

# SURUGA bank, Ltd.

## Consolidated financial results for the nine months ended December 31, 2017

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)

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

Representative: Akihiro Yoneyama, President

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

### 1. Consolidated financial results for the nine months ended December 31, 2017

(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	%
Nine months ended						
December 31, 2017	117,609	8.9	50,689	14.3	34,716	9.4
December 31, 2016	107,978	4.2	44,346	3.5	31,723	12.5

(Note) Comprehensive income: (a) Nine months ended December 31, 2017: ¥38,832 million [19.0%]

(b) Nine months ended December 31, 2016: ¥32,617 million [14.6%]

	Earnings per share		Earnings per share (diluted)	
	yen		yen	
Nine months ended				
December 31, 2017	149.88		149.85	
December 31, 2016	137.01		136.95	

(2) Consolidated financial position

As of	Total assets	Total net assets	Net assets ratio
	Millions of yen	Millions of yen	%
December 31, 2017	4,472,352	374,011	8.3
March 31, 2017	4,471,725	340,379	7.5

(Reference) Shareholders' equity: (a) As of December 31, 2017: ¥371,395 million; (b) As of March 31, 2017: ¥338,029 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 <sup>st</sup> quarter-end	2 <sup>nd</sup> quarter-end	3 <sup>rd</sup> quarter-end	Fiscal year-end	Total
Fiscal year	yen	yen	yen	yen	yen
ended March 31, 2017	—	10.00	—	12.00	22.00
ending March 31, 2018	—	10.50	—		
ending March 31, 2018 (forecast)				10.50	21.00

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

Breakdown of fiscal year-end dividend for the fiscal year ended March 31, 2017:

(a) Ordinary dividend: ¥11.00; (b) Special dividend: ¥1.00

### 3. Consolidated earnings forecast for the fiscal year ending March 31, 2018

(% represents the change from the previous fiscal year)

	Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	yen
Fiscal year ending					
March 31, 2018	61,500	5.6	43,000	0.8	185.64

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

## \*Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused changes in the scope of consolidation): No
- (2) Adoption of any particular accounting methods for quarterly consolidated financial statements: Yes  
Note: For details, please refer to page 6 of the appendix “(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 December 31, 2017	232,139,248 shares	As of March 31, 2017	232,139,248 shares
(B) Number of treasury shares:	As of December 31, 2017	515,908 shares	As of March 31, 2017	530,965 shares
(C) Average number of shares:	Nine months ended December 31, 2017	231,617,829 shares	Nine months ended December 31, 2016	231,524,491 shares

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

(Note) 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 nine months ended December 31, 2017, ordinary income increased by ¥9.631 billion year-on-year to ¥117.609 billion. This was primarily due to the growth in interest income on the back of the rise in interest on loans and bills discounted. Meanwhile, Ordinary expenses increased by ¥3.288 billion year-on-year to ¥66.920 billion, mainly due to the rise in other expenses.

As a result, ordinary profit increased by ¥6.343 billion year-on-year to ¥50.689 billion.

Profit attributable to owners of parent increased by ¥2.993 billion year-on-year to ¥34.716 billion.

### (2) Details of financial position

As for the major account balances as of December 31, 2017 on a consolidated basis, loans and bills discounted came in at ¥3,281.164 billion, up by ¥27.441 billion from March 31, 2017. This was primarily due to an increase in consumer loans (non-consolidated) of ¥61.901 billion.

Securities amounted to ¥125.992 billion, down by ¥22.535 billion from March 31, 2017.

Deposits amounted to ¥4,062.928 billion, down by ¥32.581 billion from March 31, 2017, despite an increase in individual deposits of ¥45.001 billion.

### (3) Details of forecast information, including earnings forecast

The earnings forecast for the fiscal year ending March 31, 2018 remains unchanged from that announced on November 9, 2017.

Consolidated		(Billions of yen)
	Fiscal year ending March 31, 2018	
Ordinary profit	61.5	
Profit attributable to owners of parent	43.0	

Non-consolidated		(Billions of yen)
	Fiscal year ending March 31, 2018	
Net operating profit	65.0	
Ordinary profit	60.0	
Net income	42.0	
Actual credit costs	4.5	

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

## 2. Consolidated financial statements and notes

## (1) Consolidated balance sheets

(Millions of yen)

	As of Mar. 31, 2017	As of Dec. 31, 2017
<b>Assets</b>		
Cash and due from banks	927,519	907,871
Call loans and bills bought	2,276	1,845
Trading account securities	72	90
Money held in trust	1,149	1,361
Securities	148,527	125,992
Loans and bills discounted	3,253,723	3,281,164
Foreign exchanges	2,885	3,834
Lease receivables and investment assets	5,479	5,721
Other assets	56,909	71,808
Tangible fixed assets	51,906	52,548
Intangible fixed assets	28,591	27,339
Net defined benefit asset	7,787	9,047
Deferred tax assets	860	779
Customers' liabilities for acceptances and guarantees	3,340	3,062
Allowance for loan losses	(19,305)	(20,114)
<b>Total assets</b>	<b>4,471,725</b>	<b>4,472,352</b>
<b>Liabilities</b>		
Deposits	4,095,509	4,062,928
Borrowed money	1,540	1,240
Foreign exchanges	40	-
Other liabilities	25,503	25,839
Provision for bonuses	715	12
Provision for directors' bonuses	173	-
Net defined benefit liability	279	261
Provision for directors' retirement benefits	3,280	2,493
Provision for reimbursement of deposits	287	196
Provision for contingent losses	169	144
Deferred tax liabilities	505	2,162
Acceptances and guarantees	3,340	3,062
<b>Total liabilities</b>	<b>4,131,346</b>	<b>4,098,341</b>
<b>Net assets</b>		
Capital stock	30,043	30,043
Capital surplus	4	4
Retained earnings	291,063	320,569
Treasury shares	(606)	(592)
<b>Total shareholders' equity</b>	<b>320,504</b>	<b>350,024</b>
Net unrealized gains (losses) on available-for-sale securities	17,153	20,832
Deferred gains (losses) on hedges	(61)	(60)
Remeasurements of defined benefit plans	433	598
<b>Total accumulated other comprehensive income</b>	<b>17,525</b>	<b>21,370</b>
Subscription rights to shares	24	19
Non-controlling interests	2,325	2,596
<b>Total net assets</b>	<b>340,379</b>	<b>374,011</b>
<b>Total liabilities and net assets</b>	<b>4,471,725</b>	<b>4,472,352</b>

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

	(Millions of yen)	
	For the nine months ended Dec. 31, 2016	For the nine months ended Dec. 31, 2017
Ordinary income	107,978	117,609
Interest income	93,306	99,194
Interest on loans and bills discounted	90,313	94,213
Interest and dividends on securities	2,195	3,918
Fees and commissions	10,113	10,083
Other operating income	3,311	3,039
Other income	1,247	5,293
Ordinary expenses	63,632	66,920
Interest expenses	3,253	2,942
Interest on deposits	3,092	2,776
Fees and commissions payments	10,430	11,317
Other operating expenses	2,739	2,484
General and administrative expenses	39,145	39,439
Other expenses	8,063	10,736
Ordinary profit	44,346	50,689
Extraordinary gains	2,170	9
Gains on disposal of non-current assets	36	9
Gains on revision of retirement benefit plan	2,134	-
Extraordinary losses	273	425
Losses on disposal of non-current assets	273	425
Income before income taxes	46,243	50,273
Income taxes	14,326	15,391
Profit	31,917	34,881
Profit attributable to non-controlling interests	193	165
Profit attributable to owners of parent	31,723	34,716

## Consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended Dec. 31, 2016	For the nine months ended Dec. 31, 2017
Profit	31,917	34,881
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	1,602	3,784
Deferred gains (losses) on hedges	(88)	1
Remeasurements of defined benefit plans, net of tax	(814)	164
Total other comprehensive income	700	3,950
Comprehensive income	32,617	38,832
(Breakdown)		
Comprehensive income attributable to owners of parent	32,399	38,561
Comprehensive income attributable to non-controlling interests	217	270

(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 nine months ended December 31, 2017 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2018, including the current third quarter.

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

Not applicable.



## Financial Results for the nine months ended December 31, 2017 - Supplementary Information -

### (1) Operating results for the nine months ended December 31, 2017 (Non-consolidated)

	Nine months ended		(a) - (b)	FY3/2017
	Dec. 31, 2017 (a)	Dec. 31, 2016 (b)		
Gross operating profit	87,284	83,430	3,854	110,852
Net interest income	89,656	84,598	5,058	112,940
Net fees and commissions	(2,571)	(1,368)	(1,203)	(2,324)
Net other operating income	199	201	(2)	236
(Gains (losses) on bonds)	151	147	4	165
Core gross operating profit (Note1)	87,133	83,283	3,850	110,686
Expenses	35,599	36,109	(510)	47,240
Personnel expenses	13,456	13,892	(436)	18,362
Non-personnel expenses	18,996	19,140	(144)	25,131
Core net operating profit (Note2)	51,533	47,174	4,359	63,445
Actual net operating profit (Note3)	51,684	47,321	4,363	63,611
Provision for general allowance for loan losses (Note4)	444	(71)	515	-
Net operating profit	51,240	47,393	3,847	63,611
Non-recurring gains (losses)	(2,307)	(3,966)	1,659	(6,450)
Gains (losses) on stocks	3,910	(61)	3,971	(506)
Ordinary profit	48,932	43,426	5,506	57,160
Extraordinary gains (losses)	(407)	1,913	(2,320)	1,853
Income before income taxes	48,524	45,340	3,184	59,013
Income taxes (Note5)	14,897	13,919	978	17,285
Net income	33,627	31,420	2,207	41,728

	(Millions of yen)			
Net credit costs (Note6)	6,260	4,061	2,199	6,575
Provision for general allowance for loan losses (Note4)	444	(71)	515	-
Disposal of non-performing loans	5,815	4,132	1,683	9,165
Reversal of allowance for loan losses (Note4)	-	-	-	2,590
Recoveries on written-off claims	635	657	(22)	1,004
Actual credit costs (Note7)	5,624	3,403	2,221	5,571

(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, 2017, the net amount of Reversal of general allowance for loan losses and Provision for specific allowance for loan losses is recorded in Reversal of allowance for loan losses, given that the former exceeded the latter during the period.

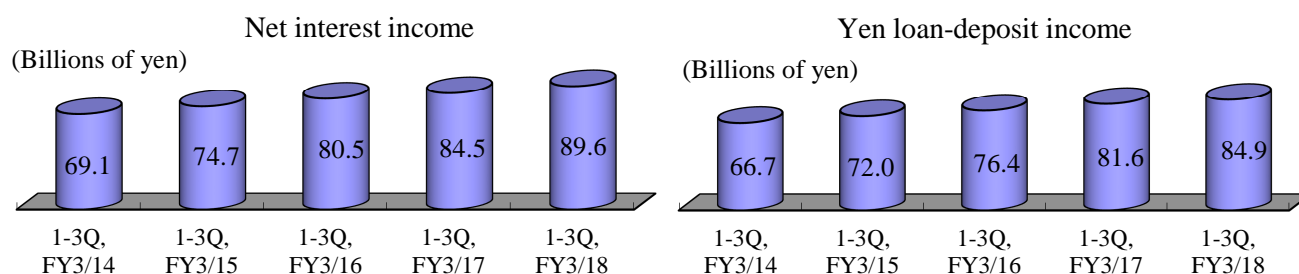
(Note5) Income taxes for the fiscal year ended March 31, 2017 are the amount of Total income taxes.

(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 on written-off claims

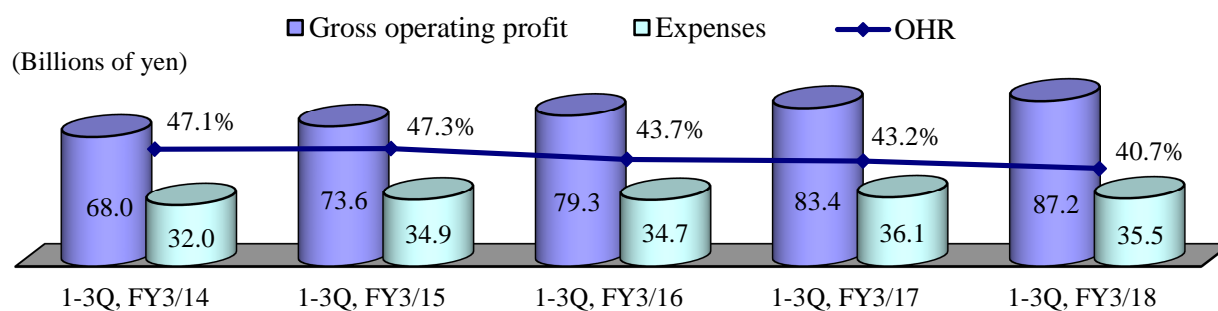
## (A) Gross operating profit: ¥87.2 billion

- Net interest income increased by ¥5.0 billion year-on-year, mainly due to an increase in interest on loans and bills discounted.  
Yen loan-deposit income increased by ¥3.3 billion year-on-year.
- Core gross operating profit increased by ¥3.8 billion year-on-year, mainly due to an increase in net interest income.
- Gross operating profit increased by ¥3.8 billion year-on-year.



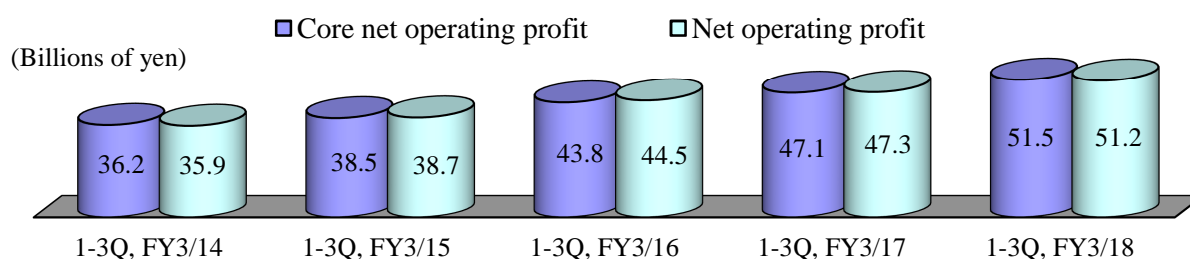
## (B) Expenses; OHR: 40.7%

- Expenses decreased by ¥0.5 billion year-on-year.
- OHR improved year-on-year to 40.7%, mainly due to a decrease in expenses and an increase in gross operating profit.  
(OHR(%) = Expenses / Gross operating profit × 100)



## (C) Core net operating profit: ¥51.5 billion, Net operating profit: ¥51.2 billion

- Core net operating profit increased by ¥4.3 billion year-on-year, mainly due to an increase in net interest income.
- Net operating profit increased by ¥3.8 billion year-on-year.



## (D) Ordinary profit: ¥48.9 billion, Net income: ¥33.6 billion

- Ordinary profit increased by ¥5.5 billion year-on-year, mainly due to an increase in net operating profit.
- Net income increased by ¥2.2 billion year-on-year, mainly due to an increase in ordinary profit.

## (E) Actual credit costs: ¥5.6 billion

- Net credit costs increased by ¥2.1 billion year-on-year, mainly due to an increase (¥1.6 billion) in the amount of disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥6.2 billion) minus the amount of recoveries on written-off claims (¥0.6 billion) amounted to ¥5.6 billion.

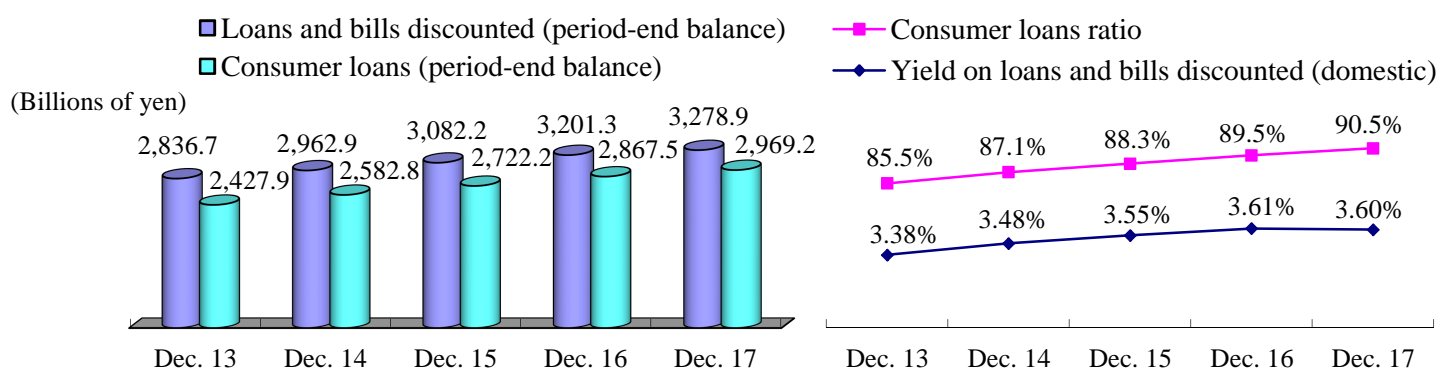
**(2) Loans and deposits (Non-consolidated)****(A) Loans and bills discounted**

- Loans and bills discounted increased by ¥77.6 billion year-on-year, mainly due to an increase in consumer loans of ¥101.6 billion.
- Yield on loans and bills discounted (domestic) dropped by 1 basis point year-on-year to 3.60%.

	Dec. 31, 2017 (a)	(a) - (b)	(a - b) / (b)	Dec. 31, 2016 (b)	(Millions of yen) Mar. 31, 2017
Loans and bills discounted (period-end balance)	3,278,997	77,607	2.4 %	3,201,390	3,253,790
Consumer loans	2,969,250	101,657	3.5 %	2,867,593	2,907,349
Housing loans	2,055,312	27,361	1.3 %	2,027,951	2,040,621
Loans and bills discounted (average balance)	3,228,742	108,119	3.4 %	3,120,623	3,136,010

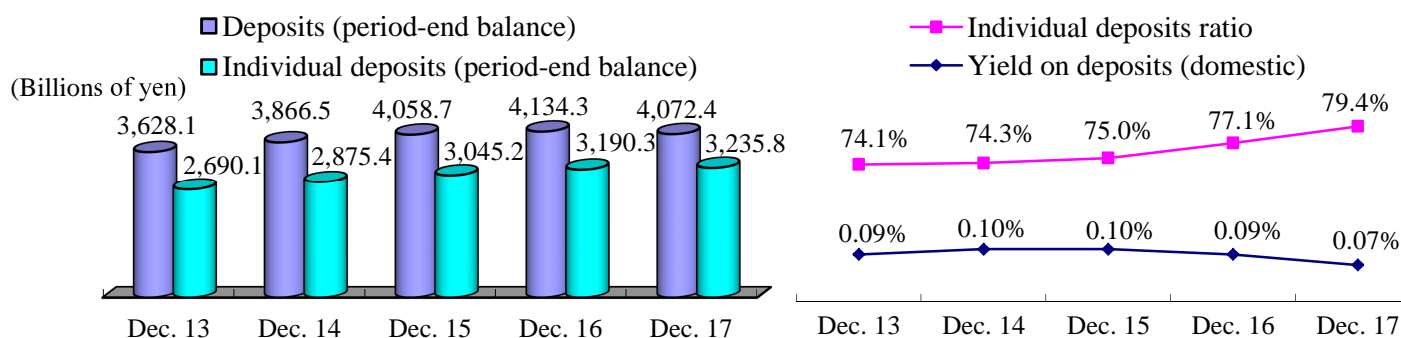
	Nine months ended Dec. 31, 2017	(Billions of yen) FY3/2017
New consumer loans	317.9	470.0

	Nine months ended Dec. 31, 2017	(Billions of yen) FY3/2017
New housing loans	26.9	39.9

**(B) Deposits**

- Deposits decreased by ¥61.9 billion year-on-year, despite an increase in individual deposits of ¥45.5 billion.
- Yield on deposits (domestic) dropped by 2 basis points year-on-year to 0.07%.

	Dec. 31, 2017 (a)	(a) - (b)	(a - b) / (b)	Dec. 31, 2016 (b)	(Millions of yen) Mar. 31, 2017
Deposits (period-end balance)	4,072,403	(61,965)	(1.4) %	4,134,368	4,105,455
Individual deposits	3,235,838	45,522	1.4 %	3,190,316	3,190,837
Deposits (average balance)	4,048,559	(426)	(0.0) %	4,048,985	4,054,508



**(3) Interest margins (Non-consolidated)**

- Loan-deposit margin (after deduction of expenses, overall) rose by 2 basis points year-on-year to 2.34%.
- Net interest margin (overall) rose by 18 basis points year-on-year to 1.68%, mainly due to the rise in return on investments.

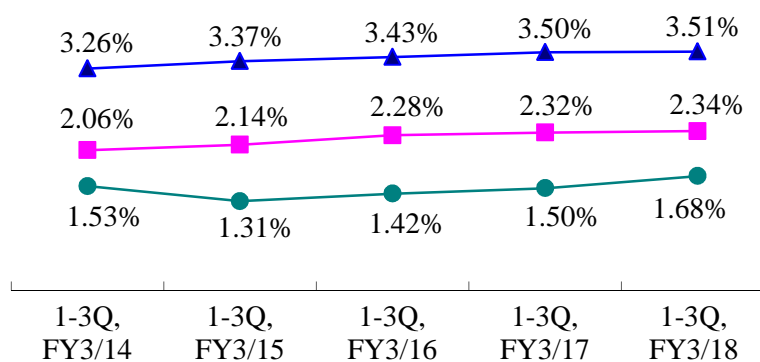
**Overall**

	Nine months ended Dec. 31, 2017 (a)	(a) - (b)	Nine months ended Dec. 31, 2016 (b)	(%) FY3/2017
Yield on loans and bills discounted	3.60	(0.01)	3.61	3.62
Yield on deposits	0.09	(0.01)	0.10	0.10
Loan-deposit margin (after deduction of expenses)	2.34	0.02	2.32	2.35
Net interest margin	1.68	0.18	1.50	1.54

**Domestic**

	Nine months ended Dec. 31, 2017 (a)	(a) - (b)	Nine months ended Dec. 31, 2016 (b)	(%) FY3/2017
Yield on loans and bills discounted	3.60	(0.01)	3.61	3.62
Yield on deposits	0.07	(0.02)	0.09	0.09
Loan-deposit margin (after deduction of expenses)	2.37	0.03	2.34	2.38
Net interest margin	1.72	0.18	1.54	1.58

- ▲ 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 ¥6.2 billion year-on-year to ¥27.8 billion.
- Non-performing loan ratio dropped by 21 basis points year-on-year to 0.84%.

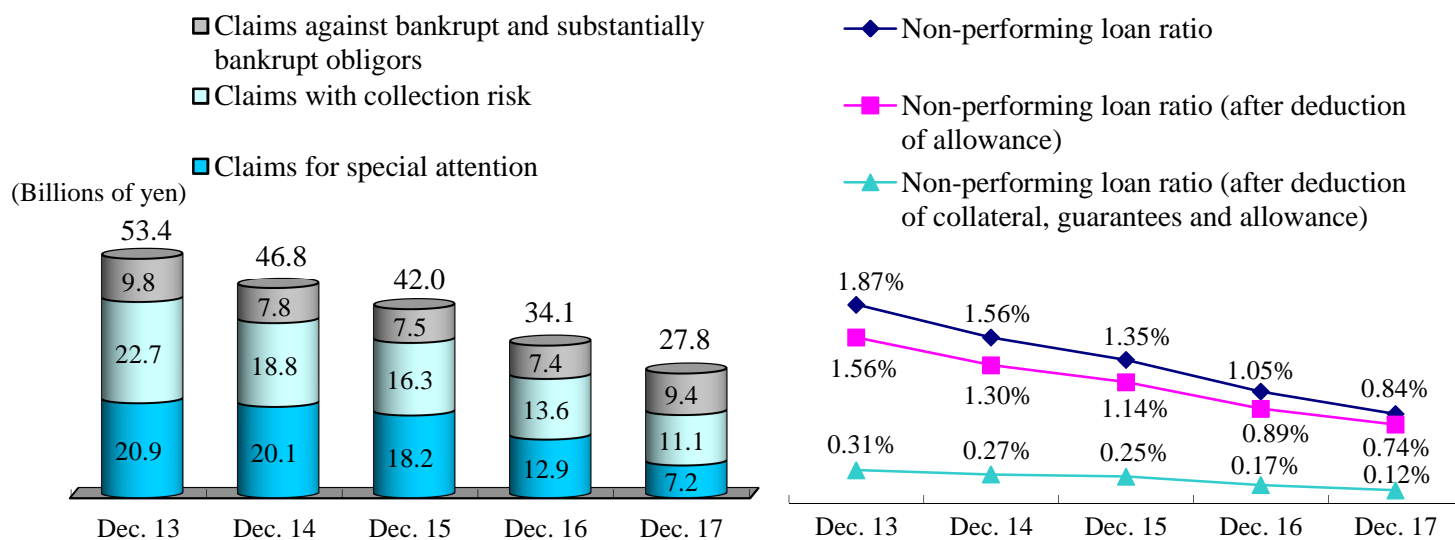
	Dec. 31, 2017	Dec. 31, 2016	(Millions of yen) Mar. 31, 2017
Claims against bankrupt and substantially bankrupt obligors	9,475	7,482	7,721
Claims with collection risk	11,196	13,670	12,724
Claims for special attention	7,205	12,985	8,512
Total (Non-performing loans based on the Financial Reconstruction Law)	27,877	34,138	28,957
Non-performing loan ratio	0.84%	1.05%	0.88%

(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.

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



## (5) Capital adequacy ratio (domestic standard)

•Capital adequacy ratio (non-consolidated) rose by 59 basis points year-on-year to 13.35%.
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The transitional arrangements of the new domestic standard based on “Basel III” have been applied since the end of March 2014.

## Non-consolidated

(Millions of yen)

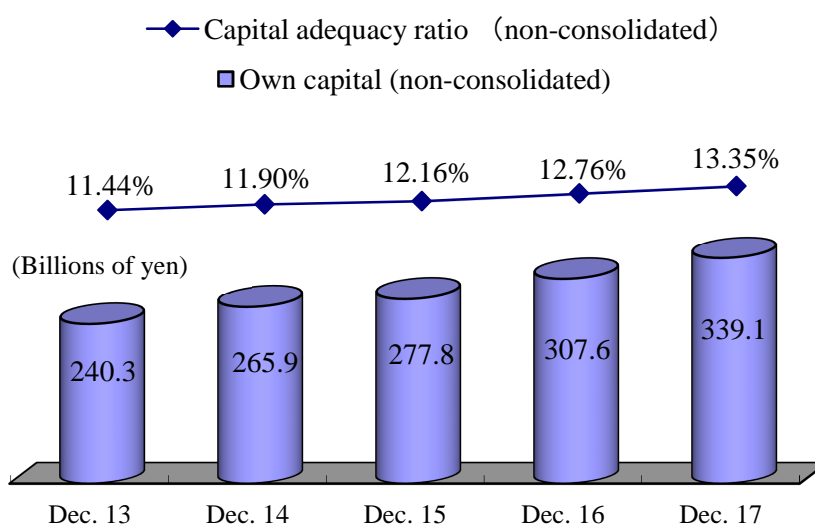
	Dec. 31, 2017	Dec. 31, 2016	Mar. 31, 2017
Capital adequacy ratio	13.35%	12.76%	11.96%
Own capital (Core capital)	339,131	307,604	307,293
Core capital: instruments and reserves	353,049	316,887	321,254
Core capital: regulatory adjustments (-)	13,917	9,283	13,960
Risk-weighted assets	2,539,784	2,410,115	2,567,492
Total required capital	101,591	96,404	102,699

## Consolidated

(Millions of yen)

	Dec. 31, 2017	Dec. 31, 2016	Mar. 31, 2017
Capital adequacy ratio	13.56%	12.93%	12.17%
Own capital (Core capital)	349,095	315,410	315,893
Core capital: instruments and reserves	365,618	327,070	332,238
Core capital: regulatory adjustments (-)	16,523	11,660	16,345
Risk-weighted assets	2,572,947	2,439,114	2,594,699
Total required capital	102,917	97,564	103,787

(Note) Total required capital = Risk-weighted assets × 0.04



## (6) Composition of own capital (domestic standard)

(Millions of yen)

	December 31, 2017			
	Non-consolidated		Consolidated	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
<b>Core capital: instruments and reserves (1)</b>				
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	343,536		350,024	
Capital and capital surplus	48,633		30,047	
Retained earnings	295,494		320,569	
Treasury shares (-)	592		592	
Earnings to be distributed (-)	-		-	
Accumulated other comprehensive income included in Core capital	-		359	
Remeasurements of defined benefit plans	-		359	
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	19		19	
Adjusted non-controlling interests (amount allowed to be included in Core capital)	-		-	
Reserves included in Core capital: instruments and reserves	9,493		13,396	
General allowance for loan losses	9,493		13,396	
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	-		1,817	
Core capital: instruments and reserves (A)	353,049		365,618	
<b>Core capital: regulatory adjustments (2)</b>				
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	10,492	6,995	12,506	7,107
Goodwill (including those equivalent)	-	-	1,844	-
Other intangible fixed assets other than goodwill and mortgage servicing rights	10,492	6,995	10,661	7,107
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	232	-
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	3,424	2,283	-	-
Net defined benefit asset	-	-	3,783	2,522
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	-	-	-	-
Amount exceeding the 15% threshold on specified items	-	-	-	-
Core capital: regulatory adjustments (B)	13,917		16,523	
<b>Total capital</b>				
Total capital (A-B) (C)	339,131		349,095	
<b>Risk-weighted assets (3)</b>				
Credit risk-weighted assets	2,324,792		2,331,462	
Total of items included in risk-weighted assets subject to transitional arrangements	13,311		14,595	
Intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	10,036		10,197	
Deferred tax assets (net of related tax liability)	-		779	
Prepaid pension cost	3,275		-	
Net defined benefit asset	-		3,618	
Amount equivalent to market risk × 12.5	-		-	
Amount equivalent to operational risk × 12.5	214,992		241,484	
Credit risk-weighted assets adjustments	-		-	
Amount equivalent to operational risk adjustments	-		-	
Total amount of risk-weighted assets (D)	2,539,784		2,572,947	
<b>Capital adequacy ratio (non-consolidated)</b>				
Capital adequacy ratio (non-consolidated) (C/D)	13.35%		-	
<b>Capital adequacy ratio (consolidated)</b>				
Capital adequacy ratio (consolidated) (C/D)	-		13.56%	

## (5) Unrealized gains (losses) on securities (Non-consolidated)

• Net unrealized gains (losses) on securities increased by ¥3.7 billion year-on-year, mainly due to an increase in unrealized gains on stocks

(Millions of yen)

	Dec. 31, 2017				Dec. 31, 2016				Mar. 31, 2017			
	Fair Value	Net unrealized gains (losses)		Fair value	Net unrealized gains (losses)		Fair value	Net unrealized gains (losses)				
		Gains	Losses		Gains	Losses		Gains	Losses			
Other securities	111,597	28,232	28,549	316	86,540	24,443	25,073	630	90,702	23,353	23,840	487
Stocks	45,806	27,809	27,894	85	48,483	22,907	23,300	392	47,380	21,955	22,088	132
Bonds	60,372	(67)	72	140	29,434	(59)	68	128	30,910	(115)	62	178
Others	5,418	491	581	90	8,622	1,595	1,704	109	12,411	1,512	1,689	176

(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.

(Note3) Unrealized gains (losses) on held-to-maturity bonds were as shown in the table below.

(Millions of yen)

	Dec. 31, 2017				Dec. 31, 2016				Mar. 31, 2017			
	Book value	Net unrealized gains (losses)		Book value	Net unrealized gains (losses)		Book value	Net unrealized gains (losses)				
		Gains	Losses		Gains	Losses		Gains	Losses			
Held-to-maturity bonds	-	-	-	-	75,006	74	74	-	45,001	22	22	-

## (6) Individual deposit assets (Non-consolidated)

• Individual deposit assets increased by ¥25.5 billion year-on-year.  
 • The ratio of investment products to total individual deposit assets dropped by 60 basis points year-on-year to 5.0%

(Millions of yen)

	Dec. 31, 2017 (a)	(a) - (b)	(a - b) / (b)	Dec. 31, 2016 (b)	Mar. 31, 2017
Individual deposit assets	3,400,143	25,594	0.7%	3,374,549	3,356,908
Yen deposits	3,229,961	46,193	1.4%	3,183,768	3,184,451
Investment products	170,181	(20,599)	(10.7)%	190,780	172,456
Foreign currency deposits	5,876	(671)	(10.2)%	6,547	6,386
Public bonds	8,943	(2,124)	(19.1)%	11,067	10
Mutual funds	103,792	(7,418)	(6.6)%	111,210	107,988
Personal pension plans	36,496	(11,038)	(23.2)%	47,534	43,781
Single premium life insurance	15,072	652	4.5%	14,420	14,290
The ratio of investment products to total individual deposit assets	5.0%		(0.6)%	5.6%	5.1%