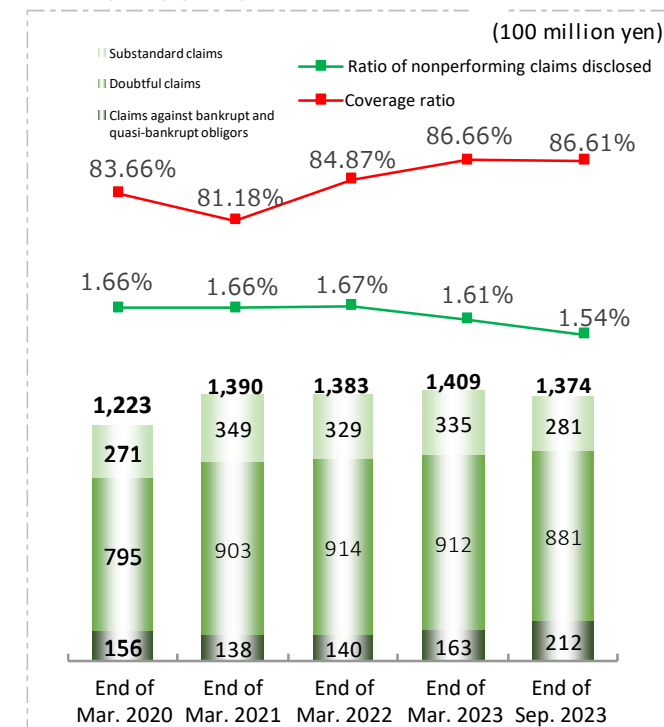
- ◆ Credit Cost for the interim accounting period increased by 0.8 billion yen YoY to 2.2 billion yen.
- ◆ Credit Cost for the year ending March 31, 2024 is expected to be in line with the initial plan (up by 3.1 billion yen YoY to 7.0 billion yen), given the outlook remains opaque.

■ Credit Cost (Consolidated)



- For the year ended March 31, 2021, proactive allowances of 4.7 billion yen were made, which accounted for about half of the cost of credit on a consolidated basis.

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



* Coverage ratio = (Collateral and guarantees + Allowance) / Balance of loans based on the FRA

6. Financial Results Forecast

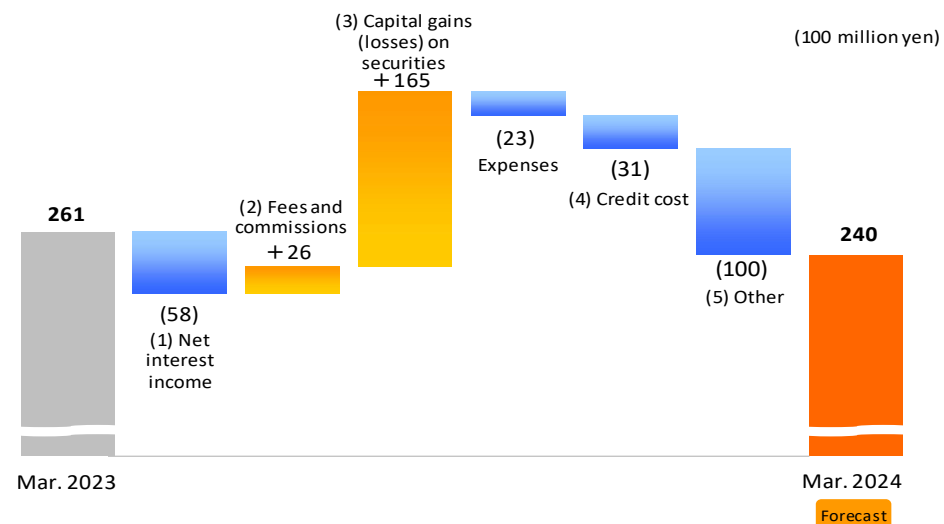
- ◆ Profit attributable to owners of parent for the year ending March 31, 2024 is expected to decrease by 2.1 billion yen YoY to 24.0 billion yen, mainly due to a decline in net interest income as a result of an increase in interest on foreign currency funding and an absence of gains on negative goodwill recorded in the previous year, despite expected increases in fees and commissions and capital gains (losses) on securities.

■ Profit and Loss (Consolidated)

	Year ending Mar. 31, 2024 Forecast			Year ended Mar. 31, 2023 Results	Year ending Mar. 31, 2024 Initial forecast*
	A	A-B	A-C	B	C
(100 million yen)					
Gross operating profit	1,154	72	(5)	1,082	1,159
(Core gross operating profit)	1,164	(22)	5	1,186	1,159
Net interest income	879	(58)	5	937	874
Fees and commissions	237	26	6	211	231
Trading income	12	(2)	(2)	14	14
Other operating income	26	107	(14)	(81)	40
(of which net gains (losses) related to bonds)	(10)	94	(10)	(104)	(-)
Expenses	803	23	5	780	798
Net business profits	351	50	(10)	301	361
(Core net business profits)	361	(45)	(-)	406	361
Gains (losses) on equity securities	93	71	13	22	80
Credit cost	70	31	0	39	70
Other extraordinary gains (losses)	(29)	(82)	(3)	53	(26)
Ordinary profit	345	8	0	337	345
Extraordinary profit (loss)	(4)	(8)	0	4	(4)
Income taxes	97	20	0	77	97
Profit attributable to non-controlling interests	4	0	0	4	4
Profit attributable to owners of parent	240	(21)	0	261	240

* As announced at the Financial Results Briefings for the Year Ended March 31, 2023 (held on May 26)

<Expected profit attributable to owners of parent: Variance Factors YoY>



(1) Net interest income

- To decrease by 5.8 billion yen YoY, mainly due to an increase in interest on foreign currency funding

(2) Fees and commissions

- To increase by 2.2 billion yen YoY, mainly due to increases in corporate customer-related and client assets-related fee income

(3) Capital gains (losses) on securities

- To increase by 16.5 billion yen YoY mainly due to an increase in gains (losses) on equity securities and absence of losses on sales of foreign bonds recorded in the previous year

(4) Credit cost

- To increase by 3.1 billion yen YoY by factoring in higher cost of credit than usual, given the outlook remains uncertain

(5) Other

- Absence of negative goodwill (8.5 billion yen) recorded in the previous year, an increase in income taxes (2.0 billion yen), etc.

II. Management Strategies

- Initiatives to Enhance Corporate Value -

1. Local Market Environment in Kyushu / Fukuoka

- Fukuoka and other areas in the Kyushu Region, the NNFH Group's main market, offer a number of favorable business opportunities, on the back of a strong economy, a series of large-scale urban redevelopment projects, and accumulation of industries centering on semiconductors.

Kyushu

Kyushu accounts for 10% of Japan's economy

Population: **10.2%** / Gross regional product: **8.4%**
[2021]

Kyushu hosts a diverse range of industries

Auto | 14% of domestic auto production by unit

Agriculture | 20% of domestic agricultural production amount

Semi-conductors | 44% of domestic IC production

Source: Kyushu Bureau of Economy, Trade and Industry

Fukuoka Prefecture

Over **40%** of Kyushu GDP with **130,000 SMEs**
(2016, of 370,000 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 6.3% (2021)

Kita-Kyushu City

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

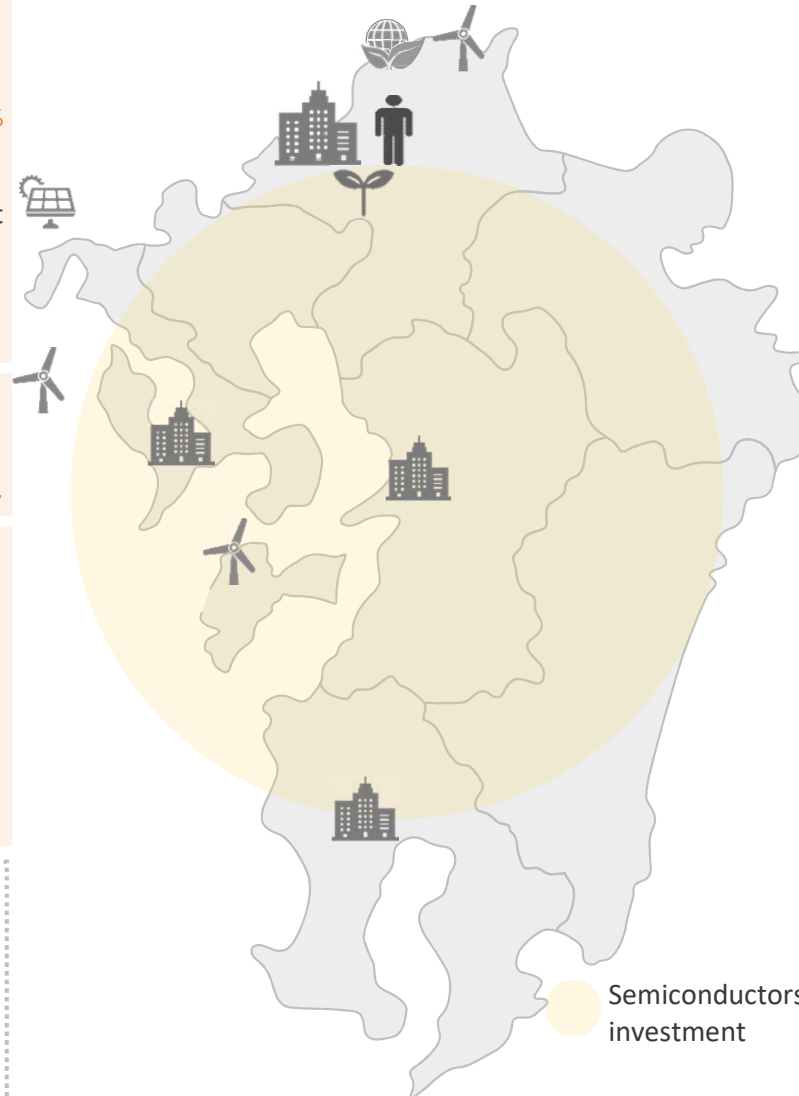
Source: Ministry of Internal Affairs and Communications, Fukuoka City

- **Projected population** (change between 2020 and 2035 [%]) -

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

Japan	Fukuoka Pref.	Fukuoka City
-8.1%	-5.7%	+4.0%

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 / ¥260.0 billion
Knock-on effect/year
¥850.0 billion / ¥500.0 billion

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 (Kikuyomachi, Kumamoto Prefecture) etc.

Investment
Over ¥2,080.0 billion
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.

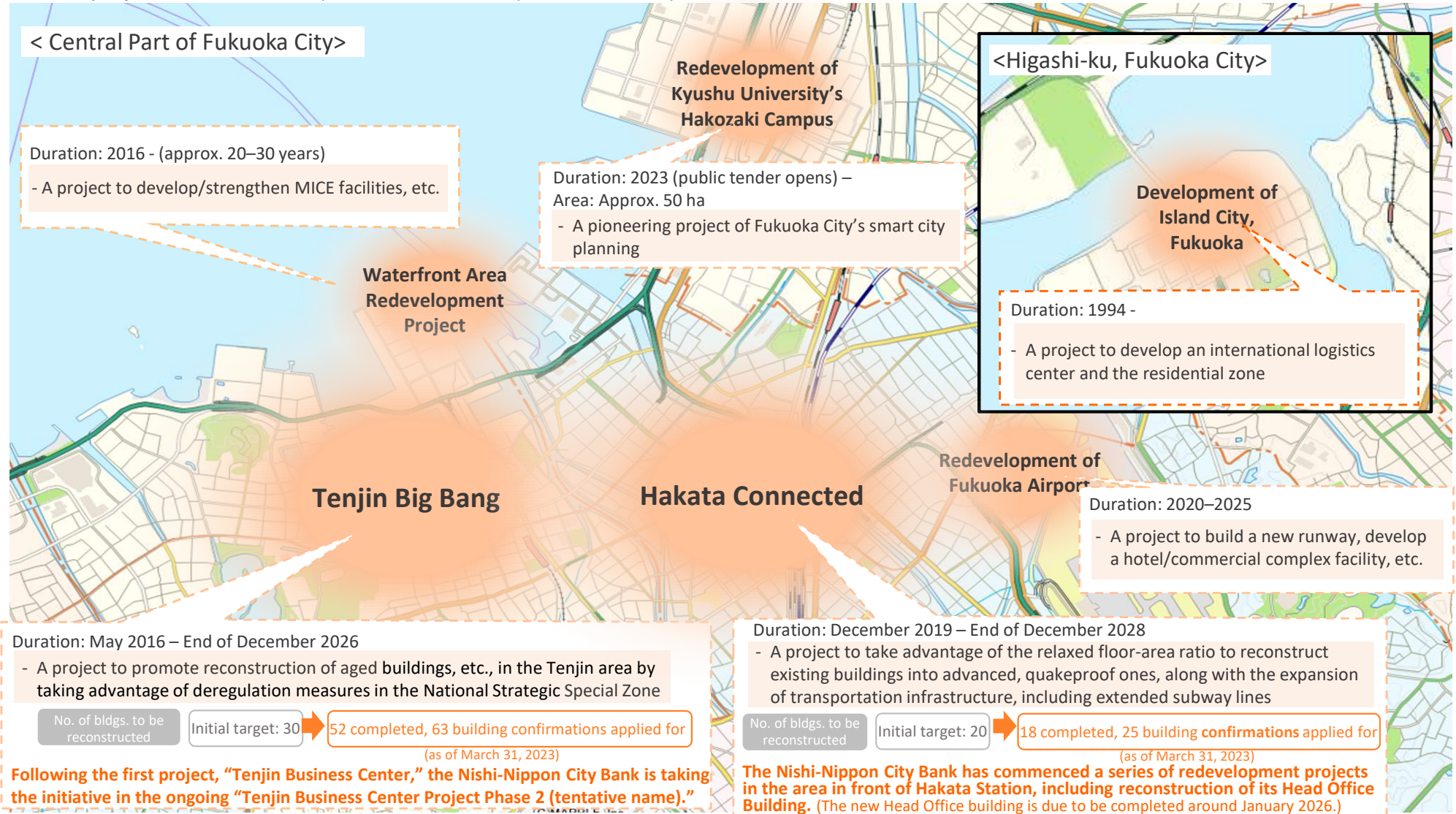
Hibikinada Offshore Wind Farm
(Kita-Kyushu City, Fukuoka Pref.)
¥175.0 billion
Ukujima Mega Solar
(Sasebo City, Nagasaki Pref.)
¥200.0 billion etc.

Source: Relevant municipalities, company websites

<Appendix> Urban Development Projects in the Center of Fukuoka City

◆ In the central part of Fukuoka City, a variety of large-scale urban development projects, including Tenjin Big Bang and Hakata Connected, are underway.

■ Sites of the projects in the central part of Fukuoka City and its vicinity

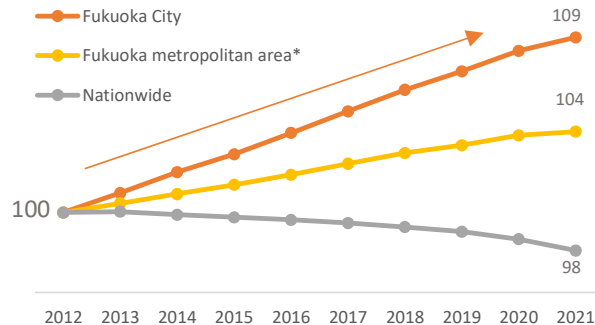


<Appendix> Development of Housing and Logistics Facilities in Fukuoka City and Its Vicinity

◆ Development of housing and logistics facilities are underway on the back of population growth and economic boom.

■ Population in Fukuoka City and its Vicinity

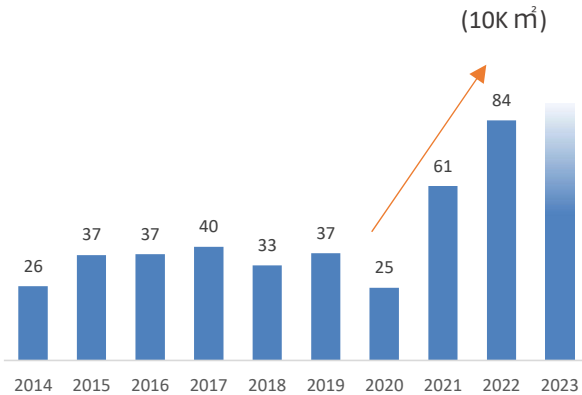
- **Population keeps growing in Fukuoka City and its vicinity**



2012 2013 2014 2015 2016 2017 2018 2019 2020 2021
 * Fukuoka metropolitan area: Chikushino City, Kasuga City, Onojo City, Munakata City, Dazaifu City, Koga City, Fukutsu City, Itoshima City, Nakagawa City, Umi Town, Sasaguri Town, Shime Town, Sue Town, Shingu Town, Hisayama Town, and Kasuya Town
 (Source: Fukuoka City General Affairs & Planning Bureau and Ministry of Internal Affairs and Communications; compiled by the Company)

■ Square footage of new buildings (warehouses) in Fukuoka Prefecture

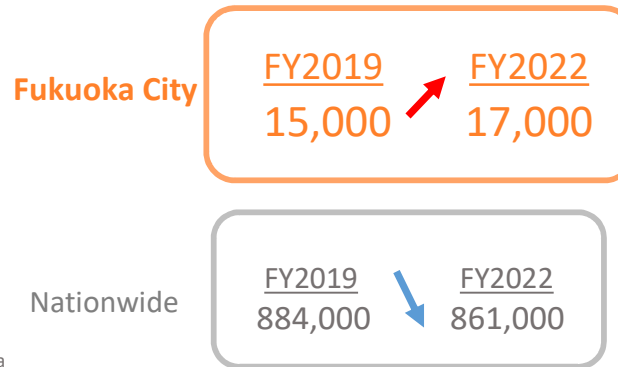
- **Construction of logistics facilities has significantly increased in Fukuoka Prefecture**



Source: Ministry of Land, Infrastructure, Transport and Tourism

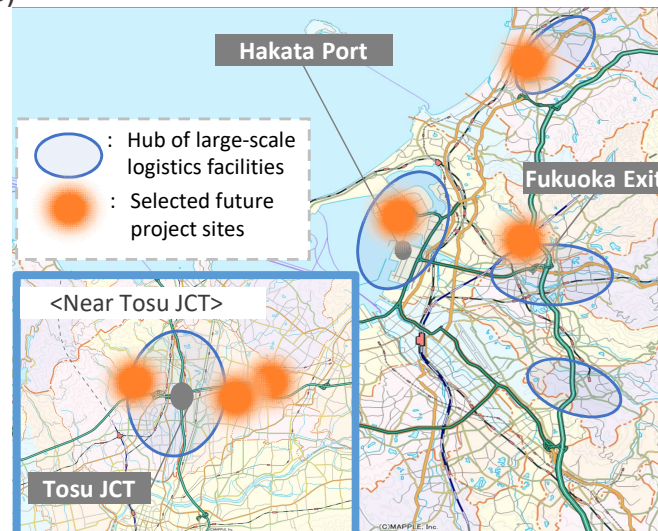
■ Housing starts in Fukuoka City

- **Housing starts on the increase in Fukuoka City**



Source: Fukuoka Pref., Ministry of Land, Infrastructure, Transport and Tourism

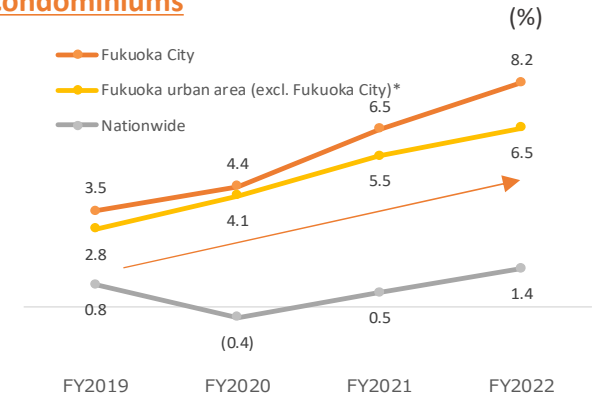
■ Distribution of large-scale logistics facilities in the vicinity of Fukuoka City



Source: CBRE; compiled by the Company

■ YoY fluctuations in land prices in Fukuoka City and its vicinity (residential zone)

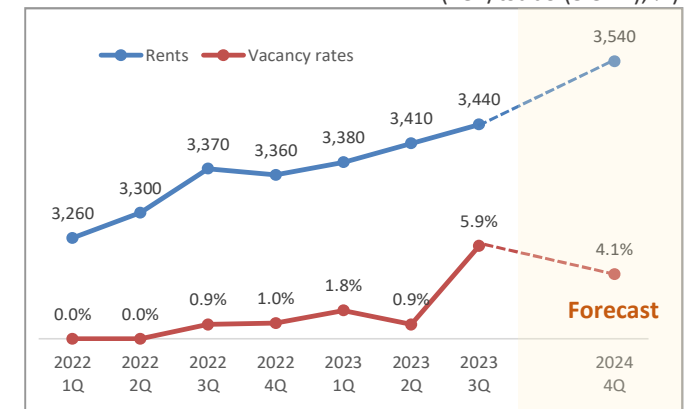
- **Rising faster due to strong demand of land for condominiums**



Source: Fukuoka Pref., Ministry of Land, Infrastructure, Transport and Tourism
 * Numbers for the Fukuoka metropolitan area are simple averages of numbers for each municipality.

■ Rent and vacancy rates of logistics facilities in the greater Fukuoka area

- **Vacancy rates likely to decrease and rent to increase, given stronger inquiries than supply**



Source: CBRE; compiled by the Company

<Appendix> Updates on Semiconductor-related Investments in Kyushu

- ◆ 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.

- Total amount (for publicly announced projects only): Approx. 2.1 trillion yen (Source: Kyushu Bureau of Economy, Trade and Industry)

■ Major semiconductor-related investment projects in planning phase / in action in Kyushu

SUMCO Corporation (Imari City, silicon wafers)
○ New facility construction (300mm silicon wafer, utility facilities, etc.)

Sony Semiconductor Manufacturing Corporation
(Isahaya City, CMOS image sensors) ○ Plant expansion

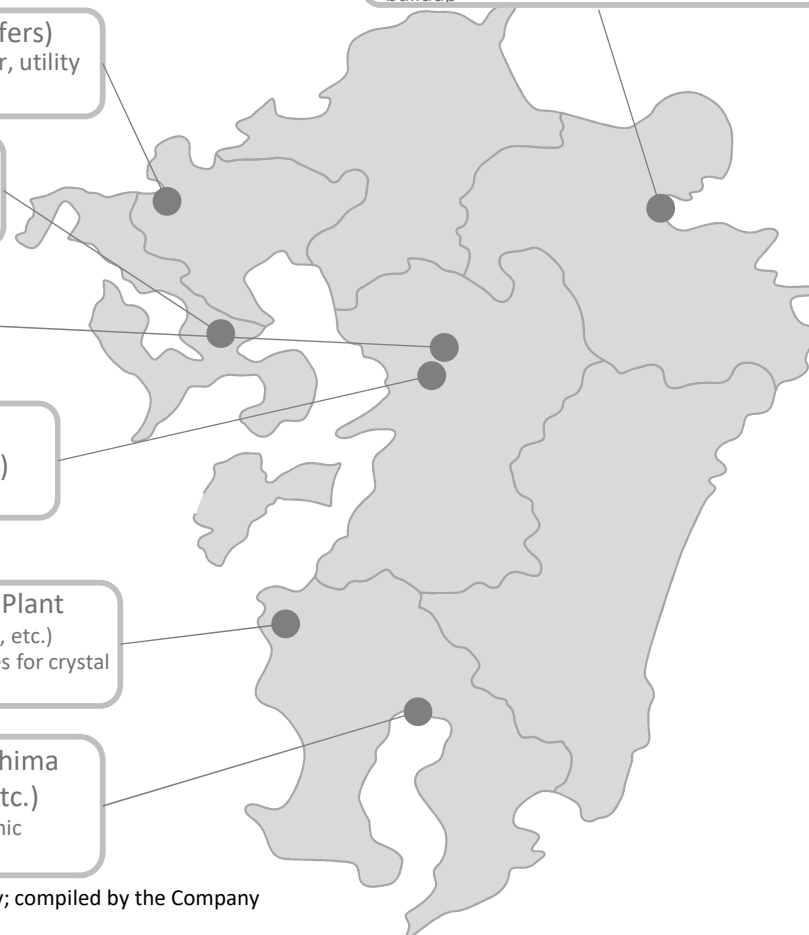
Tokyo Electron Kyushu Ltd.
(Koshi City, production equipment)
○ New facility construction

Japan Advanced Semiconductor Manufacturing, Inc. (Kikuyo Town, foundry)
○ New plant construction (22/28, 12/16 nm)

KYOCERA Corporation Kagaoshima Sendai Plant
(Satumasendai City, multilayer ceramic chip capacitors, etc.)
○ New facility construction (organic packages, packages for crystal devices)

KYOCERA Corporation Kokubu Plant (Kirishima City, multilayer ceramic chip capacitors, etc.)
○ New facility construction (manufacturing fine ceramic components)

Japan Semiconductor Corporation
(Oita City, power semiconductors) ○ Facility buildup



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

■ Related companies' financing needs as surveyed by the Company

<Approx. 600 companies surveyed>

Financing needed:

Approx. 200 companies

Approx. 90.0 billion yen

Kumamoto: **Approx. 45.0 billion yen**

Fukuoka: **Approx. 33.0 billion yen**

Nagasaki: **Approx. 7.0 billion yen**

Oita: **Approx. 1.0 billion yen**

Others: **Approx. 4.0 billion yen**

(As of October 31, 2023)

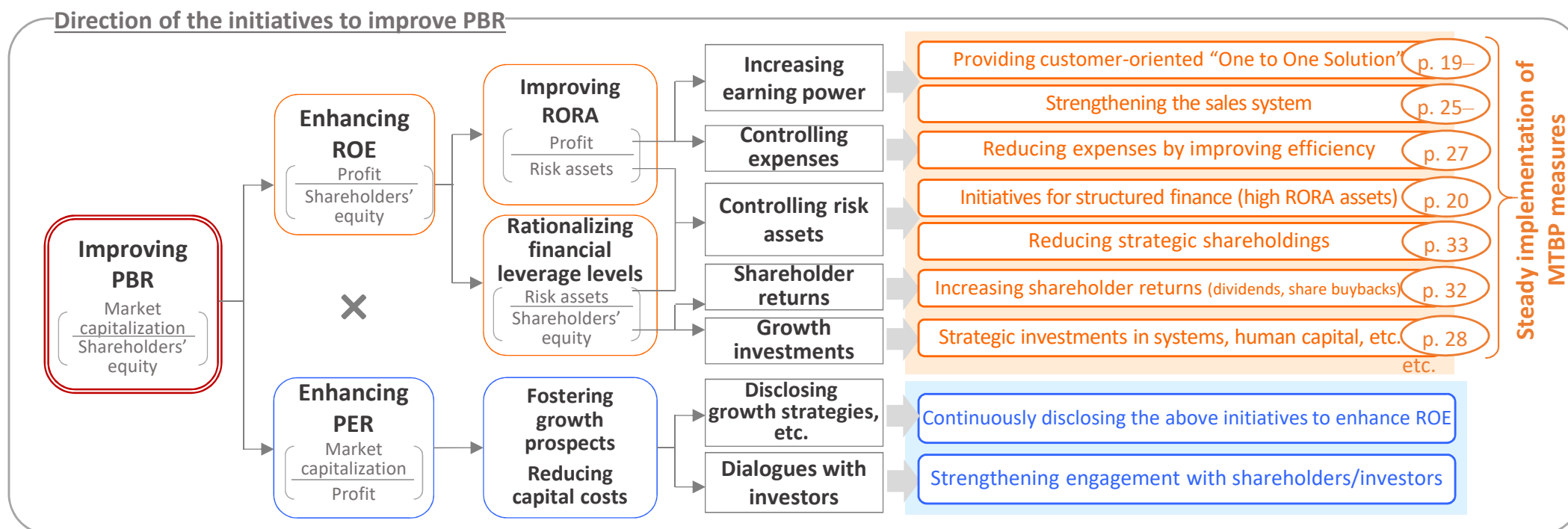
2. Initiatives to Enhance Corporate Value

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

The Medium-Term Business Plan (MTBP) Leaping Forward 2026 Connecting with Sincerity, Connecting the Future (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

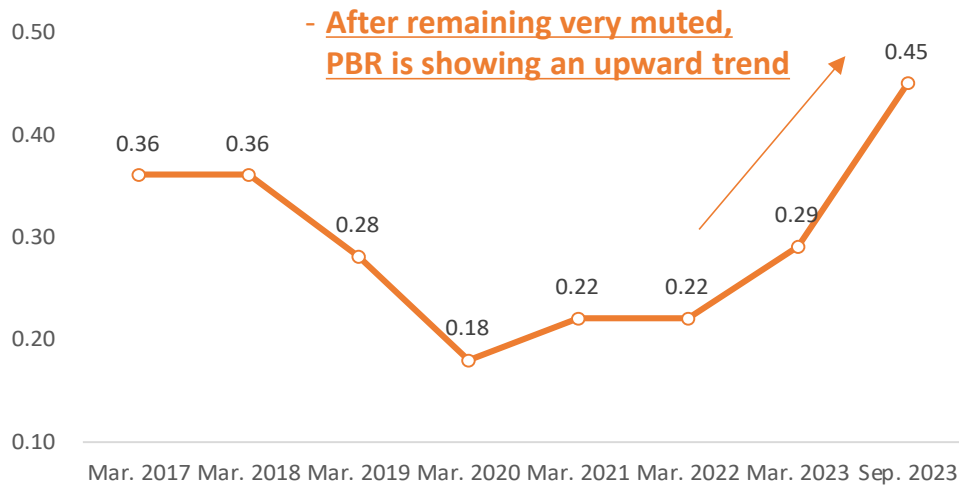
<Target Management Indices (MTBP KPIs)>		
	Year ended Mar. '23	Year ending Mar. '26
✓ Consolidated profit	JPY26.1B	⇒ JPY32.0B
✓ Consolidated ROE	4.95%	⇒ Approx. 6%
✓ Consolidated core OHR	65.8%	⇒ Approx. 60%
✓ Consolidated capital adequacy ratio	12.10% (10.39%)	⇒ Mid-11% range (Low 10% range)

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

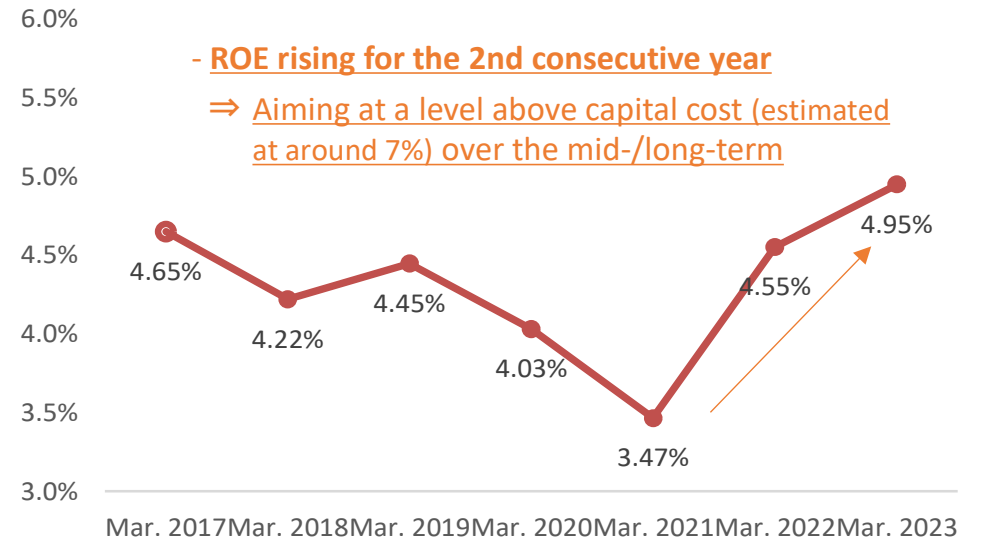


<Appendix> PBR, ROE, and Stock Prices

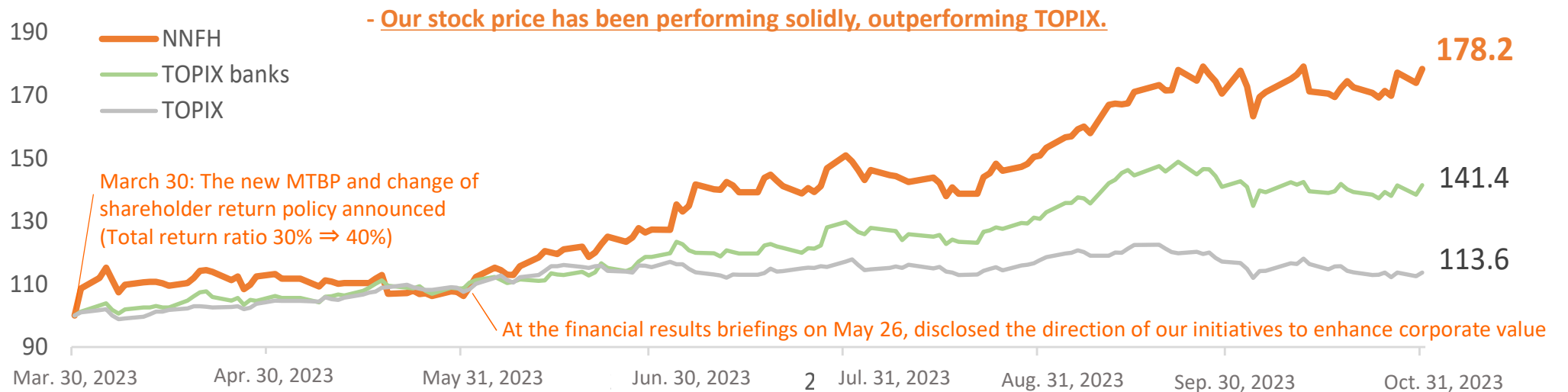
■ PBR



■ Consolidated ROE



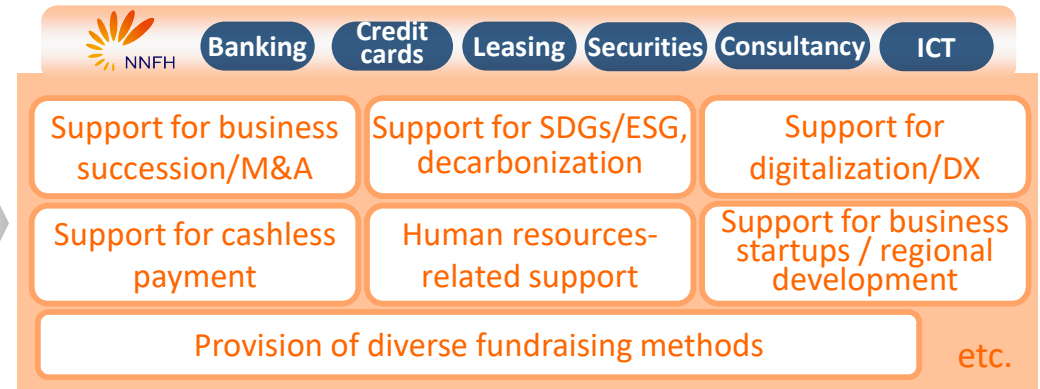
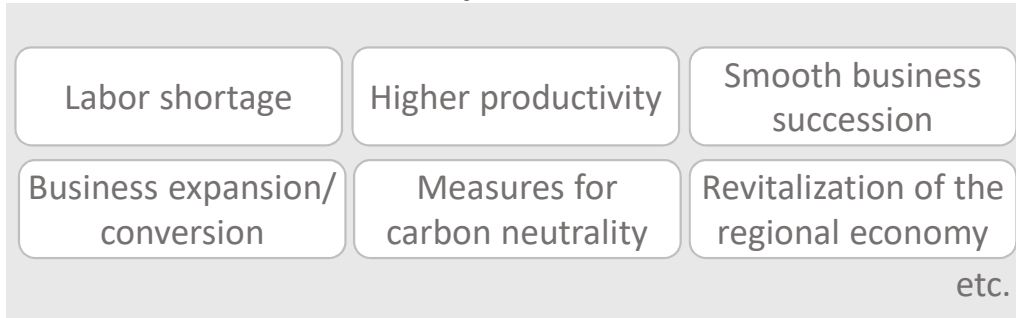
■ Stock prices (those on March 30, 2023 = 100)



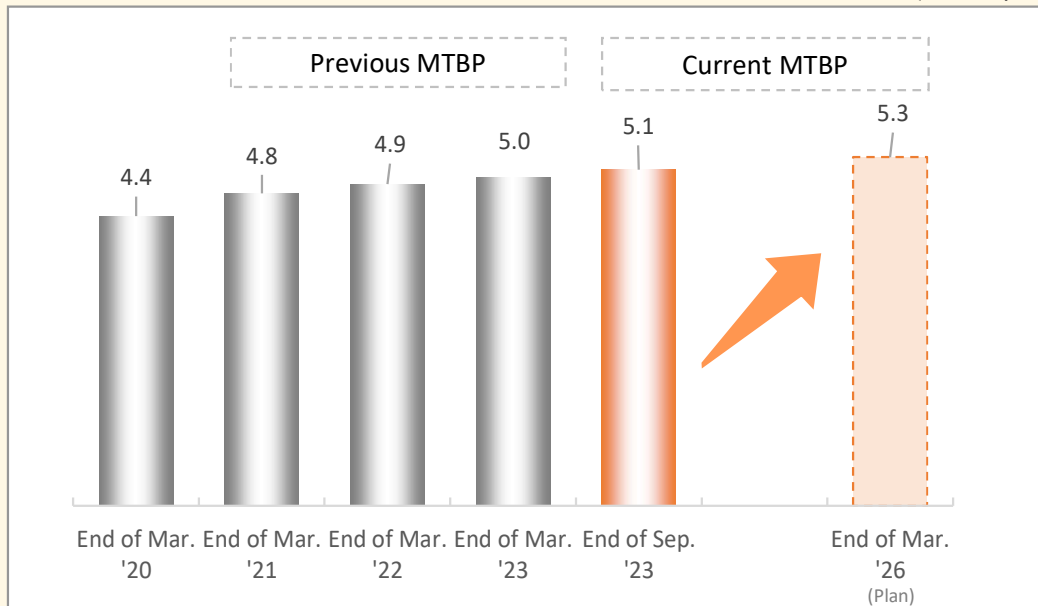
3. Providing Customer-Oriented “One to One Solutions”: (1) Corporate Customers

- ◆ In the current MTBP, we aim to provide financial and non-financial solutions tailored to each corporate customer’s need, which are becoming increasingly diverse and sophisticated.

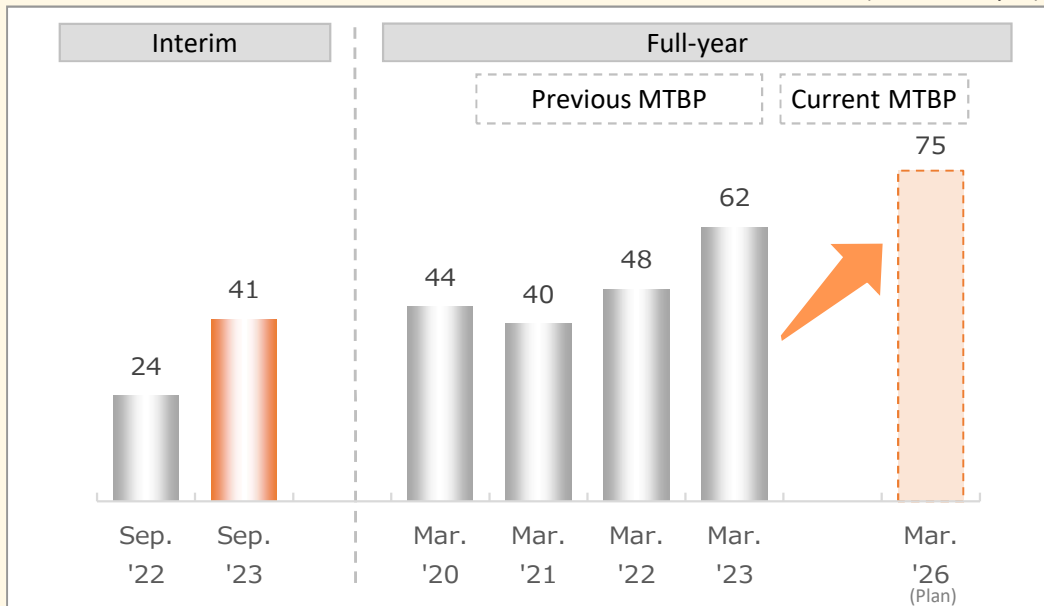
Increasingly diverse and sophisticated issues and needs of corporate customers



■ Business loan balance (NCB) (Trillion yen)



■ Corporate customer-related fee income (NCB) (100 million yen)



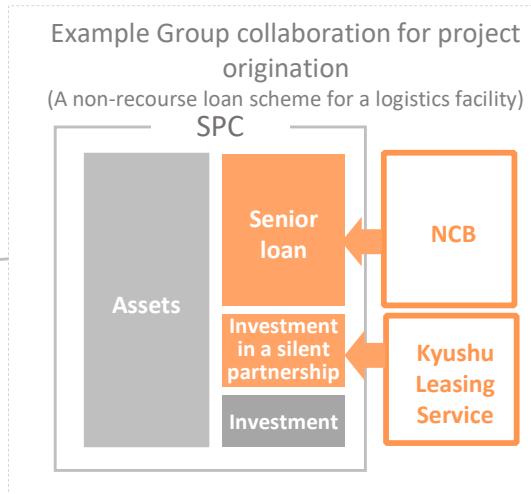
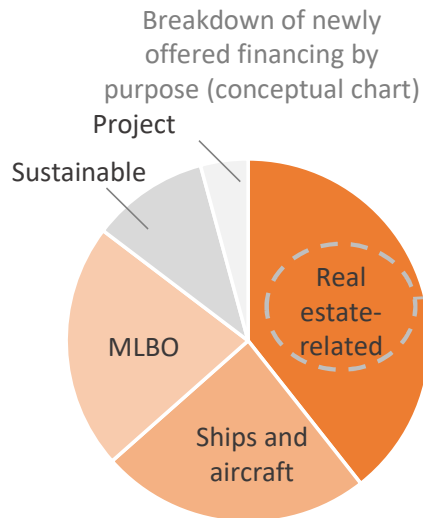
3. Providing Customer-Oriented “One to One Solutions”: (1) Corporate Customers

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

Providing diverse fundraising methods

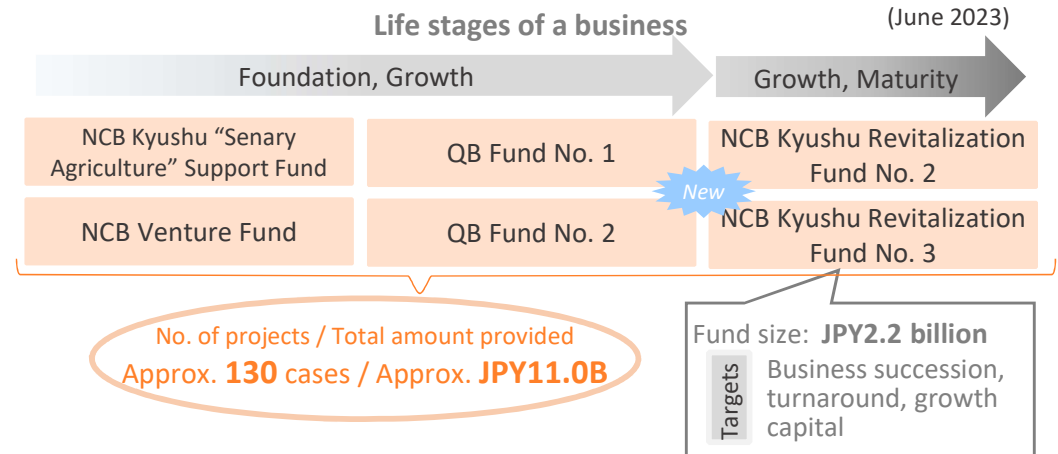
● Initiatives for structured finance

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



● Utilization of funds

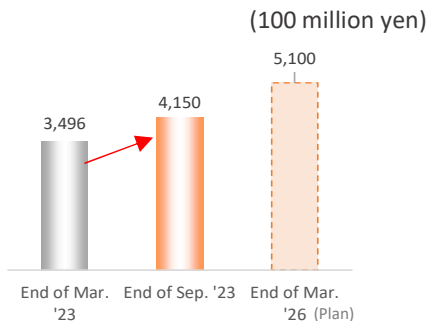
- ✓ As a successor to Fund No. 2, NCB has launched Kyushu Revitalization Fund No. 3, which adds business turnaround to the current scope of targets (growth capital and business succession).



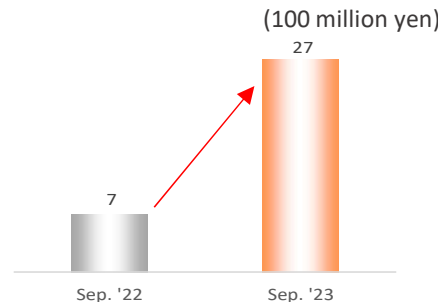
● Finely-tuned startup support

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

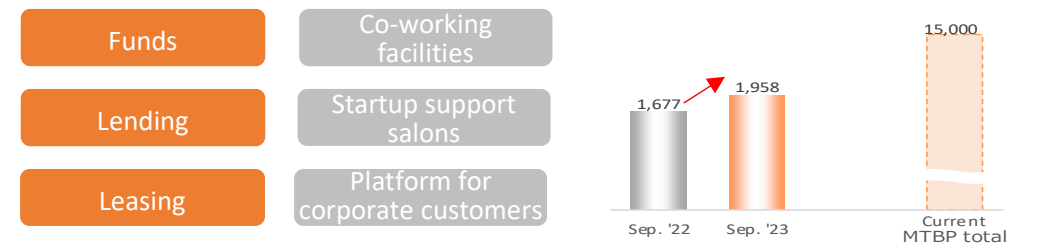
■ Structured financing balance



■ Credit-related fees



■ Number of startups supported

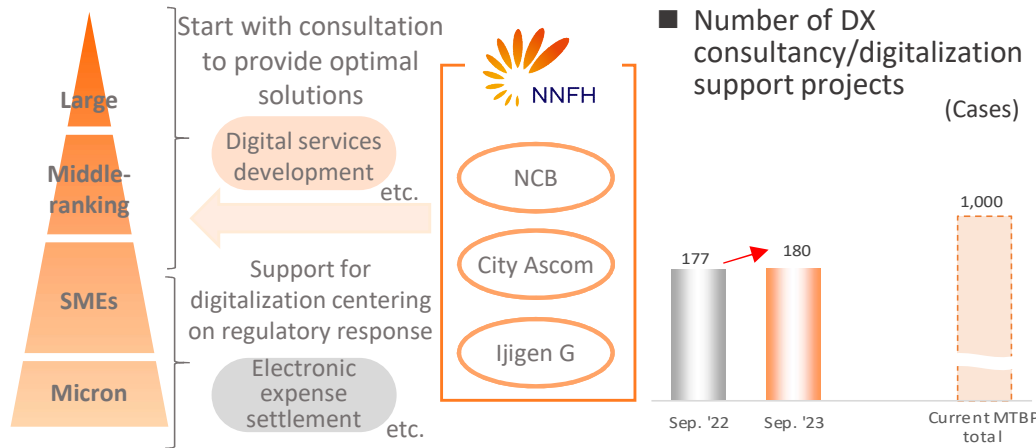


3. Providing Customer-Oriented “One to One Solutions”: (1) Corporate Customers

- ◆ Through collaboration among Group companies, provide a diverse range of solutions that address immediate managerial issues for 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.



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 in Aug. '23)

New Side business HR referrals

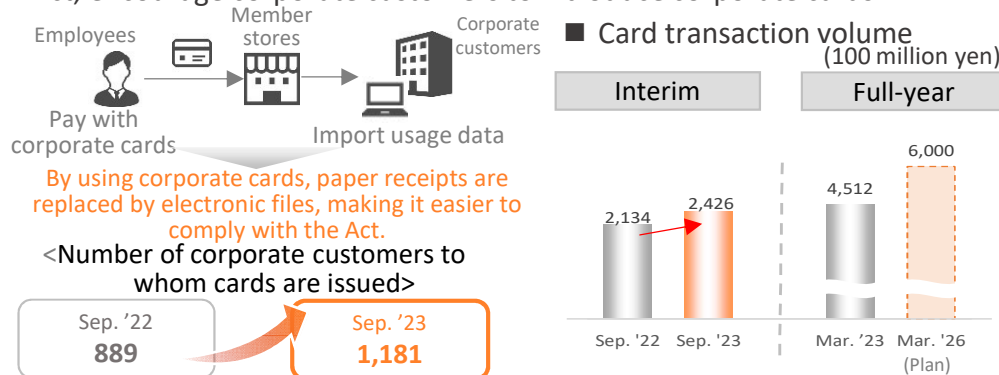
Refer side business HRs to corporate customers who are considering using professionals for a limited time when launching new businesses or promoting DX

New Referral of nurses

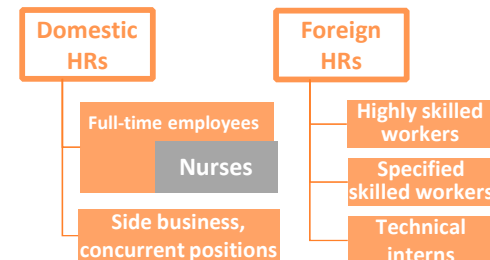
Refer nurses who match well with the needs of customers in the healthcare/welfare industries which are troubled with chronic labor shortages

Support for cashless payment

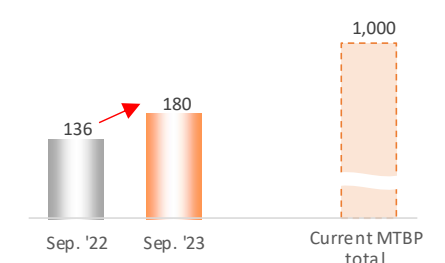
- ✓ Starting with support for compliance with the Electronic Books Maintenance Act, encourage corporate customers to introduce corporate cards



The NNFH Group's HR referral function



Cases of HR-related solutions (Cases)

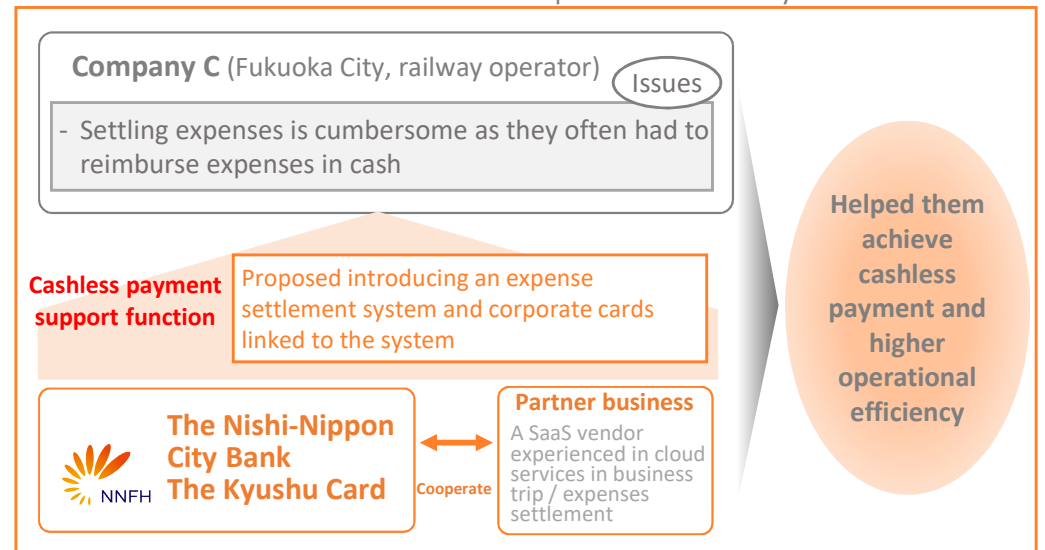


<Appendix> Case study (Solutions Offered to Corporate Customers)

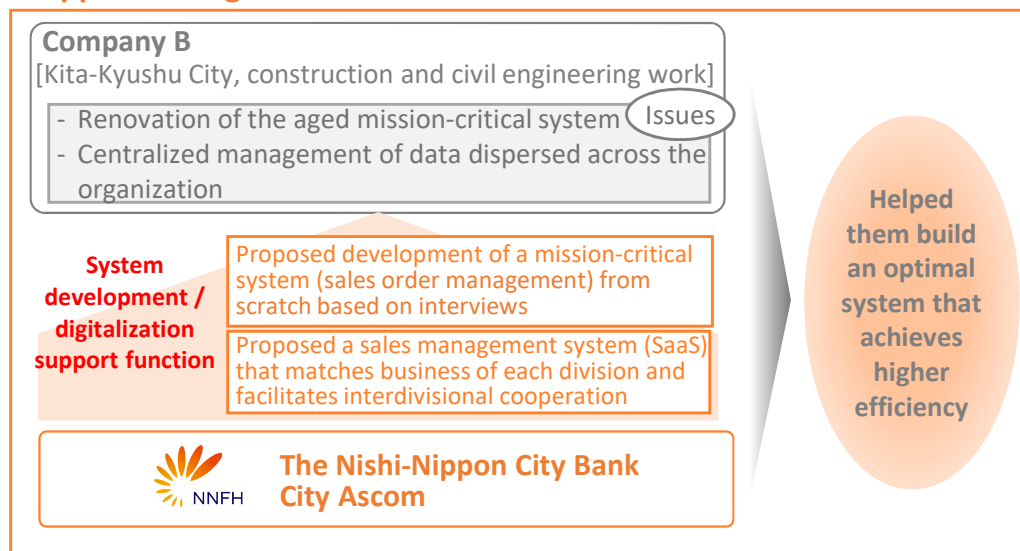
Support for digitalization - Solution to various managerial issues, such as low operational efficiency -



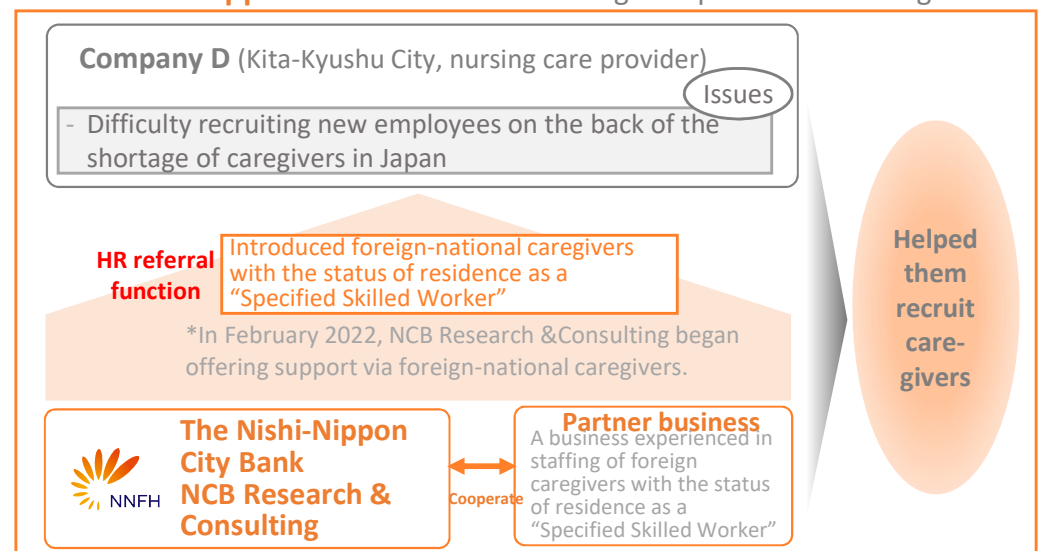
Support for cashless payment - Solution to various managerial issues, such as low operational efficiency -



Support for digitalization - Solution to an aged mission-critical system -

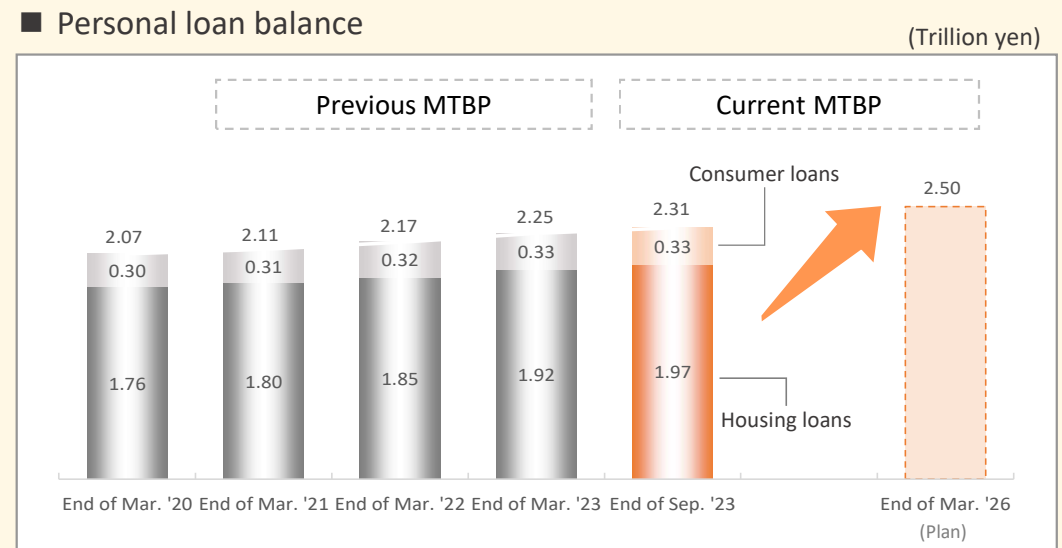
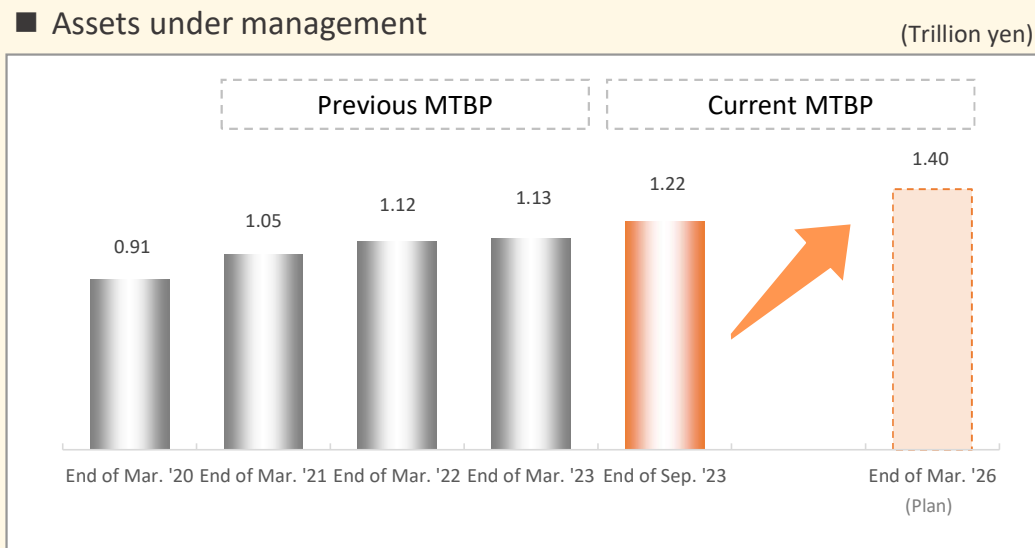
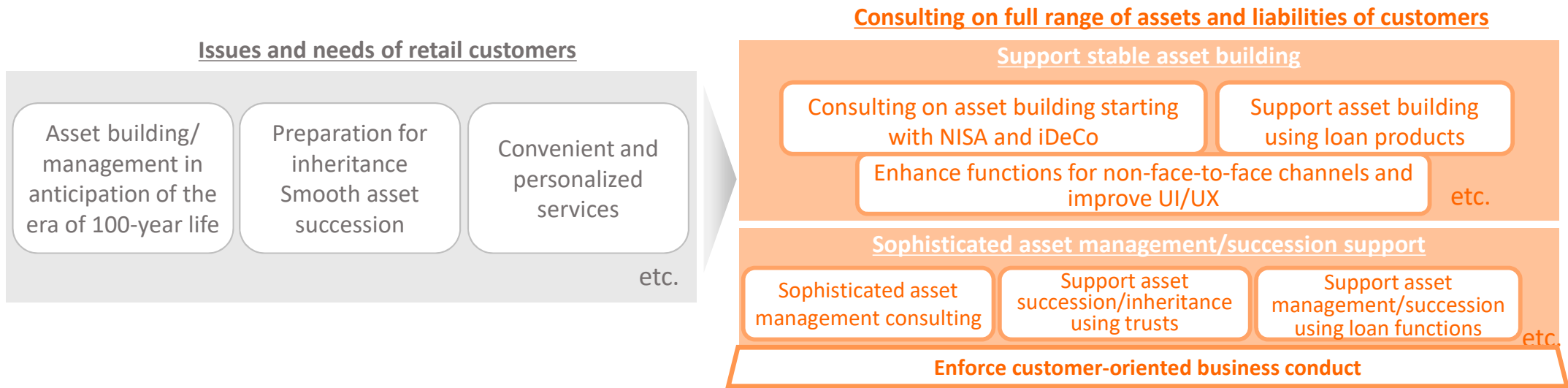


HR-related support - Solution to shortages of professional caregivers -



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

- ◆ During the current MTBP period, provide optimal solutions for each customer by enforcing customer-oriented business operation and consulting on all assets and liabilities for a broad range of customers.



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

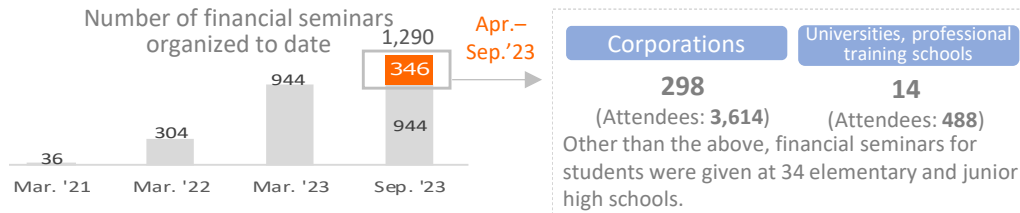
- ◆ Provide optimal solutions for each customer by proposing asset building starting with NISA and loan products that correspond to the life stage of the customer.

Consulting on asset building, starting with NISA, etc.

- Focus on long-term, diversified investment proposals, starting with NISA, etc., and initiatives designed to increase financial literacy of local customers

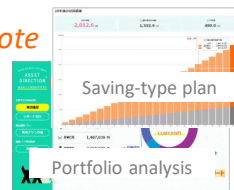
- Provide local customers with more information on NISA, etc.

- ✓ Organize financial seminars at customer companies and schools to evoke retail customers’ asset formation needs



- Propose long-term, diversified investment using *Pastel Note*

- ✓ Use *Pastel Note** to propose long-term, diversified investment plans appropriate for each retail customer’s life plan

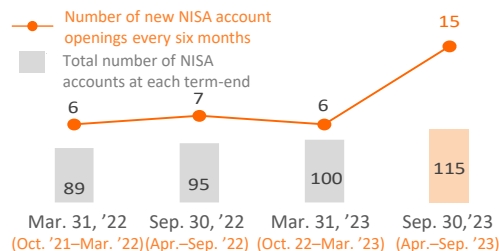


- Add the investment trust account opening function to the app

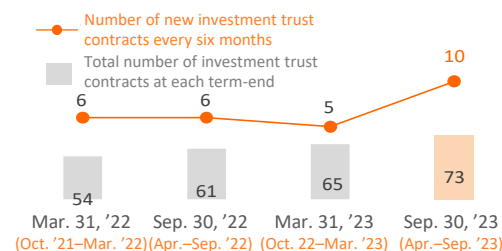


- ✓ In June 2023, a new function was added to NCB’s app to open an investment trust account (including NISA). (First among regional banks in Kyushu)

■ NISA accounts (1,000 accounts)



■ Investment trust (1,000 contracts)



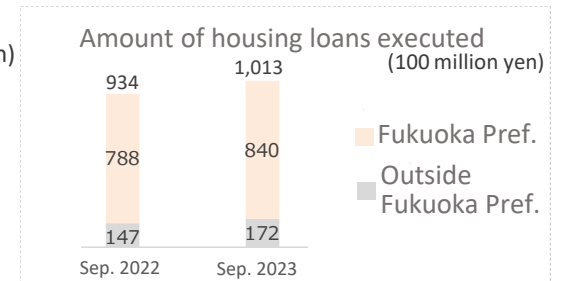
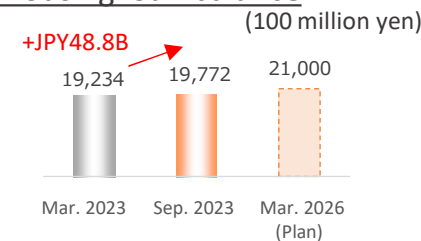
Provision of loan products appropriate for a life stage of the customer

- Enhance lending capacities by expanding the dedicated loan site system, strengthening the non-face-to-face channel function, etc.

- Expand the dedicated loan site system

- ✓ Flexibly allocated personnel to each dedicated loan site system in each regional market, achieving steady growth in the housing loan balance

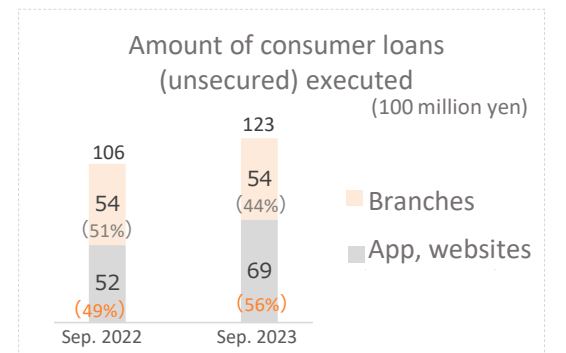
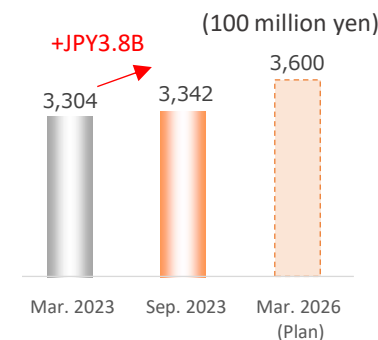
■ Housing loan balance



- 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



* An “asset under management simulation system,” which analyzes customers’ portfolio of financial assets, etc. so that AI can make instant decisions on the most efficient mix or ratio of investment trust.

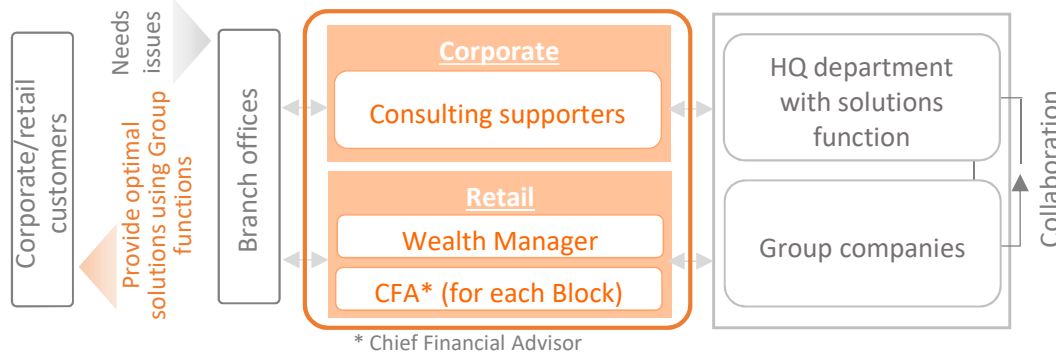
4. Sales Reform: (1) Strengthening the Sales System

- ◆ 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

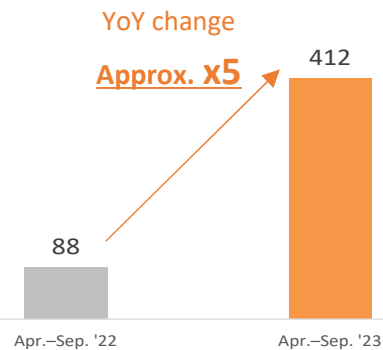
- Established specialized HQ units in HQ to strengthen the hub to connect the issues/needs of customers with the Group's solution functions, resulting in a significant increase in the number of collaborative cases between HQ and branch offices.

Strengthen the "hub" by establishing specialist teams in HQ

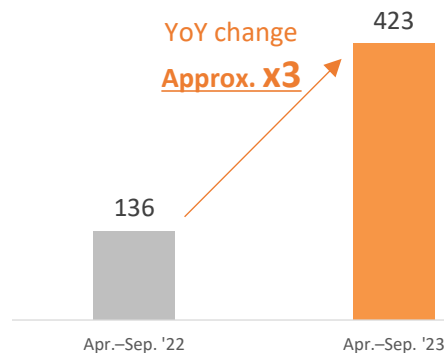


- Number of data collaborative cases between HQ and branch offices

<Corporate (consulting supporters)>



<Retail (Wealth Manager)>



Enhance the Group collaboration system

- While increasing the number of concurrent position holders at NNFH and each Group company, draw up Group-based strategies at the Group Strategy Council, which comprises the eight Group companies



Bank-securities collaboration system

Initiatives in the semiconductor-related fields

Settlement-related business

Prepare Group-based strategies

HR-related business

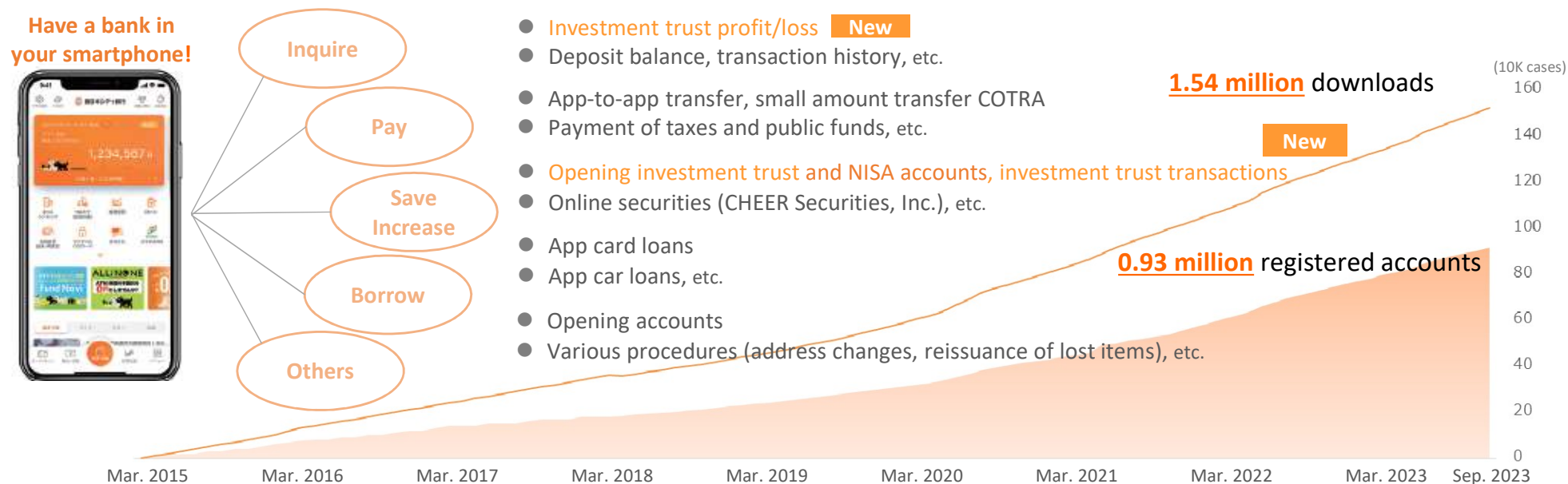
Support for digitalization/DX

etc.

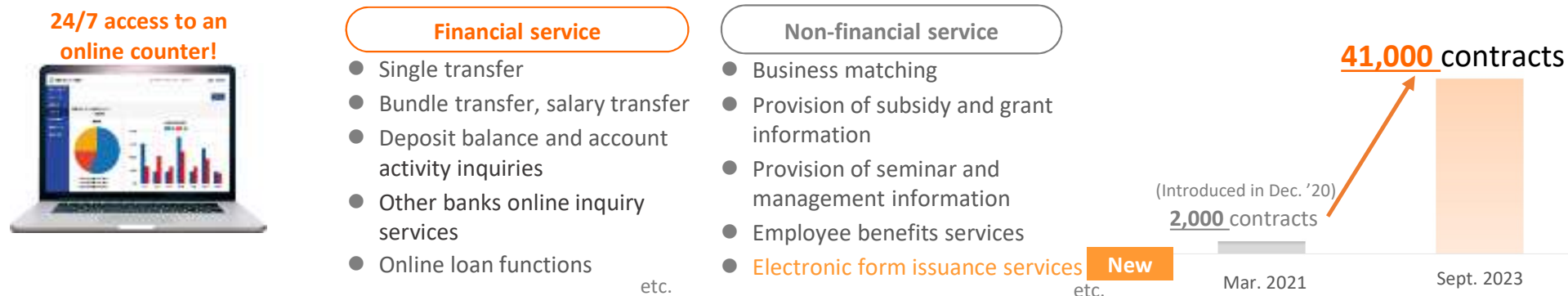
4. Sales Reform: (2) Digital Strategy

- ◆ Continue expanding functions of NCB App (for retail customers) and NCB Business Station (for corporate customers). With the user base expanding steadily, these two digital channels assume greater importance as a point of contact with customers.

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



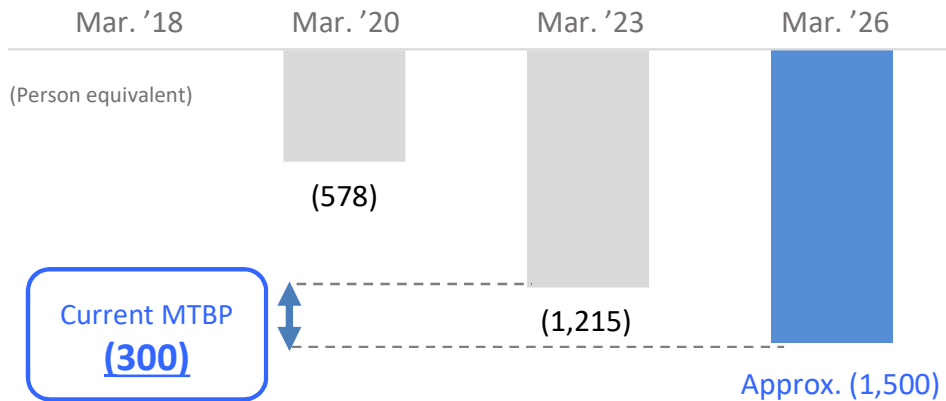
NCB Business Station, a digital channel for corporate customers



4. Sales Reform: (3) Work Reform

- ◆ Continue with initiatives for increasing operational efficiency to enhance productivity of the entire Group.
- ◆ In particular, efforts will be made to reform branch offices into “business locations focused on consulting,” considering the fundamental reduction of branch administration with the branch system upgrades scheduled for next fiscal year.

■ 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 200 persons are in place by now.)

<Key measures for increasing efficiency>



Branch system upgrades (July '24--)

Introduce a new real estate valuation system

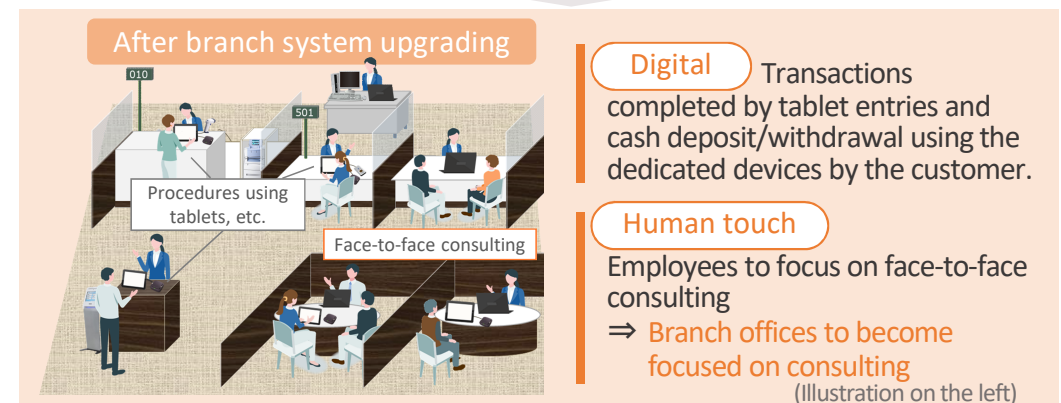
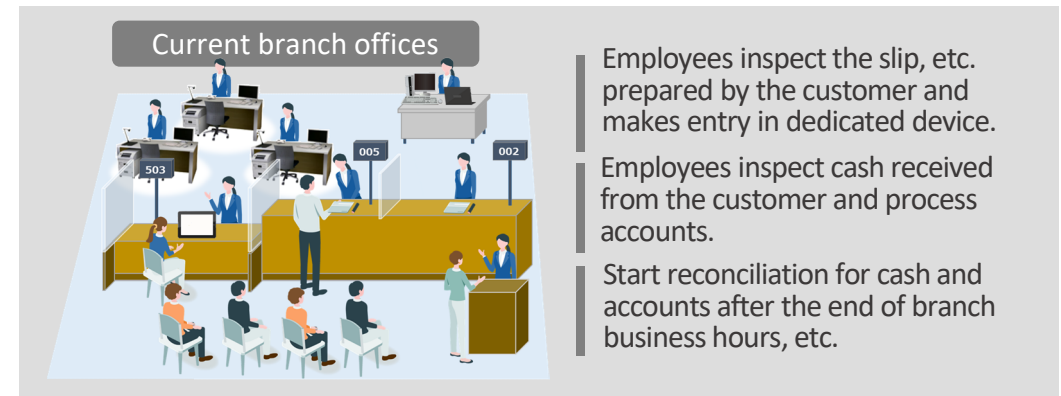
Introduce an expense settlement system

Use generative AI (concrete measures under consideration)

etc.

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).”
- ⇒ 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

- Expand support programs for acquiring various advanced qualifications
- Program to support the acquisition of "1st-grade Certified Skilled Professional of Financial Planning" credentials
- Program to support the acquisition of SME Management Consultant credentials
- etc.

New

Core personnel*1

Sep. '23	Mar. '26 (Plan)
107 persons	300 persons

*1 Those who have passed two or more of the Company-designated qualification examinations, including those for SME Management Consultants and 1st-grade Certified Skilled Professionals of Financial Planning

DX personnel

- Create a development system to enhance professional skills
- Data engineer development program
- Temporary transfer to Group companies with strength in the DX area
- etc.

New

Core personnel*2

Sep. '23	Mar. '26 (Plan)
579 persons	1,100 persons

*2 Those who have satisfied specified requirements, including acquisition of Company-designated qualifications and the number of years of business experience

Planning personnel

- Expand the training menu in a way that maximizes individual experience and skills
- Dispatch to business schools, etc.
- Training to enhance planning skills
- etc.

New

Specialist personnel

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

● Job class / business operation-based training

✓ Comprehensively review the training system and content 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 next-generation leader development training
- Managerial personnel: Expand 360-degree feedback
- etc.

Business operation-based training

- Review the training content to help improve consulting skills
- Corporate/regional sales: Expand training for enhancing project origination abilities / business feasibility evaluation
- Retail sales: Expand training for broadening the scope of retail consulting
- etc.

● Re-skilling

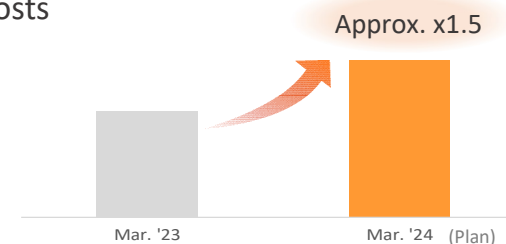
✓ Implement measures for re-skilling to expand opportunities for each individual to play an active role

VBA specialist training seminar for efficiency improvements

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 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 internal and external environment, review employment system for part-time staff, etc.

Increase salary levels

- Raises of an average of roughly 5.0% (6% for younger employees) based on annual wage conversion (April 2023)
 - Higher than the inflation rate (2.8%*1) and the average pay hike of large corporations (3.99%*2)

*1 "Outlook for Economic Activity and Prices," The Bank of Japan (announced in October 2023)
 *2 "2023 Annual Spring Labor-Management Negotiations, Results of Large Enterprises by Sector," Keidanren (announced in August 2023)

Consolidate part-time staff employment system

- Unify the job descriptions for part-time staff and raise their hourly wages (January 2024 -)

● Establish workplace environment

- ✓ Accelerate renewal of aging stores through renovation, which reduces costs and shortens construction periods more than reconstruction

Renewal of stores by renovation (Chikushi-dori Branch)

- Reopened as a "hub of consulting services," which gives greater comfort to employees and comes with consultation booths in a calm atmosphere (September 2023)



Appearance (After renewal)



Interior (After renewal)

● Promote diversity & inclusion

- ✓ Strengthen recruitment of new graduates and mid-careers to ensure diverse HRs

New graduates

- A diverse range of talent, including STEM students from technical universities and professional training schools, students from graduate schools and high schools, etc.

New recruits for FY2024 (prospective)
 (As of October 31, 2023)

236
 (+40% YoY)

Mid-careers

- Proactively recruit professionals with advanced expertise/skills
 (E.g.: attorneys, certified public accountants, and certified tax accountants)

Mid-career employees currently on payroll
 (As of September 30, 2023)

62

- ✓ Aggressively promote initiatives designed to achieve empowerment of women and work-life balance

Empowerment of women

- Promote empowerment of women through a career-building program for female employees

Ratio of women in managerial positions*3
 (As of September 30, 2023)

14.5%
 Ref.: Ratio of section managers or above: 12.9%

Support for work-life balance

- Support male employees' child-raising by encouraging them to take childcare leave

Ratio of male employees taking childcare leave
 (As of September 30, 2023)

86.1 %

*3 Those with a position to whom in-house regulations allow heads of their affiliations (Branch Managers, General Managers) to delegate their authority (on the same job level as section managers)

<External assessment>

Acquired Tomonin certification



Acquired Kurumin certification



Certified as a 2023 Health & Productivity Management Organization



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



<Employee engagement>

■ Employee survey findings (FY2022, means of 5-point scale responses to the questions)

	NCB	Financial industry	All industries
Working here, I realize how much I have grown.	3.6	3.1	3.0
I feel proud to work here.	3.7	3.2	3.1

- ✓ Employees feel a relatively high level of satisfaction with "Self growth" and "Job"

As surveyed by NTT Data Institute of Management Consulting Inc.

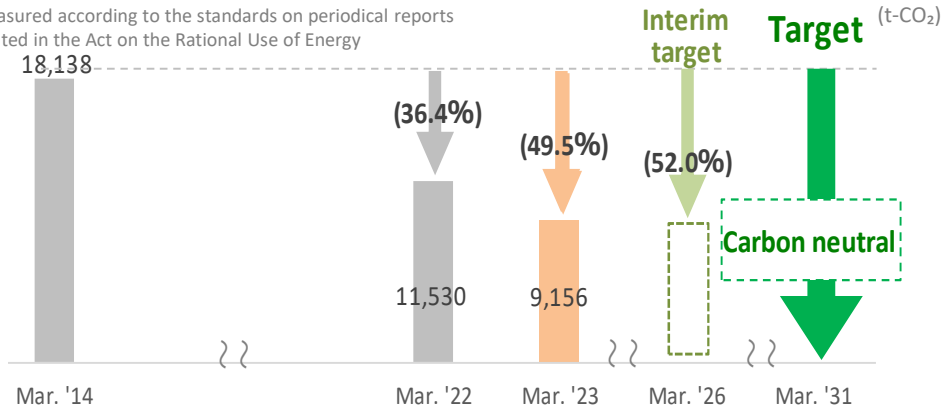
6. Sustainability Initiatives

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

Our initiatives for the environment and climate change

CO₂ emissions*1 (NCB)

*1 As measured according to the standards on periodical reports stipulated in the Act on the Rational Use of Energy



Reconstructing the Head Office Building (to be completed in FY2025)

- ✓ Aim to acquire ZEB Ready*2 certification through the adoption of superior eco-friendly technologies



Groundbreaking Ceremony (November 2023)
From left: NNFH President Murakami, Fukuoka City Mayor Takashima, Fukuoka Jisho President Enomoto



New Head Office Bldg. (Artist's rendition)

Eco-friendly branches

- ✓ Opened in October 2023 as NCB's first new branch, the Ito Branch comes with "horizontal eaves (for higher solar radiation shielding), solar panels, highly efficient energy-saving equipment, etc., to be eligible for environmental certifications for buildings (Nearly ZEB*3 and BELS*4 [max rating of five stars])



Ito Branch

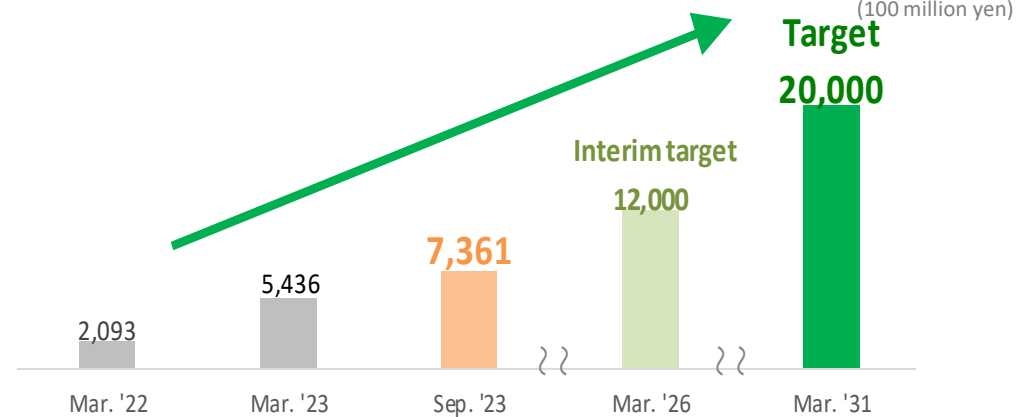
*2 Granted to buildings achieving energy savings of 50% or more

*3 Granted to building achieving net energy savings of 75% or more

*4 Building-Housing Energy-efficiency Labeling System, represented by a number of stars (1-5)

Supporting customers' efforts for the environment and climate change

Amount of sustainable finance executed (two banks combined)



Offering sustainable finance in line with each customer's issues

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

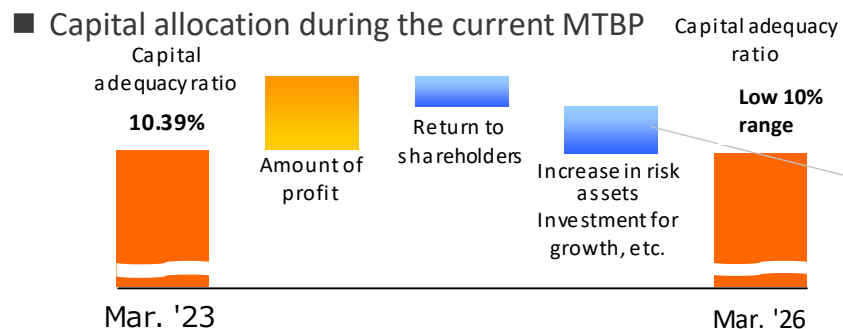
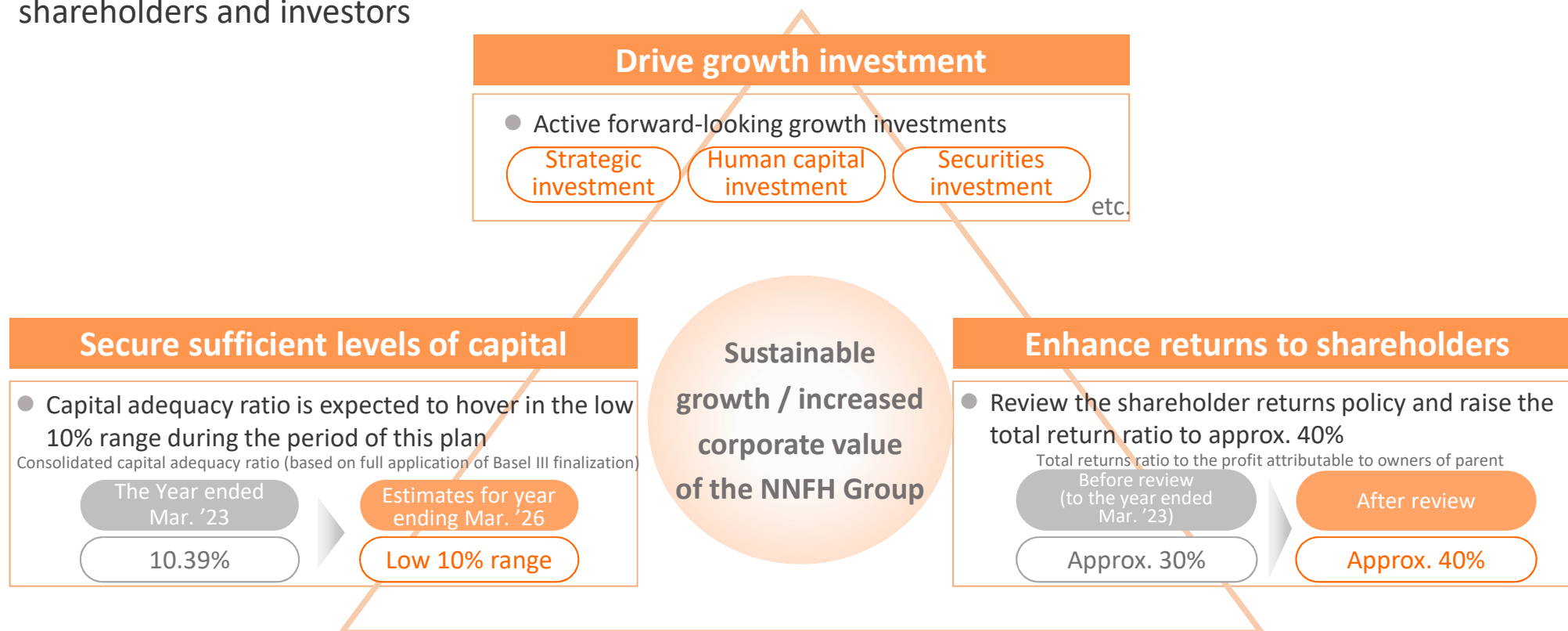
Large enterprises	Green bonds	Green loans
Second-tier enterprises	⇒ First account financed in Feb. '20 Total : 27 projects, JPY2.2B	⇒ Total: 14 projects, JPY21.4B
SMEs, etc. (wide-ranging customers)	Sustainability-linked loans	Positive impact finance
	⇒ First account financed in Sep. '21 Total: 96 projects, JPY23.8B	⇒ First account financed in Dec. '22 Total: 20 projects, JPY7.3B
Retail customers	SDGs private placement bonds	SDGs supporting loans
	⇒ Total: 445 projects, JPY38.4B	⇒ First account financed in Aug. '21 Total: 1,778 projects, JPY65.5B
	Housing loans for ZEH*5 and LCCM*6	etc.
	⇒ First account financed in July '23	

*5 Net Zero Energy House. Housing with a net zero annual primary energy consumption

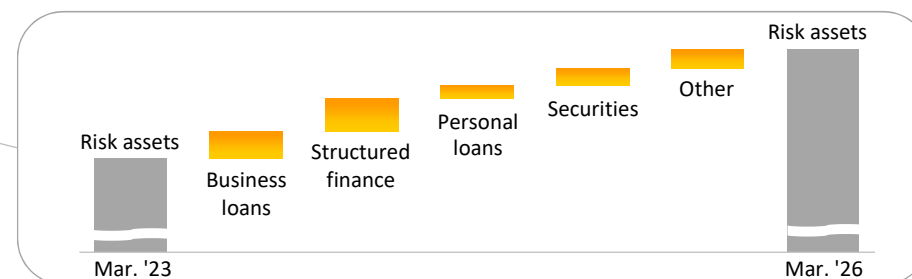
*6 Life Cycle Carbon Minus Houses. Housing that reduces the balance of CO₂ emissions below zero during its life cycle (construction, usage, disposal)

7. Capital Policy: (1) Basic Approaches

- ◆ Actively make forward-looking growth investments while securing sufficient levels of capital for sustainable growth and improving the corporate value of the NNFH Group, and also increase returns of profits to shareholders and investors

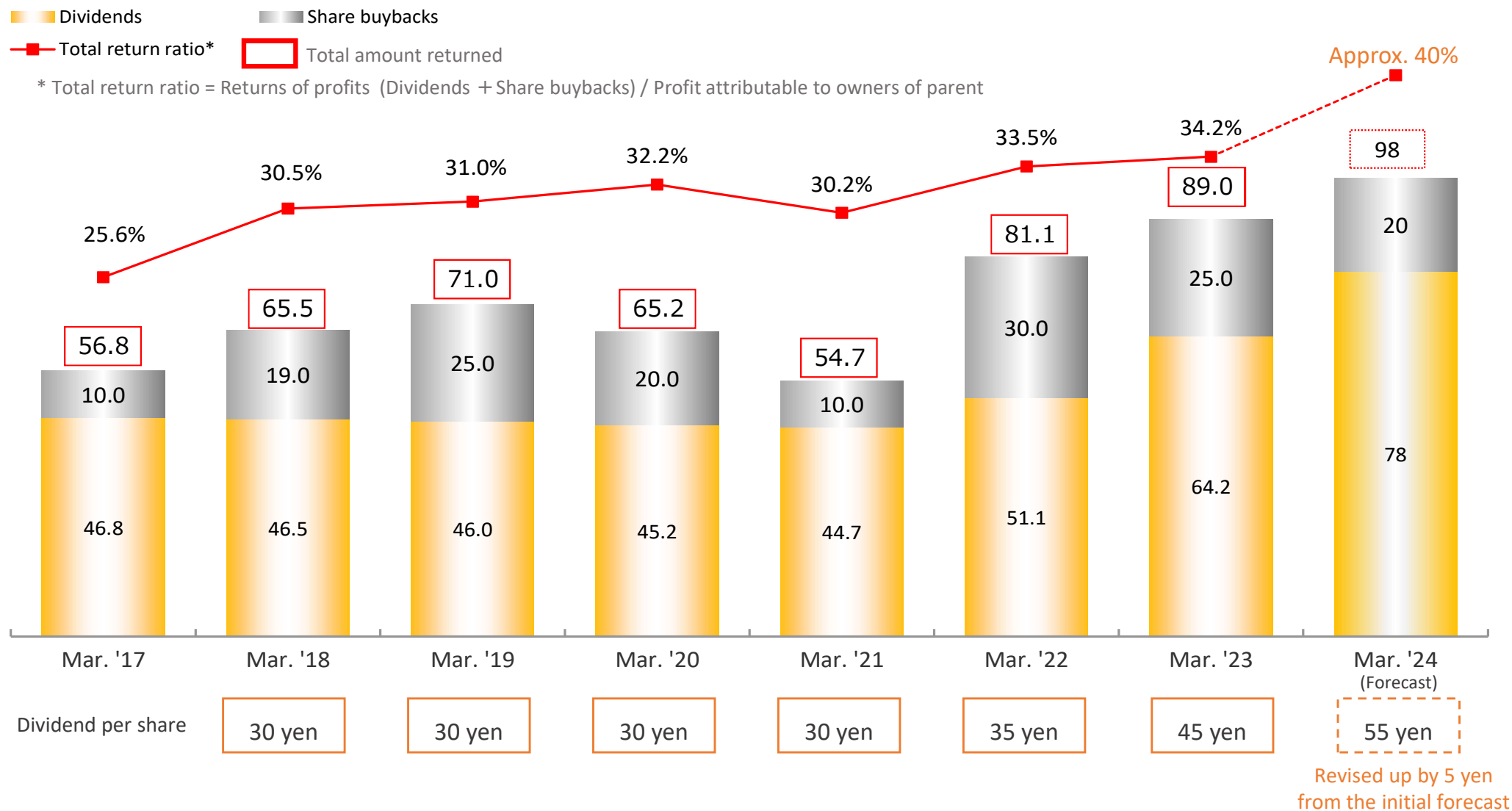


- Increases/decreases in risk assets (image) -



7. Capital Policy: (2) Shareholders Returns

- ◆ Increased the forecast for the year-end dividend per share from 25 to 30 yen, raising the annual dividend per share from 50 to 55 yen (increase for a third consecutive year). Also set a 2.0 billion yen quota for share buybacks.

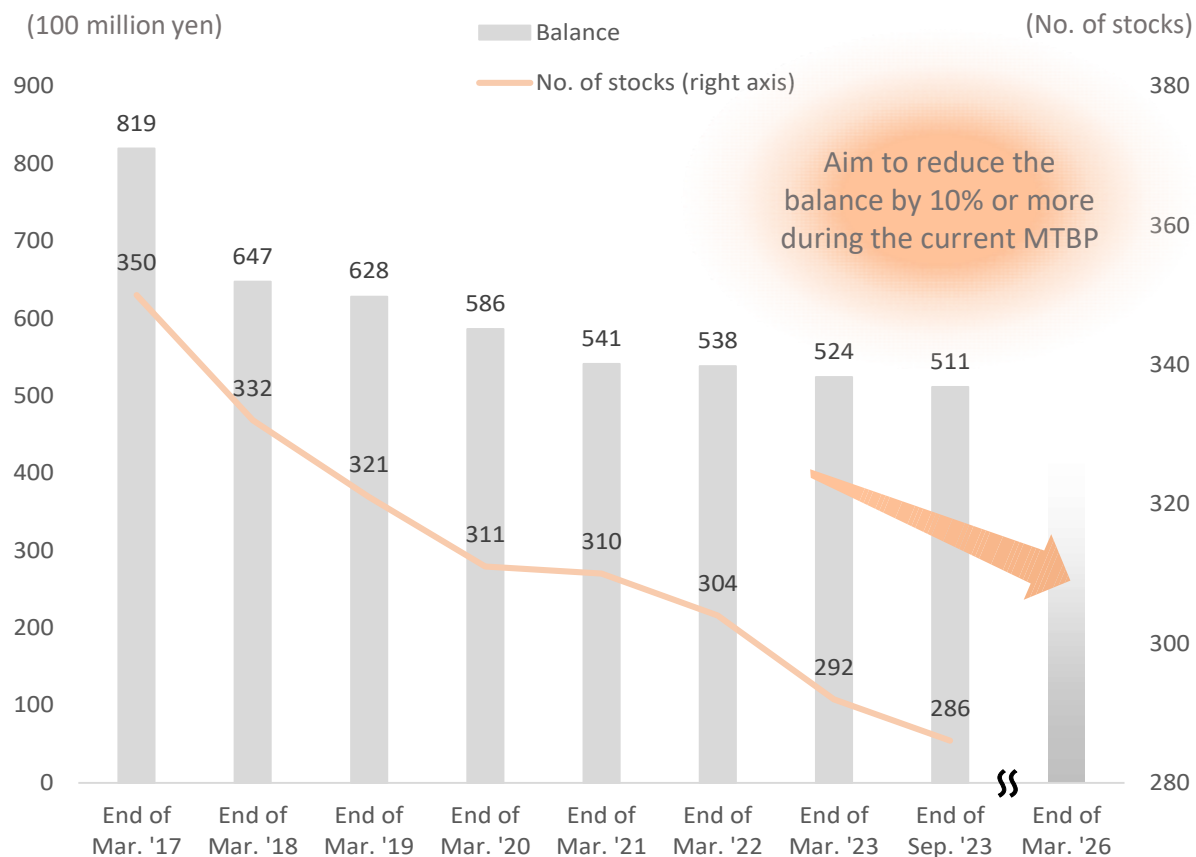


7. Capital Policy: (3) Reduction of Strategic Shares

- ◆ Consider reducing strategic shares after validating continued shareholding for each stock
- ◆ Aim to reduce the balance (acquisition cost) by 10% or more during the current MTBP

■ Balance of strategic shares (acquisition cost) and the number of stocks

(Figures below are for the Nishi-Nippon City Bank, the size of whose strategic shareholding is the largest within the NNFH Group)

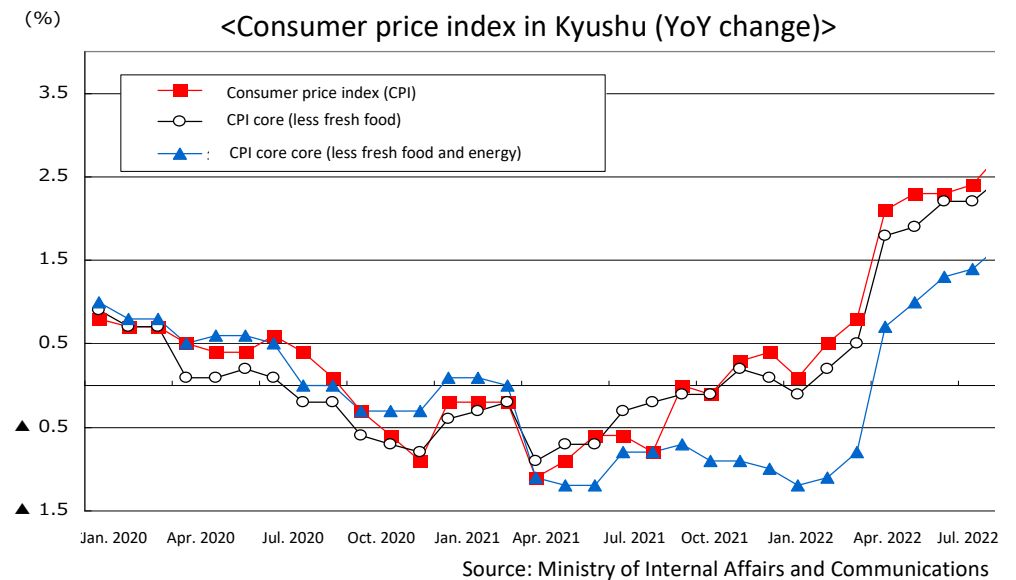
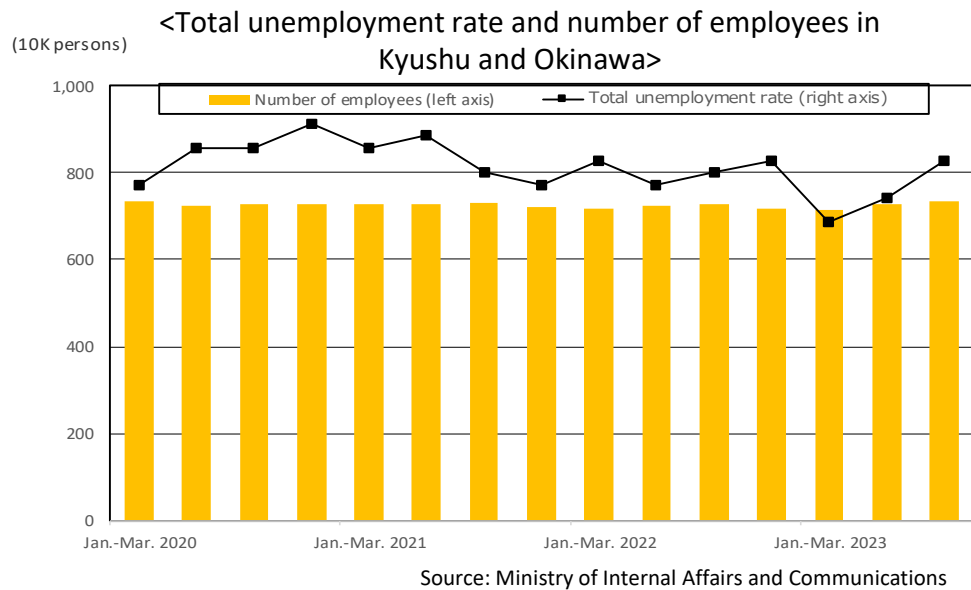
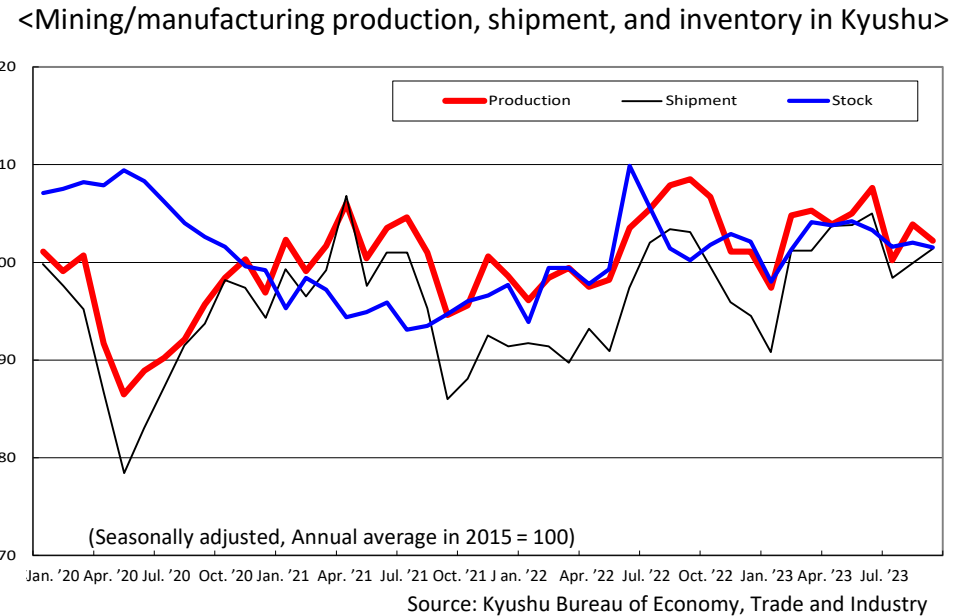
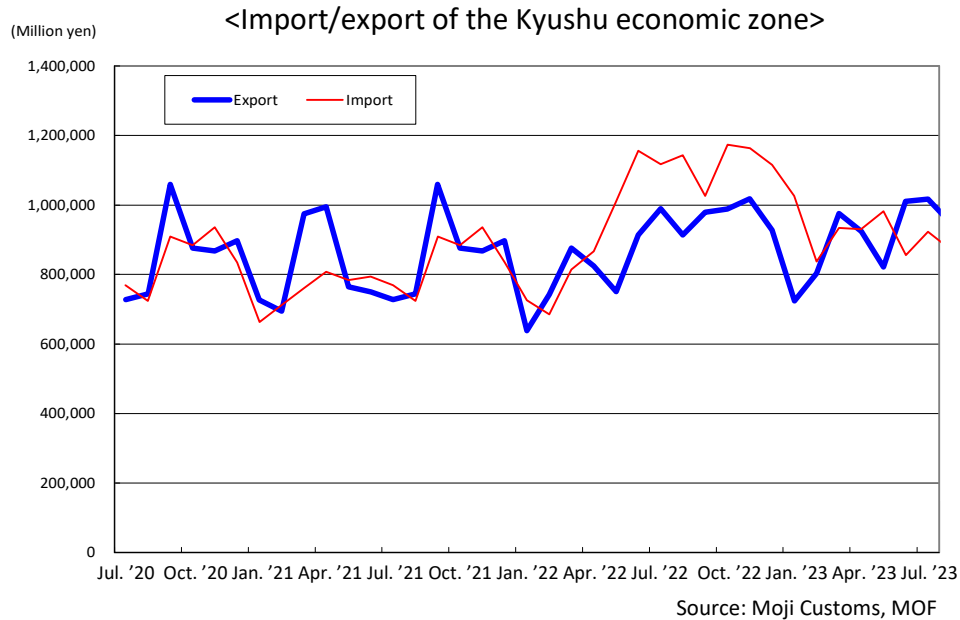


<The NNFH Group's policy on strategic shareholding>

- From the perspective of ensuring the stability of relationships with business partners, etc. of the NNFH Group, the Group has a policy of strategic shareholding only to the extent that it is recognized as serving the objectives of “maintaining and strengthening good business relationships and cooperative relationships between the issuing companies and the Group,” “improving the medium- to long-term corporate value of the Group and the issuing companies,” and “helping the issuing companies contribute to the local economy.”
- The Board of Directors comprehensively verifies every year, with regard to strategic shareholding, whether it is appropriate to continue holding the shares in accordance with the above policy and whether the risks and returns are economically rational. If it is determined that improvement is necessary, dialogue with the partner company shall be held. Nonetheless, if there are no signs of improvement, reducing the strategic shares shall be considered.

The Economic Environment in Kyushu/Fukuoka

1. Key Economic Indicators



2. Trends in Local Economies

(1) Business sentiment among local enterprises

- The business survey index for Northern Kyushu between July and September 2023 saw the difference between “up” and “down” widen compared to the previous quarter for non-manufacturing industries, while the difference turned negative for manufacturing industries and the difference narrowed by 3.4 percentage points to 2.8 percentage points for all industries.
- Concerning the outlook for the period between October and December 2023, in Northern Kyushu, the difference shrank for non-manufacturing industries, while the difference turned positive for manufacturing industries and the difference widened for all industries (6.1).

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

		Oct.-Dec. 2022	Jan.-Mar. 2023	Apr.-Jun. 2023 (previous)	Jul.-Sep. 2023 (present)	Oct.-Dec. 2023 (outlook I)	Jan.-Mar. 2024 (outlook II)
Northern Kyushu	All industries	4.0	(5.7)	6.2	2.8	6.1	4.5
	Manufacturing	(8.3)	(17.4)	1.9	(11.4)	5.1	2.5
	Non-manufacturing	8.6	(1.4)	7.8	8.2	6.5	5.3
Southern Kyushu	All industries	5.6	(3.8)	0.2	0.7	13.5	3.2
	Manufacturing	(7.6)	(13.1)	(3.7)	(6.7)	19.3	0.0
	Non-manufacturing	12.0	0.7	2.0	4.0	11.0	4.7

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

(2) Foreign visitors to Kyushu

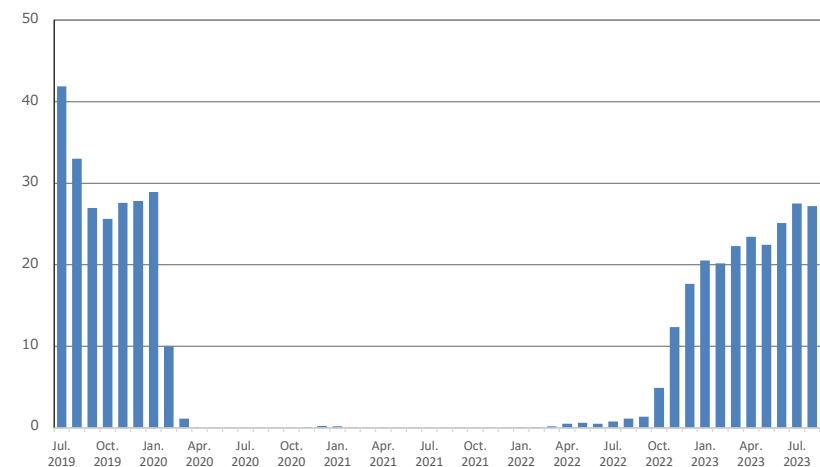
- In 2022, the number of foreign visitors to Kyushu recovered dramatically from 6,000 in the year before to 402,000, following the major relaxation of entry restrictions in October 2022.
- In 2023, the number of foreign visitors from countries in East Asia, ASEAN, and elsewhere showed a recovery trend, with the number of foreign visitors reaching 2,160,000 in September.

<Foreign visitors to Kyushu>

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	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			

(Persons)

<Foreign visitors to Kyushu>



Numbers of visitors include cruise ship tourists.

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

2. Trends in Local Economies

(3) Trends in key industries

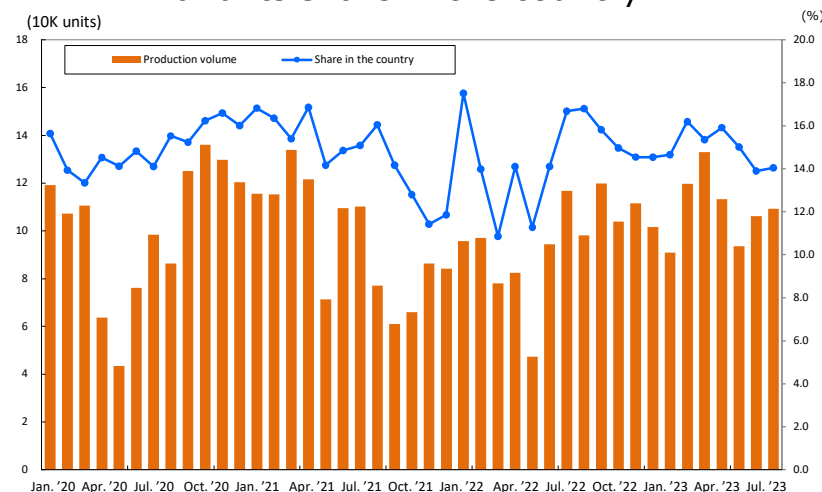
(Automobiles)

- 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 2022, automobile production in Kyushu decreased for the third consecutive year to 1.15 million units (down by 0.4% YoY), mainly due to prolonged shortages of semiconductors and lockdowns in China, creating bottlenecks in the supply of components.
- In 2023, unit production numbers showed YoY growth overall.

(Semiconductors)

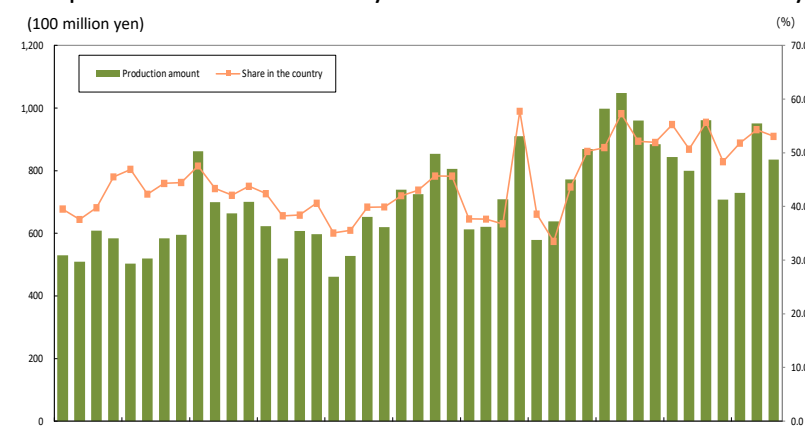
- As for the semiconductor-related industry in Kyushu, despite some semiconductor plants being closed/consolidated after the economic crisis in 2008, the region is now hailed as “Silicon Island Kyushu,” with approximately 1,000 enterprises, including global leaders in CMOS image sensors, on-vehicle microcomputers, etc. and numerous SMEs that support them, clustering together.
- More recently, Taiwan Semiconductor Manufacturing Company (TSMC) and the Sony Group are building their plants in Kumamoto (total investment: 1 trillion yen), stimulating investment projects in many places in Kyushu.
- In 2022, partly because domestic and international semiconductor manufacturers were bullish in making capex, IC production hit a record high of 930.1 billion yen (up by 20.3% YoY).
- In 2023, the production amount showed a YoY increase throughout the year.

<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

Supplementary Materials on Performance

1. Statement of Income: (1) Six Months Ended September 2023 – YoY Comparisons

(100 million yen)

	Six months ended September 30, 2023			YoY change			Six months ended September 30, 2022		
	Results			Results			Results		
	NNFH (A)	NCB (B)	(A)-(B)	NNFH (A)	NCB (B)	(A)-(B)	NNFH (A)	NCB (B)	(A)-(B)
Ordinary income	913	776	137	175	117	58	738	659	79
Gross operating profit	590	482	108	(5)	(21)	16	595	503	92
(Core gross operating profit)	[597]	[489]	[108]	[(20)]	[(36)]	[16]	[617]	[525]	[92]
Net interest income	443	412	31	(48)	(50)	2	491	462	29
(Interest on loans and discounts)	414	394	20	10	10	0	404	384	20
(Interest and dividends on securities)	138	135	3	36	36	0	102	99	3
(Interest on deposits and negotiable certificates of deposit)	3	3	0	1	1	(-)	2	2	0
Fees and commissions	126	65	61	15	6	9	111	59	52
Trading income	5	0	5	(3)	0	(3)	8	0	8
Other operating income	15	4	11	31	22	9	(16)	(18)	2
(Net gains (losses) related to bonds)	(8)	(8)	(-)	14	14	(-)	(22)	(22)	(-)
Expenses	402	333	69	14	6	8	388	327	61
Net business profits	188	148	40	(19)	(28)	9	207	176	31
(Core net business profits)	[195]	[156]	[39]	[(34)]	[(42)]	[8]	[229]	[198]	[31]
Provision for general reserve for possible loan losses	2	(0)	2	24	18	6	(22)	(18)	(4)
Business profits	186	149	37	(43)	(45)	2	229	194	35
Extraordinary gains (losses)	37	35	2	75	70	5	(38)	(35)	(3)
Gains (losses) on equity securities (excluding losses on write-offs of DES)	70	69	1	56	57	(1)	14	12	2
Losses from disposal of non-performing loans	20	18	2	(16)	(14)	(2)	36	32	4
Other extraordinary gains (losses)	(13)	(16)	3	3	(1)	4	(16)	(15)	(1)
Ordinary profit	223	183	40	33	24	9	190	159	31
Extraordinary profit (loss)	(2)	(2)	-	(1)	(1)	0	(1)	(1)	-
Gains on disposition of fixed assets	(1)	(1)	-	0	0	0	(1)	(1)	-
Impairment loss on fixed assets	1	1	-	1	1	-	0	0	-
Other extraordinary profit (loss)	(0)	0	(0)	(0)	-	(0)	-	-	-
Profit before income taxes	221	182	39	32	24	8	189	158	31
Income taxes	64	52	12	12	11	1	52	41	11
Profit attributable to non-controlling interests	3	-	3	1	-	1	2	-	2
Profit attributable to owners of parent	154	130	24	19	14	5	135	116	19
Credit Cost	22	17	5	8	3	5	14	14	0

1. Statement of Income: (2) Forecast for the Fiscal Year Ending March 31st, 2024 – YoY Comparisons

(100 million yen)

	Fiscal year ending March 31, 2024 Full-year forecast			YoY change			Fiscal year ended March 31, 2023 Results		
	NNFH (A)	NCB (B)	(A)-(B)	NNFH (A)	NCB (B)	(A)-(B)	NNFH (A)	NCB (B)	(A)-(B)
Ordinary income	1,754	1,495	259	150	174	(24)	1,604	1,321	283
Gross operating profit	1,154	950	204	72	62	10	1,082	888	194
(Core gross operating profit)	[1,164]	[960]	[204]	[(22)]	[(32)]	[10]	[1,186]	[992]	[194]
Net interest income	879	820	59	(58)	(59)	1	937	879	58
(Interest on loans and discounts)	836	798	38	24	25	(1)	812	773	39
(Interest and dividends on securities)	268	262	6	58	57	1	210	205	5
(Interest on deposits and negotiable certificates of deposit)	5	5	(-)	0	1	(1)	5	4	1
Fees and commissions	233	117	116	22	15	7	211	102	109
Trading income	12	-	12	(2)	(0)	(2)	14	0	14
Other operating income	30	13	17	111	106	5	(81)	(93)	12
(Net gains (losses) related to bonds)	(10)	(10)	(-)	94	94	(-)	(104)	(104)	(-)
Expenses	803	665	138	23	14	9	780	651	129
Net business profits	351	285	66	50	48	2	301	237	64
(Core net business profits)	[361]	[295]	[66]	[(45)]	[(46)]	[1]	[406]	[341]	[65]
Provision for general reserve for possible loan losses	3	0	3	16	6	10	(13)	(6)	(7)
Business profits	348	285	63	34	42	(8)	314	243	71
Extraordinary gains (losses)	(3)	-	(3)	(26)	39	(65)	23	(39)	62
Gains (losses) on equity securities (excluding losses on write-offs of DES)	93	93	-	71	68	3	22	25	(3)
Losses from disposal of non-performing loans	67	60	7	15	21	(6)	52	39	13
Other extraordinary gains (losses)	(29)	(33)	4	(82)	(8)	(74)	53	(25)	78
Ordinary profit	345	285	60	8	81	(73)	337	204	133
Extraordinary profit (loss)	(4)	(4)	-	(8)	0	(8)	4	(4)	8
Gains on disposition of fixed assets	(3)	(3)	-	0	0	0	(3)	(3)	-
Impairment loss on fixed assets	1	1	-	0	1	(1)	1	0	1
Other extraordinary profit (loss)	-	-	-	(8)	-	(8)	8	-	8
Profit before income taxes	341	281	60	0	81	(81)	341	200	141
Income taxes	97	81	16	20	26	(6)	77	55	22
Profit attributable to non-controlling interests	4	-	4	0	-	0	4	-	4
Profit attributable to owners of parent	240	200	40	(21)	55	(76)	261	145	116
Credit Cost	70	60	10	31	27	4	39	33	6

1. Statement of Income: (3) Forecast for the Fiscal Year Ending March 31st, 2024 – Comparisons with the Initial Forecast

(100 million yen)

	Fiscal year ending March 31, 2024 Full-year forecast			Comparison with initial forecast			Fiscal year ending March 31, 2024 Full-year initial forecast (Briefings on May 26)		
	NNFH (A)	NCB (B)	(A)-(B)	NNFH (A)	NCB (B)	(A)-(B)	NNFH (A)	NCB (B)	(A)-(B)
Ordinary income	1,754	1,495	259	27	27	0	1,727	1,468	259
Gross operating profit	1,154	950	204	(5)	(5)	0	1,159	955	204
(Core gross operating profit)	[1,164]	[960]	[204]	[5]	[5]	[0]	[1,159]	[955]	[204]
Net interest income	879	820	59	5	5	0	874	815	59
(Interest on loans and discounts)	836	798	38	(4)	(4)	0	840	802	38
(Interest and dividends on securities)	268	262	6	10	10	0	258	252	6
(Interest on deposits and negotiable certificates of deposit)	5	5	0	(7)	(7)	(-)	12	12	(-)
Fees and commissions	233	117	116	2	0	2	231	117	114
Trading income	12	-	12	(2)	-	(2)	14	-	14
Other operating income	30	13	17	(10)	(10)	0	40	23	17
(Net gains (losses) related to bonds)	(10)	(10)	(-)	(10)	(10)	(-)	(-)	(-)	(-)
Expenses	803	665	138	5	5	0	798	660	138
Net business profits	351	285	66	(10)	(10)	0	361	295	66
(Core net business profits)	[361]	[295]	[66]	[0]	[0]	[0]	[361]	[295]	[66]
Provision for general reserve for possible loan losses	3	-	3	1	(3)	4	2	3	(1)
Business profits	348	285	63	(11)	(7)	(4)	359	292	67
Extraordinary gains (losses)	(3)	-	(3)	11	7	4	(14)	(7)	(7)
Gains (losses) on equity securities (excluding losses on write-offs of DES)	93	93	-	13	13	-	80	80	-
Losses from disposal of non-performing loans	67	60	7	(1)	3	(4)	68	57	11
Other extraordinary gains (losses)	(29)	(33)	4	(3)	(3)	0	(26)	(30)	4
Ordinary profit	345	285	60	0	0	0	345	285	60
Extraordinary profit (loss)	(4)	(4)	-	0	0	0	(4)	(4)	-
Gains on disposition of fixed assets	(3)	(3)	-	0	0	0	(3)	(3)	-
Impairment loss on fixed assets	1	1	-	0	0	-	1	1	-
Other extraordinary profit (loss)	-	-	-	-	-	-	-	-	-
Profit before income taxes	341	281	60	0	0	0	341	281	60
Income taxes	97	81	16	0	0	0	97	81	16
Profit attributable to non-controlling interests	4	-	4	0	-	0	4	-	4
Profit attributable to owners of parent	240	200	40	0	0	0	240	200	40
Credit Cost	70	60	10	0	0	0	70	60	10

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				
March 31st, 2020	March 31st, 2021	March 31st, 2022	March 31st, 2023	September 30th, 2023

17,147	17,388	26,147	19,466	25,637
12	-	-	80	1,230
370	367	396	427	459
14	1	-	-	0
54	113	117	116	117
12,979	15,068	17,733	17,927	18,585
75,541	85,439	84,709	89,554	90,905
(2.9%)	13.1%	(0.9%)	5.7%	1.5%
144	111	228	173	115
889	1,156	903	991	1,032
1,196	1,176	1,162	1,169	1,168
37	35	42	52	49
53	178	75	80	88
7	5	21	64	136
202	166	176	164	193
(411)	(441)	(425)	(405)	(403)
(6)	(6)	(6)	(6)	(6)
108,228	120,756	131,279	129,852	139,305

NCB				
March 31st, 2020	March 31st, 2021	March 31st, 2022	March 31st, 2023	September 30th, 2023

17,007	17,103	25,597	19,112	25,346
432	300	400	390	1,450
-	-	-	-	-
14	1	-	-	0
54	113	117	116	117
12,878	14,899	17,537	17,573	18,214
73,413	83,188	82,360	87,379	88,728
2.9%	13.3%	(1.0%)	6.1%	1.5%
144	111	228	173	115
804	1,026	781	816	867
1,154	1,135	1,118	1,109	1,109
31	30	37	46	44
231	233	259	267	269
-	-	-	-	64
180	146	158	147	177
(347)	(384)	(370)	(358)	(356)
(5)	(5)	(5)	(4)	(4)
105,990	117,895	128,217	126,767	136,139

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

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

(100 million yen)

Liabilities

	NNFH					NCB				
	March 31st, 2020	March 31st, 2021	March 31st, 2022	March 31st, 2023	September 30th, 2023	March 31st, 2020	March 31st, 2021	March 31st, 2022	March 31st, 2023	September 30th, 2023
Deposits	84,816	92,955	95,703	97,918	102,241	82,916	90,755	93,350	95,552	99,901
(YoY % change)	4.8%	9.6%	3.0%	2.3%	4.4%	4.9%	9.5%	2.9%	2.4%	4.6%
Negotiable certificates of deposit	3,495	1,885	2,643	1,674	2,436	3,479	1,873	2,570	1,672	2,409
Call money and bills sold	390	2,081	5,100	5,125	6,323	390	2,081	5,100	5,125	6,323
Securities sold under repurchase agreements	2,070	1,943	2,511	2,659	2,936	2,070	1,943	2,511	2,659	2,936
Cash collateral received for securities lent	891	411	872	2,939	4,235	891	411	872	2,939	4,235
Borrowed money	9,942	14,377	17,552	12,497	14,445	9,884	14,191	17,325	12,422	14,362
Foreign exchanges	1	2	2	5	4	1	2	2	5	4
Bonds payable	100	-	-	-	-	100	-	-	-	-
Borrowed money from trust account	8	32	48	52	55	8	32	48	52	55
Other liabilities	1,000	1,076	1,140	1,202	860	722	759	791	805	447
Retirement benefit liability (Reserve for employee retirement benefits)	37	5	48	46	38	2	2	2	2	2
Provision for retirement benefits for directors (and other officers)	2	3	2	2	2	-	-	-	-	-
Provision for reimbursement of deposits	16	12	8	5	5	16	11	8	5	5
Provision for contingent losses	14	13	11	12	12	14	12	11	12	12
Deferred tax liabilities	5	138	8	11	11	77	157	59	16	-
Deferred tax liabilities for land revaluation	149	147	147	146	146	147	145	144	144	144
Acceptances and guarantees	202	166	176	164	193	180	146	158	147	177
Total liabilities	103,140	115,247	125,972	124,457	133,944	100,898	112,521	122,951	121,556	131,012
Share Capital	500	500	500	500	500	857	857	857	857	857
Capital surplus	1,295	1,272	1,211	1,187	1,187	857	857	857	857	857
Retained earnings	2,710	2,845	3,042	3,255	3,369	2,644	2,751	2,899	2,964	3,048
Treasury shares	(99)	(86)	(55)	(57)	(57)	-	-	-	-	-
Total shareholders' equity	4,406	4,531	4,698	4,885	4,999	4,358	4,465	4,614	4,678	4,763
Valuation difference on available-for-sale securities	470	652	386	258	96	453	627	358	229	58
Deferred gains or losses on hedges	(18)	(14)	(0)	10	11	(18)	(14)	(0)	10	11
Revaluation reserve for land	299	296	294	294	295	299	296	294	294	295
Remeasurements of defined benefit plans	(145)	(38)	(157)	(148)	(138)					
Total accumulated other comprehensive income (Total valuation and translation adjustments)	607	897	523	414	264	734	909	653	533	364
Non-controlling interests	75	81	86	96	98					
Total net assets	5,088	5,509	5,307	5,394	5,361	5,092	5,374	5,266	5,212	5,127
Total liabilities and net assets	108,228	120,756	131,279	129,852	139,305	105,990	117,895	128,217	126,767	136,139

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

(Six months ended)

(100 million yen)

	September 30th, 2019			September 30th, 2020			September 30th, 2021			September 30th, 2022			September 30th, 2023		
	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest
Loans															
Japan	70,590	1.08%	384	77,220	0.99%	385	81,749	0.93%	384	80,171	0.93%	378	87,545	0.87%	383
Business loans	42,874	0.76%	164	49,152	0.70%	173	53,166	0.67%	180	50,961	0.69%	178	57,457	0.63%	183
Housing loans and loans for apartment buildings	24,867	1.13%	141	25,134	1.08%	137	25,548	1.04%	134	26,068	1.00%	131	26,900	0.97%	131
(Housing loans)	16,395	1.16%	96	16,632	1.11%	93	17,295	1.05%	91	17,864	1.00%	90	18,469	0.96%	89
(Loans for apartment buildings)	8,471	1.05%	45	8,501	1.03%	44	8,253	1.02%	42	8,203	1.00%	41	8,431	0.99%	42
Consumer loans	2,850	5.50%	79	2,935	5.06%	74	3,036	4.63%	70	3,142	4.36%	69	3,188	4.26%	68
International	723	2.66%	10	706	1.38%	5	569	0.96%	3	622	2.11%	7	492	4.69%	12
Total	71,313	1.10%	394	77,927	0.99%	390	82,318	0.93%	387	80,793	0.94%	384	88,037	0.89%	394
Loan to deposit simple spread	A-E		1.09%	0.99%		0.93%		0.94%		0.89%					

Securities

Japan	10,427	0.69%	36	10,032	0.50%	25	12,224	0.58%	36	14,169	0.65%	47	12,790	0.94%	60
Bonds	8,621	0.23%	10	8,279	0.18%	8	10,273	0.16%	8	12,201	0.18%	11	10,953	0.29%	16
Stocks	623	4.72%	15	589	4.96%	15	596	6.26%	19	572	8.59%	25	561	7.42%	21
Other	1,184	1.88%	11	1,164	0.51%	3	1,354	1.34%	9	1,396	1.49%	10	1,275	3.67%	23
International	2,902	2.68%	39	2,388	2.26%	27	2,581	1.98%	26	3,975	2.62%	52	4,317	3.44%	74
Total	13,329	1.12%	75	12,420	0.84%	53	14,805	0.83%	62	18,145	1.08%	99	17,106	1.57%	135
Gain or loss from cancellation of investment trust	D		8	0		(1)		(2)		8					

Excluding gain or loss from cancellation of investment trust

Japan: Other	1,184	0.54%	3	1,164	0.45%	3	1,354	1.42%	10	1,396	1.77%	12	1,275	2.45%	16
Total	13,329	1.00%	67	12,420	0.83%	52	14,805	0.84%	62	18,145	1.10%	101	17,106	1.47%	127

Deposits and negotiable certificates of deposit

Japan	84,762	0.01%	6	89,840	0.00%	4	96,116	0.00%	2	98,194	0.00%	1	101,470	0.00%	1
Liquid	52,959	0.00%	0	60,690	0.00%	0	67,980	0.00%	0	71,199	0.00%	0	75,943	0.00%	0
Small, fixed-term	16,746	0.02%	2	16,219	0.01%	1	15,683	0.00%	1	14,894	0.00%	0	14,054	0.00%	0
Large + negotiable certificates of deposit	15,057	0.04%	4	12,931	0.03%	2	12,452	0.02%	1	12,101	0.01%	1	11,473	0.01%	1
International	231	0.30%	0	289	0.35%	0	316	0.18%	0	299	0.40%	1	206	1.25%	1
Total	84,993	0.01%	6	90,129	0.00%	4	96,431	0.00%	3	98,494	0.00%	2	101,676	0.00%	3

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

Forecast

(100 million yen)

	Fiscal year ended March 31st, 2020			Fiscal year ended March 31st, 2021			Fiscal year ended March 31st, 2022			Fiscal year ended March 31st, 2023			Fiscal year ending March 31st, 2024					
	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest	Avg. amount outstanding	Yields	Interest			
Loans																		
Japan	71,065	1.07%	766	79,335	0.97%	773	81,855	0.93%	766	81,522	0.92%	757	87,719	0.88%	772			
Business loans	43,309	0.75%	328	51,182	0.69%	353	53,179	0.67%	359	52,174	0.68%	356	57,448	0.64%	372			
Housing loans and loans for apartment buildings	24,885	1.13%	282	25,198	1.08%	274	25,622	1.04%	268	26,197	1.00%	264	27,067	0.97%	264			
(Housing loans)	16,433	1.16%	192	16,780	1.10%	186	17,435	1.05%	183	17,992	1.00%	181	18,587	0.96%	179			
(Loans for apartment buildings)	8,452	1.06%	90	8,418	1.04%	88	8,188	1.02%	84	8,205	1.01%	83	8,480	0.99%	84			
Consumer loans	2,871	5.42%	156	2,955	4.93%	146	3,055	4.56%	139	3,151	4.33%	137	3,203	4.26%	137			
International	725	2.45%	18	645	1.18%	8	574	0.98%	6	575	2.81%	16	527	4.89%	26			
Total	71,790	1.09%	784	79,980	0.97%	781	82,429	0.93%	771	82,096	0.94%	773	88,245	0.90%	798			
Loan to deposit simple spread	A-E			1.08%			0.97%			0.93%			0.94%			0.90%		

Securities																		
Japan	10,295	0.63%	65	10,335	0.45%	47	12,879	0.53%	69	14,182	0.64%	92	13,867	0.78%	109			
Bonds	8,500	0.22%	19	8,594	0.17%	15	10,805	0.16%	17	12,172	0.22%	27	11,787	0.28%	34			
Stocks	606	4.26%	26	588	4.26%	25	594	5.70%	34	569	7.31%	42	555	6.81%	38			
Other	1,189	1.70%	20	1,153	0.56%	7	1,479	1.18%	17	1,441	1.62%	23	1,525	2.42%	37			
International	2,964	2.59%	77	2,281	2.21%	51	2,738	2.06%	57	4,122	2.74%	113	4,427	3.43%	152			
Total	13,259	1.07%	142	12,617	0.77%	98	15,617	0.80%	125	18,304	1.12%	205	18,295	1.42%	260			
Gain or loss from cancellation of investment trust	D			13			(7)			(1)			(2)			8		
Excluding gain or loss from cancellation of investment trust																		
Japan: Other	1,189	0.60%	7	1,153	1.20%	14	1,479	1.21%	18	1,441	1.76%	25	1,525	1.91%	29			
Total	13,259	0.97%	129	12,617	0.83%	105	15,617	0.80%	126	18,304	1.13%	207	18,295	1.38%	253			

Deposits and negotiable certificates of deposit															
Japan	85,242	0.01%	11	91,336	0.00%	7	96,560	0.00%	4	98,672	0.00%	2	101,685	0.00%	3
Liquid	53,987	0.00%	0	62,606	0.00%	0	68,749	0.00%	1	71,838	0.00%	1	76,621	0.00%	1
Small, fixed-term	16,605	0.02%	4	16,116	0.01%	2	15,483	0.00%	1	14,693	0.00%	1	13,838	0.00%	1
Large + negotiable certificates of deposit	14,650	0.04%	7	12,614	0.03%	4	12,328	0.01%	2	12,141	0.01%	1	11,226	0.01%	1
International	247	0.40%	1	303	0.29%	1	320	0.18%	1	256	0.61%	2	224	1.23%	3
Total	85,490	0.01%	11	91,639	0.00%	8	96,880	0.00%	5	98,928	0.00%	4	101,909	0.00%	5

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

(100 million yen)

■ Balance sheet amount

	The end of March 2019	The end of March 2020	The end of March 2021	The end of March 2022	The end of March 2023	The end of September 2023
Government bonds	3,815	2,125	3,655	5,006	4,959	4,501
Local government bonds	774	2,611	3,321	4,007	4,219	4,938
Corporate bonds	3,745	3,124	2,592	2,215	1,859	1,872
Stocks	1,256	1,024	1,313	1,147	1,206	1,264
Foreign securities	2,715	2,802	2,623	3,334	3,711	4,166
(of which foreign bonds)	2,715	2,802	2,623	3,334	3,711	4,166
Other	1,350	1,192	1,394	1,828	1,619	1,473
Total securities	13,655	12,878	14,899	17,537	17,573	18,214

■ Valuation gains or losses

Government bonds	33	19	(4)	(78)	(179)	(339)
Local government bonds	3	(5)	(3)	(17)	(25)	(50)
Corporate bonds	37	22	15	4	(9)	(27)
Stocks	628	437	722	577	643	714
Foreign securities	25	155	71	(107)	(214)	(413)
(of which foreign bonds)	25	155	71	(107)	(214)	(413)
Other	62	23	97	133	108	187
Total securities	788	651	898	512	324	72

5. Breakdown of Credit Cost by Occurrence Factor (NCB)

(100 million yen)		(Six months ended)					(Fiscal year ended)				
		Sep. 30, 2019	Sep. 30, 2020	Sep. 30, 2021	Sep. 30, 2022	Sep. 30, 2023	Mar. 31, 2019	Mar. 31, 2020	Mar. 31, 2021	Mar. 31, 2022	Mar. 31, 2023
Provision for general reserve for possible loan losses (Reversal of allowance for loan losses)	A	6	5	(14)	(18)	(0)	(19)	14	26	(18)	(6)
Changes in loan-loss reserve ratio		5	4	(1)	(1)	(1)	9	6	0	(3)	(3)
Changes in balance, etc.		0	2	(13)	(17)	1	(28)	8	26	(15)	(3)
Cost of depreciation and specific provisions	B	27	32	13	34	18	58	39	59	52	41
Falling collateral value		3	4	8	3	2	4	7	3	11	3
Down-grade: Lower borrower assessment		37	58	18	36	29	87	62	84	71	44
Up-grade: Improved borrower assessment		(4)	(20)	(0)	(0)	(10)	(2)	(6)	(23)	(0)	(0)
Collection		(12)	(10)	(11)	(6)	(4)	(35)	(27)	(16)	(28)	(13)
Loss (gain) on removal from balance sheet		0	0	(1)	0	(0)	(0)	(2)	7	(2)	0
Responsibility-sharing system		3	1	(0)	1	1	4	5	4	0	4
Other		(0)	(0)	0	0	0	0	(0)	(0)	(0)	3
Recoveries of written-off claims	C	0	0	0	2	1	4	1	2	3	2
Credit cost	D=A+B-C	33	37	(2)	14	17	36	53	84	31	33
Average amount of loans outstanding	E	71,313	77,927	82,318	80,793	88,037	69,575	71,790	79,980	82,429	82,096
Credit cost	D÷E	0.046%	0.048%	(0.002%)	0.017%	0.020%	0.051%	0.073%	0.105%	0.038%	0.040%

6. Capital Adequacy Ratio (Consolidated)

■ Capital Adequacy Ratio (Consolidated)

(100 million yen)

		Sep. 30, '23	vs. Mar. 31, '23	Mar. 31, '23
Core capital: instruments and reserves	A	4,889	129	4,760
Directly issued qualifying common share capital		4,964	118	4,846
Accumulated other comprehensive income		(138)	10	(148)
Adjusted noncontrolling interests		3	(0)	3
Total of reserves		12	0	12
Eligible capital instruments subject to transitional arrangements		0	0	0
Land revaluation excess subject to transitional arrangements		20	0	20
Noncontrolling interests subject to transitional arrangements		28	0	28
Core capital: regulatory adjustments	B	154	(4)	158
(of which shortfall of eligible provisions to expected losses)		44	(7)	51
(of which net defined benefit asset)		76	6	70
Capital	C=A-B	4,735	133	4,602
Risk-weighted assets, etc.	D	37,983	(24)	38,007
Credit risk-weighted asset		35,642	14	35,628
Operational risk adjustments		2,342	(37)	2,379
Capital adequacy ratio (Consolidated)	C÷D	12.46%	0	12.10%

MEMO

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 - Any and all information described herein is subject to change or amendment without notice.
 - These materials contain forward-looking statements regarding the future performance of the Group; however, such statements do not guarantee such future performance and may contain risks and uncertainties.
- Please be aware that, due to possible changes in the operating environment, etc., actual results may differ materially from those that are currently anticipated.



Nishi-Nippon Financial Holdings, Inc.