

# SURUGA bank, Ltd.

## Consolidated financial results for the three months ended June 30, 2018

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)

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

Representative: Akihiro Yoneyama, President

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

### 1. Consolidated financial results for the three months ended June 30, 2018

(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, 2018	35,268	(7.0)	4,727	(69.8)	3,160	(70.5)
June 30, 2017	37,953	8.8	15,701	19.7	10,731	20.5

(Note) Comprehensive income: (a) Three months ended June 30, 2018: ¥4,830 million [(62.8)%]

(b) Three months ended June 30, 2017: ¥13,002 million [200.5%]

	Earnings per share		Earnings per share (diluted)	
	yen		yen	
Three months ended				
June 30, 2018	13.64		13.64	
June 30, 2017	46.33		46.32	

(2) Consolidated financial position

	Total assets		Total net assets		Net assets ratio	
	Millions of yen		Millions of yen		%	
As of						
June 30, 2018	4,236,521		347,178		8.1	
March 31, 2018	4,461,576		344,763		7.6	

(Reference) Shareholders' equity: (a) As of June 30, 2018: ¥345,103 million; (b) As of March 31, 2018: ¥342,667 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				
ended March 31, 2018	—	10.50	—	10.50	21.00
ending March 31, 2019	—				
ending March 31, 2019 (forecast)		10.50	—	10.50	21.00

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

### 3. Consolidated earnings forecast for the fiscal year ending March 31, 2019

(% represents the change from the same period in the previous fiscal year)

	Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	yen	
First half	17,000	(45.4)	12,000	(43.3)	51.80	
Full year	36,500	246.7	25,000	257.7	107.92	

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

With regard to the earnings forecast for the fiscal year ending March 31, 2019, the Company is currently considering the expansion of the scope and other matters in self-assessment of loans and bills discounted. The Company may, accordingly, revise the earnings forecast in the future. In the event the decision is made to revise the earnings forecast, the revised forecast will be disclosed promptly.

For details, please refer to page 2 of the appendix "1. Qualitative information on financial results, (3) Details of forecast information, including earnings forecast".

(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, 2018	232,139,248 shares	As of March 31, 2018	232,139,248 shares
(B) Number of treasury shares:	As of June 30, 2018	487,634 shares	As of March 31, 2018	507,295 shares
(C) Average number of shares:	Three months ended June 30, 2018	231,640,874 shares	Three months ended June 30, 2017	231,612,301 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 three months ended June 30, 2018, ordinary income decreased by ¥2.685 billion year-on-year to ¥35.268 billion. This was primarily due to the decline in interest income reflecting the drop in interest on loans and bills discounted. Meanwhile, ordinary expenses increased by ¥8.289 billion year-on-year to ¥30.540 billion, mainly due to the rise in net credit costs, including provision for allowance for loan losses, given the review of an assessment regarding the recoverable amount on loans and bills discounted, following the ongoing consultations with customers in April 2018 and onward in respect of share house-related loans.

As a result, ordinary profit decreased by ¥10.974 billion year-on-year to ¥4.727 billion.

Profit attributable to owners of parent decreased by ¥7.571 billion year-on-year to ¥3.160 billion.

### (2) Details of financial position

As for the consolidated major account balances as of June 30, 2018, deposits amounted to ¥3,863.549 billion, down by ¥216.423 billion from March 31, 2018, mainly due to a decrease of ¥148.658 billion in individual deposits.

Loans and bills discounted came in at ¥3,155.563 billion, down by ¥92.596 billion from March 31, 2018, mainly due to a decrease of ¥68.607 billion in consumer loans (non-consolidated).

Securities amounted to ¥153.284 billion, up by ¥21.747 billion from March 31, 2018.

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

The earnings forecast for the fiscal year ending March 31, 2019 remains unchanged from that announced on June 6, 2018.

The Company is considering the expansion of the scope and other matters in self-assessment of loans and bills discounted as of September 30, 2018, in addition to the review of an assessment regarding the recoverable amount on loans and bills discounted, following the ongoing consultations with customers who have been granted loans for investment in share houses, etc. The company may, accordingly, revise the earnings forecast in the future, mainly due to an additional provision for allowance for loan losses. In the event the decision is made to revise the earnings forecast, the revised forecast will be disclosed promptly.

Consolidated	(Billions of yen)	
	Fiscal year ending March 31, 2019 (Forecast)	
	First half	Full year
Ordinary profit	17.0	36.5
Profit attributable to owners of parent	12.0	25.0

Non-consolidated	(Billions of yen)	
	Fiscal year ending March 31, 2019 (Forecast)	
	First half	Full year
Net operating profit	22.0	45.0
Ordinary profit	16.5	35.0
Net income	11.5	24.0
Actual credit costs	9.5	19.0

(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 March 31, 2018	As of June 30, 2018
<b>Assets</b>		
Cash and due from banks	973,397	831,295
Call loans and bills bought	2,141	1,706
Trading account securities	86	136
Money held in trust	1,571	489
Securities	131,537	153,284
Loans and bills discounted	3,248,159	3,155,563
Foreign exchanges	2,514	3,146
Lease receivables and investment assets	5,995	6,237
Other assets	65,076	63,701
Tangible fixed assets	52,120	51,745
Intangible fixed assets	27,111	26,587
Net defined benefit asset	10,509	10,823
Deferred tax assets	16,695	16,054
Customers' liabilities for acceptances and guarantees	2,877	2,746
Allowance for loan losses	(78,218)	(86,997)
<b>Total assets</b>	<b>4,461,576</b>	<b>4,236,521</b>
<b>Liabilities</b>		
Deposits	4,079,972	3,863,549
Borrowed money	1,085	1,545
Foreign exchanges	23	32
Other liabilities	28,300	17,584
Provision for bonuses	699	31
Provision for directors' bonuses	182	86
Net defined benefit liability	265	263
Provision for directors' retirement benefits	2,507	2,564
Provision for reimbursement of deposits	365	335
Provision for contingent losses	137	137
Deferred tax liabilities	396	466
Acceptances and guarantees	2,877	2,746
<b>Total liabilities</b>	<b>4,116,813</b>	<b>3,889,343</b>
<b>Net assets</b>		
Capital stock	30,043	30,043
Capital surplus	489	488
Retained earnings	292,841	293,569
Treasury shares	(582)	(560)
<b>Total shareholders' equity</b>	<b>322,791</b>	<b>323,541</b>
Net unrealized gains (losses) on available-for-sale securities	18,489	20,232
Deferred gains (losses) on hedges	(15)	(15)
Remeasurements of defined benefit plans	1,402	1,345
<b>Total accumulated other comprehensive income</b>	<b>19,876</b>	<b>21,562</b>
Subscription rights to shares	17	12
Non-controlling interests	2,078	2,063
<b>Total net assets</b>	<b>344,763</b>	<b>347,178</b>
<b>Total liabilities and net assets</b>	<b>4,461,576</b>	<b>4,236,521</b>

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

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Ordinary income	37,953	35,268
Interest income	32,273	30,436
Interest on loans and bills discounted	30,858	29,466
Interest and dividends on securities	1,082	750
Fees and commissions	3,368	3,105
Other operating income	946	1,041
Other income	1,363	684
Ordinary expenses	22,251	30,540
Interest expenses	1,005	654
Interest on deposits	948	576
Fees and commissions payments	3,771	3,920
Other operating expenses	814	775
General and administrative expenses	13,360	13,178
Other expenses	3,299	12,011
Ordinary profit	15,701	4,727
Extraordinary gains	1	0
Gains on disposal of non-current assets	1	0
Extraordinary losses	142	88
Losses on disposal of non-current assets	142	88
Income before income taxes	15,560	4,639
Income taxes	4,745	1,467
Profit	10,815	3,171
Profit attributable to non-controlling interests	84	10
Profit attributable to owners of parent	10,731	3,160

## Consolidated statements of comprehensive income

(Millions of yen)

	For the three months ended June 30, 2017	For the three months ended June 30, 2018
Profit	10,815	3,171
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	1,977	1,716
Deferred gains (losses) on hedges	(10)	(0)
Remeasurements of defined benefit plans, net of tax	220	(57)
Total other comprehensive income	2,187	1,659
Comprehensive income	13,002	4,830
(Breakdown)		
Comprehensive income attributable to owners of parent	12,874	4,845
Comprehensive income attributable to non-controlling interests	128	(15)

(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, 2018 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2019, including the current first quarter.

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

Not applicable.



## Financial Results for the three months ended June 30, 2018 - Supplementary Information -

### (1) Operating results for the three months ended June 30, 2018 (Non-consolidated)

	Three months ended		(a) - (b)	FY3/2018
	June 30, 2018 (a)	June 30, 2017 (b)		
Gross operating profit	26,429	28,239	(1,810)	115,171
Net interest income	27,635	29,062	(1,427)	118,336
Net fees and commissions	(1,360)	(842)	(518)	(3,507)
Net other operating income	154	19	135	342
(Gains (losses) on bonds)	141	4	137	281
Core gross operating profit (Note1)	26,287	28,235	(1,948)	114,890
Expenses	12,087	12,258	(171)	46,742
Personnel expenses	4,320	4,577	(257)	17,777
Non-personnel expenses	6,686	6,427	259	25,078
Core net operating profit (Note2)	14,200	15,976	(1,776)	68,148
Actual net operating profit (Note3)	14,342	15,980	(1,638)	68,429
Provision for general allowance for loan losses	(1,478)	76	(1,554)	46,499
Net operating profit	15,820	15,904	(84)	21,930
Non-recurring gains (losses)	(11,319)	(978)	(10,341)	(13,258)
Gains (losses) on stocks	207	857	(650)	5,454
Ordinary profit	4,500	14,926	(10,426)	8,670
Extraordinary gains (losses)	(88)	(139)	51	(414)
Income before income taxes	4,411	14,787	(10,376)	8,256
Income taxes (Note4)	1,367	4,539	(3,172)	3,032
Net income	3,043	10,247	(7,204)	5,223

	(Millions of yen)			
Net credit costs (Note5)	10,470	1,644	8,826	65,363
Provision for general allowance for loan losses	(1,478)	76	(1,554)	46,499
Disposal of non-performing loans	11,948	1,568	10,380	18,864
Recoveries on written-off claims	266	263	3	1,346
Actual credit costs (Note6)	10,203	1,381	8,822	64,016

(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

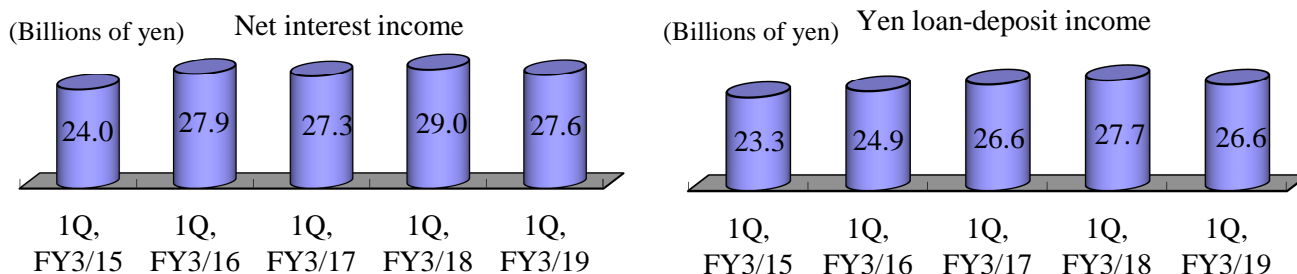
(Note4) The amount of Income taxes for the fiscal year ended March 31, 2018 is that of Total income taxes.

(Note5) Net credit costs = Provision for general allowance for loan losses + Disposal of non-performing loans

(Note6) Actual credit costs = Net credit costs - Recoveries on written-off claims

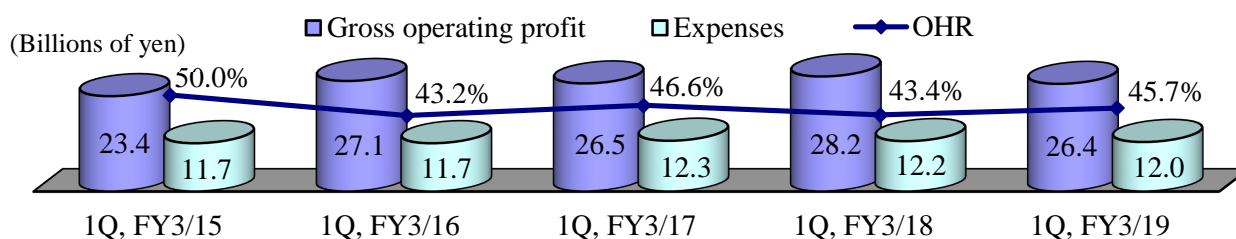
## (A) Gross operating profit: ¥26.4 billion

- Net interest income decreased by ¥1.4 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Yen loan-deposit income decreased by ¥1.0 billion year-on-year.
- Core gross operating profit decreased by ¥1.9 billion year-on-year, mainly due to a decrease in net interest income.
- Gross operating profit decreased by ¥1.8 billion year-on-year.



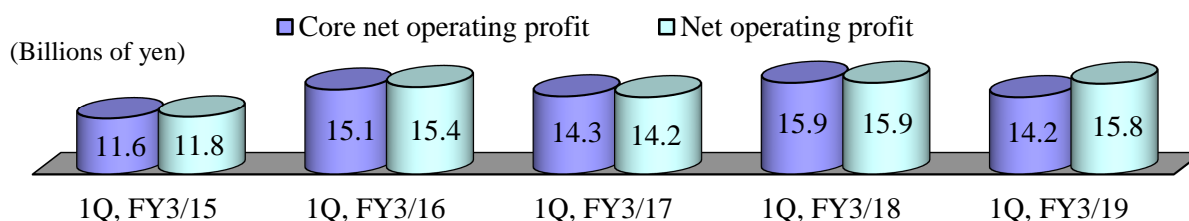
## (B) Expenses; OHR: 45.7%

- Expenses decreased by ¥0.1 billion year-on-year.
  - OHR rose year-on-year to 45.7%, mainly due to a decrease in gross operating profit, despite a decrease in expenses.
- (OHR(%) = Expenses / Gross operating profit × 100)



## (C) Core net operating profit: ¥14.2 billion, Net operating profit: ¥15.8 billion

- Core net operating profit decreased by ¥1.7 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit remained essentially flat year-on-year, mainly due to a decrease in provision for general allowance for loan losses, despite a decrease in gross operating profit.



## (D) Ordinary profit: ¥4.5 billion, Net income: ¥3.0 billion

- Ordinary profit decreased by ¥10.4 billion year-on-year, mainly due to an increase in net credit costs.
- Net income decreased by ¥7.2 billion year-on-year, mainly due to a decrease in ordinary profit.

## (E) Actual credit costs: ¥10.2 billion

- Net credit costs increased by ¥8.8 billion year-on-year, mainly due to an increase of ¥10.3 billion in disposal of non-performing loans, despite a decrease of ¥1.5 billion in provision for general allowance for loan losses.
- Actual credit costs, calculated as net credit costs (¥10.4 billion) minus the amount of recoveries on written-off claims (¥0.2 billion) amounted to ¥10.2 billion.

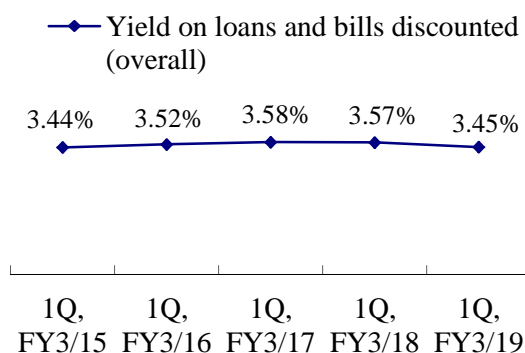
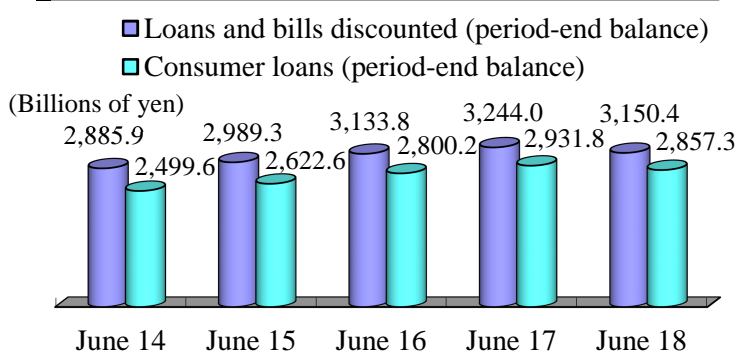
**(2) Loans and deposits (Non-consolidated)****(A) Loans and bills discounted**

- Loans and bills discounted (period-end balance) decreased by ¥93.5 billion year-on-year.
- Yield on loans and bills discounted (overall) dropped by 12 basis points year-on-year to 3.45%.

	June 30, 2018 (a)	(a) - (b)	(a - b) / (b)	June 30, 2017 (b)	(Millions of yen) March 31, 2018
Loans and bills discounted (period-end balance)	3,150,480	(93,523)	(2.8)%	3,244,003	3,245,978
Consumer loans	2,857,384	(74,474)	(2.5)%	2,931,858	2,925,991
Secured loans	2,593,318	(76,571)	(2.8)%	2,669,889	2,654,576
Unsecured loans	264,066	2,097	0.8%	261,969	271,414
Loans and bills discounted (average balance)	3,172,465	(42,928)	(1.3)%	3,215,393	3,229,776

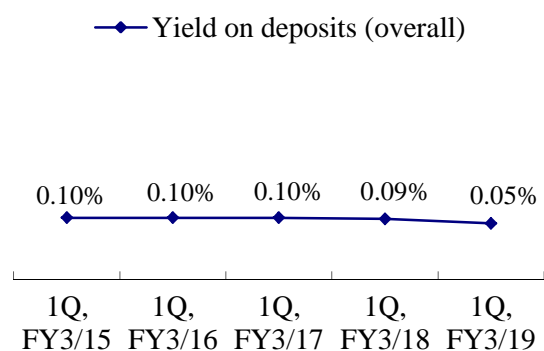
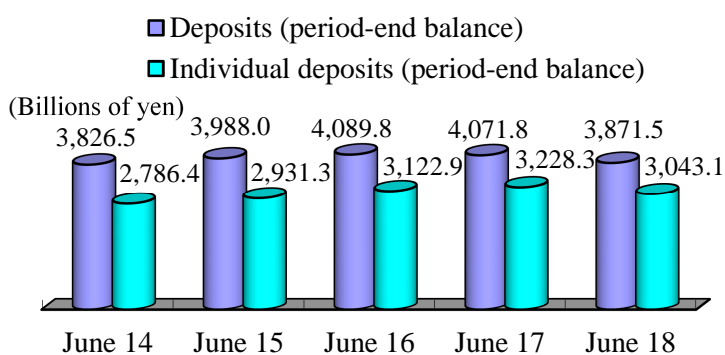
	Three months ended June 30, 2018	(Billions of yen) FY3/2018
New consumer loans	16.2	353.3

	Three months ended June 30, 2018	(Billions of yen) FY3/2018
(Reference) Business alliance with Japan Post Bank New housing loans	6.1	35.6

**(B) Deposits**

- Deposits (period-end balance) decreased by ¥200.2 billion year-on-year.
- Yield on deposits (overall) dropped by 4 basis points year-on-year to 0.05%.

	June 30, 2018 (a)	(a) - (b)	(a - b) / (b)	June 30, 2017 (b)	(Millions of yen) March 31, 2018
Deposits(period-end balance)	3,871,567	(200,241)	(4.9)%	4,071,808	4,089,649
Individual deposits	3,043,189	(185,184)	(5.7)%	3,228,373	3,191,847
Deposits (average balance)	3,942,549	(117,086)	(2.8)%	4,059,635	4,047,017



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

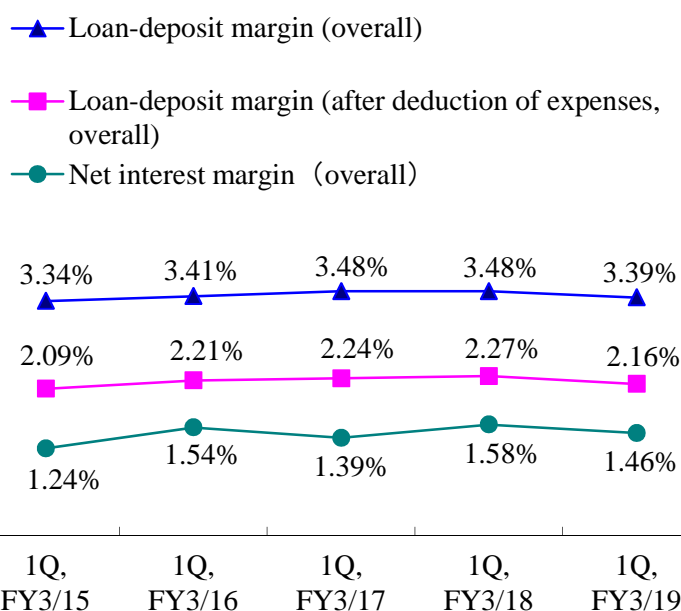
- Loan-deposit margin (after deduction of expenses, overall) dropped by 11 basis points year-on-year to 2.16%.
- Net interest margin (overall) dropped by 12 basis points year-on-year to 1.46%, mainly due to the decline in return on investments.

## Overall

	Three months ended June 30, 2018 (a)	(a) - (b)	Three months ended June 30, 2017 (b)	(%) FY3/2018
Yield on loans and bills discounted	3.45	(0.12)	3.57	3.61
Yield on deposits	0.05	(0.04)	0.09	0.08
Loan-deposit margin (after deduction of expenses)	2.16	(0.11)	2.27	2.37
Net interest margin	1.46	(0.12)	1.58	1.68

## Domestic

	Three months ended June 30, 2018 (a)	(a) - (b)	Three months ended June 30, 2017 (b)	(%) FY3/2018
Yield on loans and bills discounted	3.45	(0.13)	3.58	3.61
Yield on deposits	0.05	(0.03)	0.08	0.07
Loan-deposit margin (after deduction of expenses)	2.20	(0.10)	2.30	2.40
Net interest margin	1.49	(0.13)	1.62	1.72



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

- Non-performing loans based on the Financial Reconstruction Law increased by ¥106.4 billion year-on-year.
- Non-performing loan ratio rose by 338 basis points year-on-year to 4.27%.

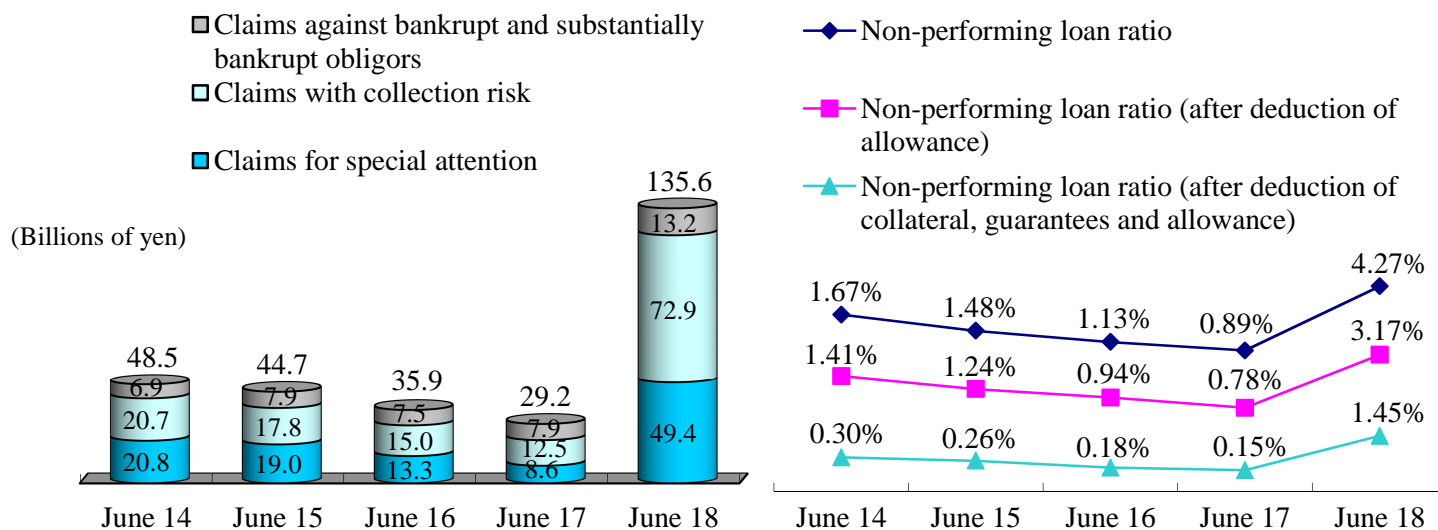
	June 30, 2018	June 30, 2017	(Millions of yen) March 31, 2018
Claims against bankrupt and substantially bankrupt obligors	13,213	7,929	10,573
Claims with collection risk	72,907	12,595	47,722
Claims for special attention	49,496	8,681	13,874
Total (Non-performing loans based on the Financial Reconstruction Law)	135,616	29,205	72,170
Non-performing loan ratio	4.27%	0.89%	2.20%

(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 above figures are based on the category of claims 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 relationship between categories 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 against "Obligors requiring caution" under self-assessment which are classified by category of claims as "Loans past due 3 months or more" or "Restructured loans".



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

•Capital adequacy ratio (non-consolidated) dropped by 35 basis points year-on-year to 12.14%.
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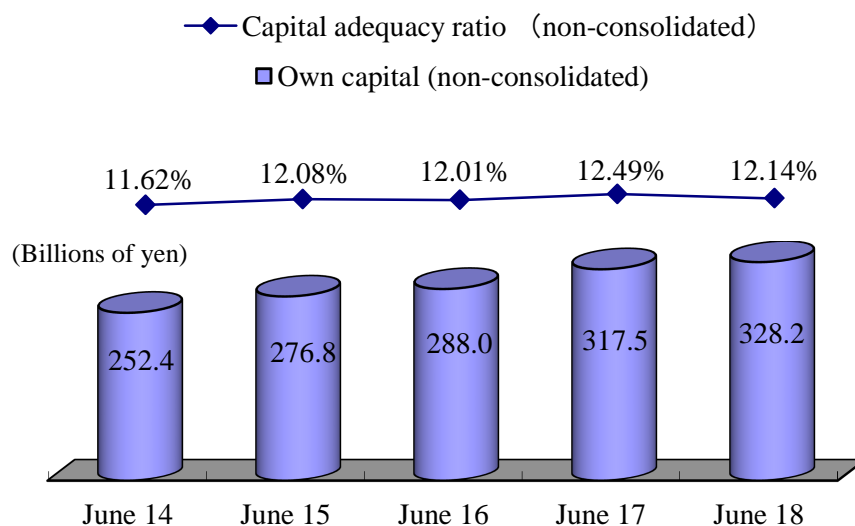
Non-consolidated (Millions of yen)

	June 30, 2018	June 30, 2017
Capital adequacy ratio	12.14%	12.49%
Own capital (Core capital)	328,260	317,567
Core capital: instruments and reserves	346,814	331,582
Core capital: regulatory adjustments (-)	18,553	14,014
Risk-weighted assets	2,701,826	2,541,520
Total required capital	108,073	101,660

Consolidated (Millions of yen)

	June 30, 2018	June 30, 2017
Capital adequacy ratio	12.21%	12.70%
Own capital (Core capital)	334,780	326,470
Core capital: instruments and reserves	357,010	343,231
Core capital: regulatory adjustments (-)	22,229	16,760
Risk-weighted assets	2,741,213	2,569,098
Total required capital	109,648	102,763

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



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

(Millions of yen)

	June 30, 2018			
	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	315,774		323,541	
Capital and capital surplus	48,632		30,531	
Retained earnings	267,702		293,569	
Treasury shares (-)	560		560	
Earnings to be distributed (-)	-		-	
Accumulated other comprehensive income included in Core capital	-		1,076	
Remeasurements of defined benefit plans	-		1,076	
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	12		12	
Adjusted non-controlling interests (amount allowed to be included in Core capital)	-		-	
Reserves included in Core capital: instruments and reserves	31,027		31,142	
General allowance for loan losses	31,027		31,142	
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	-		1,237	
Core capital: instruments and reserves (A)	346,814		357,010	
<b>Core capital: regulatory adjustments (2)</b>				
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	13,594	3,398	15,612	3,458
Goodwill (including those equivalent)	-	-	1,780	-
Other intangible fixed assets other than goodwill and mortgage servicing rights	13,594	3,398	13,832	3,458
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	581	-
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	4,958	1,239	-	-
Net defined benefit asset	-	-	6,035	1,508
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	-	1,139	-	616
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)	-	1,139	-	616
Amount exceeding the 15% threshold on specified items	-	-	-	-
Core capital: regulatory adjustments (B)	18,553		22,229	
<b>Total capital</b>				
Total capital (A-B) (C)	328,260		334,780	
<b>Risk-weighted assets (3)</b>				
Credit risk-weighted assets	2,482,204		2,491,394	
Total of items included in risk-weighted assets subject to transitional arrangements	21,780		23,180	
Intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	4,876		4,961	
Deferred tax assets (net of related tax liability)	15,125		16,054	
Prepaid pension cost	1,778		-	
Net defined benefit asset	-		2,164	
Amount equivalent to market risk × 12.5	-		-	
Amount equivalent to operational risk × 12.5	219,621		249,818	
Credit risk-weighted assets adjustments	-		-	
Amount equivalent to operational risk adjustments	-		-	
Total amount of risk-weighted assets (D)	2,701,826		2,741,213	
<b>Capital adequacy ratio (non-consolidated)</b>				
Capital adequacy ratio (non-consolidated) (C/D)	12.14%		-	
<b>Capital adequacy ratio (consolidated)</b>				
Capital adequacy ratio (consolidated) (C/D)	-		12.21%	

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

• Net unrealized gains (losses) on securities increased by ¥1.2 billion year-on-year, mainly due to an increase in unrealized gains on stocks.

(Millions of yen)

	June 30, 2018				June 30, 2017				March 31, 2018			
	Fair Value	Net unrealized gains (losses)		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	138,254	27,254	27,592	338	104,564	25,996	26,463	467	116,151	24,818	25,400	581
Stocks	43,259	26,685	26,791	106	45,151	24,434	24,521	87	41,275	24,604	24,699	95
Bonds	85,101	67	130	62	50,247	(215)	52	268	62,850	(7)	90	98
Others	9,893	501	670	169	9,165	1,777	1,889	111	12,025	221	609	388

(Note1) The 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 the period-end and the acquisition cost.

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

(Millions of yen)

	June 30, 2018				June 30, 2017				March 31, 2018			
	Book value	Net unrealized gains (losses)		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	-	-	-	-	14,999	1	1	-	-	-	-	-

**(8) Individual deposit assets (Non-consolidated)**

• Individual deposit assets decreased by ¥205.7 billion year-on-year.  
 • The ratio of investment products to total individual deposit assets dropped by 40 basis points year-on-year to 4.8%.

(Millions of yen)

	June 30, 2018 (a)	(a) - (b)	(a - b) / (b)	June 30, 2017 (b)	March 31, 2018
Individual deposit assets	3,193,263	(205,754)	(6.0)%	3,399,017	3,345,282
Yen deposits	3,037,527	(184,484)	(5.7)%	3,222,011	3,185,938
Investment products	155,736	(21,270)	(12.0)%	177,006	159,344
Foreign currency deposits	5,662	(700)	(11.0)%	6,362	5,908
Public bonds	8,560	(1,069)	(11.1)%	9,629	8,837
Mutual funds	91,681	(14,599)	(13.7)%	106,280	93,654
Personal pension plans	34,484	(5,879)	(14.5)%	40,363	35,697
Single premium life insurance	15,347	977	6.7%	14,370	15,245
The ratio of investment products to total individual deposit assets	4.8%		(0.4)%	5.2%	4.7%