

Financial Results for 1st Half of FY2020



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I. Overviews of the Financial Results for the 1st Half Ended September 30, 2020 (Fiscal Year 2020)

1. Summary of Revenue and Expenses

[Consolidated]

(million yen)

	FY 2020 1st Half Period		FY 2019 1st Half Period (B)
	(A)	(A)-(B)	
Consolidated net revenue ※1	45,084	(5,065)	50,150
Net interest income	25,512	806	24,706
Net fees and commissions	4,910	(1,573)	6,483
Net trading income	2,247	(3,698)	5,946
Net other ordinary income	12,413	(600)	13,013
General and administrative expenses	(26,076)	(874)	(25,202)
Gains (losses) on equity method investments	-	-	-
Business profit ※2	19,008	(5,939)	24,947
Credit-related expenses	(108)	(1,567)	1,459
Write-off of loans	(480)	(106)	(374)
Provision of specific allowance for loan losses	647	3,985	(3,337)
Provision of general allowance for loan losses	1,730	(2,922)	4,653
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(2,253)	(2,248)	(4)
Recoveries of written-off receivables	57	(300)	358
Provision of reserve for credit losses on off-balance-sheet instruments	188	24	164
Gains (losses) on stock transactions	1,166	(1,355)	2,522
Other	(1,121)	(1,304)	182
Ordinary profit	18,944	(10,167)	29,112
Extraordinary profit (loss)	(0)	(0)	0
Profit before income taxes and non-controlling interests	18,943	(10,168)	29,112
Income taxes-current	(5,640)	4,127	(9,767)
Income taxes-deferred	675	940	(264)
Profit	13,979	(5,100)	19,079
Loss attributable to non-controlling interests	1,147	(22)	1,169
Profit attributable to owners of parent	15,126	(5,122)	20,249

※1 Consolidated net revenue = (Interest income - Interest expenses)

+ (Trust fees + Fees and commissions income - Fees and commissions expenses)

+ (Trading income - Trading expenses) + (Other ordinary income - Other ordinary expenses)

※2 Business profit = Consolidated net revenue - General and administrative expenses + Gains (losses) on equity method investments

(Note) The amounts are rounded down to the nearest million yen.

(Scope of Consolidation and Equity-Method Application)

(Number of companies)

	FY 2020 1st Half Period		FY 2019 1st Half Period (B)
	(A)	(A)-(B)	
Consolidated subsidiaries	25	2	23
Subsidiaries and affiliated companies applying equity-method	1	1	0

【Non-consolidated】

(million yen)

	FY 2020		FY 2019 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Net revenue	45,358	(1,346)	46,704
(Excluding gains (losses) on bond transactions)	34,393	(2,570)	36,964
Net interest income	22,767	(282)	23,049
Net fees and commissions ※	5,794	(566)	6,361
Net trading income	1,520	(2,932)	4,453
Net other ordinary income	15,275	2,434	12,840
(Gains (losses) on bond transactions)	10,964	1,224	9,740
General and administrative expenses	(21,238)	(567)	(20,670)
Personnel	(10,322)	(382)	(9,940)
Property and equipment	(9,546)	(295)	(9,250)
Taxes	(1,369)	110	(1,479)
Core net business profit	24,119	(1,914)	26,034
Core net business profit excluding gains(losses) on bonds	13,155	(3,138)	16,293
Core net business profit excluding gains(losses) on bonds and cancellation on investment trusts	13,142	(2,659)	15,802
Credit-related expenses	(168)	(1,762)	1,594
Written-off of loans	(2,515)	(2,515)	-
Provision of specific allowance for loan losses	637	3,961	(3,324)
Provision of general allowance for loan losses	1,630	(2,901)	4,531
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(126)	(126)	-
Recoveries of written-off claims	21	(207)	228
Provision of reserve for credit losses on off-balance-sheet instruments	184	25	159
Gains (losses) on stock transactions	1,166	(1,355)	2,522
Other	(1,411)	(1,195)	(215)
Ordinary profit	23,706	(6,228)	29,935
Extraordinary profit (loss)	(0)	(0)	0
Profit before income taxes	23,705	(6,229)	29,935
Income taxes-current	(5,627)	3,797	(9,424)
Income taxes-deferred	12	441	(429)
Profit	18,090	(1,991)	20,081
Business profit	24,119	(1,914)	26,034

※ Trust fees are included.

(Note) The amounts are rounded down to the nearest million yen.

2. Profit Margins [Non-consolidated]

(Total)

	FY 2020		FY 2019 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
(1) Yield on total investments (A)	1.41%	(0.79%)	2.20%
Yield on loans (B)	1.46%	(0.68%)	2.14%
Yield on securities	1.83%	(0.72%)	2.55%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.32%	(0.74%)	2.06%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.38%	(0.11%)	1.49%
Yield on debentures, deposits & certificates of deposit (E)	0.17%	(0.05%)	0.22%
Yield on borrowings	0.39%	(0.11%)	0.50%
(3) Profit margins (A) - (C)	0.09%	(0.05%)	0.14%
(4) Loan margin (B) - (D)	0.08%	(0.57%)	0.65%
(5) Yield spread (B) - (E)	1.29%	(0.63%)	1.92%

(Note) The figures are calculated in the method specified in "Kessan Jokyohyo".

(Domestic operations)

	FY 2020		FY 2019 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
(1) Yield on total investments (A)	0.70%	(0.00%)	0.70%
Yield on loans (B)	1.07%	0.09%	0.98%
Yield on securities	1.32%	(0.18%)	1.50%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.15%	(0.01%)	1.16%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.28%	(0.05%)	1.33%
Yield on debentures, deposits & certificates of deposit (E)	0.15%	(0.00%)	0.15%
Yield on borrowings	0.41%	0.14%	0.27%
(3) Profit margins (A) - (C)	(0.45%)	0.01%	(0.46%)
(4) Loan margin (B) - (D)	(0.21%)	0.14%	(0.35%)
(5) Yield spread (B) - (E)	0.92%	0.09%	0.83%

(Note) The figures are calculated in the method specified in "Kessan Jokyohyo".

3. Business Profit [Non-consolidated]

(million yen)

	FY 2020		FY 2019 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Core net business profit	24,119	(1,914)	26,034
per employee (thousand yen)	12,237	(1,203)	13,440

4. ROE [Non-consolidated]

	FY 2020		FY 2019 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Core net business profit basis	10.67%	(0.67%)	11.34%
Profit basis	8.00%	(0.75%)	8.75%

$$\text{ROE} = \frac{\text{Profit} \times 365 \div \text{number of days elapsed}}{\{(\text{Total net assets at beginning of term} - \text{Share acquisition rights}) + (\text{Total net assets at end of term} - \text{Share acquisition rights})\} \div 2}$$

5. Gains (losses) on Securities Transactions [Non-consolidated]

(million yen)

	FY 2020		FY 2019 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Gains (losses) on bond transactions	10,964	1,224	9,740
Gain on sale	13,365	3,560	9,805
Gain on redemption	-	-	-
Loss on sale	(2,164)	(2,163)	(0)
Loss on redemption	-	64	(64)
Loss on devaluation	(237)	(237)	(0)
Gains (losses) on stock transactions	1,166	(1,355)	2,522
Gain on sale	1,166	(2,884)	4,051
Loss on sale	-	0	(0)
Loss on devaluation	-	1,529	(1,529)

6. Investments and Funding

【Non-consolidated】

(Total)

(million yen)

	FY 2020 1st Half Period				FY 2019 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,605,914	1.41%	252,297	(0.79%)	4,353,616	2.20%
Due from banks	40,508	0.07%	1,199	(2.12%)	39,308	2.19%
Call loans	33,286	(0.03%)	33,280	(3.39%)	5	3.36%
Receivables under resale agreements	283,697	(0.09%)	283,697	(0.09%)	-	-
Receivables under securities borrowing transactions	-	-	-	-	-	-
Securities	1,158,095	1.83%	(138,723)	(0.72%)	1,296,819	2.55%
Loans and bills discounted	2,930,768	1.47%	102,232	(0.65%)	2,828,535	2.12%
Total funding	4,690,503	0.42%	258,847	(0.71%)	4,431,656	1.13%
Deposits	3,418,878	0.17%	314,187	(0.06%)	3,104,691	0.23%
Negotiable certificates of deposit	41,543	0.01%	(48,819)	0.01%	90,363	0.00%
Debentures	32,329	0.26%	(19,030)	(0.01%)	51,360	0.27%
Call money	22,758	0.19%	(34,057)	(1.24%)	56,816	1.43%
Payables under repurchase agreements	29,602	0.36%	(31,027)	(2.18%)	60,629	2.54%
Payables under securities lending transactions	343,907	0.53%	(123,106)	(1.74%)	467,013	2.27%
Borrowed money	573,753	0.39%	247,398	0.06%	326,354	0.33%
Bonds payable	204,352	1.06%	(29,604)	0.05%	233,956	1.01%

(Domestic operations)

(million yen)

	FY 2020 1st Half Period				FY 2019 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,789,434	0.70%	124,401	(0.00%)	3,665,032	0.70%
Due from banks	655	0.01%	81	(0.01%)	574	0.02%
Call loans	33,114	(0.03%)	33,114	(0.03%)	-	-
Receivables under resale agreements	283,697	(0.09%)	283,697	(0.09%)	-	-
Receivables under securities borrowing transactions	-	-	-	-	-	-
Securities	310,380	1.32%	10,423	(0.18%)	299,957	1.50%
Loans and bills discounted	1,817,539	1.08%	132,066	0.08%	1,685,472	1.00%
Total funding	3,905,547	0.17%	183,552	0.00%	3,721,995	0.17%
Deposits	3,303,447	0.15%	306,682	(0.01%)	2,996,765	0.16%
Negotiable certificates of deposit	41,543	0.01%	(48,819)	0.01%	90,363	0.00%
Debentures	32,329	0.26%	(19,030)	(0.01%)	51,360	0.27%
Call money	19,972	(0.01%)	(7,699)	(0.00%)	27,672	(0.01%)
Payables under repurchase agreements	-	-	-	-	-	-
Payables under securities lending transactions	186	0.00%	(37,660)	(0.00%)	37,846	0.00%
Borrowed money	351,960	0.43%	30,736	0.13%	321,223	0.30%
Bonds payable	140,278	0.11%	(24,519)	0.01%	164,797	0.10%

【Consolidated】

(Total)

(million yen)

	FY 2020 1st Half Period				FY 2019 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,632,130	1.52%	293,313	(0.77%)	4,338,816	2.29%
Due from banks	69,266	0.04%	(497)	(1.42%)	69,764	1.46%
Call loans and bills bought	39,942	(0.03%)	25,210	0.00%	14,732	(0.03%)
Receivables under resale agreements	283,697	(0.09%)	283,697	(0.09%)	-	-
Receivables under securities borrowing transactions	-	-	-	-	-	-
Securities	1,097,497	1.93%	(125,877)	(0.78%)	1,223,375	2.71%
Loans and bills discounted	2,960,084	1.64%	141,842	(0.61%)	2,818,242	2.25%
Total funding	4,778,009	0.41%	304,911	(0.71%)	4,473,098	1.12%
Deposits	3,506,148	0.16%	360,698	(0.07%)	3,145,449	0.23%
Negotiable certificates of deposit	41,543	0.01%	(48,819)	0.01%	90,363	0.00%
Debentures	32,329	0.26%	(19,030)	(0.01%)	51,360	0.27%
Call money and bills sold	22,758	0.19%	(34,057)	(1.24%)	56,816	1.43%
Payables under repurchase agreements	29,602	0.36%	(31,027)	(2.18%)	60,629	2.54%
Payables under securities lending transactions	343,907	0.53%	(123,106)	(1.74%)	467,013	2.27%
Borrowed money	573,990	0.38%	246,951	0.05%	327,038	0.33%
Bonds payable	204,352	1.06%	(29,604)	0.05%	233,956	1.01%

7. Unrealized Gains and Losses on Securities

① Valuation standards

Held-for-trading securities	Fair value
Held-to-maturity bonds	Amortized cost
Stocks in subsidiaries and affiliates	Acquisition cost
Available-for-sale securities	
With fair value available	Fair value (Unrealized gains (losses) recorded in net assets, net of taxes.)
Without fair value available	Acquisition cost

② Unrealized gains and losses

【Non-consolidated】

(million yen)

		September 30, 2020				March 31, 2020		
		Unrealized gains and losses				Unrealized gains and losses		
		(A)	(A)-(B)	gains	losses	(B)	gains	losses
	Held-to-maturity bonds	-	-	-	-	-	-	-
	Stocks in subsidiaries and affiliates	-	-	-	-	-	-	-
	Available-for-sale securities	28,169	46,820	44,846	16,677	(18,651)	39,018	57,670
	Japanese stocks	15,465	5,333	15,496	30	10,132	10,178	45
	Japanese debt securities	776	181	885	109	594	749	154
	Other	11,927	41,306	28,464	16,537	(29,378)	28,091	57,469
	Total	28,169	46,820	44,846	16,677	(18,651)	39,018	57,670
	Japanese stocks	15,465	5,333	15,496	30	10,132	10,178	45
	Japanese debt securities	776	181	885	109	594	749	154
	Other	11,927	41,306	28,464	16,537	(29,378)	28,091	57,469

(Note) The gain or loss from revaluation of 'Securities' on the balance sheet is included in the table above.

A portion of beneficial interests in investment trust within 'Monetary claims bought' are marked-to-market, but the unrealized gains and losses in the table below are not included in the table above.

	September 30, 2020				March 31, 2020		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	2	(10)	12	9	13	13	-

Available-for-sale securities are marked-to-market, and above figures are difference between balance sheet amount and acquisition cost.

【Consolidated】

(million yen)

		September 30, 2020				March 31, 2020		
		Unrealized gains and losses				Unrealized gains and losses		
		(A)	(A)-(B)	gains	losses	(B)	gains	losses
	Held-to-maturity bonds	-	-	-	-	-	-	-
	Available-for-sale securities	28,162	46,813	44,846	16,684	(18,650)	39,019	57,670
	Japanese stocks	15,465	5,333	15,496	30	10,132	10,178	45
	Japanese debt securities	769	174	885	116	595	749	154
	Other	11,927	41,306	28,464	16,537	(29,378)	28,091	57,469
	Total	28,162	46,813	44,846	16,684	(18,650)	39,019	57,670
	Japanese stocks	15,465	5,333	15,496	30	10,132	10,178	45
	Japanese debt securities	769	174	885	116	595	749	154
	Other	11,927	41,306	28,464	16,537	(29,378)	28,091	57,469

(Note) The gain or loss from revaluation of 'Securities' on the consolidated balance sheet is included in the table above.

A portion of beneficial interests in investment trust within 'Monetary claims bought' are marked-to-market, but the unrealized gains and losses in the table below are not included in the table above.

	September 30, 2020				March 31, 2020		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	2	(10)	12	9	13	13	-

Available-for-sale securities are marked-to-market, and above figures are difference between consolidated balance sheet amount and acquisition cost.

8. Employees' Retirement Benefits

① Provision for retirement benefits

【Non-consolidated】

(million yen)

			September 30, 2020		March 31, 2020
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,449)	106	(41,555)
	Fair value of plan assets	(B)	33,961	(22)	33,983
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(7,487)	84	(7,572)
	Unrecognized actuarial losses	(D)	2,101	(714)	2,816
	Unrecognized prior-service cost	(E)	(245)	163	(409)
	Net liability recognized	(F)=(C)+(D)+(E)	(5,631)	(466)	(5,165)
	Prepaid pension costs	(G)	4,451	(218)	4,669
	Provision for retirement benefits	(F)-(G)	(10,082)	(247)	(9,834)

【Consolidated】

(million yen)

			September 30, 2020		March 31, 2020
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,752)	72	(41,824)
	Fair value of plan assets	(B)	33,961	(22)	33,983
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(7,790)	50	(7,841)
	Retirement benefit asset	(D)	2,748	240	2,507
	Retirement benefit liability	(C)-(D)	(10,538)	(190)	(10,348)
	Unrecognized actuarial losses	(E)	(2,101)	714	(2,816)
	Unrecognized prior-service cost	(F)	245	(163)	409
	Remeasurements of defined benefit plans (before income tax effect)	(E)+(F)	(1,856)	550	(2,406)

② Net periodic retirement benefit costs

【Non-consolidated】

(million yen)

			FY 2020 1st Half Period		FY 2019 1st Half Period
			(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs		982	432	549
	Service cost		774	(18)	792
	Interest cost		82	(0)	82
	Expected return on plan assets		(424)	22	(446)
	Amortization of prior-service cost		(163)	-	(163)
	Recognized actuarial losses		714	432	282
	Other		-	(3)	3

【Consolidated】

(million yen)

			FY 2020 1st Half Period		FY 2019 1st Half Period
			(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs regarding defined benefit pension plans		1,037	434	602

9. Capital Adequacy Ratio (under Japanese domestic standards)

■ Basel III

【Consolidated】

(million yen)

	September 30, 2020			March 31, 2020	September 30, 2019
	preliminary (A)	(A) - (B)	(A) - (C)	(B)	(C)
(1) Capital adequacy ratio (4)/(5)	10.98%	0.69%	0.64%	10.29%	10.34%
(2) Core capital: instruments and reserves	494,505	6,115	11,089	488,389	483,415
(3) Core capital: regulatory adjustments	15,438	170	(899)	15,268	16,337
(4) Regulatory capital (2)-(3)	479,066	5,945	11,988	473,121	467,077
(5) Risk-weighted assets	4,362,991	(231,930)	(150,574)	4,594,922	4,513,566
(6) Total required capital (5)*4%	174,519	(9,277)	(6,022)	183,796	180,542

【Non-consolidated】

(million yen)

	September 30, 2020			March 31, 2020	September 30, 2019
	preliminary (A)	(A) - (B)	(A) - (C)	(B)	(C)
(1) Capital adequacy ratio (4)/(5)	11.01%	0.75%	0.72%	10.26%	10.29%
(2) Core capital: instruments and reserves	493,385	9,343	16,000	484,041	477,384
(3) Core capital: regulatory adjustments	11,362	(276)	(354)	11,638	11,716
(4) Regulatory capital (2)-(3)	482,023	9,619	16,355	472,403	465,667
(5) Risk-weighted assets	4,376,887	(227,187)	(144,474)	4,604,075	4,521,361
(6) Total required capital (5)*4%	175,075	(9,087)	(5,778)	184,163	180,854

The 'Composition of Capital Disclosure' is available on our website at

<https://www.aozorabank.co.jp/english/ir/library/>

II. Status of Loans, etc.

1. Risk Monitored Loans

☐ After partial and direct written-off

【Non-consolidated】

(million yen)

		September 30, 2020			March 31, 2020	September 30, 2019
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	2,148	(2,251)	(1,073)	4,400	3,222
	Past due loans	16,594	(5,005)	593	21,600	16,001
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	5,174	2,890	3,765	2,284	1,409
	Total	23,917	(4,367)	3,284	28,285	20,633
Loan balance (end of period basis)		2,834,785	(102,722)	(19,658)	2,937,508	2,854,444

Ratio to Loan balance	Loans to bankrupt companies	0.1%	(0.0%)	(0.0%)	0.1%	0.1%
	Past due loans	0.6%	(0.1%)	0.0%	0.7%	0.6%
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	0.2%	0.1%	0.2%	0.1%	0.0%
	Total	0.8%	(0.2%)	0.1%	1.0%	0.7%

☐ After partial and direct written-off

【Consolidated】

(million yen)

		September 30, 2020			March 31, 2020	September 30, 2019
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	2,148	(2,311)	(1,125)	4,460	3,274
	Past due loans	16,649	(4,965)	618	21,614	16,030
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	5,174	2,890	3,765	2,284	1,409
	Total	23,972	(4,386)	3,258	28,359	20,713
Loan balance (end of period basis)		2,866,636	(87,485)	28,180	2,954,122	2,838,456

Ratio to Loan balance	Loans to bankrupt companies	0.1%	(0.1%)	(0.0%)	0.2%	0.1%
	Past due loans	0.6%	(0.1%)	0.0%	0.7%	0.6%
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	0.2%	0.1%	0.1%	0.1%	0.1%
	Total	0.8%	(0.2%)	0.1%	1.0%	0.7%

2. Allowance for Loan Losses

☐ After partial and direct written-off

【Non-consolidated】

(million yen)

	September 30, 2020			March 31, 2020	September 30, 2019
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	47,178	(6,004)	5,985	53,183	41,192
General allowance	37,982	(1,630)	5,662	39,612	32,320
Specific allowance	9,196	(4,374)	323	13,571	8,872
Allowance for loans to restructuring countries	-	-	-	-	-

☐ After partial and direct written-off

【Consolidated】

(million yen)

	September 30, 2020			March 31, 2020	September 30, 2019
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	47,678	(6,121)	5,888	53,799	41,789
General allowance	38,481	(1,736)	5,578	40,217	32,902
Specific allowance	9,196	(4,385)	310	13,581	8,886
Allowance for loans to restructuring countries	-	-	-	-	-

3. Disclosed Claims under the Financial Reconstruction Law ("FRL Credit")☐ After partial and direct written-off

【Non-consolidated】

(million yen)

	September 30, 2020			March 31, 2020	September 30, 2019
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	2,148	(2,251)	(1,073)	4,400	3,222
Doubtful credit	16,694	(5,005)	693	21,700	16,001
Special attention credit	5,174	2,890	3,765	2,284	1,409
Total (a)	24,017	(4,367)	3,384	28,385	20,633
Normal assets	2,852,133	(99,373)	(21,181)	2,951,507	2,873,314
Grand total (b)	2,876,151	(103,740)	(17,796)	2,979,892	2,893,947
Non-performing loans ratio (a/b)	0.8%	(0.2%)	0.1%	1.0%	0.7%

4. Allowance and Coverage for FRL Credit☐ After partial and direct written-off

【Non-consolidated】

(million yen)

	September 30, 2020			March 31, 2020	September 30, 2019
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	21,401	(6,166)	2,375	27,568	19,026
Allowance for loan losses (d)	11,602	(3,661)	1,320	15,263	10,281
Collateral / guarantee coverage (e)	9,799	(2,504)	1,055	12,304	8,744

(Note) Allowance for loan losses (d) is the sum of specific allowance for loan losses and general allowance for loan losses for FRL Credit.

Coverage Ratio c/a

	September 30, 2020			March 31, 2020	September 30, 2019
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	89.1%	(8.0%)	(3.1%)	97.1%	92.2%

Allowance Ratio d/(a-e)

	September 30, 2020			March 31, 2020	September 30, 2019
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	81.6%	(13.3%)	(4.9%)	94.9%	86.5%

5. Coverage for FRL Credit by Borrowers' Category

☐ After partial and direct written-off

【Non-consolidated】

(100 millions yen)

Borrower categories for self-assessment	FRL Credit		Allowance & Coverage	Allowance Ratio	Coverage Ratio	Risk Monitored Loans
	Loans	other				
Bankrupt borrowers	Bankrupt and similar credit 21		Collateral / Guarantee coverage 21	100.0%	100.0%	Loans to bankrupt companies 21
De facto bankrupt borrowers						
In Danger of Bankruptcy borrowers	Doubtful credit 166		Collateral / Guarantee coverage 66	91.4%	94.8%	Past due loans 165
			Allowance 91			Estimated collections 8
Need Attention borrowers	Special attention credit 51		Collateral / Guarantee coverage 10	57.9%	66.2%	Loans overdue for three months or more -
			Allowance 24			Estimated collections 17
Normal borrowers	(Normal credit) (28,521)					

FRL Credit, total 240	Collateral / Guarantee coverage 97 Allowance 116 Estimated collections 26	FRL Credit Allowance Ratio 81.6%	FRL Credit Coverage Ratio 89.1%	Risk Monitored loans 239
Total credit 28,761	Total allowance 471	Allowance ratio = Allowance / (Credit – Collateral, Guarantees, etc.) Coverage ratio = (Collateral, Guarantees + Allowance) / Credit		
The reserve ratio for the non-secured portion of special attention credit		57.8%		
The reserve ratio for the need attention credit		4.5%		
The reserve ratio for the normal credit		0.8%		

(Note) The amounts are rounded down to the nearest 100 millions yen.

6. Off-Balancing of FRL Credit [Non-consolidated]

① Balance of doubtful credit, and bankrupt and similar credit

(100 millions yen)

Newly added within:		As of Mar. 31, 2017	As of Sep. 30, 2017	As of Mar. 31, 2018	As of Sep. 30, 2018	As of Mar. 31, 2019	As of Sep. 30, 2019	As of Mar. 31, 2020 (B)	increase (decrease) (A)-(B)	As of Sep. 30, 2020 (A)
-Mar. 31, 2017	Bankrupt and similar credit	0	0	-	-	-	-	-	-	-
	Doubtful credit	114	15	15	13	13	3	3	(1)	2
	subtotal	114	15	15	13	13	3	3	(1)	2
Apr. 1, 2017 -Sep. 30, 2017	Bankrupt and similar credit	-	1	1	-	-	-	-	-	-
	Doubtful credit	-	2	-	-	-	-	-	-	-
	subtotal	-	3	1	-	-	-	-	-	-
Oct. 1, 2017 -Mar. 31, 2018	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	30	30	30	30	30	-	30
	subtotal	-	-	30	30	30	30	30	-	30
Apr. 1, 2018 -Sep. 30, 2018	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	24	16	9	0	(0)	0
	subtotal	-	-	-	24	16	9	0	(0)	0
Oct. 1, 2018 -Mar. 31, 2019	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	81	25	24	(13)	11
	subtotal	-	-	-	-	81	25	24	(13)	11
Apr. 1, 2019 -Sep. 30, 2019	Bankrupt and similar credit	-	-	-	-	-	32	43	(43)	-
	Doubtful credit	-	-	-	-	-	91	78	(30)	47
	subtotal	-	-	-	-	-	124	121	(74)	47
Oct. 1, 2019 -Mar. 31, 2020	Bankrupt and similar credit	-	-	-	-	-	-	0	2	2
	Doubtful credit	-	-	-	-	-	-	79	(78)	1
	subtotal	-	-	-	-	-	-	80	(76)	3
Apr. 1, 2020 -Sep. 30, 2020	Bankrupt and similar credit	-	-	-	-	-	-	-	18	18
	Doubtful credit	-	-	-	-	-	-	-	74	74
	subtotal	-	-	-	-	-	-	-	93	93

(Note1)

The amounts are rounded down to the nearest 100 millions yen.

(Note2)

Balance as of Sep. 30, 2020 includes those borrowers (JPY 0.1 billion) for whom measures are undertaken which will lead to eventual off-balancing.

② Off-balancing of doubtful credit, and bankrupt and similar credit

(100 millions yen)

Newly added within:	-Mar. 31, 2017	Apr. 1, 2017 -Sep. 30, 2017	Oct. 1, 2017 -Mar. 31, 2018	Apr. 1, 2018 -Sep. 30, 2018	Oct. 1, 2018 -Mar. 31, 2019	Apr. 1, 2019 -Sep. 30, 2019	Oct. 1, 2019 -Mar. 31, 2020
Liquidation-type disposition	-	(0)	-	-	-	-	-
Restructuring-type disposition	-	-	-	-	-	-	-
Loan liquidations	-	-	-	-	(3)	(8)	(20)
Direct written-off	0	0	-	-	-	-	(11)
Other	(1)	(0)	-	(0)	(9)	(65)	(44)
Total	(1)	-	-	(0)	(13)	(74)	(76)

(Note1) The amounts are rounded down to the nearest 100 millions yen.

(Note2) Liquidation-type disposition : debt waiver in event of bankruptcy or special liquidation

Restructuring-type disposition : debt waiver in event of restructuring-type proceedings, such as corporate reorganization, civil rehabilitation, composition and winding-up; or debt forgiveness

Other : collection by disposition of collateral, business improvement of debtor, etc.

(Note3) If legal proceedings such as debt waiver, forgiveness, collection and so on, occur after direct written-off of book cost, relevant amounts are reentered in "Liquidation-type disposition", "Restructuring-type disposition" or "Other" where appropriate and subtracted from "Direct written-off".

7. Breakdown of Loans and Bills Discounted Classified by Industry [Non-consolidated]

□ After partial and direct written-off

① Loans and Bills Discounted Classified by Industry

(million yen)

	September 30, 2020	March 31, 2020	September 30, 2019
Loans by domestic offices (excluding Japan Offshore Market accounts)	2,834,785	2,937,508	2,854,444
Manufacturing	241,942	240,906	226,995
Agriculture, forestry & fisheries	4,584	4,628	5,047
Mining, quarry, gravel extraction	-	-	-
Construction	11,638	10,212	11,974
Electricity, gas, heat supply & water	41,115	47,275	35,792
Information & communications	87,579	77,707	87,650
Transport, postal Service	34,006	35,565	41,756
Whole sale & retail trade	58,709	68,384	66,204
Finance & insurance	387,725	412,053	410,879
Real estate	636,002	625,814	610,723
Leasing	32,295	32,652	33,509
Various Services	198,038	213,015	178,272
Local governments	3,066	7,146	4,550
Others	1,098,080	1,162,143	1,141,088
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	2,834,785	2,937,508	2,854,444

② Risk Monitored Loans Classified by Industry

(million yen)

	September 30, 2020	March 31, 2020	September 30, 2019
Loans by domestic offices (excluding Japan Offshore Market accounts)	23,917	28,285	20,633
Manufacturing	2,919	3,379	2,505
Agriculture, forestry & fisheries	4,584	4,612	5,023
Mining, quarry, gravel extraction	-	-	-
Construction	-	-	-
Electricity, gas, heat supply & water	-	-	-
Information & communications	-	-	-
Transport, postal Service	-	2,176	2,159
Whole sale & retail trade	2,099	2,164	2,166
Finance & insurance	982	-	-
Real estate	-	-	-
Leasing	816	-	-
Various Services	1,260	1,239	1,248
Local governments	-	-	-
Others	11,253	14,711	7,529
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	23,917	28,285	20,633

③ Consumer Loans

(million yen)

	September 30, 2020			March 31, 2020 (B)	September 30, 2019 (C)
	(A)	(A) - (B)	(A) - (C)		
Consumer loans	1,460	(79)	(267)	1,539	1,727
Housing loans	1,047	(71)	(244)	1,119	1,292
Other loans	412	(7)	(22)	420	435

④ Loans to Small/Medium-sized Corporations

(million yen)

	September 30, 2020			March 31, 2020 (B)	September 30, 2019 (C)
	(A)	(A) - (B)	(A) - (C)		
Loans to small/medium-sized corporations	2,223,872	(138,441)	(26,295)	2,362,313	2,250,168
Ratio to total loans	78.4%	(2.0%)	(0.4%)	80.4%	78.8%

8. Debentures, Deposits and Loans

【Non-consolidated】

(million yen)

		September 30, 2020			March 31, 2020 (B)	September 30, 2019 (C)
		(A)	(A) - (B)	(A) - (C)		
Debentures	Ending balance	24,880	(19,780)	(26,480)	44,660	51,360
	Average balance	32,329	(17,840)	(19,030)	50,170	51,360
Deposits	Ending balance	3,508,644	229,894	417,515	3,278,749	3,091,129
	Average balance	3,418,878	258,444	314,187	3,160,434	3,104,691
Deposits & Certificates of deposits	Ending balance	3,543,244	217,254	364,162	3,325,989	3,179,082
	Average balance	3,460,422	223,432	265,367	3,236,990	3,195,054
Loans and bills discounted	Ending balance	2,834,785	(102,722)	(19,658)	2,937,508	2,854,444
	Average balance	2,930,768	50,885	102,232	2,879,883	2,828,535

III. Uniform Questions for the Interim Period Ended September 30, 2020

1. FRL Credit Ratio 【Non-consolidated】【Consolidated】

	Mar. 31, 2018	Sep. 30, 2018	Mar. 31, 2019	Sep. 30, 2019	Mar. 31, 2020	Sep. 30, 2020
Non-consolidated	0.26%	0.33%	0.55%	0.71%	0.95%	0.83%
Consolidated	0.26%	0.33%	0.55%	0.72%	0.95%	0.82%

2. Investment Stocks 【Non-consolidated】

(1) Investment Stocks

(100 millions yen)

	Acquisition cost(A)	Market value(B)	(B)-(A)
September 30, 2019	360	729	369
March 31, 2020	329	430	101
September 30, 2020	373	528	154

(Note) The amounts are rounded down to the nearest 100 millions yen. The same applies in the following tables.

(2) Sales of cross-holding stocks

None

(3) Impairment of stocks

(100 millions yen)

	Gains (losses) on stock transactions	
		Impairment loss
FY 2019 1st Half Period	25	(15)
FY 2019	116	(17)
FY 2020 1st Half Period	11	-

3. Loans to Small/Medium-sized Corporations 【Non-consolidated】

Loan Balance

(100 millions yen)

	Balance	Increase/Decrease	Ratio to total loans
September 30, 2019	22,501	4.4%	78.8%
March 31, 2020	23,623	5.0%	80.4%
September 30, 2020	22,238	(5.9%)	78.4%

4. Sales of investment trusts and annuity insurance to retail customers 【Non-consolidated】

a. Investment trusts

(100 millions yen)

	Sales Total
FY 2019 1st Half Period	81
FY 2019	194
FY 2020 1st Half Period	78

b. Annuity insurance

(100 millions yen)

	Sales Total
FY 2019 1st Half Period	75
FY 2019	119
FY 2020 1st Half Period	13

5. Japanese Government Bonds 【Non-consolidated】

(100 millions yen)

	Balance
September 30, 2019	-
March 31, 2020	-
September 30, 2020	50

IV. Deferred Tax Assets

1. Judgement for Recoverability of Deferred Tax Asset

We have categorized the Bank under Category 2 of 'Guidance on Recoverability of Deferred Tax Assets' (ASBJ Guidance on Corporate Accounting Standard No.26) and have calculated recoverable deferred tax assets based on a scheduling of the reversals of temporary differences.

Reference) Past Taxable income

(100 millions yen)

	FY 2017	FY 2018	FY 2019
Taxable income (before offsetting of tax loss carryforwards)	446	377	594

2. Temporary Differences and Loss Carryforwards [Non-consolidated]

(100 millions yen)

	September 30, 2020		March 31, 2020
	(A)	(A) - (B)	(B)
Deferred Tax Assets	333	(1)	335
Allowance for loan losses	143	(16)	160
Provision for employees' retirement benefits	30	0	30
Securities write-off	192	0	192
Unrealized gain on available-for-sale securities	—	—	—
Tax loss carryforwards	—	—	—
Other	92	(1)	94
Subtotal	458	(17)	476
Less valuation allowance	(125)	15	(141)
Deferred tax liabilities	91	23	68
Unrealized gain on available-for-sale securities	73	25	47
Net deferred tax assets	241	(25)	267