

SURUGA bank, Ltd.

Consolidated financial results for the three months ended June 30, 2020

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)

URL: <https://www.surugabank.co.jp>

Representative: Kosuke Saga, President

(Amounts and percentages are rounded down to the nearest million yen and first decimal places, respectively.)

1. Consolidated financial results for the three months ended June 30, 2020

(1) Consolidated operating results (% represents the change from the same period in the previous fiscal year)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2020	25,017	(22.4)	971	(84.3)	507	(86.8)
June 30, 2019	32,241	(8.5)	6,223	31.6	3,847	21.7

(Note) Comprehensive income: (a) Three months ended June 30, 2020: ¥ 1,662 million [35.2 %]

(b) Three months ended June 30, 2019: ¥ 1,229 million [(74.5) %]

	Earnings per share	Earnings per share (diluted)
	yen	yen
Three months ended June 30, 2020	2.19	-
June 30, 2019	16.60	-

(Note1) Earnings per share for the three months ended June 30, 2020 is not provided because there are no potentially shares.

(Note2) Earnings per share for the three months ended June 30, 2019 is not provided because there are no potentially dilutive shares.

(2) Consolidated financial position

	Total assets	Total net assets	Net assets ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	3,541,396	257,396	7.2
March 31, 2020	3,481,579	256,892	7.3

(Reference) Shareholders' equity: (a) As of June 30, 2020: ¥ 257,290 million; (b) As of March 31, 2020: ¥ 256,781 million

(Note) Net assets ratio = { (Total net assets - Subscription rights to shares - Non-controlling interests) / Total assets } × 100

This ratio is not calculated based on the "Capital Adequacy Ratio Notification".

2. Dividends on common stock

	Dividends per share				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Fiscal year-end	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2020	—	0.00	—	5.00	5.00
ending March 31, 2021	—				
ending March 31, 2021 (forecast)		0.00	—	5.00	5.00

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

3. Consolidated earnings forecast for the fiscal year ending March 31, 2021

(% represents the change from the previous fiscal year)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
1H, FY3/2021	48,500	(24.2)	500	(97.5)	(3,500)	-	(15.10)
FY3/2021	96,000	(18.6)	8,000	(80.8)	6,000	(76.3)	25.90

(Note1) Revision of earnings forecast from the latest announcement: No

(Note2) The earning forecast for the fiscal year ending March 31, 2021 was calculated with thought to impacts of the coronavirus (COVID-19) pandemic foreseeable at the present time. However, if the impacts continue for a long time, the earnings forecast may be revised, for instance, due to further increase in net credit costs. If matters to be disclosed arise, such matters will be promptly disclosed.

***Notes**

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

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

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

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

(A) Changes in accounting policies due to revision of accounting standards: No

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

(C) Changes in accounting estimates: No

(D) Restatements: No

(4) Number of issued shares (common stock)

(A) Number of issued shares (including treasury shares):	As of June 30, 2020	232,139,248 shares	As of March 31, 2020	232,139,248 shares
(B) Number of treasury shares:	As of June 30, 2020	489,418 shares	As of March 31, 2020	489,165 shares
(C) Average number of shares:	Three months ended June 30, 2020	231,649,973 shares	Three months ended June 30, 2019	231,650,876 shares

(Note1) This report is outside the scope of the external auditor’s quarterly review procedure.

(Note2) Explanation on appropriate use of forecast and other special items

The performance forecasts and other forward-looking statements in this report are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to guarantee future performance. Actual performance may differ materially depending on various factors.

(Appendix)

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1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the three months ended June 30, 2020, ordinary income decreased by ¥7.224 billion year-on-year to ¥25.017 billion. This was primarily due to the decline in interest income reflecting the drop in interest on loans and bills discounted. Meanwhile, ordinary expenses decreased by ¥1.971 billion year-on-year to ¥24.046 billion, mainly due to the fall in fees and commissions payments.

As a result, ordinary profit decreased by ¥5.252 billion year-on-year to ¥0.971 billion.

Profit attributable to owners of parent decreased by ¥3.340 billion year-on-year to ¥0.507 billion.

(2) Details of financial position

As for the consolidated major account balances as of June 30, 2020, deposits amounted to ¥3,265.937 billion, rose by ¥61.146 billion from March 31, 2020, mainly due to an increase of ¥52.956 billion in individual deposits.

Loans and bills discounted came in at ¥2,466.279 billion, down by ¥36.559 billion from March 31, 2020, mainly due to a decrease of ¥45.758 billion in consumer loans (non-consolidated).

Securities amounted to ¥182.829 billion, rose by ¥48.969 billion from March 31, 2020.

(3) Details of forecast information, including earnings forecast

The earnings forecast for the fiscal year ending March 31, 2021 remains unchanged from that announced on May 14, 2020.

Consolidated		(Billions of yen)	
	Fiscal year ending March 31, 2021 (Forecast)		
	First half	Full year	
Ordinary income	48.5	96.0	
Ordinary profit	0.5	8.0	
Profit attributable to owners of parent	(3.5)	6.0	

Non-consolidated		(Billions of yen)	
	Fiscal year ending March 31, 2021 (Forecast)		
	First half	Full year	
Ordinary income	43.0	85.0	
Core net operating profit	14.0	27.0	
Net operating profit	14.0	27.0	
Ordinary profit	0.0	7.0	
Net income	(4.0)	5.0	
Actual credit costs	14.0	20.0	

(Note1) The earning forecast for the fiscal year ending March 31, 2021 was calculated with thought to impacts of the coronavirus (COVID-19) pandemic foreseeable at the present time. However, if the impacts continue for a long time, the earnings forecast may be revised, for instance, due to further increase in net credit costs. If matters to be disclosed arise, such matters will be promptly disclosed.

(Note2) The performance forecasts and other forward-looking statements in this report are based on information currently available to the company and on certain assumptions deemed to be reasonable, and are not intended to guarantee future performance. Actual performance may differ materially depending on various factors.

2. Consolidated financial statements and notes

(1) Consolidated balance sheets

	(Millions of yen)	
	As of Mar. 31, 2020	As of Jun. 30, 2020
Assets		
Cash and due from banks	876,301	932,116
Call loans and bills bought	65	107
Trading account securities	180	161
Money held in trust	978	203
Securities	133,860	182,829
Loans and bills discounted	2,502,838	2,466,279
Foreign exchanges	2,215	2,244
Lease receivables and investment assets	6,439	6,305
Other assets	52,980	50,837
Tangible fixed assets	37,507	37,599
Intangible fixed assets	21,569	21,261
Net defined benefit asset	12,660	12,957
Deferred tax assets	15,897	15,551
Customers' liabilities for acceptances and guarantees	2,062	1,987
Allowance for loan losses	(183,979)	(189,046)
Total assets	3,481,579	3,541,396
Liabilities		
Deposits	3,204,791	3,265,937
Borrowed money	3	0
Foreign exchanges	15,663	14,285
Other liabilities	491	29
Provision for bonuses	35	—
Net defined benefit liability	275	268
Provision for directors' retirement benefits	270	284
Provision for reimbursement of deposits	245	210
Provision for contingent losses	139	105
Deferred tax liabilities	707	889
Acceptances and guarantees	2,062	1,987
Total liabilities	3,224,686	3,284,000
Net assets		
Capital stock	30,043	30,043
Capital surplus	2,045	2,045
Retained earnings	218,587	217,937
Treasury shares	(561)	(561)
Total shareholders' equity	250,115	249,465
Net unrealized gains (losses) on available-for-sale securities	6,276	7,458
Deferred gains (losses) on hedges	(23)	(28)
Remeasurements of defined benefit plans	412	396
Total accumulated other comprehensive income	6,665	7,825
Non-controlling interests	111	105
Total net assets	256,892	257,396
Total liabilities and net assets	3,481,579	3,541,396

(2) Consolidated statements of income and Consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	For the three months ended Jun. 30, 2019	For the three months ended Jun. 30, 2020
Ordinary income	32,241	25,017
Interest income	24,578	21,717
Interest on loans and bills discounted	24,070	21,137
Interest and dividends on securities	409	380
Fees and commissions	2,693	2,140
Other operating income	2,864	791
Other income	2,103	368
Ordinary expenses	26,017	24,046
Interest expenses	387	399
Interest on deposits	301	367
Fees and commissions payments	4,830	3,160
Other operating expenses	720	705
General and administrative expenses	12,557	11,336
Other expenses	7,521	8,445
Ordinary profit	6,223	971
Extraordinary gains	0	13
Gains on disposal of non-current assets	0	13
Extraordinary losses	78	102
Losses on disposal of non-current assets	78	90
Impairment loss	—	11
Income before income taxes	6,144	881
Income taxes	2,268	379
Profit	3,876	502
Profit attributable to non-controlling interests	29	(5)
Profit attributable to owners of parent	3,847	507

Consolidated statements of comprehensive income

	(Millions of yen)	
	For the three months ended Jun. 30, 2019	For the three months ended Jun. 30, 2020
Profit	3,876	502
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(2,498)	1,181
Deferred gains (losses) on hedges	4	(4)
Remeasurements of defined benefit plans, net of tax	(152)	(16)
Total other comprehensive income	(2,646)	1,160
Comprehensive income	1,229	1,662
(Breakdown)		
Comprehensive income attributable to owners of parent	1,181	1,668
Comprehensive income attributable to non-controlling interests	48	(5)

(3) Notes regarding consolidated financial statements

(Notes on going-concern assumption)

Not applicable.

(Notes for material changes in shareholders' equity)

Not applicable.

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

(Calculation of income taxes)

Income taxes reported by the company and its subsidiaries are calculated by multiplying income before income taxes for the three months ended June 30, 2020 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2021, including the current first quarter.

In addition, in the case that calculating income taxes using the estimated effective tax rate significantly lack rationality, income taxes are calculated by using the statutory effective tax rate.

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

Not applicable.

(Additional information)

(Key Assumptions on Estimated Impact from Further Spread of the Coronavirus (COVID-19) Pandemic)

With regard to financial estimates that relate to impact from the coronavirus (COVID-19) pandemic in the first quarter of the current consolidated fiscal year, and assumptions that were used for these estimates, there have been no material changes from the information listed in the (Additional information) section of the securities report of the previous consolidated fiscal year.

As such assumptions have a high level of uncertainty, if circumstances concerning the spread of the coronavirus (COVID-19) pandemic and its impact on the economy vary from the original assumptions, financial results could be impacted from the second quarter of the current consolidated fiscal year (second quarter of the fiscal year ending March, 2021).

Financial Results for the three months ended June 30, 2020

- Supplementary Information -

(1) Operating results for the three months ended June 30, 2020 (Non-consolidated)

(Millions of yen)

	Three months ended Jun. 30, 2020 (a)	Three months ended Jun. 30, 2019 (b)	Change (a) - (b)	FY3/2020
Gross operating profit	18,379	21,542	(3,163)	80,345
Net interest income	19,676	22,252	(2,576)	84,965
Net fees and commissions	(1,303)	(2,713)	1,410	(6,876)
Net other operating income	6	2,003	(1,997)	2,255
(Gains (losses) on bonds)	(0)	6	(6)	230
Core gross operating profit (Note1)	18,378	21,536	(3,158)	80,115
Expenses	10,456	11,572	(1,116)	43,780
Personnel expenses	3,734	3,684	50	14,875
Non-personnel expenses	5,766	6,680	(914)	25,603
Core net operating profit (Note2)	7,921	9,964	(2,043)	36,334
Excluding gains (losses) on cancellation of investment trusts	7,921	9,964	(2,043)	36,334
Actual net operating profit (Note3)	7,922	9,970	(2,048)	36,564
Provision for general allowance for loan losses (Note4)	(4,707)	3,041	(7,748)	-
Net operating profit	12,630	6,928	5,702	36,564
Non-recurring gains (losses)	(12,055)	(1,340)	(10,715)	3,427
Gains (losses) on stocks	(0)	1,815	(1,815)	5,303
Ordinary profit	575	5,588	(5,013)	39,991
Extraordinary gains (losses)	(74)	(75)	1	(9,908)
Income before income taxes	500	5,512	(5,012)	30,083
Income taxes (Note5)	216	2,067	(1,851)	5,609
Net income	284	3,445	(3,161)	24,474

(Millions of yen)

Net credit costs (Note6)	7,467	6,517	950	3,809
Provision for general allowance for loan losses (Note4)	(4,707)	3,041	(7,748)	-
Disposal of non-performing loans	12,175	3,476	8,699	4,039
Reversal allowance for loan losses (Note4)	-	-	-	229
Recoveries of written-off claims	88	55	33	1,351
Actual credit costs (Note7)	7,379	6,462	917	2,457

(Note1) Core gross operating profit = Gross operating profit - Gains (losses) on bonds

(Note2) Core net operating profit = Net operating profit + Provision for general allowance for loan losses
- Gains (losses) on bonds

(Note3) Actual net operating profit = Net operating profit + Provision for general allowance for loan losses

(Note4) For the fiscal year ended March 31, 2020, the net amount of reversal of specific allowance for loan losses and provision for general allowance for loan losses is recorded in reversal of allowance for loan losses, given that the former exceeded the latter during period.

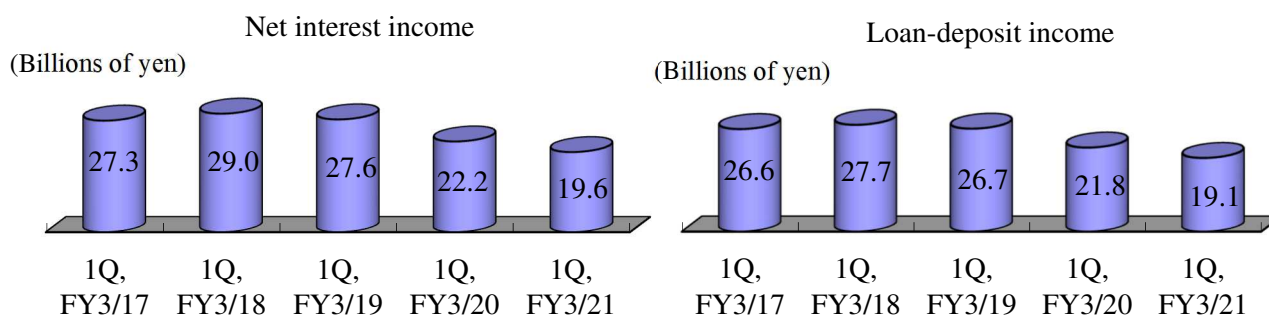
(Note5) The amount of Income taxes for the fiscal year ended March 31, 2020 is that of Total income taxes.

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

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

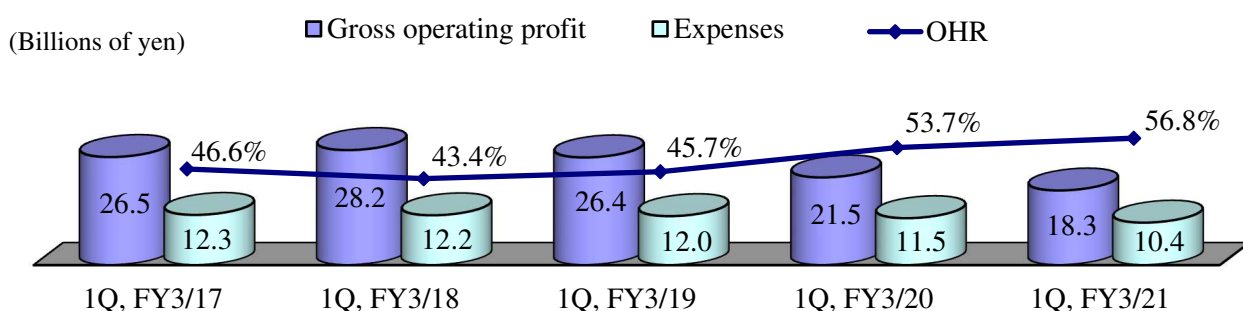
(A) Gross operating profit: ¥18.3 billion

- Net interest income decreased by ¥2.5 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Loan-deposit income decreased by ¥2.7 billion year-on-year.
- Gross operating profit decreased by ¥3.1 billion year-on-year.



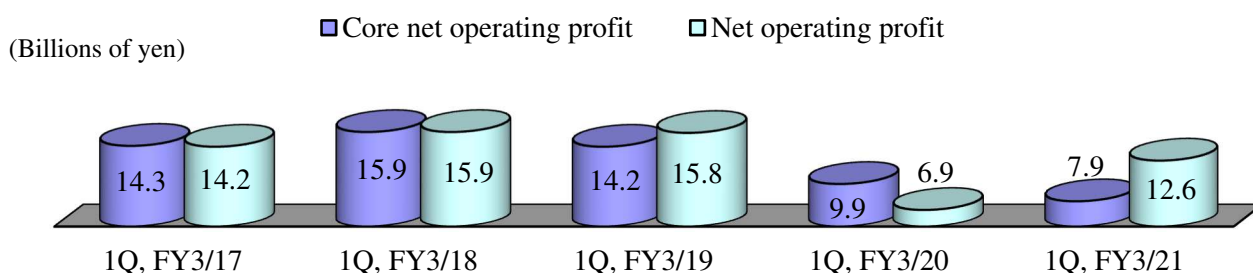
(B) Expenses; OHR: 56.8%

- Expenses decreased by ¥1.1 billion year-on-year.
 - OHR rose year-on-year to 56.8%, mainly due to a decrease in gross operating profit.
- (OHR (%) = Expenses / Gross operating profit × 100)



(C) Core net operating profit: ¥7.9 billion, Net operating profit: ¥12.6 billion

- Core net operating profit decreased by ¥2.0 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit increased by ¥5.7 billion year-on-year, mainly due to a decrease in provision for general allowance for loan losses.



(D) Ordinary profit: ¥0.5 billion, Net income: ¥0.2 billion

- Ordinary profit decreased by ¥5.0 billion year-on-year, mainly due to an increase in disposal of non-performing loans.
- Net income decreased by ¥3.1 billion year-on-year, mainly due to a decrease in ordinary profit.

(E) Actual credit costs: ¥7.3 billion

- Net credit costs increased by ¥0.9 billion year-on-year, mainly due to a decrease (¥7.7 billion) in provision for general allowance for loan losses and an increase (¥8.6 billion) in disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥7.4 billion) minus the amount of recoveries of written-off claims amounted to ¥7.3 billion.

(2) Loans and deposits (Non-consolidated)**(A) Loans and bills discounted**

- Loans and bills discounted (period-end balance) decreased by ¥266.8 billion year-on-year.
- Yield on loans and bills discounted dropped by 3 basis points year-on-year to 3.16%.

	Jun. 30, 2020 (a)	(a) – (b)	Jun. 30, 2019 (b)	(Billions of yen) Mar. 30, 2020
Loans and bills discounted (period-end balance)	2,459.4	(266.8)	2,726.2	2,496.1
Consumer loans	2,261.2	(247.5)	2,508.7	2,307.0
Secured loans	2,065.5	(211.3)	2,276.8	2,099.0
Unsecured loans	195.7	(36.1)	231.8	207.9
Loans and bills discounted (average balance)	2,476.7	(305.3)	2,782.0	2,664.7

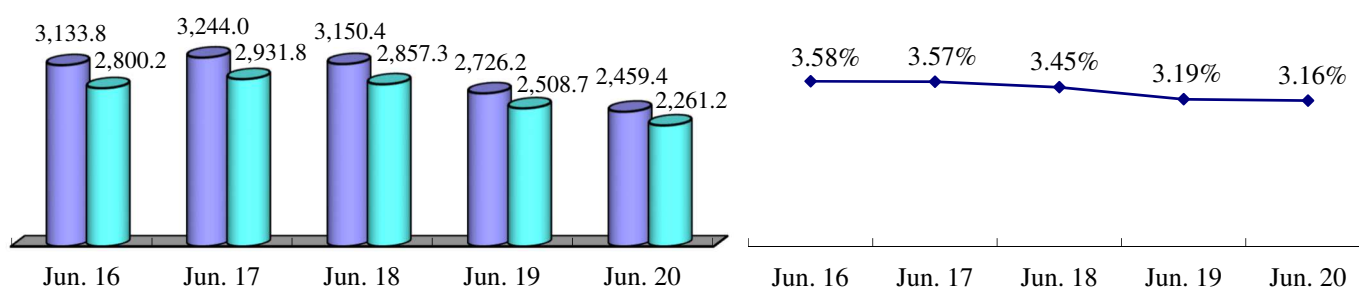
	Three months ended Jun. 30, 2020 (a)	(a) - (b)	Three months ended Jun. 30, 2019 (b)
New consumer loans	3.8	2.2	1.6
New corporate loans for property investment	3.2	3.2	—

(Note) Corporate loans for property investment and asset finance that are defined as new business fields in the mid-term management plan.

■ Loans and bills discounted (period-end balance)
■ Consumer loans (period-end balance)

— Yield on loans and bills discounted

(Billions of yen)



Consumer loans

Outstanding balance, yield, delinquency rate by loan category

(Billions of yen)

Loan category	Jun. 30, 2020			Mar. 31, 2020		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	2,065.5	3.09%	4.70%	2,099.0	3.12%	4.14%
Housing loans	537.7	2.86%	0.79%	551.3	2.87%	0.59%
Studio apartment loans	188.9	3.40%	1.92%	195.6	3.41%	1.65%
Single building apartment loans	1,144.8	3.28%	3.68%	1,156.1	3.33%	3.34%
Share house loans	153.9	1.46%	31.34%	154.6	1.47%	27.89%
Other secured loans	39.9	4.85%	1.29%	41.2	4.89%	1.05%
Unsecured loans	195.7	10.23%	1.93%	207.9	10.23%	1.76%
Card loans	129.2	11.56%	0.78%	138.4	11.52%	0.70%
Unsecured certificate loans	66.4	7.65%	4.15%	69.4	7.66%	3.88%
Consumer loans	2,261.2	3.69%	4.47%	2,307.0	3.74%	3.93%

Corporate loans for property investment	9.9	2.23%	—	6.6	2.19%	—
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(Note1) Delinquency rate = Loans past due 3 months or more / Loans

(Note2) Yield: Yield for customers (excluding guarantee fee, accrued interest), period-end balance basis

(Note3) Yield and delinquency rate of Studio apartment loans, secured loans and consumer loans are calculated based on originals claims before securitization.

(Note4) Corporate loans for property investment: Corporate loans for property investment and asset finance that are defined as new business fields in the mid-term management plan.

Share house loans (Non-performing loans based on the Financial Reconstruction Law)

(Billions of yen)

	Total	(Non-performing loans)			Subtotal	Normal assets
		Claims against bankrupt and substantially bankrupt obligors	Claims with collection risk	Claims for special attention		
Jun. 30, 2019	248.0	88.3	45.0	93.4	226.8	21.2
Sep. 30, 2019	246.1	89.9	41.1	97.7	228.8	17.3
Dec. 31, 2019	244.4	91.3	36.2	99.8	227.4	17.0
Mar. 31, 2020	192.1	45.9	28.9	100.7	175.5	16.5
Jun. 30, 2020	190.4	50.2	38.3	87.4	176.0	14.4

(Billions of yen)

	Total		Collateral or guarantees, etc. B	Unsecured portion C	Allowance D	Coverage ratio (B + D) / A
	A	Share house claims				
Jun. 30, 2019	248.0	200.6	91.0	157.0	137.3	92.05%
Sep. 30, 2019	246.1	199.3	90.6	155.5	135.1	91.74%
Dec. 31, 2019	244.4	198.4	91.1	153.2	133.1	91.79%
Mar. 31, 2020	192.1	154.7	72.7	119.3	102.5	91.29%
Jun. 30, 2020	190.4	154.0	72.1	118.2	103.7	92.36%

(Note1) Based on obligors of share house loans

(Note2) Covered amount: Estimated amount, calculated by multiplying the covered amount including collateral, etc. with a certain ratio.

(Note3) Total credit balance, share house loan receivables: Loans and bills discounted, suspense payments equivalent to loans and bills discounted, and accrued interest on loans and bills discounted.

Actual credit costs and Allowance for loan losses

(Billions of yen)

Item	Jun. 30, 2020	
	Actual credit costs	Allowance
Share house-related loans	1.1	103.7
Investment property loans	5.0	58.6
Housing loans	0.8	5.5
Unsecured loans	0.3	2.9
Business financing loans, etc.	0.0	8.8
Total	7.3	179.7

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

(B) Deposits

- Deposits (period-end balance) increased by ¥129.3 billion year-on-year.
- Yield on deposits rose by 1 bases points year-on-year to 0.04%.

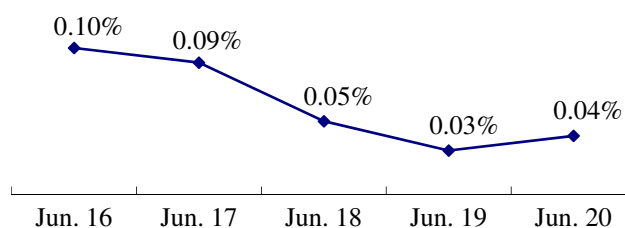
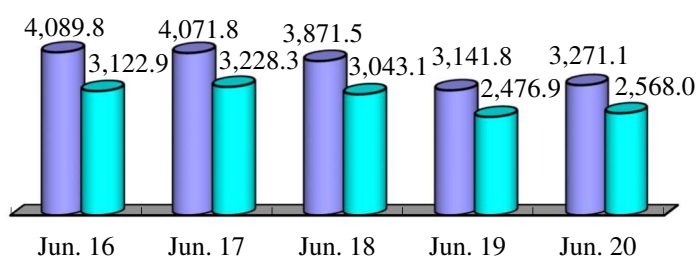
	(Billions of yen)		
	Jun. 30, 2020 (a)	(a) – (b)	Jun. 30, 2019 (b)
Deposits (period-end balance)	3,271.1	129.3	3,141.8
Individual deposits	2,568.0	91.1	2,476.9
Deposits (average balance)	3,201.6	132.6	3,069.0

Mar. 30, 2020
3,210.8
2,515.1
3,099.2

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

- ◆ Yield on deposits

(Billions of yen)



(3) Interest margins (Non-consolidated)

- Loan-deposit margin (after deduction of expenses, overall) expanded by 16 basis points year-on-year to 1.80%, mainly due to the decline in the expense ratio.
- Net interest margin (overall) shrunk by 21 basis points year-on-year to 1.00%.

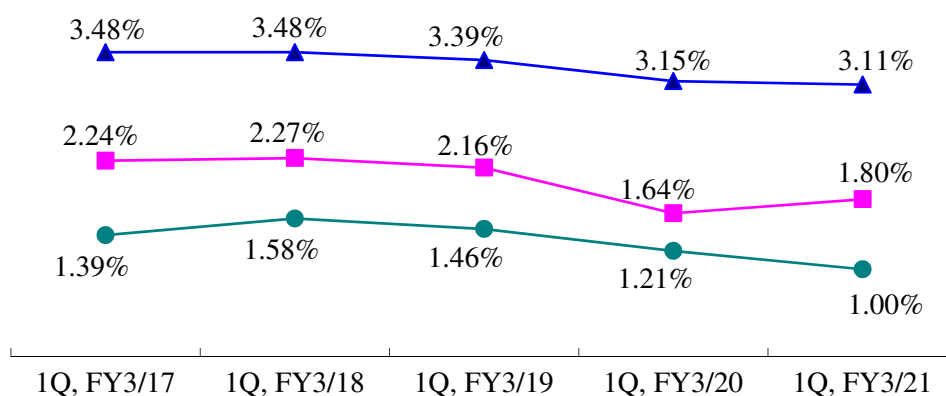
Overall

	Three months ended Jun. 30, 2020 (a)	(a) - (b)	Three months ended Jun. 30, 2019 (b)	(%) FY3/2020
Yield on loans and bills discounted	3.16	(0.03)	3.19	3.19
Yield on deposits	0.04	0.01	0.03	0.04
Loan-deposit margin (after deduction of expenses)	1.80	0.16	1.64	1.74
Net interest margin	1.00	(0.21)	1.21	1.14

Domestic

	Three months ended Jun. 30, 2020 (a)	(a) - (b)	Three months ended Jun. 30, 2019 (b)	(%) FY3/2020
Yield on loans and bills discounted	3.16	(0.03)	3.19	3.19
Yield on deposits	0.04	0.01	0.03	0.04
Loan-deposit margin (after deduction of expenses)	1.84	0.16	1.68	1.78
Net interest margin	1.04	(0.21)	1.25	1.18

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



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

- Non-performing loans based on the Financial Reconstruction Law decreased by ¥19.9 billion year-on-year.
- Non-performing loan ratio rose by 72 basis points year-on-year to 14.72%.

(Millions of yen)

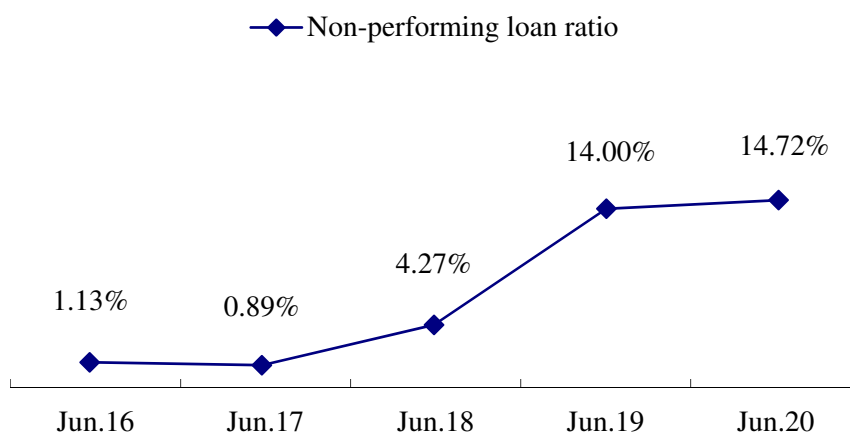
	Jun. 30, 2020	Jun. 30, 2019	Mar. 31, 2020
Claims against bankrupt and substantially bankrupt obligors	98,454	116,262	92,639
Claims with collection risk	93,644	125,582	80,676
Claims for special attention	172,245	142,421	175,923
Total (Non-performing loans based on the Financial Reconstruction Law)	364,344	384,266	349,238
Non-performing loan ratio	14.72%	14.00%	13.90%
Total coverage	273,619	322,165	265,201
Coverage ratio	75.09%	83.83%	75.93%

(Note1) Total claims = Loans and bills discounted + Foreign exchanges + Accrued interest + Customers' liabilities for acceptances and guarantees + Securities lent + Suspense payment ("Claims for special attention" include only "Loans and bills discounted")

(Note2) The figures above are based on the claim classification as defined in the Article 4 of the "Ordinance for Enforcement of the Act on Emergency Measures for the Revitalization of Financial Functions".

(Note3) The correspondence between classifications of obligors, etc.

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



(5) Capital adequacy ratio (domestic standard)

• Capital adequacy ratio (non-consolidated) rose by 184 basis points year-on-year to 10.49%.

Non-consolidated

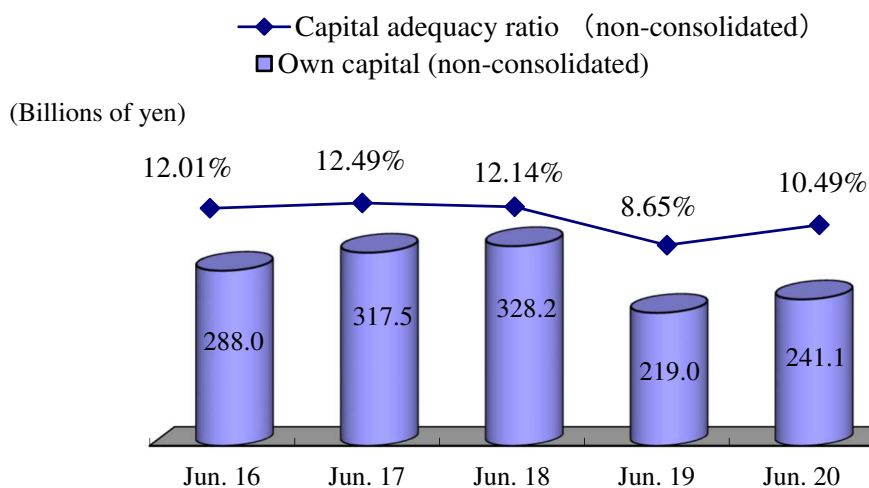
(Millions of yen)

	Jun. 30, 2020	Jun. 30, 2019	Mar. 31, 2020
Capital adequacy ratio	10.49%	8.65%	10.28%
Own capital (Core capital)	241,109	219,081	241,438
Core capital: instruments and reserves	265,563	248,110	265,899
Core capital: regulatory adjustments (-)	24,453	29,029	24,461
Risk-weighted assets	2,297,959	2,531,616	2,347,582
Total required capital	88,573	98,064	90,574

Consolidated

(Millions of yen)

	Jun. 30, 2020	Jun. 30, 2019	Mar. 31, 2020
Capital adequacy ratio	10.64%	8.76%	10.42%
Own capital (Core capital)	249,085	225,803	249,228
Core capital: instruments and reserves	276,275	261,152	276,418
Core capital: regulatory adjustments (-)	27,189	35,349	27,189
Risk-weighted assets	2,340,074	2,575,073	2,390,570
Total required capital	90,258	99,802	92,293



(6) Composition of own capital (domestic standard)

(Millions of yen)

	Jun. 30, 2020	
	Non-consolidated	Consolidated
Core capital: instruments and reserves (1)		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	239,314	249,465
Capital and capital surplus	48,632	32,089
Retained earnings	191,242	217,937
Treasury shares (-)	561	561
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	396
Remeasurements of defined benefit plans	-	396
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	-	-
Adjusted non-controlling interests (amount allowed to be included in Core capital)	-	-
Reserves included in Core capital: instruments and reserves	26,249	26,371
General allowance for loan losses	26,249	26,371
Eligible non-cumulative perpetual preferred stock subject to transitional arrangement included in Core capital: instruments and reserves	-	-
Eligible capital instrument subject to transitional arrangement included in Core capital: instruments and reserves	-	-
Capital instrument issued through the measures for strengthening capital by public institutions included in Core capital: instruments and reserves	-	-
45% of revaluation reserve for land included in Core capital: instruments and reserves	-	-
Non-controlling interests included in Core capital subject to transitional arrangements	-	42
Core capital: instruments and reserves (A)	265,563	276,275
Core capital: regulatory adjustments (2)		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	13,536	15,299
Goodwill (including those equivalent)	-	1,521
Other intangible fixed assets other than goodwill and mortgage servicing rights	13,536	13,778
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	245
Shortfall of eligible provisions to expected losses	-	-
Gains on sale related to securitization transactions	-	-
Gains (losses) due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	8,648	-
Net defined benefit asset	-	9,044
Investments in own shares (excluding those reported in the net assets)	-	-
Reciprocal cross-holdings in relevant capital instruments issued by other financial institutions	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ("Other financial institutions"), net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above the 10% threshold)	-	-
Amount exceeding the 10% threshold on specified items	2,268	2,600
Significant investments in the common stock of Other financial institutions, net of eligible short positions	-	-
Mortgage servicing rights	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	2,268	2,600
Amount exceeding the 15% threshold on specified items	-	-
Core capital: regulatory adjustments (B)	24,453	27,189
Total capital		
Total capital (A-B) (C)	241,109	249,085
Risk-weighted assets (3)		
Credit risk-weighted assets	2,099,981	2,109,759
Total of items included in risk-weighted assets subject to transitional arrangements	-	-
Amount equivalent to market risk × 12.5	-	-
Amount equivalent to operational risk × 12.5	197,977	230,314
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	2,297,959	2,340,074
Capital adequacy ratio (non-consolidated)		
Capital adequacy ratio (non-consolidated) (C/D)	10.49%	-
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) (C/D)	-	10.64%

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

• Net unrealized gains (losses) on securities decreased by ¥5.4 billion year-on-year.

(Millions of yen)

	Jun. 30, 2020				Jun. 30, 2019				Mar. 31, 2020			
	Fair Value	Net unrealized gains (losses)			Fair value	Net unrealized gains (losses)			Fair value	Net unrealized gains (losses)		
			Gains	Losses			Gains	Losses			Gains	Losses
Available-for-sale securities	167,388	8,035	8,484	448	116,032	13,436	13,948	511	118,691	6,785	7,386	600
Stocks	15,149	6,874	7,087	212	21,658	11,970	12,356	386	14,125	5,850	6,193	343
Bonds	120,609	288	389	101	89,856	719	719	0	103,146	276	368	92
Others	31,629	872	1,007	134	4,517	747	872	125	1,419	659	824	165

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

(Note2) Unrealized gains (losses) represent the difference between the fair value as of period-ends and acquisition costs.

(8) Individual deposit assets (Non-consolidated)

• Individual deposit assets increased by ¥71.4 billion year-on-year.

• The ratio of investment products to total individual deposit assets dropped by 90 basis points year-on-year to 4.0%.

(Millions of yen)

	Jun. 30, 2020 (a)	(a) - (b)	Jun. 30, 2019 (b)	Mar. 31, 2020
Individual deposit assets	2,673,668	71,443	2,602,225	2,618,226
Yen deposits	2,564,223	91,172	2,473,051	2,511,282
Investment products	109,444	(19,730)	129,174	106,943
Foreign currency deposits	3,872	(66)	3,938	3,857
Public bonds	6,734	(1,436)	8,170	7,195
Mutual funds	63,828	(13,275)	77,103	59,885
Personal pension plans	20,537	(4,065)	24,602	21,312
Single premium life insurance	14,471	(887)	15,358	14,693
The ratio of investment products to total individual deposit assets	4.0%	(0.9%)	4.9%	4.0%