

SURUGA bank, Ltd.

Consolidated financial results for the nine months ended December 31, 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 places, respectively.)

1. Consolidated financial results for the nine months ended December 31, 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	%
Nine months ended						
December 31, 2019	91,472	(16.1)	28,928	-	19,454	-
December 31, 2018	109,046	(7.2)	(78,901)	-	(96,165)	-

(Note) Comprehensive income: (a) Nine months ended December 31, 2019: ¥ 15,141 million [- %]

(b) Nine months ended December 31, 2018: (¥ 103,314 million) [- %]

	Earnings per share		Earnings per share (diluted)	
	yen		yen	
Nine months ended				
December 31, 2019	83.98		-	
December 31, 2018	(415.13)		-	

(Note1) Earnings per share for the nine months ended December 31, 2019 is not provided because there are no potentially shares.

(Note2) Earnings per share for the nine months ended December 31, 2018 is not provided although there was a potential share, a loss was recorded.

(2) Consolidated financial position

	Total assets		Total net assets		Net assets ratio	
	Millions of yen		Millions of yen		%	
As of						
December 31, 2019	3,422,407		257,437		7.4	
March 31, 2019	3,428,327		242,308		7.0	

(Reference) Shareholders' equity: (a) As of December 31, 2019: ¥ 256,025 million; (b) 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 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, 2019	—	0.00	—	0.00	0.00
ending March 31, 2020	—	0.00	—		
ending March 31, 2020 (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, 2020

(% represents the change from the previous fiscal year)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	
Fiscal year ending								
March 31, 2020	117,500	(15.8)	30,500	-	21,000	-	90.65	

(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) 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, 2019	232,139,248 shares	As of March 31, 2019	232,139,248 shares
(B) Number of treasury shares:	As of December 31, 2019	488,835 shares	As of March 31, 2019	488,242 shares
(C) Average number of shares:	Nine months ended December 31, 2019	231,650,669 shares	Nine months ended December 31, 2018	231,647,945 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)

Table of contents

1. Qualitative information on financial results.....	2
(1) Details of operating results	2
(2) Details of financial position	2
(3) Details of forecast information, including earnings forecast	2
2. Consolidated financial statements and notes	3
(1) Consolidated balance sheets	3
(2) Consolidated statements of income and Consolidated statements of comprehensive income	4
(3) Notes regarding consolidated financial statements	6
(Notes on going-concern assumption)	6
(Notes for material changes in shareholders' equity)	6
(Adoption of any particular accounting methods for quarterly consolidated financial statements).....	6
(Changes in accounting policies, changes in accounting estimates and restatements)	6
* Financial results for the nine months ended December 31, 2019 supplementary information	7

1. Qualitative information on financial results

(1) Details of operating results

As for the consolidated operating results for the nine months ended December 31, 2019, ordinary income decreased by ¥17.574 billion year-on-year to ¥91.472 billion. The decrease in interest on loans is due to a decrease in loans and bills discounted and a drop yield on loans and bills discounted. 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 ¥125.404 billion year-on-year to ¥62.544 billion, mainly due to the fall in net credit costs.

As a result, ordinary profit increased by ¥107.829 billion year-on-year to ¥28.928 billion. Profit attributable to owners of parent increased by ¥115.619 billion year-on-year to ¥19.454 billion.

(2) Details of financial position

As for the consolidated major account balances as of December 31, 2019, loans and bills discounted came in at ¥2,584.659 billion, down by ¥319.728 billion from March 31, 2019. This was primarily due to the decrease (¥262.939 billion) in consumer loans (non-consolidated).

Securities amounted to ¥135.658 billion, down by ¥2.472 billion from March 31, 2019.

Deposits amounted to ¥3,142.568 billion, down by ¥17.036 billion from March 31, 2019, mainly due to a decrease (¥1.989 billion) in individual deposits.

(3) Details of forecast information, including earnings forecast

The Bank has revised its earnings forecast for the fiscal year ending March 31, 2020 from that announced on November 14, 2019. For details please refer to the document disclosed separately today (February 14, 2020) titled “Announcement Regarding the Revision to the Earnings Forecast for the Fiscal year ending March 31, 2020”.

Consolidated			(Billions of yen)
	Current forecast (A)	Previous forecast (B)	Change (A) - (B)
Ordinary income	117.5	116.5	1.0
Ordinary profit	30.5	23.0	7.5
Profit attributable to owners of parent	21.0	15.5	5.5

Non-consolidated			(Billions of yen)
	Current forecast (A)	Previous forecast (B)	Change (A) - (B)
Ordinary income	104.0	103.0	1.0
Core net operating profit	37.0	36.0	1.0
Net operating profit	34.0	33.0	1.0
Ordinary profit	29.0	22.0	7.0
Net income	20.0	15.0	5.0
Actual credit costs	14.0	19.0	(5.0)

(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, 2019	As of Dec. 31, 2019
Assets		
Cash and due from banks	424,073	746,190
Call loans and bills bought	561	151
Trading account securities	167	184
Money held in trust	515	412
Securities	133,186	135,658
Loans and bills discounted	2,904,387	2,584,659
Foreign exchanges	2,407	2,212
Lease receivables and investment assets	6,368	6,450
Other assets	62,493	54,795
Tangible fixed assets	48,311	47,351
Intangible fixed assets	24,601	22,250
Net defined benefit asset	15,376	16,278
Deferred tax assets	13,400	15,416
Customers' liabilities for acceptances and guarantees	2,551	2,098
Allowance for loan losses	(210,076)	(211,703)
Total assets	3,428,327	3,422,407
Liabilities		
Deposits	3,159,604	3,142,568
Borrowed money	740	560
Foreign exchanges	16	3
Other liabilities	20,999	18,112
Provision for bonuses	482	12
Net defined benefit liability	295	280
Provision for directors' retirement benefits	246	259
Provision for reimbursement of deposits	398	255
Provision for contingent losses	111	119
Deferred tax liabilities	572	699
Acceptances and guarantees	2,551	2,098
Total liabilities	3,186,019	3,164,970
Net assets		
Capital stock	30,043	30,043
Capital surplus	1,202	1,202
Retained earnings	193,263	212,718
Treasury shares	(560)	(560)
Total shareholders' equity	223,948	243,403
Net unrealized gains (losses) on available-for-sale securities	13,352	9,360
Deferred gains (losses) on hedges	(35)	(30)
Remeasurements of defined benefit plans	3,750	3,291
Total accumulated other comprehensive income	17,067	12,622
Subscription rights to shares	12	—
Non-controlling interests	1,280	1,412
Total net assets	242,308	257,437
Total liabilities and net assets	3,428,327	3,422,407

(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, 2018	For the nine months ended Dec. 31, 2019
Ordinary income	109,046	91,472
Interest income	86,336	71,915
Interest on loans and bills discounted	84,533	70,738
Interest and dividends on securities	1,306	778
Fees and commissions	9,053	7,852
Other operating income	3,139	4,861
Other income	10,517	6,842
Ordinary expenses	187,948	62,544
Interest expenses	1,626	1,171
Interest on deposits	1,384	940
Fees and commissions payments	10,403	11,276
Other operating expenses	2,269	2,312
General and administrative expenses	38,684	35,744
Other expenses	134,964	12,039
Ordinary profit	(78,901)	28,928
Extraordinary gains	2,311	47
Gains on disposal of non-current assets	0	35
Gain on reversal of subscription rights to shares	—	12
Reversal provision for directors' retirement benefits	2,311	—
Extraordinary losses	2,842	367
Losses on disposal of non-current assets	247	364
Impairment loss	2,595	2
Income before income taxes	(79,432)	28,608
Income taxes	16,820	9,078
Profit	(96,252)	19,529
Profit attributable to non-controlling interests	(87)	74
Profit attributable to owners of parent	(96,165)	19,454

Consolidated statements of comprehensive income

	(Millions of yen)	
	For the nine months ended Dec. 31, 2018	For the nine months ended Dec. 31, 2019
Profit	(96,252)	19,529
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(6,878)	(3,934)
Deferred gains (losses) on hedges	(11)	4
Remeasurements of defined benefit plans, net of tax	(171)	(458)
Total other comprehensive income	(7,062)	(4,387)
Comprehensive income	(103,314)	15,141
(Breakdown)		
Comprehensive income attributable to owners of parent	(103,072)	15,009
Comprehensive income attributable to non-controlling interests	(242)	131

(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, 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 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, 2019 - Supplementary Information -

(1) Operating results for the nine months ended December 31, 2019 (Non-consolidated)

	Nine months ended Dec. 31, 2019 (a)	Nine months ended Dec. 31, 2018 (b)	Change (a) - (b)	(Millions of yen) FY3/2019
Gross operating profit	62,207	78,291	(16,084)	99,995
Net interest income	65,093	80,822	(15,729)	103,916
Net fees and commissions	(5,051)	(3,052)	(1,999)	(4,458)
Net other operating income (Gains (losses) on bonds)	2,165 (154)	521 492	1,644 (338)	537 501)
Core gross operating profit (Note1)	62,053	77,798	(15,745)	99,494
Expenses	32,995	35,458	(2,463)	46,877
Personnel expenses	11,188	12,188	(1,000)	15,945
Non-personnel expenses	19,003	20,347	(1,344)	27,162
Core net operating profit (Note2)	29,058	42,340	(13,282)	52,616
Excluding gains (losses) on Cancellation of investment trusts	29,058	42,036	(12,978)	52,312
Actual net operating profit (Note3)	29,212	42,833	(13,621)	53,118
Provision for general allowance for loan losses	4,586	29,635	(25,049)	26,710
Net operating profit	24,626	13,197	11,429	26,408
Non-recurring gains (losses)	2,818	(90,651)	93,469	(101,393)
Gains (losses) on stocks	5,303	7,377	(2,074)	7,623
Ordinary profit	27,444	(77,454)	104,898	(74,985)
Extraordinary gains (losses)	(327)	(521)	194	(703)
Income before income taxes	27,116	(77,975)	105,091	(75,688)
Income taxes (Note4)	8,568	16,104	(7,536)	21,328
Net income	18,547	(94,080)	112,627	(97,016)

				(Millions of yen)
Net credit costs (Note5)	8,604	128,747	(120,143)	137,060
Provision for general allowance for loan losses	4,586	29,635	(25,049)	26,710
Disposal of non-performing loans	4,018	99,111	(95,093)	110,349
Recoveries of written-off claims	763	602	161	702
Actual credit costs (Note6)	7,841	128,144	(120,303)	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

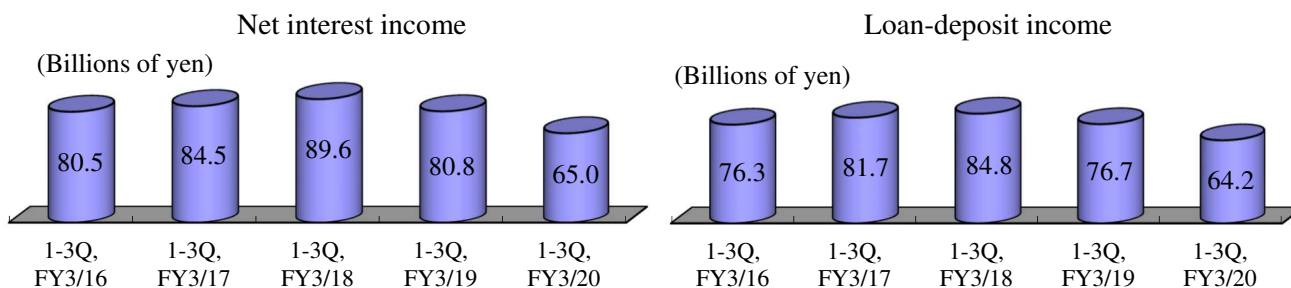
(Note4) Income taxes for the fiscal year ended March 31, 2019 are the amount of Total income taxes.

(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

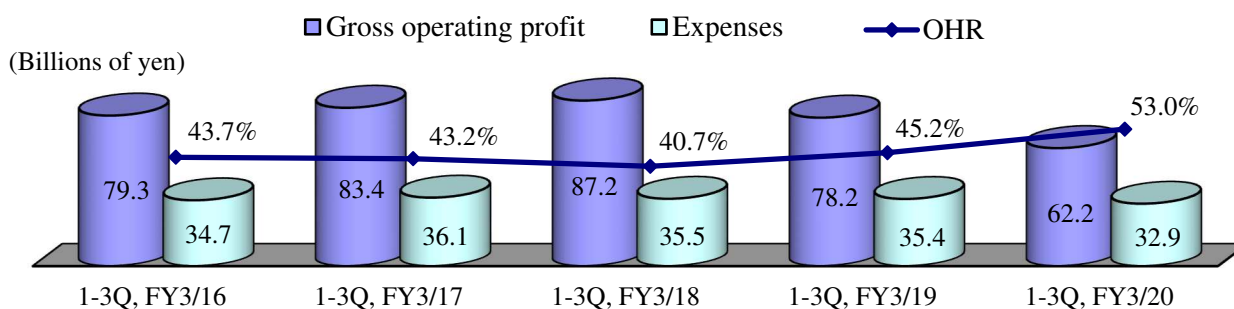
(A) Gross operating profit: ¥62.2 billion

- Net interest income decreased by ¥15.7 billion year-on-year, mainly due to a decrease in interest on loans and bills discounted.
- Loan-deposit income decreased by ¥12.5 billion year-on-year.
- Gross operating profit decreased by ¥16.0 billion year-on-year.



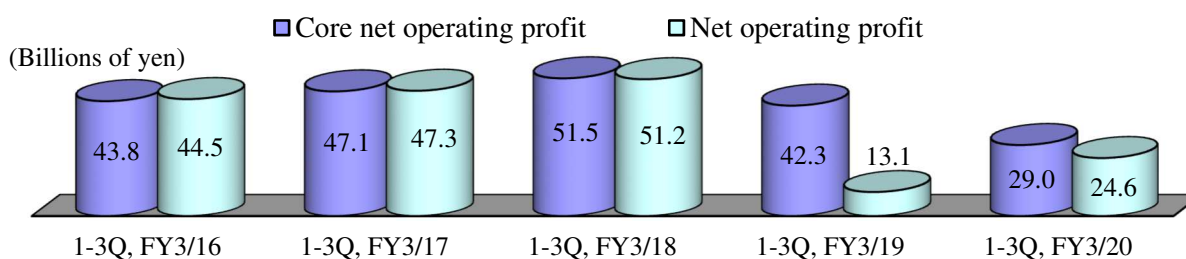
(B) Expenses; OHR: 53.0%

- Expenses decreased by ¥2.4 billion year-on-year.
 - OHR rose year-on-year to 53.0%, mainly due to a decrease in gross operating profit.
- (OHR (%) = Expenses / Gross operating profit × 100)



(C) Core net operating profit: ¥29.0 billion, Net operating profit: ¥24.6 billion

- Core net operating profit decreased by ¥13.2 billion year-on-year, mainly due to a decrease in net interest income.
- Net operating profit increased by ¥11.4 billion year-on-year, mainly due to a decrease in provision for general allowance for loan losses.



(D) Ordinary profit: ¥27.4 billion, Net income: ¥18.5 billion

- Ordinary profit increased by ¥104.8 billion year-on-year, mainly due to a decrease in actual credit costs.
- Net income increased by ¥112.6 billion year-on-year, mainly due to an increase in ordinary profit.

(E) Actual credit costs: ¥7.8 billion

- Net credit costs decreased by ¥120.1 billion year-on-year, mainly due to a decrease (¥25.0 billion) in provision for general allowance for loan losses and a decrease (¥95.0 billion) in disposal of non-performing loans.
- Actual credit costs, calculated as net credit costs (¥8.6 billion) minus the amount of recoveries of written-off claims (¥0.7 billion) amounted to ¥7.8 billion.

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

- Loans and bills discounted (period-end balance) decreased by ¥319.7 billion from March 31, 2019.
- Yield on loans and bills discounted dropped by 12 basis points from March 31, 2019 to 3.20%.

(Billions of yen)

	Dec.31, 2019(a)		Sep.30, 2019(b)		Jun.30, 2019(c)		Mar.31, 2019(d)		Dec.31, 2018(e)
		(a) - (b)		(b) - (c)		(c) - (d)		(d) - (e)	
Loans and bills discounted (period-end balance)	2,579.0	(92.6)	2,671.6	(54.6)	2,726.2	(172.6)	2,898.8	(69.9)	2,968.7
Consumer loans	2,401.9	(53.5)	2,455.4	(53.3)	2,508.7	(156.1)	2,664.8	(61.3)	2,726.1
Secured loans	2,186.9	(44.6)	2,231.5	(45.3)	2,276.8	(147.6)	2,424.4	(53.5)	2,477.9
Unsecured loans	214.9	(8.9)	223.8	(8.0)	231.8	(8.5)	240.3	(7.8)	248.1
Loans and bills discounted (average balance)	2,700.7	(38.6)	2,739.3	(42.7)	2,782.0	(272.7)	3,054.7	(39.0)	3,093.7

(Billions of yen)

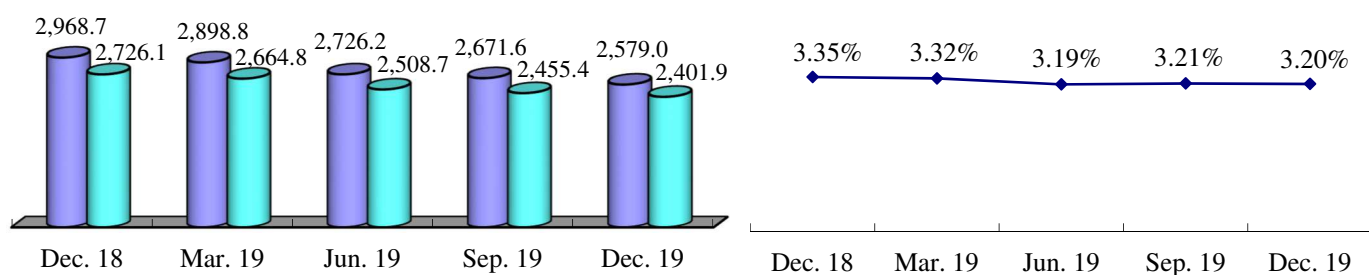
	Nine months ended Dec. 31, 2019 (a)		(a) - (b)	Nine months ended Dec. 31, 2018 (b)	
New consumer loans	3.4		(30.3)		33.7
Corporate loans for property investment	4.2		—		—

(Note) Corporate loans for property investment and asset finance that are defined as new business fields in the mid-term management plan.

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

◆ Yield on loans and bills discounted

(Billions of yen)



(Note) Based on cumulative period.

Consumer loans

Outstanding balance, yield, delinquency rate by loan category

(Billions of yen)

Loan category	Dec. 31, 2019			Sep. 30, 2019		
	Period-end balance	Yield	Delinquency rate	Period-end balance	Yield	Delinquency rate
Secured loans	2,186.9	3.14%	5.91%	2,231.5	3.17%	5.03%
Housing loans	567.0	2.87%	0.66%	582.0	2.88%	0.46%
Studio apartment loans	203.7	3.41%	1.50%	213.0	3.42%	1.32%
Single building apartment loans	1,175.2	3.38%	3.46%	1,193.0	3.41%	2.38%
Share house loans	198.3	1.80%	42.57%	199.2	1.83%	40.66%
Other secured loans	42.5	4.89%	0.99%	44.3	4.89%	0.91%
Unsecured loans	214.9	10.18%	2.00%	223.8	10.16%	1.69%
Card loans	142.0	11.47%	0.73%	147.6	11.45%	0.69%
Unsecured certificate loans	72.9	7.67%	4.49%	76.2	7.66%	3.63%
Consumer loans	2,401.9	3.76%	5.57%	2,455.4	3.79%	4.74%
Corporate loans for property investment	4.2	2.06%	—	—	—	—

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

(Note4) Corporate loans for property investment: Corporate loans for property investment and asset finance that are defined as new business fields in the mid-term management plan.

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

(Billions of yen)

	Total	(Non-performing loans)			Subtotal	Normal assets
		Claims against bankrupt and substantially bankrupt obligors	Claims with collection risk	Claims for special attention		
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
Sep. 30, 2019	246.1	89.9	41.1	97.7	228.8	17.3
Dec. 31, 2019	244.4	91.3	36.2	99.8	227.4	17.0

(Billions of yen)

	Total		Collateral or guarantees, etc. B	Unsecured portion C	Allowance D	Coverage ratio (B+D)/A
	A	Share house claims				
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%
Sep. 30, 2019	246.1	199.3	90.6	155.5	135.1	91.74%
Dec. 31, 2019	244.4	198.4	91.1	153.2	133.1	91.79%

(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

Dec. 31, 2019

(Billions of yen)

Item	Dec. 31, 2019	
	Actual credit costs	Allowance
Share house-related loans	(4.8)	133.1
Investment property loans	23.9	61.2
Housing loans	1.0	2.5
Unsecured loans	0.4	1.0
Loans to founder-affiliated companies	(13.4)	—
Business financing other than loans to founder-affiliated companies, etc.	0.7	3.9
Total	7.8	202.0

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

(B) Deposits

- Deposits decreased (period-end balance) by ¥16.7 billion from March 31, 2019.
- Yield on deposits is 4 bases points.

(Billions of yen)

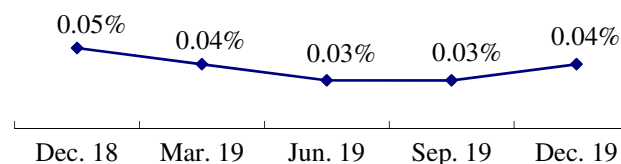
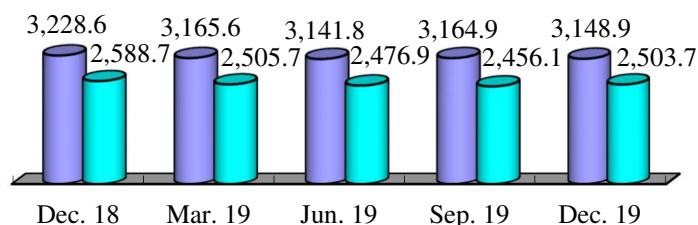
	Dec.31,	(a) - (b)	Sep.30,	(b) - (c)	Jun.30,	(c) - (d)	Mar.31,	(d) - (e)	Dec.31,
	2019(a)		2019(b)		2019(c)		2019(d)		2018(e)
Deposits (period-end balance)	3,148.9	(16.0)	3,164.9	23.1	3,141.8	(23.8)	3,165.6	(63.0)	3,228.6
Individual deposits	2,503.7	47.6	2,456.1	(20.8)	2,476.9	(28.8)	2,505.7	(83.0)	2,588.7
Deposits (average balance)	3,086.7	7.8	3,078.9	9.9	3,069.0	(435.2)	3,504.2	(109.2)	3,613.4

■ Deposits (period-end balance)

◆ Yield on deposits

■ Individual deposits (period-end balance)

(Billions of yen)



(Note) Based on cumulative period.

(3) Interest margins (Non-consolidated)

- Loan-deposit margin (after deduction of expenses, overall) shrunk by 25 basis points year-on-year to 1.74%.
- Net interest margin (overall) shrunk by 30 basis points year-on-year to 1.19%.

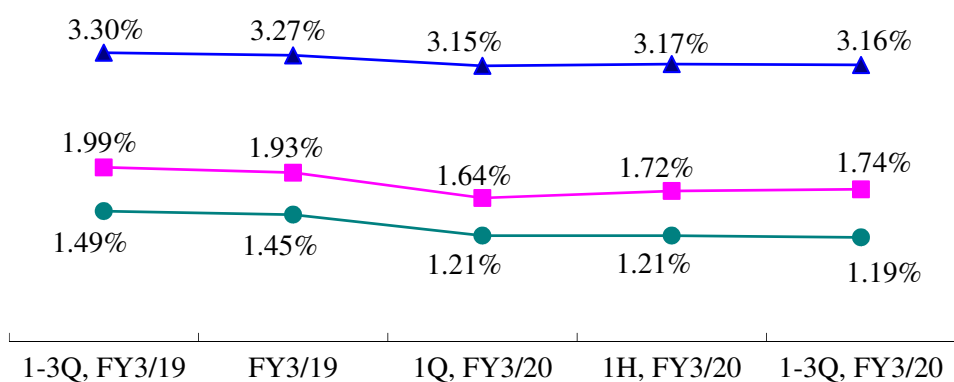
Overall

	Nine months ended Dec. 31, 2019 (a)	(a) - (b)	Nine months ended Dec. 31, 2018 (b)	FY3/2019 (%)
Yield on loans and bills discounted	3.20	(0.15)	3.35	3.32
Yield on deposits	0.04	(0.01)	0.05	0.04
Loan-deposit margin (after deduction of expenses)	1.74	(0.25)	1.99	1.93
Net interest margin	1.19	(0.30)	1.49	1.45

Domestic

	Nine months ended Dec. 31, 2019 (a)	(a) - (b)	Nine months ended Dec. 31, 2018 (b)	FY3/2019 (%)
Yield on loans and bills discounted	3.19	(0.16)	3.35	3.32
Yield on deposits	0.04	(0.01)	0.05	0.04
Loan-deposit margin (after deduction of expenses)	1.78	(0.25)	2.03	1.97
Net interest margin	1.23	(0.30)	1.53	1.49

- ▲ 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 ¥4.3 billion from March 31, 2019.
- Non-performing loan ratio rose by 173 basis points from March 31, 2019 to 14.41%.

(Millions of yen)

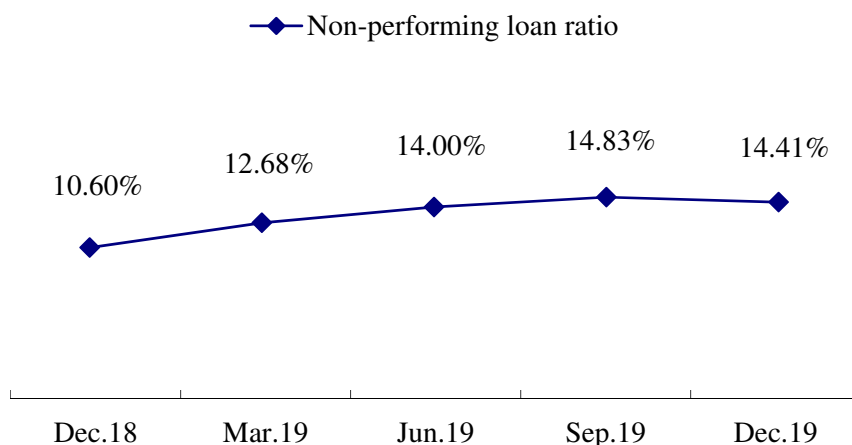
	Dec. 31, 2019	Mar. 31, 2019	Dec. 31, 2018
Claims against bankrupt and substantially bankrupt obligors	140,250	108,391	88,433
Claims with collection risk	74,113	136,477	117,910
Claims for special attention	159,917	125,099	110,633
Total (Non-performing loans based on the Financial Reconstruction Law)	374,281	369,968	316,977
Non-performing loan ratio	14.41%	12.68%	10.60%
Total coverage	301,026	316,426	270,149
Coverage ratio	80.42%	85.52%	85.22%

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

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

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

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



(5) Capital adequacy ratio (domestic standard)

• Capital adequacy ratio (non-consolidated) rose by 103 basis points from March 31, 2019 to 9.83%.

Non-consolidated

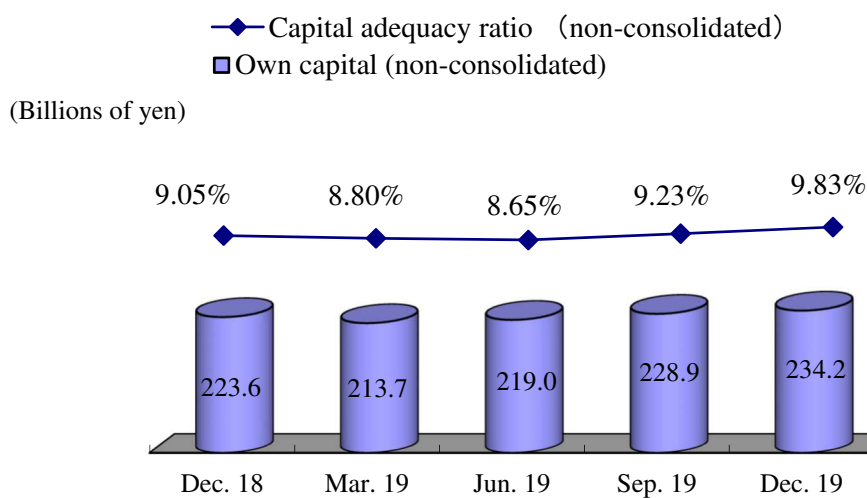
(Millions of yen)

	Dec. 31, 2019	Sep. 30, 2019	Mar. 31, 2019
Capital adequacy ratio	9.83%	9.23%	8.80%
Own capital (Core capital)	234,256	228,920	213,796
Core capital: instruments and reserves	261,395	259,723	243,358
Core capital: regulatory adjustments (-)	27,139	30,802	29,561
Risk-weighted assets	2,380,704	2,479,648	2,427,051
Total required capital	91,797	95,777	97,082

Consolidated

(Millions of yen)

	Dec. 31, 2019	Sep. 30, 2019	Mar. 31, 2019
Capital adequacy ratio	9.96%	9.33%	8.90%
Own capital (Core capital)	241,762	235,739	220,001
Core capital: instruments and reserves	274,680	272,539	256,130
Core capital: regulatory adjustments (-)	32,917	36,800	36,129
Risk-weighted assets	2,425,431	2,524,020	2,470,880
Total required capital	93,586	97,552	98,835



(6) Composition of own capital (domestic standard)

(Millions of yen)

	December 31, 2019	
	Non-consolidated	Consolidated
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	234,261	243,403
Capital and capital surplus	48,632	31,245
Retained earnings	186,189	212,718
Treasury shares (-)	560	560
Earnings to be distributed (-)	-	-
Accumulated other comprehensive income included in Core capital	-	3,291
Remeasurements of defined benefit plans	-	3,291
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	-	-
Adjusted non-controlling interests (amount allowed to be included in Core capital)	-	-
Reserves included in Core capital: instruments and reserves	27,133	27,279
General allowance for loan losses	27,133	27,279
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	-	706
Core capital: instruments and reserves (A)	261,395	274,680
Core capital: regulatory adjustments (2)		
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	14,238	16,009
Goodwill (including those equivalent)	-	1,586
Other intangible fixed assets other than goodwill and mortgage servicing rights	14,238	14,423
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	233
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	8,070	-
Net defined benefit asset	-	11,362
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	4,830	5,311
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)	4,830	5,311
Amount exceeding the 15% threshold on specified items	-	-
Core capital: regulatory adjustments (B)	27,139	32,917
Total capital		
Total capital (A-B) (C)	234,256	241,762
Risk-weighted assets (3)		
Credit risk-weighted assets	2,170,707	2,182,341
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	209,997	243,090
Credit risk-weighted assets adjustments	-	-
Amount equivalent to operational risk adjustments	-	-
Total amount of risk-weighted assets (D)	2,380,704	2,425,431
Capital adequacy ratio (non-consolidated)		
Capital adequacy ratio (non-consolidated) (C/D)	9.83%	-
Capital adequacy ratio (consolidated)		
Capital adequacy ratio (consolidated) (C/D)	-	9.96%

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

·Net unrealized gains (losses) on securities decreased by ¥6.3 billion from March 31, 2019.

(Millions of yen)

	Dec. 31, 2019				Mar. 31, 2019				Dec. 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	120,086	10,921	11,283	361	117,364	17,254	17,625	371	115,055	14,933	15,535	601
Stocks	17,848	9,572	9,782	210	26,170	15,911	16,160	249	25,349	13,960	14,427	467
Bonds	100,627	501	535	34	86,734	658	662	3	85,387	434	439	4
Others	1,611	847	964	117	4,459	683	802	118	4,318	538	668	129

(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 ¥10.7 billion from March 31, 2019.

·The ratio of investment products to total individual deposit assets declined by 30 basis points from March 31, 2019 to 4.7%.

(Millions of yen)

	Dec. 31, 2019 (a)	(a) - (b)	Mar. 31, 2019 (b)	Dec. 31, 2018
Individual deposit assets	2,624,567	(10,705)	2,635,272	2,716,696
Yen deposits	2,499,778	(1,864)	2,501,642	2,584,488
Investment products	124,789	(8,841)	133,630	132,207
Foreign currency deposits	3,983	(125)	4,108	4,269
Public bonds	7,456	(847)	8,303	8,489
Mutual funds	75,888	(4,549)	80,437	77,950
Personal pension plans	22,500	(2,902)	25,402	26,054
Single premium life insurance	14,961	(415)	15,376	15,443
The ratio of investment products to total individual deposit assets	4.7%	(0.3%)	5.0%	4.8%