

SURUGA bank, Ltd.

Consolidated financial results for the six months ended September 30, 2018

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)

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

Representative: Michio Arikuni, President

Dividend payment date: —

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

1. Consolidated financial results for the six months ended September 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	%
Six months ended						
September 30, 2018	75,027	(0.9)	(85,726)	-	(100,785)	-
September 30, 2017	75,775	7.4	31,162	11.2	21,168	10.1

(Note) Comprehensive income:

(a) Six months ended Sep. 30, 2018: ¥(103,360) million [-%]; (b) Six months ended Sep. 30, 2017: ¥24,980 million [59.7 %]

	Earnings per share	Earnings per share (diluted)
	yen	yen
Six months ended		
September 30, 2018	(435.08)	-
September 30, 2017	91.39	91.37

(2) Consolidated financial position

	Total assets	Total net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
September 30, 2018	3,747,710	238,987	6.3
March 31, 2018	4,461,576	344,763	7.6

(Reference) Shareholders' equity:

(a) As of September 30, 2018: ¥236,949 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 st quarter -end	2 nd quarter -end	3 rd quarter -end	Fiscal year -end	Total
Fiscal year	yen	yen	yen	yen	yen
ended March 31, 2018	-	10.50	-	10.50	21.00
ending March 31, 2019	-	0.00	-	-	-
ending March 31, 2019 (forecast)	-	-	-	-(not decided)	-(not decided)

(Note) Revision of dividend forecast from the latest announcement: Yes

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

(% 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, 2019	(75,500)	-	(97,500)	-	(420.89)

(Note) Revision of earnings forecast from the latest announcement: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries that caused changes in the scope of consolidation): No
- (2) 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

(3) Number of issued shares (common stock)

(A) Number of issued shares (including treasury shares):	As of Sep. 30, 2018	232,139,248 shares	As of Mar. 31, 2018	232,139,248 shares
(B) Number of treasury shares:	As of Sep. 30, 2018	487,787 shares	As of Mar. 31, 2018	507,295 shares
(C) Average number of shares:	Six months ended Sep. 30, 2018	231,646,282 shares	Six months ended Sep. 30, 2017	231,615,477 shares

(Summary of non-consolidated financial results)

1. Non-consolidated financial results for the six months ended September 30, 2018

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

Six months ended	Ordinary income		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2018	70,239	2.7	(83,737)	-	(98,280)	-
September 30, 2017	68,357	6.6	29,941	8.9	20,479	7.1

Earnings per share	
Six months ended	yen
September 30, 2018	(424.26)
September 30, 2017	88.41

(2) Non-consolidated financial position

	Total assets	Total net assets	Net assets ratio
As of	Millions of yen	Millions of yen	%
September 30, 2018	3,735,881	229,255	6.1
March 31, 2018	4,451,689	332,711	7.4

(Reference) Shareholders' equity:

(a) As of September 30, 2018: ¥229,243million; (b) As of March 31, 2018: ¥332,694 million

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

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

2. Non-consolidated earnings forecast for the fiscal year ending March 31, 2019

(% represents the change from the previous fiscal year)

Fiscal year ending	Ordinary profit		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	yen
March 31, 2019	(76,000)	-	(97,000)	-	(418.73)

(Note) This report is outside the scope of the external auditor's interim audit procedure.

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

- The company is a "Specified business company" under the Article 17-15-2 of the "Cabinet Office Ordinance regarding Disclosure of Corporate Information, etc." and prepares its interim consolidated and interim non-consolidated financial statements for the six months ended September 30, 2018.
- 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.

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* Financial results for the six months ended September 30, 2018 supplementary information

1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the six months ended September 30, 2018, ordinary income decreased by ¥0.748 billion year-on-year to ¥75.027 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 ¥116.141 billion year-on-year to ¥160.753 billion, mainly due to an increase in credit costs related to share house loans, etc. As a result, ordinary profit decreased by ¥116.888 billion year-on-year to a loss of ¥85.726 billion. Profit attributable to owners of parent decreased by ¥121.953 billion year-on-year to a loss of ¥100.785 billion.

(2) Details of financial position

As for the consolidated major account balances as of September 30, 2018, loans and bills discounted came in at ¥3,090.985 billion, down by ¥157.174 billion from March 31, 2018. This was primarily due to the decrease (¥135.107 billion) in consumer loans (non-consolidated).

Securities amounted to ¥144.328 billion, up by ¥12.791 billion from March 31, 2018.

Deposits amounted to ¥3,410.317 billion, down by ¥669.655 billion from March 31, 2018, mainly due to a decrease (¥448.529 billion) in individual deposits.

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

The Bank has revised its earnings forecast for the fiscal year ending March 31, 2019 from that announced on August 9, 2018. For details, please refer to the document disclosed separately today (November 14, 2018) titled "Difference in business performance between forecast and result for the interim period of the fiscal year ending March 31, 2019, revision of full-year earnings forecast, dividends of surplus and dividend forecast".

Consolidated	(Billions of yen)
	Fiscal year ending March 31, 2019
Ordinary profit	(75.5)
Profit attributable to owners of parent	(97.5)

Non-consolidated	(Billions of yen)
	Fiscal year ending March 31, 2019
Net operating profit	16.5
Core net operating profit	52.0
Ordinary profit	(76.0)
Net income	(97.0)
Actual credit costs	134.0

(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 Mar. 31, 2018	As of Sep. 30, 2018
Assets		
Cash and due from banks	973,397	531,751
Call loans and bills bought	2,141	645
Trading account securities	86	153
Money held in trust	1,571	515
Securities	131,537	144,328
Loans and bills discounted	3,248,159	3,090,985
Foreign exchanges	2,514	2,442
Lease receivables and investment assets	5,995	6,284
Other assets	65,076	64,644
Tangible fixed assets	52,120	49,046
Intangible fixed assets	27,111	26,119
Net defined benefit asset	10,509	11,110
Deferred tax assets	16,695	13,376
Customers' liabilities for acceptances and guarantees	2,877	3,034
Allowance for loan losses	(78,218)	(196,729)
Total assets	4,461,576	3,747,710
Liabilities		
Deposits	4,079,972	3,410,317
Borrowed money	1,085	69,305
Foreign exchanges	23	5
Other liabilities	28,300	23,944
Provision for bonuses	699	694
Provision for directors' bonuses	182	-
Net defined benefit liability	265	268
Provision for directors' retirement benefits	2,507	220
Provision for reimbursement of deposits	365	286
Provision for contingent losses	137	89
Deferred tax liabilities	396	555
Acceptances and guarantees	2,877	3,034
Total liabilities	4,116,813	3,508,723
Net assets		
Capital stock	30,043	30,043
Capital surplus	489	488
Retained earnings	292,841	189,624
Treasury shares	(582)	(560)
Total shareholders' equity	322,791	219,595
Net unrealized gains (losses) on available-for-sale securities	18,489	16,063
Deferred gains (losses) on hedges	(15)	2
Remeasurements of defined benefit plans	1,402	1,288
Total accumulated other comprehensive income	19,876	17,354
Subscription rights to shares	17	12
Non-controlling interests	2,078	2,025
Total net assets	344,763	238,987
Total liabilities and net assets	4,461,576	3,747,710

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

	(Millions of yen)	
	For the six months ended Sep. 30, 2017	For the six months ended Sep. 30, 2018
Ordinary income	75,775	75,027
Interest income	64,820	58,512
Interest on loans and bills discounted	62,285	57,190
Interest and dividends on securities	1,813	921
Fees and commissions	6,746	6,105
Other operating income	2,090	2,283
Other income	2,117	8,125
Ordinary expenses	44,612	160,753
Interest expenses	2,013	1,185
Interest on deposits	1,907	1,027
Fees and commissions payments	7,426	7,170
Other operating expenses	1,680	1,537
General and administrative expenses	26,550	25,856
Other expenses	6,941	125,002
Ordinary profit	31,162	(85,726)
Extraordinary gains	9	2,311
Gains on disposal of non-current assets	9	0
Reversal provision for directors' retirement benefits	-	2,311
Extraordinary losses	249	2,739
Losses on disposal of non-current assets	249	143
Impairment loss	-	2,595
Income before income taxes	30,922	(86,153)
Income taxes - current	9,134	10,132
Income taxes - deferred	498	4,551
Total income taxes	9,633	14,684
Profit	21,289	(100,837)
Profit attributable to non-controlling interests	120	(52)
Profit attributable to owners of parent	21,168	(100,785)

Consolidated statements of comprehensive income

(Millions of yen)

	For the six months ended Sep. 30, 2017	For the six months ended Sep. 30, 2018
Profit	21,289	(100,837)
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	3,607	(2,425)
Deferred gains (losses) on hedges	(109)	17
Remeasurements of defined benefit plans, net of tax	192	(114)
Total other comprehensive income	3,690	(2,522)
Comprehensive income	24,980	(103,360)
(Breakdown)		
Comprehensive income attributable to owners of parent	24,779	(103,307)
Comprehensive income attributable to non-controlling interests	200	(52)

(3) Consolidated statements of changes in net assets

For the six months ended September 30, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,043	4	291,063	(606)	320,504
Changes of items during period					
Dividends of surplus			(2,779)		(2,779)
Profit attributable to owners of parent			21,168		21,168
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		0		16	16
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	18,388	12	18,401
Balance at end of current period	30,043	4	309,452	(594)	338,906

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	17,153	(61)	433	17,525	24	2,325	340,379
Changes of items during period							
Dividends of surplus							(2,779)
Profit attributable to owners of parent							21,168
Purchase of treasury shares							(3)
Disposal of treasury shares							16
Net changes of items other than shareholders' equity	3,527	(109)	192	3,610	(3)	200	3,808
Total changes of items during period	3,527	(109)	192	3,610	(3)	200	22,210
Balance at end of current period	20,680	(170)	626	21,136	20	2,526	362,589

For the six months ended September 30, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	30,043	489	292,841	(582)	322,791
Changes of items during period					
Dividends of surplus			(2,432)		(2,432)
Profit attributable to owners of parent			(100,785)		(100,785)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		23	22
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(0)	(103,217)	22	(103,195)
Balance at end of current period	30,043	488	189,624	(560)	219,595

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	18,489	(15)	1,402	19,876	17	2,078	344,763
Changes of items during period							
Dividends of surplus							(2,432)
Profit attributable to owners of parent							(100,785)
Purchase of treasury shares							(0)
Disposal of treasury shares							22
Net changes of items other than shareholders' equity	(2,425)	17	(114)	(2,522)	(5)	(52)	(2,580)
Total changes of items during period	(2,425)	17	(114)	(2,522)	(5)	(52)	(105,776)
Balance at end of current period	16,063	2	1,288	17,354	12	2,025	238,987

(4) Notes regarding consolidated financial statements

(Notes on going-concern assumption)

Not applicable.

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

Not applicable.

3. Non-consolidated financial statements

(1) Non-consolidated balance sheets

(Millions of yen)

	As of Mar. 31, 2018	As of Sep. 30, 2018
Assets		
Cash and due from banks	972,082	531,209
Call loans	2,141	645
Trading account securities	86	153
Money held in trust	1,571	515
Securities	136,822	147,283
Loans and bills discounted	3,245,978	3,085,874
Foreign exchanges	2,514	2,442
Other assets	56,990	56,984
Other	56,990	56,984
Tangible fixed assets	50,963	47,886
Intangible fixed assets	24,855	23,954
Prepaid pension cost	8,497	9,261
Deferred tax assets	15,786	12,727
Customers' liabilities for acceptances and guarantees	3,487	3,034
Allowance for loan losses	(70,089)	(186,095)
Total assets	4,451,689	3,735,881
Liabilities		
Deposits	4,089,649	3,415,930
Borrowed money	-	68,000
Foreign exchanges	23	5
Other liabilities	21,977	18,416
Income taxes payable	11,971	9,872
Lease obligations	518	488
Other	9,487	8,055
Provision for bonuses	648	643
Provision for directors' bonuses	182	-
Provision for directors' retirement benefits	2,506	218
Provision for reimbursement of deposits	365	286
Provision for contingent losses	137	89
Acceptances and guarantees	3,487	3,034
Total liabilities	4,118,977	3,506,625

(Millions of yen)

	As of Mar. 31, 2018	As of Sep. 30, 2018
Net assets		
Capital stock	30,043	30,043
Capital surplus	18,590	18,589
Legal capital surplus	18,585	18,585
Other capital surplus	4	3
Retained earnings	267,090	166,378
Legal retained earnings	30,043	30,043
Other retained earnings	237,047	136,335
Reserve for advanced depreciation of non-current assets	59	59
General reserve	103,032	103,032
Retained earnings brought forward	133,955	33,243
Treasury shares	(582)	(560)
Total shareholders' equity	315,141	214,450
Net unrealized gains (losses) on available-for-sale securities	17,563	14,784
Deferred gains (losses) on hedges	(10)	8
Total valuation and translation adjustments	17,552	14,792
Subscription rights to shares	17	12
Total net assets	332,711	229,255
Total liabilities and net assets	4,451,689	3,735,881

(2) Non-consolidated statements of income

(Millions of yen)

	For the six months ended Sep. 30, 2017	For the six months ended Sep. 30, 2018
Ordinary income	68,357	70,239
Interest income	60,382	56,771
Interest on loans and bills discounted	57,864	52,930
Interest and dividends on securities	1,796	3,440
Fees and commissions	5,871	5,038
Other operating income	243	543
Other income	1,860	7,886
Ordinary expenses	38,415	153,977
Interest expenses	2,019	1,194
Interest on deposits	1,907	1,027
Fees and commissions payments	7,392	7,154
Other operating expenses	59	30
General and administrative expenses	24,456	23,497
Other expenses	4,487	122,100
Ordinary profit	29,941	(83,737)
Extraordinary gains	7	2,311
Gains on disposal of non-current assets	7	-
Reversal provision for directors' retirement benefits	-	2,311
Extraordinary losses	239	2,734
Losses on disposal of non-current assets	239	138
Impairment loss	-	2,595
Income before income taxes	29,709	(84,160)
Income taxes - current	8,788	9,860
Income taxes - deferred	442	4,259
Total income taxes	9,230	14,119
Net income	20,479	(98,280)

(3) Non-consolidated statements of changes in net assets
For the six months ended September 30, 2017

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of current period	30,043	18,585	4	18,590	30,043	59	103,032	133,943
Changes of items during period								
Dividends of surplus								(2,779)
Net income								20,479
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	0	0	-	-	-	17,700
Balance at end of current period	30,043	18,585	4	18,590	30,043	59	103,032	151,643

	Shareholders' equity			Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
	Total retained earnings							
Balance at beginning of current period	267,078	(606)	315,104	16,480	(58)	16,422	24	331,551
Changes of items during period								
Dividends of surplus	(2,779)		(2,779)					(2,779)
Net income	20,479		20,479					20,479
Purchase of treasury shares		(3)	(3)					(3)
Disposal of treasury shares		16	16					16
Net changes of items other than shareholders' equity				3,330	(109)	3,221	(3)	3,218
Total changes of items during period	17,700	12	17,713	3,330	(109)	3,221	(3)	20,931
Balance at end of current period	284,778	(594)	332,817	19,810	(167)	19,643	20	352,482

For the six months ended September 30, 2018

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		
						Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward
Balance at beginning of current period	30,043	18,585	4	18,590	30,043	59	103,032	133,955
Changes of items during period								
Dividends of surplus								(2,432)
Net income								(98,280)
Purchase of treasury shares								
Disposal of treasury shares			(0)	(0)				
Net changes of items other than shareholders' equity								
Total changes of items during period	-	-	(0)	(0)	-	-	-	(100,712)
Balance at end of current period	30,043	18,585	3	18,589	30,043	59	103,032	33,243

	Shareholders' equity			Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Retained earnings	Treasury shares	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
	Total retained earnings							
Balance at beginning of current period	267,090	(582)	315,141	17,563	(10)	17,552	17	332,711
Changes of items during period								
Dividends of surplus	(2,432)		(2,432)					(2,432)
Net income	(98,280)		(98,280)					(98,280)
Purchase of treasury shares		(0)	(0)					(0)
Disposal of treasury shares		23	22					22
Net changes of items other than shareholders' equity				(2,779)	19	(2,760)	(5)	(2,765)
Total changes of items during period	(100,712)	22	(100,690)	(2,779)	19	(2,760)	(5)	(103,456)
Balance at end of current period	166,378	(560)	(214,450)	14,784	8	14,792	12	229,255

4. Response to the filing of a lawsuit for compensation of damages to the Bank against the Bank's current director concerning share house loans and other loans for income-producing real estate

Following the deliberations of the Corporate Culture and Governance Reform Committee, which functions as the nomination committee, the Bank has decided to hold an extraordinary general shareholders meeting as early as possible in 2019 in order to rebuild and strengthen management with the aim of establishing a sustainable business model in the future. The current director, Mr. Takeshi Yagi, is the subject of a lawsuit over management accountability and will resign as director at the conclusion of the extraordinary general shareholders meeting.

Financial Results

For the six months ended September 30, 2018

- Supplementary Information -

SURUGA bank, Ltd.

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I . Financial highlights for the six months ended September 30, 2018

1. Financial results (Non-consolidated)

(Millions of yen)			
	Six months ended Sep. 30, 2018		Six months ended Sep. 30, 2017
	(a)	(a) - (b)	
Gross operating profit	53,974	(3,051)	57,025
Net interest income	55,577	(2,785)	58,362
Net fees and commissions	(2,115)	(594)	(1,521)
Net other operating income (Note1)	26	(6)	32
Core gross operating profit	53,488	(3,385)	56,873
Expenses (-)	23,819	(15)	23,834
Core net operating profit (Note2)	29,668	(3,371)	33,039
Gains (losses) on bonds	486	335	151
Actual net operating profit (Note3)	30,155	(3,035)	33,190
Provision for general allowance for loan losses (-)	26,830	26,752	78
Net operating profit	3,324	(29,787)	33,111
Disposal of non-performing loans (-)	93,354	89,702	3,652
Recoveries of written-off claims	548	89	459
Gains (losses) on stocks	5,336	4,154	1,182
Ordinary profit	(83,737)	(113,678)	29,941
Reversal of provision for directors' retirement benefits	2,311	2,311	-
Gains (losses) on disposal of non-current assets	(138)	93	(231)
Impairment loss (-)	2,595	2,595	-
Net income	(98,280)	(118,759)	20,479
Net credit costs	120,185	116,454	3,731
Actual credit costs (Note4)	119,636	116,365	3,271

(Note1) Excludes gains (losses) on bonds.

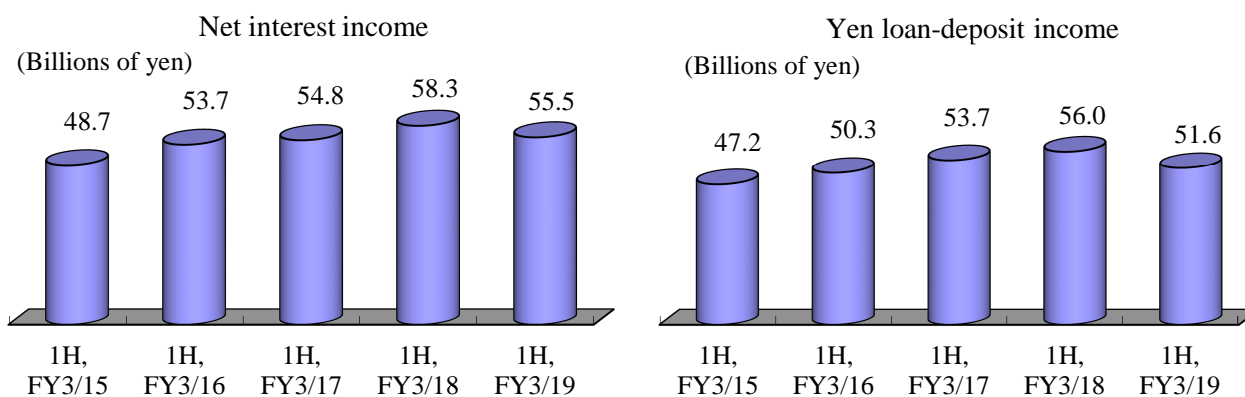
(Note2) Core net operating profit = Net operating profit + Provision for general allowance for loan losses
- Gains (losses) on bonds

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

(Note4) Actual credit costs = Net credit costs (Provision for general allowance for loan losses + Disposal of non-performing loans)
- Recoveries of written-off claims

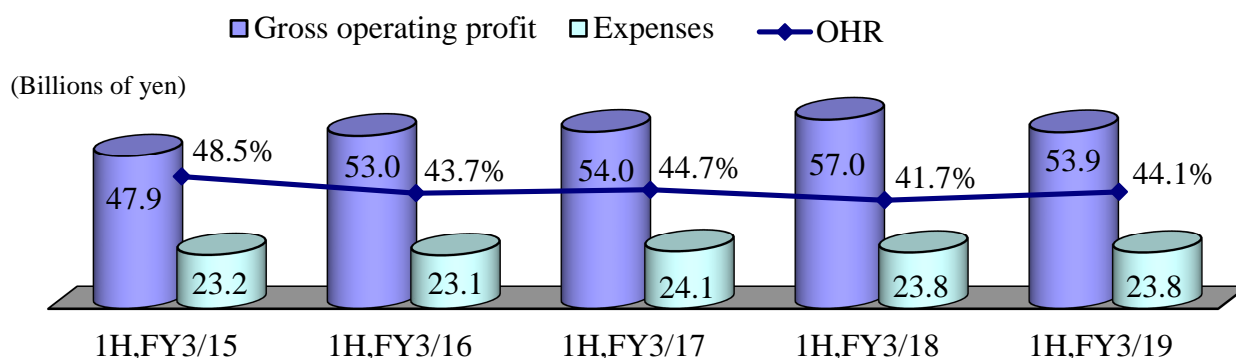
(1) Gross operating profit: ¥53.9 billion

<ul style="list-style-type: none"> • Net interest income decreased by ¥2.7 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted. • Yen loan-deposit income decreased by ¥4.4 billion year-on-year. • Core gross operating profit decreased by ¥3.3 billion year-on-year, mainly due to a decrease in net interest income. • Gross operating profit decreased by ¥3.0 billion year-on-year.
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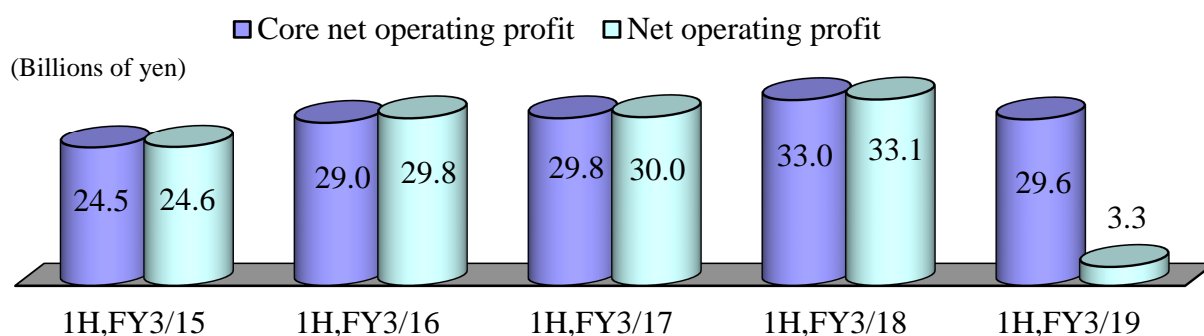
(2) Expenses; OHR: 44.1%

- Expenses remained flat at ¥23.8 billion year-on-year.
 - OHR rose year-on-year to 44.1%, mainly due to a decrease in gross operating profit.
- (OHR(%)) = Expenses / Gross operating profit × 100



(3) Core net operating profit: ¥29.6 billion, Net operating profit: ¥3.3 billion

- Core net operating profit decreased by ¥3.3 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit decreased by ¥29.7 billion year-on-year, mainly due to an increase in provision for general allowance for loan losses.



(4) Ordinary profit: (¥83.7) billion

- Ordinary profit decreased by ¥113.6 billion year-on-year, mainly due to an increase in net credit costs.

(5) Net income: (¥98.2) billion

- Net income decreased by ¥118.7 billion year-on-year, mainly due to a decrease in ordinary profit.

(6) Actual credit costs: ¥119.6 billion

- Net credit costs increased by ¥116.4 billion year-on-year, mainly due to an increase (¥26.7 billion) in provision for general allowance for loan losses and an increase (¥89.7 billion) in disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥120.1 billion) minus the amount of recoveries of written-off claims (¥0.5 billion) amounted to ¥119.6 billion.

2. Major accounts (Non-consolidated)

(1) Loans and bills discounted

- Loans and bills discounted decreased by ¥200.1 billion, or 6.0% year-on-year.
- Consumer loans decreased by ¥172.5 billion, or 5.8% year-on-year.
- Yield on loans and bills discounted (overall) dropped by 22 basis points year-on-year to 3.36%.

(Millions of yen)

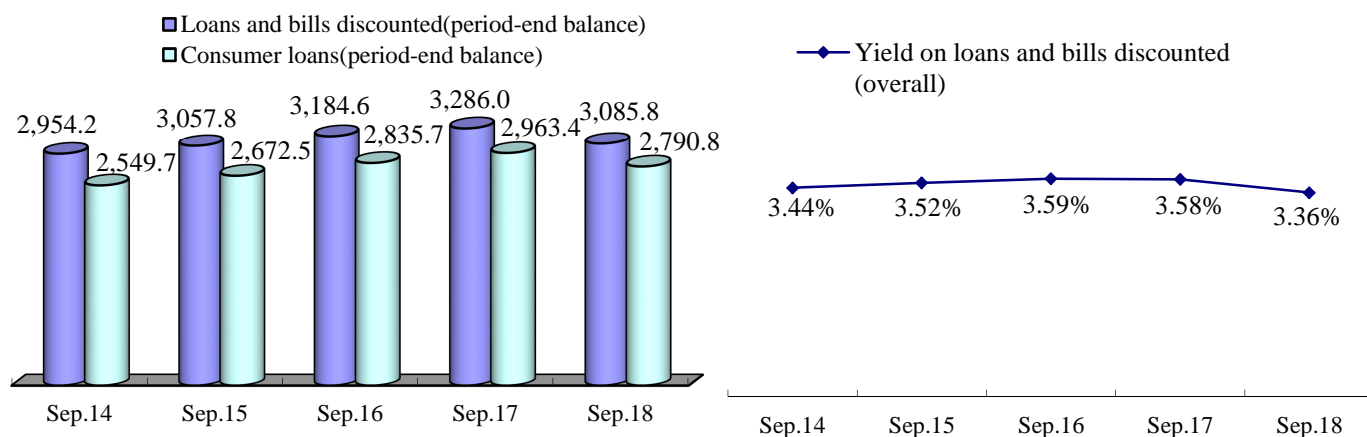
	Sep. 30, 2018 (a)	(a) - (b)	(a) - (c)	Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
Loans and bills discounted (period-end balance)	3,085,874	(160,104)	(200,173)	3,245,978	3,286,047
Consumer loans	2,790,884	(135,107)	(172,561)	2,925,991	2,963,445
Secured loans	2,533,341	(121,235)	(159,596)	2,654,576	2,692,937
Unsecured loans	257,543	(13,871)	(12,965)	271,414	270,508
Loans and bills discounted (average balance)	3,134,885	(94,891)	(88,283)	3,229,776	3,223,168
Loan-deposit ratio (period-end balance basis)	90.3%	11.0%	9.7%	79.3%	80.6%
Loan-deposit ratio (average balance basis)	82.6%	2.8%	3.1%	79.8%	79.5%

(Reference)

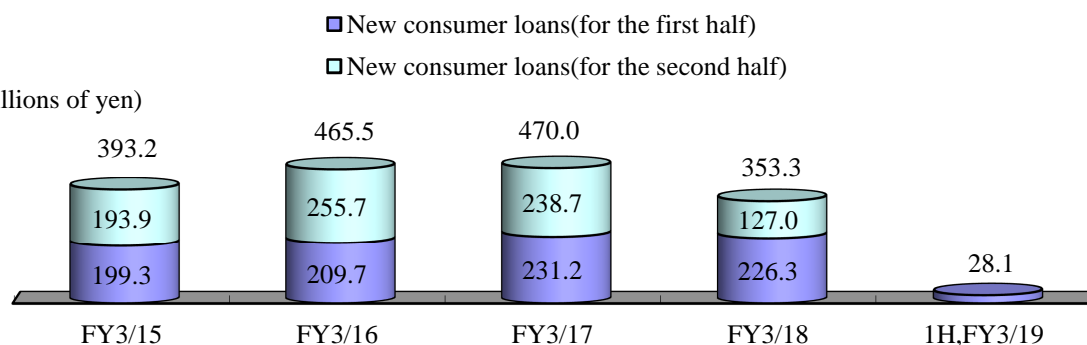
(Billions of yen)

	Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
Business alliance with Japan Post Bank			
New housing loans (cumulative total)	13.5	(5.2)	18.7

(Billions of yen)



(Billions of yen)



Consumer loans

Outstanding balance, yield, delinquency rate by loan category

Sep. 30, 2018

(Billions of yen)

Loan category	Period-end balance	Yield	Delinquency rate
Secured loans	2,533.3	3.39%	2.77%
Housing loans	653.3	2.91%	0.24%
Studio apartment loans	362.7	3.47%	0.20%
Single building apartment loans	1,263.6	3.73%	0.50%
Share house loans	203.0	2.34%	30.13%
Other secured loans	50.7	4.90%	0.55%
Unsecured loans	257.5	10.02%	0.87%
Card loans	167.3	11.28%	0.37%
Unsecured certificate loans	90.2	7.69%	1.81%
Consumer loans	2,790.8	4.00%	2.59%

※Delinquency rate = Loans past due 3 months or more / Loans

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

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

Sep. 30, 2018

(Billions of yen)

Total				Subtotal	Normal assets
	Claims against bankrupt and substantially bankrupt obligors	Claims with collection risk	Claims for special attention		
253.7	31.8	101.6	56.8	190.3	63.4

Sep. 30, 2018

(Billions of yen)

Total A	Share house claims	Collateral or guarantees, etc.	Unsecured portion	Allowance	Coverage ratio
		B	C	D	(B+D)/A
253.7	203.4	95.2	158.4	136.2	91.25%

※ Based on obligors of share house loans

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

Actual credit costs and Allowance for loan losses

Sep. 30, 2018

(Billions of yen)

Item	Actual credit costs	Allowance ※2
Share house-related loans	94.7	136.2
Investment property loans ※1	9.2	30.3
Housing loans	1.4	1.7
Unsecured loans	0.5	0.6
Loans to founder-affiliated companies	13.4	13.4
Business financing other than loans to founder-affiliated companies	0.3	3.6
Total	119.6	186.0

※1 Investment property loans: Studio apartment loans, Single building apartment loans, Other secured loans

※2 Including allowance for losses of other assets (golf course membership and suspense payment) of ¥0.2 billion

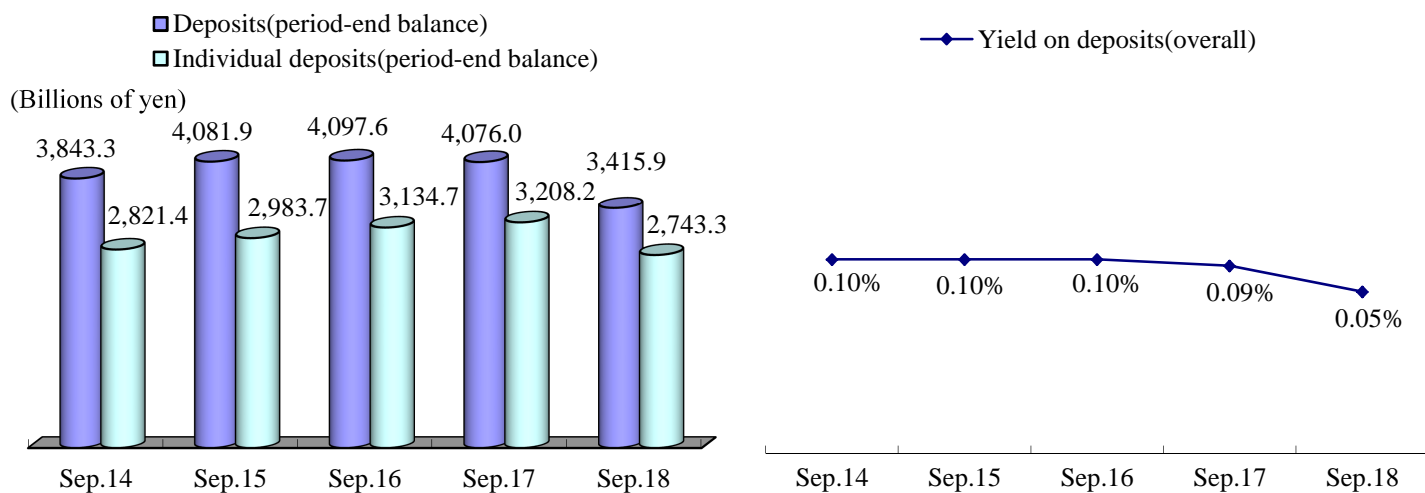
(2) Deposits

SURUGA bank, Ltd.

- Deposits decreased by ¥660.1 billion, or 16.1% year-on-year.
- Individual deposits decreased by ¥464.9 billion, or 14.4% year-on-year.
- Yield on deposits (overall) dropped by 40 basis points year-on-year to 0.05%.

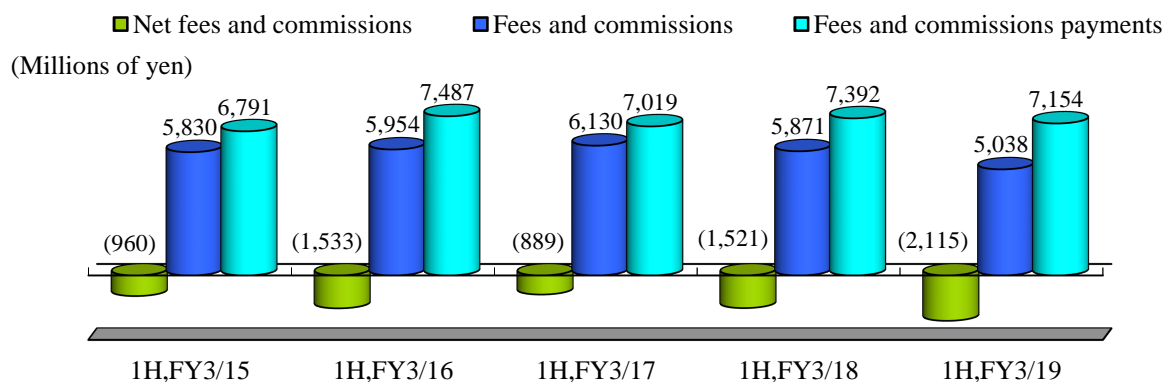
(Millions of yen)

	Sep. 30, 2018 (a)	(a) - (b)	(a) - (c)	Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
Deposits (period-end balance)	3,415,930	(673,719)	(660,146)	4,089,649	4,076,076
Individual deposits	2,743,318	(448,529)	(464,951)	3,191,847	3,208,269
Deposits (average balance)	3,791,321	(255,696)	(258,801)	4,047,017	4,050,122



(3) Net fees and commissions

- Net fees and commissions decreased by ¥0.5 billion year-on-year, mainly due to a decrease (¥0.8 billion) in fees and commissions.



(4) Individual deposit assets

- Individual deposit assets decreased by ¥485.9 billion year-on-year.
- The ratio of investment products to total individual deposit assets rose by 10 basis points year-on-year to 5.2%.

(Millions of yen)

	Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Individual deposit assets	2,888,761	(456,521)	(485,952)	3,345,282	3,374,713
Yen deposits	2,738,473	(447,465)	(463,413)	3,185,938	3,201,886
Investment products	150,288	(9,056)	(22,539)	159,344	172,827
Foreign currency deposits	4,844	(1,064)	(1,539)	5,908	6,383
Public bonds	8,457	(380)	(762)	8,837	9,219
Mutual funds	88,128	(5,526)	(16,354)	93,654	104,482
Personal pension plans	33,379	(2,318)	(4,661)	35,697	38,040
Single premium life insurance	15,477	232	775	15,245	14,702
The ratio of investment products to total individual deposit assets	5.2%	0.5%	0.1%	4.7%	5.1%

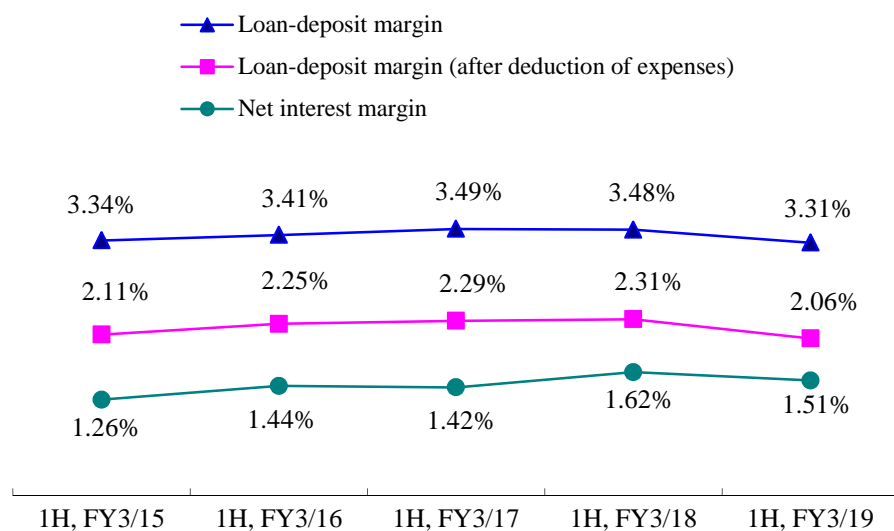
3. Management indices (Non-consolidated)

(1) Interest margins

- Loan-deposit margin (after deduction of expenses) dropped by 25 basis points year-on-year to 2.06%.
- Net interest margin dropped by 11 basis points year-on-year to 1.51%, mainly due to the decline in yield on interest earning assets.

(%)

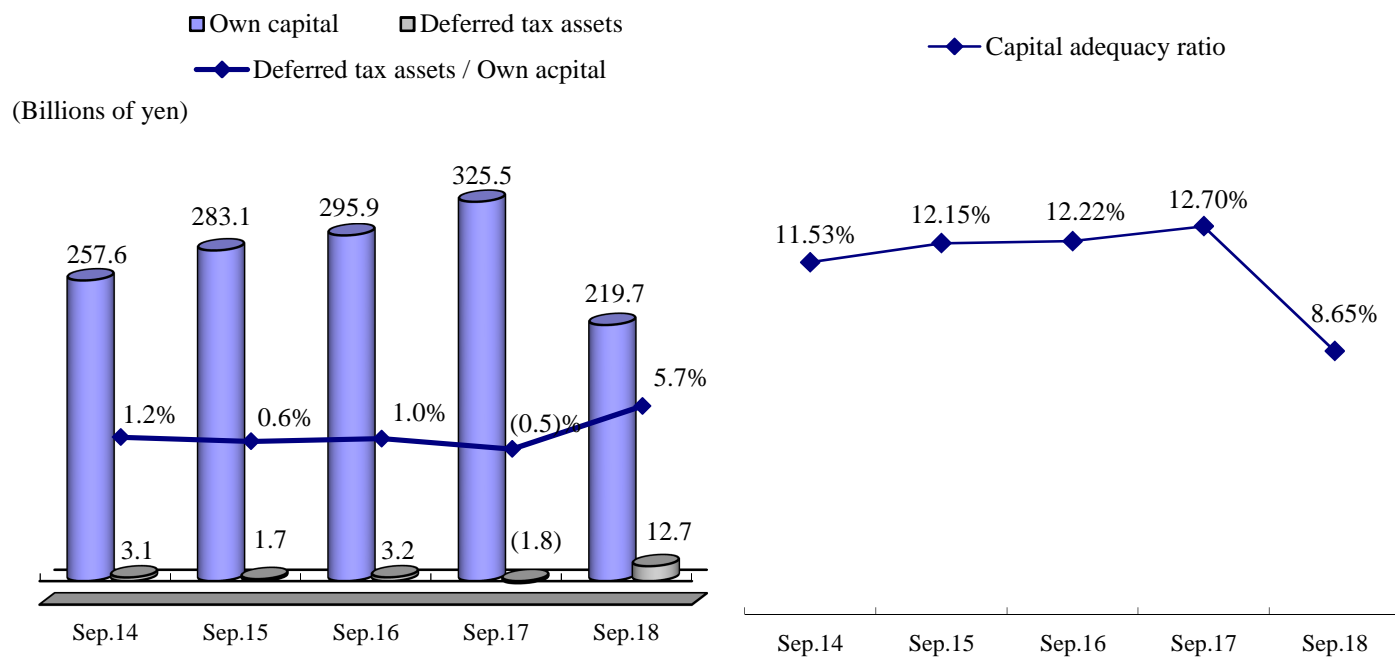
	Six months ended Sep. 30, 2018		Six months ended Sep. 30, 2017
	(a)	(a) - (b)	(b)
Loan-deposit margin	3.31	(0.17)	3.48
Loan-deposit margin (after deduction of expenses)	2.06	(0.25)	2.31
Net interest margin	1.51	(0.11)	1.62



4. Own capital (Non-consolidated)

• Capital adequacy ratio dropped by 405 basis points year-on-year to 8.65%.

	Sep. 30, 2018 (a)	(a) - (b)	Sep. 30, 2017 (b)
Capital adequacy ratio (domestic standard)	8.65	(4.05)	12.70



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

•Net unrealized gains on securities decreased by ¥7.1 billion year-on-year.

(Millions of yen)

	Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Other securities	20,927	(3,891)	(7,197)	24,818	28,124
Stocks	20,483	(4,121)	(6,223)	24,604	26,706
Bonds	(244)	(237)	(87)	(7)	(157)
Others	687	466	(888)	221	1,575

6. Earnings forecast for the fiscal year ending March 31, 2019

Consolidated (Billions of yen)

	Fiscal year ending Mar. 31, 2019 (forecast)
Ordinary profit	(75.5)
Profit attributable to owners of parent	(97.5)

Non-consolidated (Billions of yen)

	Fiscal year ending Mar. 31, 2019 (forecast)
Net operating profit	16.5
Core net operating profit	52.0
Ordinary profit	(76.0)
Net income	(97.0)
Actual credit costs	134.0

(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.

7. Asset quality (Non-consolidated)

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

• Non-performing loans based on the Financial Reconstruction Law increased by ¥202.9 billion year-on-year.
Non-performing loan ratio rose by 666 basis points year-on-year to 8.86%.

Outstanding balance (Millions of yen, %)

		Sep. 30, 2018			Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
		(a)	(a) - (b)	(a) - (c)		
Claims against bankrupt and substantially bankrupt obligors		45,366	34,793	36,104	10,573	9,262
Claims with collection risk		153,879	106,157	141,964	47,722	11,915
Claims for special attention		75,846	61,972	68,243	13,874	7,603
Total	(A)	275,092	202,922	246,310	72,170	28,782
Total claims	(B)	3,104,703	(162,112)	(201,941)	3,266,815	3,306,644
Non-performing loan ratio	(A/B)	8.86	6.66	7.99	2.20	0.87

Status of coverage (Millions of yen, %)

		Claims against bankrupt and substantially bankrupt obligors	Claims with collection risk	Claims for special attention	Total	Change from
						Sep. 30, 2017
Non-performing loans	(A)	45,366	153,879	75,846	275,092	246,310
Covered amount (C+D)	(B)	45,366	137,098	56,999	239,464	214,880
Portion secured by collateral or guarantees, etc.	(C)	21,098	57,706	22,525	101,330	80,250
Allowance for loan losses	(D)	24,267	79,391	34,474	138,133	134,630
Coverage ratio (B/A)		100.00	89.09	75.15	87.04	1.63
Unsecured portion (A-C)	(E)	24,267	96,173	53,321	173,762	166,061
Allowance ratio for unsecured portion (D/E)		100.00	82.55	64.65	79.49	34.00

(Reference) As of Mar. 31, 2018

Unsecured portion	4,016	25,121	8,097	37,234
Allowance ratio for unsecured portion	100.00	42.21	29.56	45.69

(2) Risk-monitored loans (Millions of yen, %)

	Sep. 30, 2018			Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
	(a)	(a) - (b)	(a) - (c)		
Loans to bankrupt obligors	2,662	692	1,890	1,970	772
Non-accrual delinquent loans	196,523	140,274	176,210	56,249	20,313
Loans past due 3 months or more	2,628	1,333	1,956	1,295	672
Restructured loans	73,218	60,640	66,288	12,578	6,930
Total	275,032	202,938	246,343	72,094	28,689
Coverage ratio	87.04	14.93	1.68	72.11	85.36

8. Credit costs (Non-consolidated)

		(Millions of yen, %)		
		Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
Provision for general allowance for loan losses	(1)	26,830	26,752	78
Disposal of non-performing loans	(2)	93,354	89,702	3,652
Write-off of loans		1,975	151	1,824
Provision for specific allowance for loan losses		90,381	89,629	752
Losses on sales of delinquent loans		1,022	(36)	1,058
Provision for allowance for contingent losses		(24)	(41)	17
Recoveries of written-off claims	A	548	89	459
Net credit costs	(3) (=1)+(2)	120,185	116,454	3,731
Actual credit costs	(3)- A	119,636	116,365	3,271
Loans and bills discounted (average balance)		3,134,885	(88,283)	3,223,168
Net credit costs ratio		7.64	7.41	0.23
Actual credit costs ratio		7.61	7.41	0.20

(Note1) Net credit costs ratio = Net credit costs / The average balance of Loans and bills discounted (annualized)

(Note2) Actual credit costs ratio = Actual credit costs / The average balance of Loans and bills discounted (annualized)

9. Dividends

•In light of the interim financial results, the company has regretfully decided not to pay interim dividends.
The forecast for fiscal year-end dividends remains undecided at this time and shall be determined based on the annual financial results.

(yen)		
	Fiscal year ending Mar. 31, 2019 (a)	Fiscal year ended Mar. 31, 2018 (result) (b)
Annual dividend per share	Undetermined	21.00
Interim dividend	0.00	10.50

(Note) Annual dividend per share for the fiscal year ending March 31, 2019 is a forecast.

II . Financial data for the six months ended September 30, 2018

1. Details of financial results (Non-consolidated)

(Millions of yen)

	Six months ended Sep. 30, 2018		Six months ended Sep. 30, 2017
	(a)	(a) - (b)	
Gross operating profit (excluding gains (losses) on bonds)	53,974	(3,051)	57,025
Domestic gross operating profit (excluding gains (losses) on bonds)	(53,488)	(3,385)	56,873)
Net interest income	53,799	(3,020)	56,819
Net fees and commissions	(53,313)	(3,355)	56,668)
Net other operating income	55,441	(2,760)	58,201
(of which, Gains (losses) on bonds)	(487)	336	151
International gross operating profit (excluding gains (losses) on bonds)	175	(30)	205
Net interest income	(175)	(30)	205)
Net fees and commissions	136	(25)	161
Net other operating income	13	2	11
(of which, Gains (losses) on bonds)	25	(7)	32
Expenses (excluding non-recurring losses)	(-)	-	-)
Personnel expenses	23,819	(15)	23,834
Non-personnel expenses	8,578	(481)	9,059
Taxes	13,187	508	12,679
Net operating profit (before provision for general allowance for loan losses)	2,053	(41)	2,094
(excluding gains (losses) on bonds)	30,155	(3,035)	33,190
Provision for general allowance for loan losses	29,668	(3,371)	33,039
Net operating profit	26,830	26,752	78
Gains (losses) on bonds	3,324	(29,787)	33,111
Non-recurring gains (losses)	486	335	151
Recoveries of written-off claims	(87,061)	(83,891)	(3,170)
Gains (losses) on stocks	548	89	459
Ordinary profit	5,336	4,154	1,182
Extraordinary gains (losses)	(83,737)	(113,678)	29,941
Gains (losses) on disposal of non-current assets	(422)	(191)	(231)
Impairment loss (-)	(138)	93	(231)
Reversal provision for directors' retirement benefits	2,595	2,595	-
Income before income taxes	2,311	2,311	-
Income taxes-current	(84,160)	(113,869)	29,709
Income taxes-deferred	9,860	1,072	8,788
Total income taxes	4,259	3,817	442
Net income	14,119	4,889	9,230
	(98,280)	(118,759)	20,479

(1)Provision for general allowance for loan losses	26,830	26,752	78
(2)Disposal of non-performing loans	93,354	89,702	3,652
Write-off of loans	1,975	151	1,824
Provision for specific allowance for loan losses	90,381	89,629	752
Losses on sales of delinquent loans	1,022	(36)	1,058
Provision for allowance for contingent losses	(24)	(41)	17
(3)Net credit costs (1)+(2)	120,185	116,454	3,731
(4)Recoveries of written-off claims	548	89	459
(5)Actual credit costs (3)-(4)	119,636	116,365	3,271

Details of financial results (Consolidated)

	(Millions of yen)		
	Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
Consolidated gross profit	57,007	(5,530)	62,573
Net interest income	57,327	(5,479)	62,806
Net fees and commissions	(1,065)	(386)	(679)
Net other operating income	745	335	410
Expenses (excluding non-recurring losses)	26,178	251	25,927
Actual credit costs	124,101	118,625	5,476
Gains (losses) on stocks	7,137	5,955	1,182
Equity in gains (losses) of affiliates	(3)	(9)	6
Others	412	1,572	(1,160)
Ordinary profit	(85,726)	(116,888)	31,162
Extraordinary gains (losses)	(427)	(188)	(239)
Income before income taxes	(86,153)	(117,075)	30,922
Income taxes-current	10,132	998	9,134
Income taxes-deferred	4,551	4,053	498
Total income taxes	14,684	5,051	9,633
Profit attributable to non-controlling interests	(52)	(172)	120
Profit attributable to owners of parent	(100,785)	(121,953)	21,168

(1)Provision for general allowance for loan losses	27,269	26,867	402
(2)Disposal of non-performing loans	97,610	91,837	5,773
Write-off of loans	2,948	119	2,829
Provision for specific allowance for loan losses	93,047	91,716	1,331
Losses on sales of delinquent loans	1,639	45	1,594
Provision for allowance for contingent losses	(24)	(41)	17
(3)Net credit costs (1)+(2)	124,879	118,703	6,176
(4)Recoveries of written-off claims	777	78	699
(5)Actual credit costs (3)-(4)	124,101	118,625	5,476

(Note) Consolidated gross profit = (Interest income - Interest expenses) + (Fees and commissions - Fees and commissions payments) + (Other operating income - Other operating expenses)

(Reference) (Millions of yen)

Consolidated net operating profit	3,559	(32,647)	36,206
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(Note) Consolidated net operating profit = Consolidated gross profit - Consolidated expenses - Consolidated provision for general allowance for loan losses

(Number of consolidated subsidiaries and affiliates) (Companies)

Consolidated subsidiaries	9	-	9
Equity-method accounted affiliates	1	-	1

2. Net operating profit (Non-consolidated)

	(Millions of yen)		
	Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
Net operating profit	3,324	(29,787)	33,111
Per employee (Thousands of yen)	2,164	(19,157)	21,321

3. Interest margins (Non-consolidated)

Overall				(%)
		Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
Yield on interest earning assets	(A)	2.82	(0.07)	2.89
Yield on loans and bills discounted		3.36	(0.22)	3.58
Yield on securities		5.37	2.34	3.03
Yield on interest bearing liabilities	(B)	1.31	0.04	1.27
Yield on deposits		0.05	(0.04)	0.09
Loan-deposit margin (after deduction of expenses)		2.06	(0.25)	2.31
Net interest margin	(A) - (B)	1.51	(0.11)	1.62

Domestic				(%)
		Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
Yield on interest earning assets	(A)	2.81	(0.07)	2.88
Yield on loans and bills discounted		3.36	(0.22)	3.58
Yield on securities		5.52	2.40	3.12
Yield on interest bearing liabilities	(B)	1.26	0.04	1.22
Yield on deposits		0.05	(0.03)	0.08
Loan-deposit margin (after deduction of expenses)		2.09	(0.25)	2.34
Net interest margin	(A) - (B)	1.55	(0.11)	1.66

4. ROA and ROE (Non-consolidated)

				(%)
		Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
ROA	Net operating profit basis	0.15	(1.35)	1.50
	Net income basis	(4.71)	(5.63)	0.92
ROE	Net operating profit basis	2.06	(19.00)	21.06
	Net income basis	(61.10)	(74.13)	13.03

5. Gains (losses) on securities (Non-consolidated)

				(Millions of yen)
		Six months ended Sep. 30, 2018 (a)	(a) - (b)	Six months ended Sep. 30, 2017 (b)
Gains (losses) on bonds		486	335	151
	Gains on sales	-	(0)	0
	Gains on redemptions	517	307	210
	Losses on sales	-	-	-
	Losses on redemptions	30	(29)	59
	Losses on devaluation	-	-	-
Gains (losses) on stocks		5,336	4,154	1,182
	Gains on sales	7,153	5,960	1,193
	Losses on sales	-	(0)	0
	Losses on devaluation	1,817	1,807	10

6. Capital adequacy ratio (domestic standard)

Non-consolidated

(Millions of yen)

	Sep. 30, 2018 (a)	(a) - (b)	Sep. 30, 2017 (b)
Capital adequacy ratio	8.65%	(4.05%)	12.70%
Own capital (Core capital)	219,726	(105,844)	325,570
Core capital : instruments and reserves	243,432	(96,108)	339,540
Core capital : regulatory adjustments (-)	23,705	9,736	13,969
Risk-weighted assets	2,538,011	(24,024)	2,562,035
Total required capital	101,520	(961)	102,481

Consolidated

(Millions of yen)

	Sep. 30, 2018 (a)	(a) - (c)	Sep. 30, 2017 (b)
Capital adequacy ratio	8.64%	(4.29%)	12.93%
Own capital (Core capital)	223,139	(111,978)	335,117
Core capital : instruments and reserves	250,961	(100,780)	351,741
Core capital : regulatory adjustments (-)	27,821	11,198	16,623
Risk-weighted assets	2,580,156	(10,146)	2,590,302
Total required capital	103,206	(406)	103,612

(Note1) Amounts less than one million yen are rounded down.

(Note2) Total required capital = Risk-weighted assets × 0.04

7. Composition of own capital (domestic standard)

(Millions of yen)

	September 30, 2018			
	Non-consolidated		Consolidated	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
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	214,450		219,595	
Capital and capital surplus	48,632		30,531	
Retained earnings	166,378		189,624	
Treasury shares (-)	560		560	
Earnings to be distributed (-)	-		-	
Accumulated other comprehensive income included in Core capital	-		1,030	
Remeasurements of defined benefit plans	-		1,030	
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	28,969		29,107	
General allowance for loan losses	28,969		29,107	
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	-		1,215	
Core capital: instruments and reserves (A)	243,432		250,961	
Core capital: regulatory adjustments (2)				
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	13,357	3,339	15,337	3,397
Goodwill (including those equivalent)	-	-	1,747	-
Other intangible fixed assets other than goodwill and mortgage servicing rights	13,357	3,339	13,589	3,397
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	273	-
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	5,164	1,291	-	-
Net defined benefit asset	-	-	6,195	1,548
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	5,183	2,012	6,015	2,150
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)	5,183	2,012	6,015	2,150
Amount exceeding the 15% threshold on specified items	-	-	-	-
Core capital: regulatory adjustments (B)	23,705		27,821	
Total capital				
Total capital (A-B) (C)	219,726		223,139	
Risk-weighted assets (3)				
Credit risk-weighted assets	2,317,547		2,328,612	
Total of items included in risk-weighted assets subject to transitional arrangements	19,371		20,472	
Intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	4,790		4,874	
Deferred tax assets (net of related tax liability)	12,727		13,376	
Prepaid pension cost	1,852		-	
Net defined benefit asset	-		2,222	
Amount equivalent to market risk × 12.5	-		-	
Amount equivalent to operational risk × 12.5	220,464		251,544	
Credit risk-weighted assets adjustments	-		-	
Amount equivalent to operational risk adjustments	-		-	
Total amount of risk-weighted assets (D)	2,538,011		2,580,156	
Capital adequacy ratio (non-consolidated)				
Capital adequacy ratio (non-consolidated) (C/D)	8.65%		-	
Capital adequacy ratio (consolidated)				
Capital adequacy ratio (consolidated) (C/D)	-		8.64%	

III. Status of loans, etc.

Comparison of asset disclosure by standard

Non-consolidated (As of September 30, 2018)

Classification and status of coverage by disclosure standard

Self-assessment result (by obligor classification)					Non-performing loans based on the Financial Reconstruction Law				(Millions of yen) Risk-monitored loans		
* Includes total claims.					* Includes total claims (“Claims for special attention” includes only loans and bills discounted).				* Includes loans and bills discounted.		
Category Credit balance	Classification				Category Credit balance	Collateral or guarantees, etc.	Allowance	Coverage ratio	Category	Out- standing balance	
	Non- classifi- cation	Classifi- cation II	Classifi- cation III	Classifi- cation IV							
Bankrupt obligors 2,665 [842]	866	1,799	-	- [842]	Claims against bankrupt and substantially bankrupt obligors 45,366	21,098	24,267	100%	Loans to bankrupt obligors	2,662	
Effectively bankrupt obligors 42,700 [23,425]	23,761	18,938	-	- [23,425]	Claims with collection risk 153,879	57,706	79,391	89.09%	Non-accrual delinquent loans	196,523	
Potentially bankrupt obligors 153,879 [79,391]	83,500	53,597	16,781 [79,391]	-	Claims for special attention 75,846	22,525	34,474	75.15%	Loans past due 3 months or more	2,628	
Obligors requiring caution	Sub- standard obligors 94,263	484	93,778	-	-	Subtotal	101,330	138,133	87.04%	Restructured loans	73,218
	Other obligors requiring caution 1,139,703	17,406	1,122,297	-	-	Normal assets 2,829,611				Total	275,032
Normal obligors 1,671,491	1,671,491	-	-	-	Total						
Total 3,104,703 [103,659]	1,797,511	1,290,410	16,781 [79,391]	- [24,267]							

(Note1) “Total claims” includes “Loans and bills discounted”, “Customers’ liabilities for acceptances and guarantees”, “Foreign exchanges”, “Securities lent”, “Suspense payment” and “Accrued interest”.

(Note2) Numbers shown in brackets under “Self-assessment result” represent the reserved amount for each category.

1. Risk-monitored loans

The following table shows figures after partial direct write-off of loans.

The amounts of partial direct write-off of loans for the six months ended September 30, 2018 were as follows:

(a) Non-consolidated: ¥2,846 million; (b) Consolidated: ¥3,667 million

Loans to “Potentially bankrupt obligors”, “Effectively bankrupt obligors” and “Bankrupt obligors” under self-assessment are placed on non-accrual status.

Non-consolidated

(Millions of yen, %)

		Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
		(a)	(a) - (b)	(a) - (c)	(b)	(c)
Risk-monitored loans	Loans to bankrupt obligors	2,662	692	1,890	1,970	772
	Non-accrual delinquent loans	196,523	140,274	176,210	56,249	20,313
	Loans past due 3 months or more	2,628	1,333	1,956	1,295	672
	Restructured loans	73,218	60,640	66,288	12,578	6,930
	Total	275,032	202,938	246,343	72,094	28,689
Loans and bills discounted (period-end balance)		3,085,874	(160,104)	(200,173)	3,245,978	3,286,047
% to loans and bills discounted	Loans to bankrupt obligors	0.08	0.02	0.06	0.06	0.02
	Non-accrual delinquent loans	6.36	4.63	5.75	1.73	0.61
	Loans past due 3 months or more	0.08	0.05	0.06	0.03	0.02
	Restructured loans	2.37	1.99	2.16	0.38	0.21
	Total	8.91	6.69	8.04	2.22	0.87

Consolidated

(Millions of yen, %)

		Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
		(a)	(a) - (b)	(a) - (c)	(b)	(c)
Risk-monitored loans	Loans to bankrupt obligors	4,064	1,077	2,569	2,987	1,495
	Non-accrual delinquent loans	202,796	140,450	176,335	62,346	26,461
	Loans past due 3 months or more	2,628	1,333	1,956	1,295	672
	Restructured loans	73,218	60,640	66,288	12,578	6,930
	Total	282,707	203,500	247,148	79,207	35,559
Loans and bills discounted (period-end balance)		3,090,985	(157,174)	(195,917)	3,248,159	3,286,902
% to loans and bills discounted	Loans to bankrupt obligors	0.13	0.04	0.09	0.09	0.04
	Non-accrual delinquent loans	6.56	4.65	5.76	1.91	0.80
	Loans past due 3 months or more	0.08	0.05	0.06	0.03	0.02
	Restructured loans	2.36	1.98	2.15	0.38	0.21
	Total	9.14	6.71	8.06	2.43	1.08

2. Allowance ratio for risk-monitored loans

Non-Consolidated (Millions of yen, %)

	Sep. 30, 2018 (a)	Sep. 30, 2018		Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
		(a) - (b)	(a) - (c)		
Risk-monitored loans (A)	275,032	202,938	246,343	72,094	28,689
Collateral or guarantees, etc. (B)	101,321	66,427	80,305	34,894	21,016
Allowance for loan losses (C)	138,082	120,990	134,607	17,092	3,475
Allowance ratio (C/A)	50.20	26.50	38.09	23.70	12.11
Coverage ratio (B+C)/(A)	87.04	14.93	1.68	72.11	85.36

Consolidated (Millions of yen, %)

	Sep. 30, 2018 (a)	Sep. 30, 2018		Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
		(a) - (b)	(a) - (c)		
Risk-monitored loans (A)	282,707	203,500	247,148	79,207	35,559
Collateral or guarantees, etc. (B)	104,059	66,656	80,600	37,403	23,459
Allowance for loan losses (C)	141,589	121,247	135,049	20,342	6,540
Allowance ratio (C/A)	50.08	24.40	31.69	25.68	18.39
Coverage ratio (B+C)/(A)	86.89	13.99	2.53	72.90	84.36

3. Allowance for loan losses

Non-consolidated (Millions of yen)

	Sep. 30, 2018 (a)	Sep. 30, 2018		Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
		(a) - (b)	(a) - (c)		
Allowance for loan losses	186,095	116,006	173,904	70,089	12,191
General allowance for loan losses	82,234	26,831	73,251	55,403	8,983
Specific allowance for loan losses	103,860	89,175	100,653	14,685	3,207

Consolidated (Millions of yen)

	Sep. 30, 2018 (a)	Sep. 30, 2018		Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
		(a) - (b)	(a) - (c)		
Allowance for loan losses	196,729	118,511	177,021	78,218	19,708
General allowance for loan losses	87,059	27,227	74,108	59,832	12,951
Specific allowance for loan losses	109,669	91,284	102,913	18,385	6,756

4. Non-performing loans based on the Financial Reconstruction Law

Non-consolidated (Millions of yen)

	Sep. 30, 2018 (a)	Sep. 30, 2018		Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
		(a) - (b)	(a) - (c)		
Claims against bankrupt and substantially bankrupt obligors	45,366	34,793	36,104	10,573	9,262
Claims with collection risk	153,879	106,157	141,964	47,722	11,915
Claims for special attention	75,846	61,972	68,243	13,874	7,603
Total (A)	275,092	202,922	246,310	72,170	28,782

5. Status of coverage of non-performing loans based on the Financial Reconstruction Law

Non-consolidated (Millions of yen, %)

	Sep. 30, 2018 (a)	Sep. 30, 2018		Mar. 31, 2018 (b)	Sep. 30, 2017 (c)
		(a) - (b)	(a) - (c)		
Total coverage (B)	239,464	187,513	214,880	51,951	24,584
Allowance for loan losses	138,133	121,118	134,630	17,015	3,503
Collateral or guarantees, etc.	101,330	66,395	80,250	34,935	21,080
Coverage ratio (B/A)	87.04	15.06	1.63	71.98	85.41

6. Loan breakdown by industry, etc.

(1) Loan breakdown by industry (Non-consolidated)

(Millions of yen)

	Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Domestic offices (excluding Japan offshore banking accounts)	3,085,874	(160,104)	(200,173)	3,245,978	3,286,047
Manufacturing	48,128	(6,148)	(6,154)	54,276	54,282
Agriculture and forestry	4,769	(180)	(281)	4,949	5,050
Fishery	36	(1)	(2)	37	38
Mining, quarrying and gravel	254	254	254	-	-
Construction	13,180	(2,229)	(2,028)	15,409	15,208
Utilities	1,191	190	(1,935)	1,001	3,126
Information and communication	1,355	(300)	(136)	1,655	1,491
Transportation and postal service	12,760	(1,087)	(477)	13,847	13,237
Wholesale and retail trade	31,612	(4,240)	(5,873)	35,852	37,485
Finance and insurance	70,663	(4,110)	(3,368)	74,773	74,031
Real estate, goods rental and leasing	67,596	(1,762)	(2,744)	69,358	70,340
Services	30,988	(2,658)	(4,691)	33,646	35,679
Government and municipal government	4,183	(3,112)	(1,503)	7,295	5,686
Others	2,799,146	(134,722)	(171,238)	2,933,868	2,970,384

(2) Breakdown of risk-monitored loans by industry (Non-consolidated)

(Millions of yen)

	Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Domestic offices (excluding Japan offshore banking accounts)	275,032	202,938	246,343	72,094	28,689
Manufacturing	1,364	(185)	(189)	1,549	1,553
Agriculture and forestry	0	0	0	-	-
Fishery	33	0	0	33	33
Mining, quarrying and gravel	-	-	-	-	-
Construction	1,181	(337)	(337)	1,518	1,558
Utilities	5	(5)	(6)	10	11
Information and communication	125	0	0	125	125
Transportation and postal service	83	(10)	(18)	93	101
Wholesale and retail trade	1,915	(686)	(930)	2,601	2,845
Finance and insurance	-	-	-	-	-
Real estate, goods rental and leasing	18,509	16,351	16,066	2,158	2,443
Services	1,511	(246)	(281)	1,757	1,792
Government and municipal government	-	-	-	-	-
Others ※	250,301	188,056	232,080	62,245	18,221

※ “Others” includes real estate financing for rent to individuals.

(3) Consumer loans (Non-consolidated)

(Millions of yen)

	Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Consumer loans	2,790,884	(135,107)	(172,561)	2,925,991	2,963,445
Secured loans	2,533,341	(121,235)	(159,632)	2,654,576	2,692,937
Unsecured loans	257,543	(13,871)	(12,965)	271,414	270,508

(4) The ratio of loans to small- and medium-sized enterprises, etc. (Non-consolidated)

(%)

	Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
The ratio of loans to small- and medium-sized enterprises, etc.	96.88	0.23	0.14	96.65	96.74

7. Loan breakdown by country

(1) Loans to specific foreign countries (Non-consolidated)

Not applicable.

(2) Loans to Asian countries (Non-consolidated)

Not applicable.

8. Deposits and loans (Non-consolidated)

Millions of yen)

		Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
		(a)	(a) - (b)	(a) - (c)	(b)	(c)
Deposits	period-end balance	3,415,930	(673,719)	(660,146)	4,089,649	4,076,076
	average balance	3,791,321	(255,696)	(258,801)	4,047,017	4,050,122
Loans	period-end balance	3,085,874	(160,104)	(200,173)	3,245,978	3,286,047
	average balance	3,134,885	(94,891)	(88,283)	3,229,776	3,223,168

9. Number of branches (Non-consolidated)

(Branches)

	Sep. 30, 2018			Mar. 31, 2018	Sep. 30, 2017
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Number of branches	132	-	-	132	132

IV. Unrealized gains (losses) on securities

1. Unrealized gains (losses)

Non-consolidated

(Millions of yen)

	Sep. 30, 2018				Mar. 31, 2018				Sep. 30, 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	128,203	20,927	21,381	454	116,151	24,818	25,400	581	111,220	28,124	28,530	406
Stocks	33,524	20,483	20,551	67	41,275	24,604	24,699	95	46,085	26,706	26,813	106
Bonds	89,070	(244)	43	287	62,850	(7)	90	98	55,477	(157)	55	213
Others	5,608	687	787	99	12,025	221	609	388	9,657	1,575	1,661	85

(Note1) Amounts less than one million yen are rounded down.

(Note2) Stocks of subsidiaries and affiliates are not included since they are not valued with fair value.

(Note3) Unrealized gains (losses) represent the difference between the fair value as of period-ends and acquisition costs.

Consolidated

(Millions of yen)

	Sep. 30, 2018				Mar. 31, 2018				Sep. 30, 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	130,797	23,299	23,754	454	118,214	26,659	27,241	581	113,177	29,860	30,266	406
Stocks	34,284	21,145	21,213	67	41,970	25,201	25,296	95	46,765	27,289	27,396	106
Bonds	89,070	(244)	43	287	62,850	(7)	90	98	55,477	(157)	55	213
Others	7,442	2,397	2,497	99	13,393	1,464	1,853	388	10,934	2,728	2,814	85

(Note1) Amounts less than one million yen are rounded down.

(Note2) Stocks of subsidiaries and affiliates are not included since they are not valued with fair value.

(Note3) Unrealized gains (losses) represent the difference between the fair value as of period-ends and acquisition costs.

V. Retirement benefits

1. Retirement benefit expenses

Non-consolidated

(Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017
Service cost	264	276
Interest cost	54	56
Expected returns on plan assets	(386)	(365)
Amortization of unrecognized net actuarial gains (losses)	(164)	(79)
Others (non-recurring extra retirement payments, etc.) (Note1)	106	114
Retirement benefit expenses	(124)	2

(Note1) "Others (non-recurring extra retirement payments, etc.)" for the six months ended Sep. 30, 2017 includes the contribution to a defined contribution pension plan.

Consolidated

(Millions of yen)

	Six months ended Sep. 30, 2018	Six months ended Sep. 30, 2017
Service cost (Note1)	274	289
Interest cost	54	56
Expected returns on plan assets	(386)	(365)
Amortization of unrecognized net actuarial gains (losses)	(164)	(79)
Others (non-recurring extra retirement payments, etc.) (Note2)	112	120
Retirement benefit expenses	(108)	21

(Note1) Retirement benefit expenses of consolidated subsidiaries adopting a simplified method are included in "Service cost".

(Note2) "Others (non-recurring extra retirement payments, etc.)" includes the contribution to a defined contribution pension plan.