

# SURUGA bank, Ltd.

## Consolidated financial results for the three months ended June 30, 2019

<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 place, respectively.)

### 1. Consolidated financial results for the three months ended June 30, 2019

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

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended						
June 30, 2019	32,241	(8.5)	6,223	31.6	3,847	21.7
June 30, 2018	35,268	(7.0)	4,727	(69.8)	3,160	(70.5)

(Note) Comprehensive income: Three months ended June 30, 2019: ¥1,229 million [(74.5)%]  
Three months ended June 30, 2018: ¥4,830 million [(62.8)%]

	Earnings per share		Earnings per share (diluted)	
	yen		yen	
Three months ended				
June 30, 2019	16.60		—	
June 30, 2018	13.64		13.64	

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

### (2) Consolidated financial position

	Total assets		Total net assets		Net assets ratio	
	Millions of yen		Millions of yen		%	
As of						
June 30, 2019	3,404,406		243,537		7.1	
March 31, 2019	3,428,327		242,308		7.0	

(Reference) Shareholders' equity: As of June 30, 2019: ¥242,196 million As of March 31, 2019: ¥241,015 million

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

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

### 2. Dividends on common stock

	Dividends per share				
	1 <sup>st</sup> quarter-end	2 <sup>nd</sup> quarter-end	3 <sup>rd</sup> quarter-end	Fiscal year-end	Total
Fiscal year	yen				
ended March 31, 2019	—	0.00	—	0.00	0.00
ending March 31, 2020	—				
Fiscal year	yen				
ending March 31, 2020 (forecast)		— (undecided)	—	— (undecided)	— (undecided)

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

### 3. Consolidated earnings forecast for the fiscal year ending March 31, 2020

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

	Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	Yen	
First half	8,000	—	5,000	—	21.58	
Full year	16,000	—	10,500	—	45.32	

(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 June 30, 2019	232,139,248 shares	As of March 31, 2019	232,139,248 shares
(B) Number of treasury shares:	As of June 30, 2019	488,584 shares	As of March 31, 2019	488,242 shares
(C) Average number of shares:	Three months ended June 30, 2019	231,650,876 shares	Three months ended June 30, 2018	231,640,874 shares

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

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

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

(Appendix)

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## 1. Qualitative information on financial results

### (1) Details of operating results

As for the consolidated operating results for the three months ended June 30, 2019, ordinary income decreased by ¥3.027 billion year-on-year to ¥32.241 billion. This was primarily due to the decline in interest income reflecting the drop in interest on loans and bills discounted. Meanwhile, ordinary expenses decreased by ¥4.523 billion year-on-year to ¥26.017 billion, mainly due to the fall in net credit costs, including disposal of non-performing loans.

As a result, ordinary profit increased by ¥1.496 billion year-on-year to ¥6.223 billion.

Profit attributable to owners of parent increased by ¥0.687 billion year-on-year to ¥3.847 billion.

### (2) Details of financial position

As for the consolidated major account balances as of June 30, 2019, deposits amounted to ¥3,135.937 billion, down by ¥23.667 billion from March 31, 2019, mainly due to a decrease of ¥28.761 billion in individual deposits.

Loans and bills discounted came in at ¥2,731.990 billion, down by ¥172.397 billion from March 31, 2019, mainly due to a decrease of ¥156.130 billion in consumer loans (non-consolidated).

Securities amounted to ¥131.965 billion, down by ¥1.221 billion from March 31, 2019.

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

The earnings forecast for the fiscal year ending March 31, 2020 remains unchanged from that announced on May 15, 2019.

#### Consolidated (Billions of yen)

	Fiscal year ending March 31, 2020 (Forecast)	
	First half	Full year
Ordinary profit	8.0	16.0
Profit attributable to owners of parent	5.0	10.5

#### Non-consolidated (Billions of yen)

	Fiscal year ending March 31, 2020 (Forecast)	
	First half	Full year
Core net operating profit	17.0	34.0
Net operating profit	16.5	33.0
Ordinary profit	7.5	15.0
Net income	5.0	10.0
Actual credit costs	9.5	19.0

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

## 2. Consolidated financial statements and notes

## (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
<b>Assets</b>		
Cash and due from banks	424,073	577,850
Call loans and bills bought	561	591
Trading account securities	167	166
Money held in trust	515	385
Securities	133,186	131,965
Loans and bills discounted	2,904,387	2,731,990
Foreign exchanges	2,407	2,403
Lease receivables and investment assets	6,368	6,379
Other assets	62,493	61,181
Tangible fixed assets	48,311	48,239
Intangible fixed assets	24,601	23,852
Net defined benefit asset	15,376	15,650
Deferred tax assets	13,400	14,629
Customers' liabilities for acceptances and guarantees	2,551	2,552
Allowance for loan losses	(210,076)	(213,430)
<b>Total assets</b>	<b>3,428,327</b>	<b>3,404,406</b>
<b>Liabilities</b>		
Deposits	3,159,604	3,135,937
Borrowed money	740	680
Foreign exchanges	16	11
Other liabilities	20,999	20,080
Provision for bonuses	482	40
Net defined benefit liability	295	291
Provision for directors' retirement benefits	246	216
Provision for reimbursement of deposits	398	320
Provision for contingent losses	111	115
Deferred tax liabilities	572	622
Acceptances and guarantees	2,551	2,552
<b>Total liabilities</b>	<b>3,186,019</b>	<b>3,160,869</b>
<b>Net assets</b>		
Capital stock	30,043	30,043
Capital surplus	1,202	1,202
Retained earnings	193,263	197,110
Treasury shares	(560)	(560)
<b>Total shareholders' equity</b>	<b>223,948</b>	<b>227,795</b>
Net unrealized gains (losses) on available-for-sale secur	13,352	10,834
Deferred gains (losses) on hedges	(35)	(31)
Remeasurements of defined benefit plans	3,750	3,597
<b>Total accumulated other comprehensive income</b>	<b>17,067</b>	<b>14,401</b>
Subscription rights to shares	12	12
Non-controlling interests	1,280	1,328
<b>Total net assets</b>	<b>242,308</b>	<b>243,537</b>
<b>Total liabilities and net assets</b>	<b>3,428,327</b>	<b>3,404,406</b>

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

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Ordinary income	35,268	32,241
Interest income	30,436	24,578
Interest on loans and bills discounted	29,466	24,070
Interest and dividends on securities	750	409
Fees and commissions	3,105	2,693
Other operating income	1,041	2,864
Other income	684	2,103
Ordinary expenses	30,540	26,017
Interest expenses	654	387
Interest on deposits	576	301
Fees and commissions payments	3,920	4,830
Other operating expenses	775	720
General and administrative expenses	13,178	12,557
Other expenses	12,011	7,521
Ordinary profit	4,727	6,223
Extraordinary gains	0	0
Gains on disposal of non-current assets	0	0
Extraordinary losses	88	78
Losses on disposal of non-current assets	88	78
Income before income taxes	4,639	6,144
Income taxes	1,467	2,268
Profit	3,171	3,876
Profit attributable to non-controlling interests	10	29
Profit attributable to owners of parent	3,160	3,847

## Consolidated statements of comprehensive income

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019
Profit	3,171	3,876
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	1,716	(2,498)
Deferred gains (losses) on hedges	(0)	4
Remeasurements of defined benefit plans, net of tax	(57)	(152)
Total other comprehensive income	1,659	(2,646)
Comprehensive income	4,830	1,229
(Breakdown)		
Comprehensive income attributable to owners of parent	4,845	1,181
Comprehensive income attributable to non-controlling interests	(15)	48

(3) Notes regarding consolidated financial statements

(Notes on going-concern assumption)

Not applicable.

(Notes for material changes in shareholders' equity)

Not applicable.

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

(Calculation of income taxes)

Income taxes reported by the company and its subsidiaries are calculated by multiplying income before income taxes for the three months ended June 30, 2019 with the reasonably estimated effective tax rate after applying tax effect accounting to income before income taxes for the fiscal year ending March 31, 2020, including the current first quarter.

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

Not applicable.



## Financial Results for the three months ended June 30, 2019 - Supplementary Information -

### (1) Operating results for the three months ended June 30, 2019 (Non-consolidated)

	Three months ended		(a) - (b)	FY3/2019
	June 30, 2019 (a)	June 30, 2018 (b)		
Gross operating profit	21,542	26,429	(4,887)	99,995
Net interest income	22,252	27,635	(5,383)	103,916
Net fees and commissions	(2,713)	(1,360)	(1,353)	(4,458)
Net other operating income	2,003	154	1,849	537
(Gains (losses) on bonds)	6	141	(135)	501
Core gross operating profit (Note1)	21,536	26,287	(4,751)	99,494
Expenses	11,572	12,087	(515)	46,877
Personnel expenses	3,684	4,320	(636)	15,945
Non-personnel expenses	6,680	6,686	(6)	27,162
Core net operating profit (Note2)	9,964	14,200	(4,236)	52,616
Excluding gains (loss) on cancellation of investment trusts	9,964	13,959	(3,995)	52,312
Actual net operating profit (Note3)	9,970	14,342	(4,372)	53,118
Provision for general allowance for loan losses	3,041	(1,478)	4,519	26,710
Net operating profit	6,928	15,820	(8,892)	26,408
Non-recurring gains (losses)	(1,340)	(11,319)	9,979	(101,393)
Gains (losses) on stocks	1,815	207	1,608	7,623
Ordinary profit	5,588	4,500	1,088	(74,985)
Extraordinary gains (losses)	(75)	(88)	13	(703)
Income before income taxes	5,512	4,411	1,101	(75,688)
Income taxes (Note4)	2,067	1,367	700	21,328
Net income	3,445	3,043	402	(97,016)

				(Millions of yen)
Net credit costs (Note5)	6,517	10,470	(3,953)	137,060
Provision for general allowance for loan losses	3,041	(1,478)	4,519	26,710
Disposal of non-performing loans	3,476	11,948	(8,472)	110,349
Recoveries on written-off claims	55	266	(211)	702
Actual credit costs (Note6)	6,462	10,203	(3,741)	136,358

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

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

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

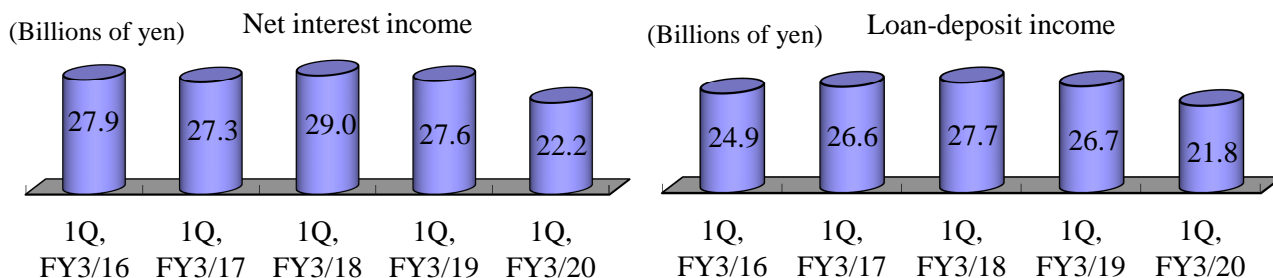
(Note4) The amount of Income taxes for the fiscal year ended March 31, 2019 is that of Total income taxes.

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

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

(A) Gross operating profit: ¥21.5 billion

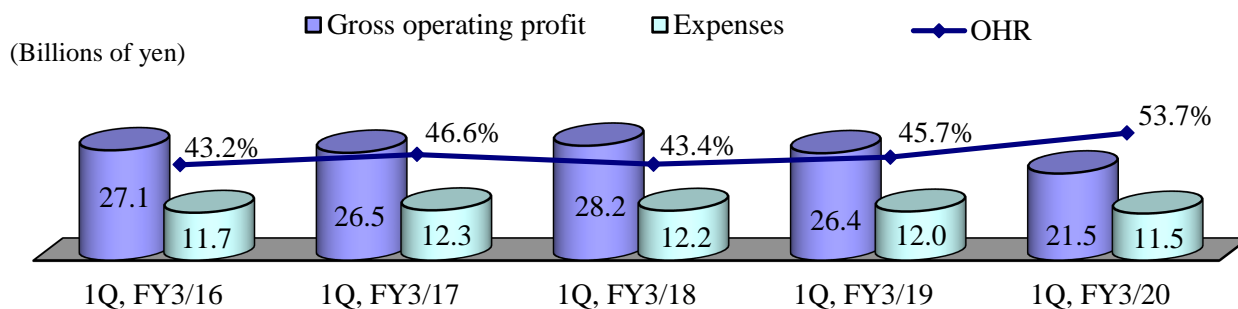
- Net interest income decreased by ¥5.3 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Yen loan-deposit income decreased by ¥4.9 billion year-on-year.
- Gross operating profit decreased by ¥4.8 billion year-on-year.



(B) Expenses; OHR: 53.7%

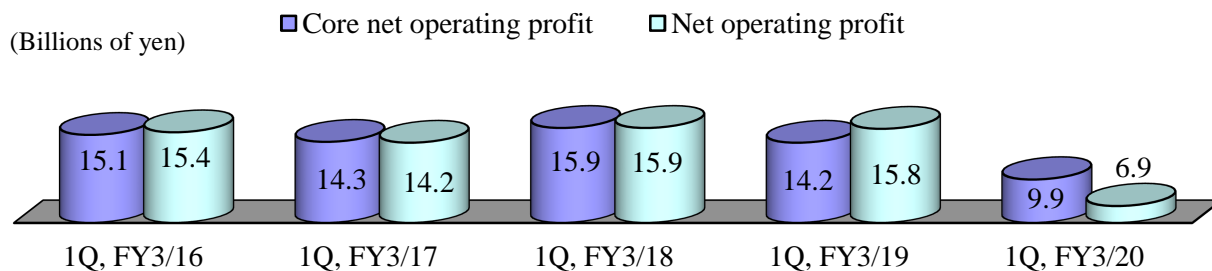
- Expenses decreased by ¥0.5 billion year-on-year.
- OHR rose year-on-year to 53.7%, mainly due to a decrease in gross operating profit, despite a decrease in expenses.

(OHR(%) = Expenses / Gross operating profit × 100)



(C) Core net operating profit: ¥9.9billion, Net operating profit: ¥6.9 billion

- Core net operating profit decreased by ¥4.2 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit decreased by ¥8.8 billion year-on-year, mainly due to an increase in provision for general allowance for loan losses, and a decrease in gross operating profit.



(D) Ordinary profit: ¥5.5 billion, Net income: ¥3.4 billion

- Ordinary profit increased by ¥1.0 billion year-on-year, mainly due to a decrease in net credit costs.
- Net income increased by ¥0.4 billion year-on-year, mainly due to an increase in ordinary profit.

(E) Actual credit costs: ¥6.4 billion

- Net credit costs decreased by ¥3.9 billion year-on-year, mainly due to a decrease of ¥8.4 billion in disposal of non-performing loans, despite an increase of ¥4.5 billion in provision for general allowance for loan losses.
- Actual credit costs, calculated as net credit costs (¥6.5 billion) minus the amount of recoveries on written-off claims amounted to ¥6.4 billion.

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

- Loans and bills discounted (period-end balance) decreased by ¥172.6 billion from March 31, 2019.
- Yield on loans and bills discounted (overall) dropped by 13 basis points from March 31, 2019 to 3.19%.

(Billions of yen)

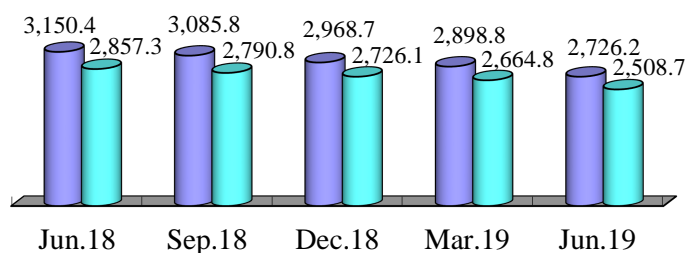
	Jun. 30,		Mar. 31,		Dec 31,		Sep 30,		Jun. 30,
	2019(a)	(a)-(b)	2019(b)	(b)-(c)	2018(c)	(c)-(d)	2018(d)	(d)-(e)	
Loans and bills discounted (period-end balance)	2,726.2	(172.6)	2,898.8	(69.9)	2,968.7	(117.1)	3,085.8	(64.6)	3,150.4
Consumer loans	2,508.7	(156.1)	2,664.8	(61.3)	2,726.1	(64.7)	2,790.8	(66.5)	2,857.3
Secured loans	2,276.8	(147.6)	2,424.4	(53.5)	2,477.9	(55.4)	2,533.3	(60.0)	2,593.3
Unsecured loans	231.8	(8.5)	240.3	(7.8)	248.1	(9.4)	257.5	(6.5)	264.0

(Billions of yen)

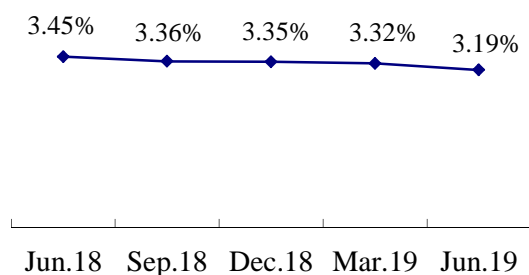
	Three months ended		Three months ended
	June 30, 2019 (a)		
		(a) - (b)	
New consumer loans	1.6	(14.6)	16.2

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

(Billions of yen)



◆ Yield on loans and bills discounted (overall)



(Note)Based on cumulative period.

## Consumer loans

**Outstanding balance, yield, delinquency rate by loan category**

(Billions of yen)

Loan category	Jun. 30, 2019			Mar. 31, 2019		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	2,276.8	3.21%	4.55%	2,424.4	3.24%	4.31%
Housing loans	600.7	2.88%	0.32%	618.6	2.89%	0.27%
Studio apartment loans	220.0	3.43%	1.03%	329.4	3.44%	0.85%
Single building apartment loans	1,209.5	3.45%	1.85%	1,226.9	3.51%	1.58%
Share house loans	200.5	1.89%	39.93%	201.9	1.99%	39.76%
Other secured loans	46.0	4.87%	0.61%	47.6	4.88%	0.62%
Unsecured loans	231.8	10.12%	1.64%	240.3	10.09%	1.50%
Card loans	152.2	11.40%	0.71%	157.2	11.37%	0.59%
Unsecured certificate loans	79.5	7.66%	3.41%	83.1	7.68%	3.21%
<b>Consumer loans</b>	<b>2,508.7</b>	<b>3.82%</b>	<b>4.29%</b>	<b>2,664.8</b>	<b>3.86%</b>	<b>4.05%</b>

(Note1) Delinquency rate = Loans past due 3 months or more / Loans

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

(Note3) The decrease in the balance of Studio apartment loans is mainly due to securitization of part of the loans worth 108.0 billion yen.

(Note4) Yield and delinquency rate of Studio apartment loans, secured loans and consumer loans are calculated based on original claims before securitization.

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

(Billions of yen)

	Total credit balance	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
Mar. 31, 2019	250.3	86.5	51.0	88.0	225.6	24.6
Jun. 30, 2019	248.0	88.3	45.0	93.4	226.8	21.2

(Billions of yen)

	Total credit balance		Collateral or guarantees, etc.	Unsecured portion	Allowance	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%
Mar. 31, 2019	250.3	201.9	91.4	158.8	139.3	92.20%
Jun. 30, 2019	248.0	200.6	91.0	157.0	137.3	92.05%

(Note1) Based on obligors of share house loans

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

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

## Actual credit costs and Allowance for loan losses

(Billions of yen)

Item	June. 30, 2019	
	Actual credit costs	Allowance
Share house-related loans	(1.1)	137.3
Investment property loans ※1	6.8	46.7
Housing loans	0.3	2.1
Unsecured loans	0.1	0.9
Loans to founder-affiliated companies	0.1	13.5
Business financing other than loans to founder-affiliated companies, etc.	0	3.3
<b>Total</b>	<b>6.4</b>	<b>204.0</b>

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

## (B) Deposits

- Deposits decreased by ¥23.8 billion from March 31, 2019.
- Yield on deposits (overall) dropped by 1 bases points from March 31, 2019 to 0.03%.

(Millions of yen)

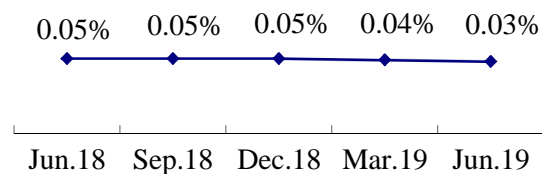
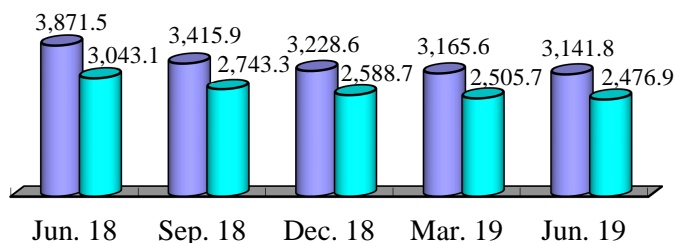
	Jun.30,		Mar.31,		Dec.31,		Sep.30,		Jun.30,
	2019(a)	(a) - (b)	2019(b)	(b) - (c)	2018(c)	(c) - (d)	2018(d)	(d) - (e)	2018(e)
Loans and bills discounted (period-end balance)	3,141.8	(23.8)	3,165.6	(63.0)	3,228.6	(187.3)	3,415.9	(455.6)	3,871.5
Consumer loans	2,476.9	(28.8)	2,505.7	(83.0)	2,588.7	(154.6)	2,743.3	(299.8)	3,043.1

■ Deposits (period-end balance)

■ Individual deposits (period-end balance)

◆ Yield on deposits (overall)

(Billions of yen)



(Note)Based on cumulative period.

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

- Loan-deposit margin (after deduction of expenses, overall) dropped by 29 basis points from March 31, 2019 to 1.64%, mainly due to the decline in yield on loans and bills discounted.
- Net interest margin (overall) dropped by 24 basis points from March 31, 2019 to 1.21%.

## Overall

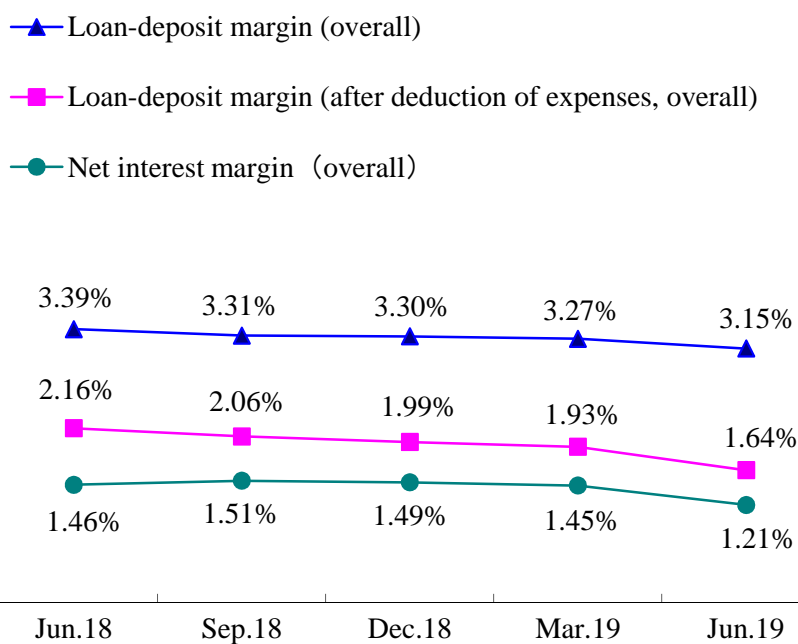
	Three months ended June 30, 2019 (a)	(a) - (b)	FY3/2019 (b)	Three months ended June 30, 2018
Yield on loans and bills discounted	3.19	(0.13)	3.32	3.45
Yield on deposits	0.03	(0.01)	0.04	0.05
Loan-deposit margin (after deduction of expenses)	1.64	(0.29)	1.93	2.16
Net interest margin	1.21	(0.24)	1.45	1.46

(%)

## Domestic

	Three months ended June 30, 2019 (a)	(a) - (b)	FY3/2019 (b)	Three months ended June 30, 2018
Yield on loans and bills discounted	3.19	(0.13)	3.32	3.45
Yield on deposits	0.03	(0.01)	0.04	0.05
Loan-deposit margin (after deduction of expenses)	1.68	(0.29)	1.97	2.20
Net interest margin	1.25	(0.24)	1.49	1.49

(%)



(Note)Based on cumulative period.

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

- Non-performing loans based on the Financial Reconstruction Law increased by ¥14.2 billion from March 31, 2019.
- Non-performing loan ratio rose by 132 basis points from March 31, 2019 to 14.00%.

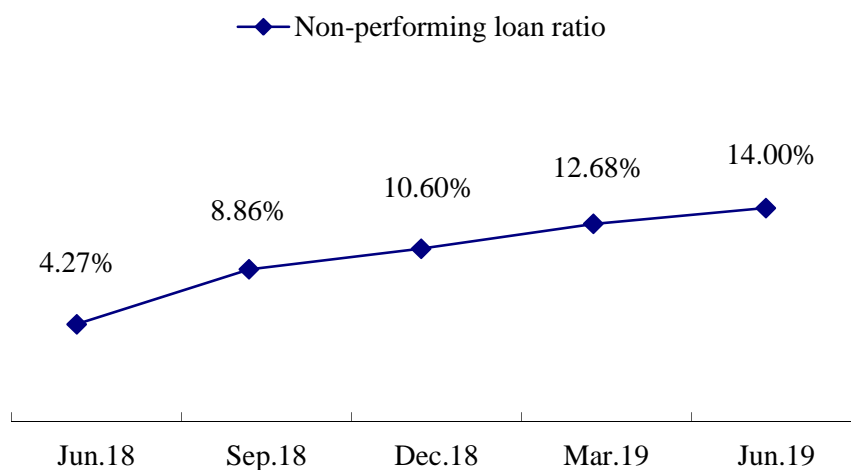
	June 30, 2019	March 31, 2019	(Millions of yen) June 31, 2018
Claims against bankrupt and substantially bankrupt obligors	116,262	108,391	13,213
Claims with collection risk	125,582	136,477	72,907
Claims for special attention	142,421	125,099	49,496
Total (Non-performing loans based on the Financial Reconstruction Law)	384,266	369,968	135,616
Non-performing loan ratio	14.00%	12.68%	4.27%

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

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

(Note3) The relationship between categories of obligors, etc.

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



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

•Capital adequacy ratio (non-consolidated) dropped by 15 basis points from March 31, 2019 to 8.65%.
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## Non-consolidated

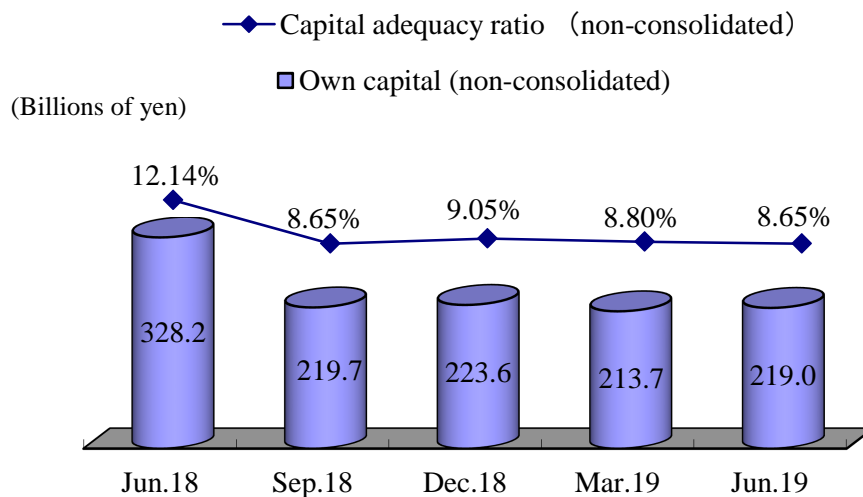
(Millions of yen)

	June 30, 2019	March 31, 2019	June 30,2018
Capital adequacy ratio	8.65%	8.80%	12.14%
Own capital (Core capital)	219,081	213,796	328,260
Core capital: instruments and reserves	248,110	243,358	346,814
Core capital: regulatory adjustments (-)	29,029	29,561	18,553
Risk-weighted assets	2,531,616	2,427,051	2,701,826
Total required capital	98,064	97,082	108,073

## Consolidated

(Millions of yen)

	June 30, 2019	March 31, 2019	June 30,2018
Capital adequacy ratio	8.76%	8.90%	12.21%
Own capital (Core capital)	225,803	220,001	334,780
Core capital: instruments and reserves	261,152	256,130	357,010
Core capital: regulatory adjustments (-)	35,349	36,129	22,229
Risk-weighted assets	2,575,073	2,470,880	2,741,213
Total required capital	99,802	98,835	109,648





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

(Millions of yen)

	June 30, 2019	
	Non-consolidated	Consolidated
<b>Core capital: instruments and reserves (1)</b>		
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	219,159	227,795
Capital and capital surplus	48,632	31,245
Retained earnings	171,087	197,110
Treasury shares (-)	560	560
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	3,597
Remeasurements of defined benefit plans	-	3,597
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	28,939	29,081
General allowance for loan losses	28,939	29,081
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	-	664
Core capital: instruments and reserves (A)	248,110	261,152
<b>Core capital: regulatory adjustments (2)</b>		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	15,255	17,147
Goodwill (including those equivalent)	-	1,650
Other intangible fixed assets other than goodwill and mortgage servicing rights	15,255	15,496
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	186
Shortfall of eligible provisions to expected losses	-	-
Gains on sale related to securitization transactions	129	129
Gains (losses) due to changes in own credit risk on fair valued liabilities	-	-
Prepaid pension cost	7,326	-
Net defined benefit asset	-	10,924
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	6,317	6,960
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)	6,317	6,960
Amount exceeding the 15% threshold on specified items	-	-
Core capital: regulatory adjustments (B)	29,029	35,349
<b>Total capital</b>		
Total capital (A-B) (C)	219,081	225,803
<b>Risk-weighted assets (3)</b>		
Credit risk-weighted assets	2,315,134	2,326,554
Total of items included in risk-weighted assets subject to transitional arrangements	-	-
Amount equivalent to market risk × 12.5	-	-
Amount equivalent to operational risk × 12.5	216,481	248,519
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	2,531,616	2,575,073
<b>Capital adequacy ratio (non-consolidated)</b>		
Capital adequacy ratio (non-consolidated) (C/D)	8.65%	-
<b>Capital adequacy ratio (consolidated)</b>		
Capital adequacy ratio (consolidated) (C/D)	-	8.76%

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

• Net unrealized gains (losses) on securities decreased by ¥3.8 billion from March 31, 2019, mainly due to a decrease in unrealized gains on stocks.

(Millions of yen)

	June 30, 2019				March 31, 2019				June 30, 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	116,032	13,436	13,948	511	117,364	17,254	17,625	371	138,254	27,254	27,592	338
Stocks	21,658	11,970	12,356	386	26,170	15,911	16,160	249	43,259	26,685	26,791	106
Bonds	89,856	719	719	0	86,734	658	662	3	85,101	67	130	62
Others	4,517	747	872	125	4,459	683	802	118	9,893	501	670	169

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

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

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

• Individual deposit assets decreased by ¥33.0 billion from March 31, 2019.  
 • The ratio of investment products to total individual deposit assets dropped by 10 basis points from March 31, 2019 to 4.9%.

(Millions of yen)

	June 30, 2019 (a)	(a) - (b)	(a - b) / (b)	March 31, 2019 (b)	June 30, 2018
Individual deposit assets	2,602,225	(33,047)	(1.2)%	2,635,272	3,193,263
Yen deposits	2,473,051	(28,591)	(1.1)%	2,501,642	3,037,527
Investment products	129,174	(4,456)	(3.3)%	133,630	155,736
Foreign currency deposits	3,938	(170)	(4.1)%	4,108	5,662
Public bonds	8,170	(133)	(1.6)%	8,303	8,560
Mutual funds	77,103	(3,334)	(4.1)%	80,437	91,681
Personal pension plans	24,602	(800)	(3.1)%	25,402	34,484
Single premium life insurance	15,358	(18)	(0.1)%	15,376	15,347
The ratio of investment products to total individual deposit assets	4.9%	/	(0.1)%	5.0%	4.8%