

SURUGA bank, Ltd.

Consolidated financial results for the nine months ended December 31, 2018

<under Japanese GAAP>

Stock exchange listings: Tokyo (code: 8358)

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

Representative: Michio Arikuni, President

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

1. Consolidated financial results for the nine months ended December 31, 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	%
Nine months ended						
December 31, 2018	109,046	(7.2)	(78,901)	-	(96,165)	-
December 31, 2017	117,609	8.9	50,689	14.3	34,716	9.4

(Note) Comprehensive income: (a) Nine months ended December 31, 2018: ¥(103,314)million [- %]

(b) Nine months ended December 31, 2017: ¥38,832 million [19.0%]

	Earnings per share		Earnings per share (diluted)	
	yen		yen	
Nine months ended				
December 31, 2018	(415.13)		-	
December 31, 2017	149.88		149.85	

(2) Consolidated financial position

	Total assets		Total net assets		Net assets ratio	
	Millions of yen		Millions of yen		%	
As of						
December 31, 2018	3,486,539		238,941		6.8	
March 31, 2018	4,461,576		344,763		7.6	

(Reference) Shareholders' equity: (a) As of December 31, 2018: ¥237,873 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: No

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

	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: No

*Notes

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

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

Note: For details, please refer to page 6 of the appendix “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 December 31, 2018	232,139,248 shares	As of March 31, 2018	232,139,248 shares
(B) Number of treasury shares:	As of December 31, 2018	488,100 shares	As of March 31, 2018	507,295 shares
(C) Average number of shares:	Nine months ended December 31, 2018	231,647,945 shares	Nine months ended December 31, 2017	231,617,829 shares

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

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

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

(Appendix)

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1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the nine months ended December 31, 2018, ordinary income decreased by ¥8.563 billion year-on-year to ¥109.046 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 ¥121.028 billion year-on-year to ¥187.948 billion, mainly due to an increase in credit costs related to share house loans, etc. As a result, ordinary profit decreased by ¥129.59 billion year-on-year to a loss of ¥78.901 billion. Profit attributable to owners of parent decreased by ¥130.881 billion year-on-year to a loss of ¥96.165 billion, mainly owing to the fact that reversal of provision for directors' retirement benefits of ¥2.311 billion was posted in extraordinary gains, and impairment losses of fixed assets of ¥2.595 billion were posted in extraordinary losses.

(2) Details of financial position

As for the consolidated major account balances as of December 31, 2018, loans and bills discounted came in at ¥2,973.639 billion, down by ¥274.52 billion from March 31, 2018. This was primarily due to the decrease (¥199.889 billion) in consumer loans (non-consolidated).

Securities amounted to ¥130.543 billion, down by ¥0.994 billion from March 31, 2018.

Deposits amounted to ¥3,221.276 billion, down by ¥858.696 billion from March 31, 2018, mainly due to a decrease (¥603.089 billion) in individual deposits.

(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 November 14, 2018.

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 Dec. 31, 2018
Assets		
Cash and due from banks	973,397	403,317
Call loans and bills bought	2,141	280
Trading account securities	86	166
Money held in trust	1,571	458
Securities	131,537	130,543
Loans and bills discounted	3,248,159	2,973,639
Foreign exchanges	2,514	2,416
Lease receivables and investment assets	5,995	6,318
Other assets	65,076	70,098
Tangible fixed assets	52,120	48,948
Intangible fixed assets	27,111	25,475
Net defined benefit asset	10,509	11,395
Deferred tax assets	16,695	15,301
Customers' liabilities for acceptances and guarantees	2,877	2,743
Allowance for loan losses	(78,218)	(204,563)
Total assets	4,461,576	3,486,539
Liabilities		
Deposits	4,079,972	3,221,276
Borrowed money	1,085	815
Foreign exchanges	23	63
Other liabilities	28,300	21,419
Provision for bonuses	699	11
Provision for directors' bonuses	182	-
Net defined benefit liability	265	273
Provision for directors' retirement benefits	2,507	233
Provision for reimbursement of deposits	365	189
Provision for contingent losses	137	105
Deferred tax liabilities	396	467
Acceptances and guarantees	2,877	2,743
Total liabilities	4,116,813	3,247,598
Net assets		
Capital stock	30,043	30,043
Capital surplus	489	1,176
Retained earnings	292,841	194,243
Treasury shares	(582)	(560)
Total shareholders' equity	322,791	224,903
Net unrealized gains (losses) on available-for-sale securities	18,489	11,765
Deferred gains (losses) on hedges	(15)	(26)
Remeasurements of defined benefit plans	1,402	1,231
Total accumulated other comprehensive income	19,876	12,969
Subscription rights to shares	17	12
Non-controlling interests	2,078	1,055
Total net assets	344,763	238,941
Total liabilities and net assets	4,461,576	3,486,539

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

Consolidated statements of income

(Millions of yen)

	For the nine months ended Dec. 31, 2017	For the nine months ended Dec. 31, 2018
Ordinary income	117,609	109,046
Interest income	99,194	86,336
Interest on loans and bills discounted	94,213	84,533
Interest and dividends on securities	3,918	1,306
Fees and commissions	10,083	9,053
Other operating income	3,039	3,139
Other income	5,293	10,517
Ordinary expenses	66,920	187,948
Interest expenses	2,942	1,626
Interest on deposits	2,776	1,384
Fees and commissions payments	11,317	10,403
Other operating expenses	2,484	2,269
General and administrative expenses	39,439	38,684
Other expenses	10,736	134,964
Ordinary profit	50,689	(78,901)
Extraordinary gains	9	2,311
Gains on disposal of non-current assets	9	0
Reversal provision for directors' retirement benefits	-	2,311
Extraordinary losses	425	2,842
Losses on disposal of non-current assets	425	247
Impairment loss	-	2,595
Income before income taxes	50,273	(79,432)
Income taxes	15,391	16,820
Profit	34,881	(96,252)
Profit attributable to non-controlling interests	165	(87)
Profit attributable to owners of parent	34,716	(96,165)

Consolidated statements of comprehensive income

	(Millions of yen)	
	For the nine months ended Dec. 31, 2017	For the nine months ended Dec. 31, 2018
Profit	34,881	(96,252)
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	3,784	(6,878)
Deferred gains (losses) on hedges	1	(11)
Remeasurements of defined benefit plans, net of tax	164	(171)
Total other comprehensive income	3,950	(7,062)
Comprehensive income	38,832	(103,314)
(Breakdown)		
Comprehensive income attributable to owners of parent	38,561	(103,072)
Comprehensive income attributable to non-controlling interests	270	(242)

(3) Notes regarding consolidated financial statements

(Notes on going-concern assumption)

Not applicable.

(Notes for material changes in shareholders' equity)

Not applicable.

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

(Calculation of income taxes)

Income taxes reported by the company and its subsidiaries are calculated by multiplying income before income taxes for the nine months ended December 31, 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 third quarter.

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

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

Not applicable.

Financial Results for the nine months ended December 31, 2018 - Supplementary Information -

(1) Operating results for the nine months ended December 31, 2018 (Non-consolidated)

	Dec. 31, 2018		Dec. 31, 2017	(a) - (b)	FY3/2018
	(a) 2018.4.1-12.31	2018.10.1-12.31	(b) 2017.4.1-12.31		
Gross operating profit	78,291	24,316	87,284	(8,993)	115,171
Net interest income	80,822	25,244	89,656	(8,834)	118,336
Net fees and commissions	(3,052)	(937)	(2,571)	(481)	(3,507)
Net other operating income	521	9	199	322	342
(Gains (losses) on bonds)	(492)	6	151	341	281)
Core gross operating profit (Note1)	77,798	24,310	87,133	(9,335)	114,890
Expenses	35,458	11,638	35,599	(141)	46,742
Personnel expenses	12,188	3,609	13,456	(1,268)	17,777
Non-personnel expenses	20,347	7,160	18,996	1,351	25,078
Core net operating profit (Note2)	42,340	12,671	51,533	(9,193)	68,148
Actual net operating profit (Note3)	42,833	12,677	51,684	(8,851)	68,429
Provision for general allowance for loan losses	29,635	2,804	444	29,191	46,499
Net operating profit	13,197	9,872	51,240	(38,043)	21,930
Non-recurring gains (losses)	(90,651)	(3,589)	(2,307)	(88,344)	(13,258)
Gains (losses) on stocks	7,377	2,041	3,910	3,467	5,454
Ordinary profit	(77,454)	6,283	48,932	(126,386)	8,670
Extraordinary gains (losses)	(521)	(98)	(407)	(114)	(414)
Income before income taxes	(77,975)	6,184	48,524	(126,499)	8,256
Income taxes (Note4)	16,104	1,984	14,897	1,207	3,032
Net income	(94,080)	4,199	33,627	(127,707)	5,223

(Millions of yen)					
Net credit costs (Note5)	128,747	8,562	6,260	122,487	65,363
Provision for general allowance for loan losses	29,635	2,804	444	29,191	46,499
Disposal of non-performing loans	99,111	5,757	5,815	93,296	18,864
Recoveries of written-off claims	602	53	635	(33)	1,346
Actual credit costs (Note6)	128,144	8,508	5,624	122,520	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

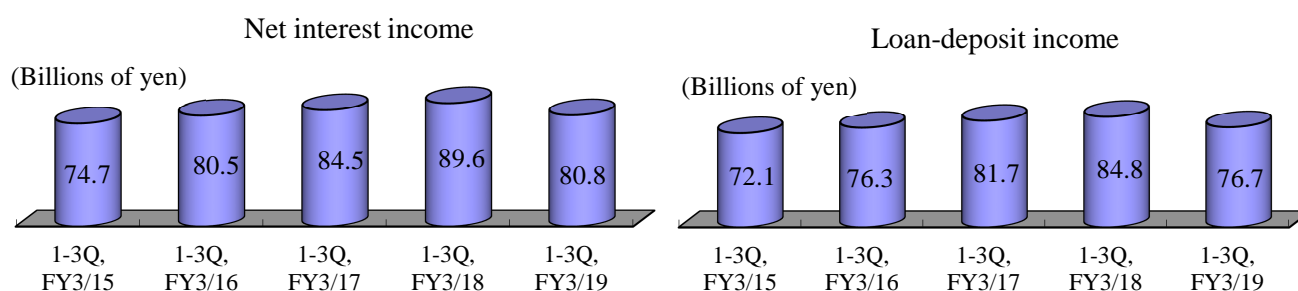
(Note4) Income taxes for the fiscal year ended March 31, 2018 are the amount of Total income taxes.

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

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

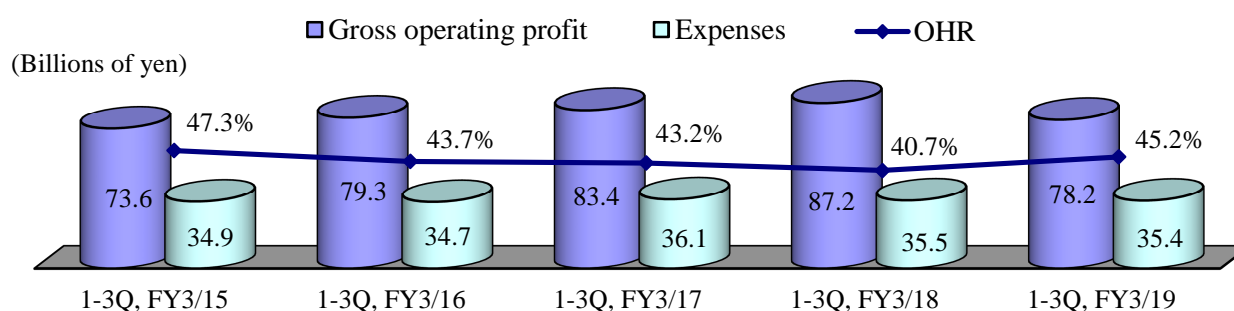
(A) Gross operating profit: ¥78.2 billion

- Net interest income decreased by ¥8.8 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Loan-deposit income decreased by ¥8.1 billion year-on-year.
- Gross operating profit decreased by ¥8.9 billion year-on-year.



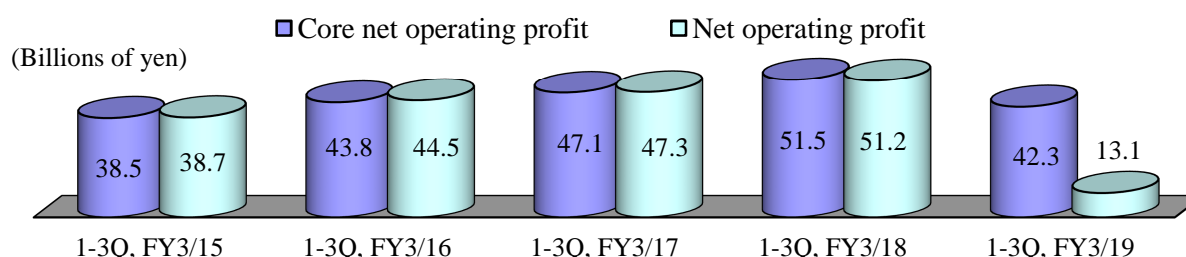
(B) Expenses; OHR: 45.2%

- Expenses decreased by ¥0.1 billion year-on-year.
 - OHR rose year-on-year to 45.2%, mainly due to a decrease in gross operating profit.
- (OHR (%) = Expenses / Gross operating profit × 100)



(C) Core net operating profit: ¥42.3 billion, Net operating profit: ¥13.1 billion

- Core net operating profit decreased by ¥9.1 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit decreased by ¥38.0 billion year-on-year, mainly due to an increase in provision for general allowance for loan losses.



(D) Ordinary profit: (¥77.4) billion, Net income: (¥94.0) billion

- Ordinary profit decreased by ¥126.3 billion year-on-year, mainly due to an increase in net credit costs.
- Net income decreased by ¥127.7 billion year-on-year, mainly due to a decrease in ordinary profit.

(E) Actual credit costs: ¥128.1 billion

- Net credit costs increased by ¥122.4 billion year-on-year, mainly due to an increase (¥29.1 billion) in provision for general allowance for loan losses and an increase (¥93.2 billion) in disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥128.7 billion) minus the amount of recoveries of written-off claims (¥0.6 billion) amounted to ¥128.1 billion.

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

- Loans and bills discounted decreased by ¥310.2 billion year-on-year.
- Yield on loans and bills discounted (overall) dropped by 25 basis points year-on-year to 3.35%.

	Dec. 31, 2018 (a)	(a) - (b)	Dec. 31, 2017 (b)	(Millions of yen) Mar. 31, 2018
Loans and bills discounted (period-end balance)	2,968,727	(310,270)	3,278,997	3,245,978
Consumer loans	2,726,102	(243,148)	2,969,250	2,925,991
Secured loans	2,477,929	(218,874)	2,696,803	2,654,576
Unsecured loans	248,173	(24,274)	272,447	271,414
Loans and bills discounted (average balance)	3,093,742	(135,000)	3,228,742	3,229,776

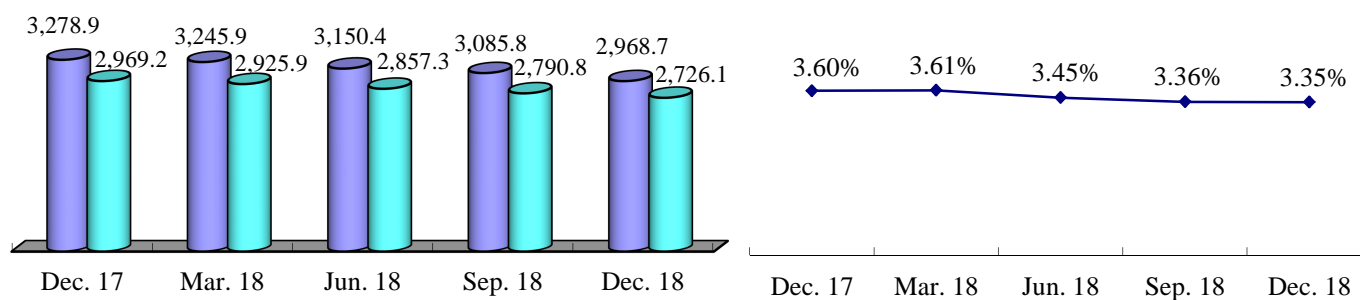
	Nine months ended Dec. 31, 2018	(Billions of yen) FY3/2018
New consumer loans	33.7	353.3

(Reference) Business alliance with Japan Post Bank	Nine months ended Dec. 31, 2018	(Billions of yen) FY3/2018
New housing loans	17.2	35.6

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

- ◆ Yield on loans and bills discounted (overall)

(Billions of yen)



Consumer loans

Outstanding balance, yield, delinquency rate by loan category

(Billions of yen)

Loan category	Dec. 31, 2018			Sep. 30, 2018		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	2,477.9	3.31%	3.90%	2,533.3	3.39%	2.77%
Housing loans	636.7	2.89%	0.26%	653.3	2.91%	0.24%
Studio apartment loans	345.1	3.45%	0.66%	362.7	3.47%	0.20%
Single building apartment loans	1,245.0	3.61%	1.15%	1,263.6	3.73%	0.50%
Share house loans	202.0	2.13%	38.71%	203.0	2.34%	30.13%
Other secured loans	48.9	4.89%	0.55%	50.7	4.90%	0.55%
Unsecured loans	248.1	10.05%	1.26%	257.5	10.02%	0.87%
Card loans	161.5	11.32%	0.52%	167.3	11.28%	0.37%
Unsecured certificate loans	86.6	7.68%	2.65%	90.2	7.69%	1.81%
Consumer loans	2,726.1	3.92%	3.66%	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)

(Billions of yen)

	Total	Claims against bankrupt and substantially bankrupt obligors			Subtotal (Non-performing loans)	Normal assets
		Claims with collection risk	Claims for special attention			
Sep. 30, 2018	253.7	31.8	101.6	56.8	190.3	63.4
Dec. 31, 2018	251.5	69.5	65.0	76.2	210.9	40.5

(Billions of yen)

	Total		Collateral or guarantees, etc. B	Unsecured portion C	Allowance D	Coverage ratio (B+D)/A
	A	Share house claims				
Sep. 30, 2018	253.7	203.4	95.2	158.4	136.2	91.25%
Dec. 31, 2018	251.5	202.2	94.9	156.5	136.9	92.21%

※ 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

(Billions of yen)

Item	Dec. 31, 2018		Sep. 30, 2018	
	Actual credit costs	Allowance ※2	Actual credit costs	Allowance ※2
Share house-related loans	95.3	136.9	94.7	136.2
Investment property loans ※1	15.0	35.5	9.2	30.3
Housing loans	1.5	1.8	1.4	1.7
Unsecured loans	0.6	0.7	0.5	0.6
Loans to founder-affiliated companies	15.1	15.2	13.4	13.4
Business financing other than loans to founder-affiliated companies, etc.	0.2	3.3	0.3	3.6
Total	128.1	193.6	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).

(B) Deposits

- Deposits decreased by ¥843.7 billion year-on-year.
- Yield on deposits (overall) dropped by 4 bases points year-on-year to 0.05%.

(Millions of yen)

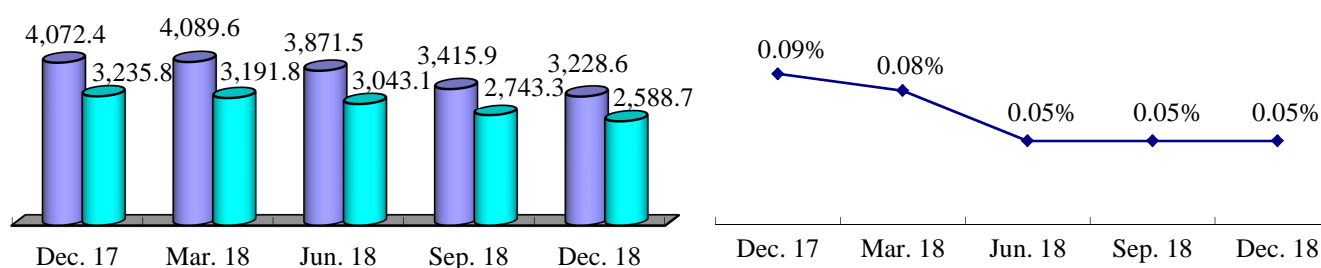
	Dec. 31, 2018 (a)	(a) - (b)	Dec. 31, 2017 (b)	Mar. 31, 2018
Deposits (period-end balance)	3,228,694	(843,709)	4,072,403	4,089,649
Individual deposits	2,588,758	(647,080)	3,235,838	3,191,847
Deposits (average balance)	3,613,444	(435,115)	4,048,559	4,047,017

■ Deposits (period-end balance)

■ Individual deposits (period-end balance)

◆ Yield on deposits (overall)

(Billions of yen)



(3) Interest margins (Non-consolidated)

- Loan-deposit margin (after deduction of expenses, overall) dropped by 35 bases points year-on-year to 1.99%.
- Net interest margin (overall) dropped by 19 basis points year-on-year to 1.49%.

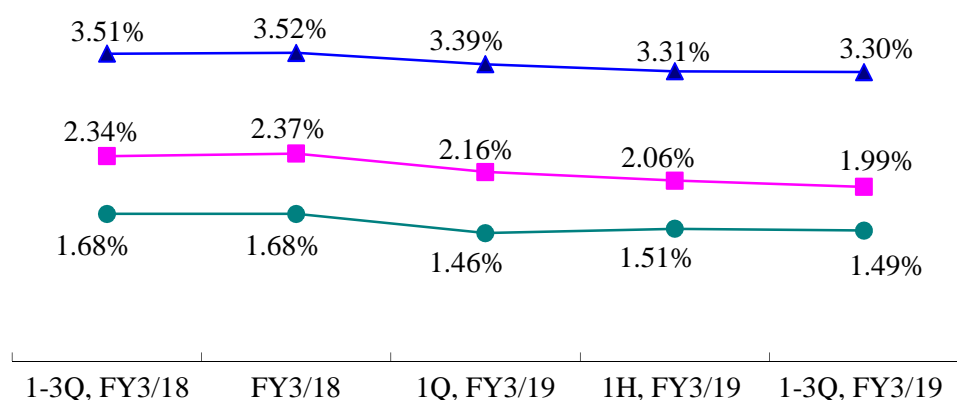
Overall

	Nine months ended Dec. 31, 2018 (a)	(a) - (b)	Nine months ended Dec. 31, 2017 (b)	FY3/2018 (%)
Yield on loans and bills discounted	3.35	(0.25)	3.60	3.61
Yield on deposits	0.05	(0.04)	0.09	0.08
Loan-deposit margin (after deduction of expenses)	1.99	(0.35)	2.34	2.37
Net interest margin	1.49	(0.19)	1.68	1.68

Domestic

	Nine months ended Dec. 31, 2018 (a)	(a) - (b)	Nine months ended Dec. 31, 2017 (b)	FY3/2018 (%)
Yield on loans and bills discounted	3.35	(0.25)	3.60	3.61
Yield on deposits	0.05	(0.02)	0.07	0.07
Loan-deposit margin (after deduction of expenses)	2.03	(0.34)	2.37	2.40
Net interest margin	1.53	(0.19)	1.72	1.72

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



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

- Non-performing loans based on the Financial Reconstruction Law increased by ¥289.1 billion year-on-year.
- Non-performing loan ratio rose by 976 basis points year-on-year to 10.60%.

(Millions of yen)

	Dec. 31, 2018	Dec. 31, 2017	Mar. 31, 2018
Claims against bankrupt and substantially bankrupt obligors	88,433	9,475	10,573
Claims with collection risk	117,910	11,196	47,722
Claims for special attention	110,633	7,205	13,874
Total (Non-performing loans based on the Financial Reconstruction Law)	316,977	27,877	72,170
Non-performing loan ratio	10.60%	0.84%	2.20%
Total coverage	270,149	23,620	51,951
Coverage ratio	85.22%	84.73%	71.98%

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

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

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

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

(5) Capital adequacy ratio (domestic standard)

• Capital adequacy ratio (non-consolidated) dropped by 430 basis points year-on-year to 9.05%.
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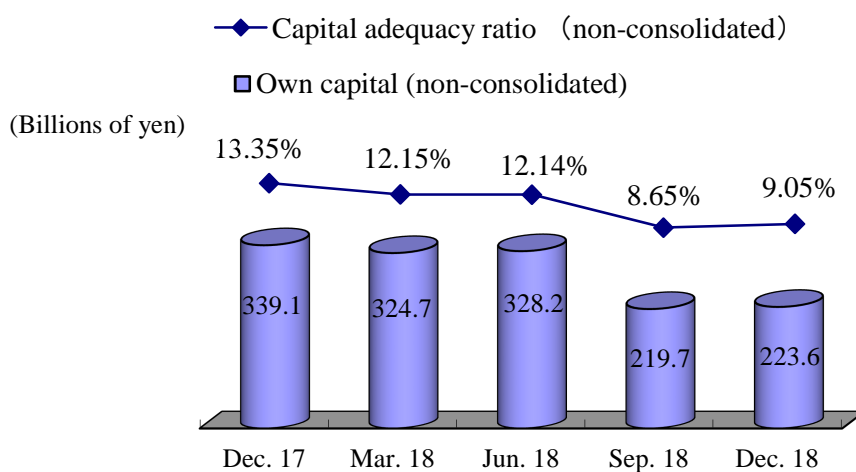
Non-consolidated (Millions of yen)

	Dec. 31, 2018	Dec. 31, 2017
Capital adequacy ratio	9.05%	13.35%
Own capital (Core capital)	223,606	339,131
Core capital: instruments and reserves	246,780	353,049
Core capital: regulatory adjustments (-)	23,174	13,917
Risk-weighted assets	2,469,850	2,539,784
Total required capital	98,794	101,591

Consolidated (Millions of yen)

	Dec. 31, 2018	Dec. 31, 2017
Capital adequacy ratio	9.05%	13.56%
Own capital (Core capital)	227,715	349,095
Core capital: instruments and reserves	254,827	365,618
Core capital: regulatory adjustments (-)	27,111	16,523
Risk-weighted assets	2,514,978	2,572,947
Total required capital	100,599	102,917

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



(6) Composition of own capital (domestic standard)

(Millions of yen)

	December 31, 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	218,650		224,903	
Capital and capital surplus	48,632		31,220	
Retained earnings	170,578		194,243	
Treasury shares (-)	560		560	
Earnings to be distributed (-)	-		-	
Accumulated other comprehensive income included in Core capital	-		985	
Remeasurements of defined benefit plans	-		985	
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	28,117		28,292	
General allowance for loan losses	28,117		28,292	
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	-		633	
Core capital: instruments and reserves (A)	246,780		254,827	
Core capital: regulatory adjustments (2)				
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	13,026	3,256	14,963	3,312
Goodwill (including those equivalent)	-	-	1,715	-
Other intangible fixed assets other than goodwill and mortgage servicing rights	13,026	3,256	13,248	3,312
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	5,369	1,342	-	-
Net defined benefit asset	-	-	6,354	1,588
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	4,778	1,999	5,519	2,130
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)	4,778	1,999	5,519	2,130
Amount exceeding the 15% threshold on specified items	-	-	-	-
Core capital: regulatory adjustments (B)	23,174		27,111	
Total capital				
Total capital (A-B) (C)	223,606		227,715	
Risk-weighted assets (3)				
Credit risk-weighted assets	2,249,385		2,263,434	
Total of items included in risk-weighted assets subject to transitional arrangements	21,152		22,332	
Intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	4,672		4,751	
Deferred tax assets (net of related tax liability)	14,554		15,301	
Prepaid pension cost	1,925		-	
Net defined benefit asset	-		2,279	
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)	2,469,850		2,514,978	
Capital adequacy ratio (non-consolidated)				
Capital adequacy ratio (non-consolidated) (C/D)	9.05%		-	
Capital adequacy ratio (consolidated)				
Capital adequacy ratio (consolidated) (C/D)	-		9.05%	

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

· Net unrealized gains (losses) on securities decreased by ¥13.2 billion year-on-year.

(Millions of yen)

	Dec. 31, 2018				Dec. 31, 2017				Mar. 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	115,055	14,933	15,535	601	111,597	28,232	28,549	316	116,151	24,818	25,400	581
Stocks	25,349	13,960	14,427	467	45,806	27,809	27,894	85	41,275	24,604	24,699	95
Bonds	85,387	434	439	4	60,372	(67)	72	140	62,850	(7)	90	98
Others	4,318	538	668	129	5,418	491	581	90	12,025	221	609	388

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

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

(8) Individual deposit assets (Non-consolidated)

· Individual deposit assets decreased by ¥683.4 billion year-on-year.

· The ratio of investment products to total individual deposit assets declined by 20 basis points year-on-year to 4.8%

(Millions of yen)

	Dec. 31, 2018	(a) - (b)	Dec. 31, 2017	Mar. 31, 2018
	(a)		(b)	
Individual deposit assets	2,716,696	(683,447)	3,400,143	3,345,282
Yen deposits	2,584,488	(645,473)	3,229,961	3,185,938
Investment products	132,207	(37,974)	170,181	159,344
Foreign currency deposits	4,269	(1,607)	5,876	5,908
Public bonds	8,489	(454)	8,943	8,837
Mutual funds	77,950	(25,842)	103,792	93,654
Personal pension plans	26,054	(10,442)	36,496	35,697
Single premium life insurance	15,443	371	15,072	15,245
The ratio of investment products to total individual deposit assets	4.8%	(0.2%)	5.0%	4.7%