

Summary of the 1st Half Financial Statements for the First Six Months of FY2017 [JGAAP] (Consolidated)

November 13, 2017
Listed Exchange TSE

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TSE Code 8304 URL <http://www.aozorabank.co.jp/>
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Scheduled Filing Date of Security Report Nov. 27, 2017 Dividend payable date Dec. 15, 2017
Reference Material Yes Trading Accounts Yes
Investor Meeting Yes TEL (03)6752-1111

(Unit: JPY millions, rounded down)

1. Business highlights for the first six months of FY2017

(1) Consolidated business results

(Note: Percentages show year-on-year rates of change)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%
Six months ended Sep. 30, 2017	72,827	10.4	30,375	9.1	23,180	(10.4)
Sep. 30, 2016	65,990	9.5	27,830	(6.2)	25,857	6.4

(Note) Comprehensive income JPY 27,116 million (-6.8%) (Six months ended Sep. 30, 2017)
JPY 29,101 million (292.5%) (Six months ended Sep. 30, 2016)

	Net income per common share (basic)	Net income per common share (diluted)
	Yen	Yen
Six months ended Sep. 30, 2017	198.71	198.57
Sep. 30, 2016	221.68	221.56

(Note) Aozora Bank, Ltd. (Aozora) consolidated every ten common shares into one common share on October 1, 2017. "Net income per common share (basic)" and "Net income per common share (diluted)" are presented as if the share consolidation was effective at the beginning of the previous accounting period.

(2) Consolidated financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
	Million Yen	Million Yen	%	Yen
Sep. 30, 2017	4,816,158	436,245	9.0	3,723.77
Mar. 31, 2017	4,586,007	420,345	9.1	3,586.16

(Ref.) Total net assets (less Subscription rights to shares and Non-controlling interests) JPY 434,413 million (Sep. 30, 2017)
JPY 418,289 million (Mar. 31, 2017)

(Note) Net assets to total assets ratio = (Total net assets - Subscription rights to shares - Non-controlling interests) / Total assets

(Note) Aozora consolidated every ten common shares into one common share on October 1, 2017. "Net assets per common share" is presented as if the share consolidation was effective at the beginning of the previous accounting period.

2. Dividend

	Annual dividend				
	1Q end	2Q end	3Q end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016 (common share)	4.00	4.00	5.00	5.70	18.70
FY2017 (common share)	4.00	4.00			
FY2017 (common share) (Forecast)			-	-	-

(Note) Revision of dividends forecast to the latest announcement None

(Note) The dividend payment forecast was calculated by dividing the total dividend amount, which is set at 50% of profit attributable to owners of parent forecast, by the total number of common shares issued, excluding treasury shares. The amount of the payment for the 3rd quarter and thereafter will be separately announced upon determination.

(Note) On October 1, 2017, Aozora consolidated every ten common shares into one common share. The above dividend payments per common share for FY2017 are actual amounts before the share consolidation. If not for the share consolidation, the common share dividend forecast for FY2017 would be 18.40 yen per common share, which remains unchanged from the last forecast (taking into consideration the share consolidation, the common share dividend forecast for FY2017 is 184 yen per common share). However, because dividend payments for the 3rd quarter and thereafter will be made after the share consolidation, total dividends cannot be correctly calculated by simply adding together dividend payments for each quarter. As a result, the annual dividend forecast for FY2017 is shown as "-".

For more details on dividend payments for each quarter assuming that the share consolidation was effective at the beginning of the previous accounting period, please refer to "(Reference) Dividend payments per common share."

3. Consolidated earnings forecast for the year ending March 31, 2018 (FY2017)

(Note: Percentages show year-on-year rates of change)

	Ordinary profit		Profit attributable to owners of parent		Net income per common share
	Million Yen	%	Million Yen	%	Yen
FY2017 (Full Year)	56,500	9.1	43,000	(1.9)	368.59

(Note) Revision of consolidated earnings forecast to the latest announcement None

(Note) Aozora consolidated every ten common shares into one common share on October 1, 2017. "Net income per common share" of consolidated earnings forecast for the year ending March 31, 2018 is based on the consolidated shares.

*Notes

(1) Changes in material subsidiaries during the first half (changes in specified subsidiaries which affect the scope of consolidation) None

(2) Changes in accounting policy, accounting estimates, or retrospective restatements

(a) Changes with revisions of accounting standards None

(b) Changes other than (a) above None

(c) Changes in accounting estimates None

(d) Retrospective restatements None

(3) The number of common shares issued

	Sep. 30, 2017	Mar. 31, 2017
(a) The number of common shares issued (including treasury shares)	118,289,418	118,289,418
(b) The number of treasury shares	1,630,040	1,649,530

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2016
(c) The average number of common shares outstanding (6 months)	116,649,828	116,639,616

(Note) Aozora consolidated every ten common shares into one common share on October 1, 2017. "The number of common shares issued", "The number of treasury shares" and "The average number of common shares outstanding" are presented as if the share consolidation was effective at the beginning of the previous accounting period.

(Summary of non-consolidated financial statements)

1. Business highlights for the first six months of FY2017

(1) Business results

(Note: Percentages show year-on-year rates of change)

	Ordinary income		Ordinary profit		Profit	
	Million Yen	%	Million Yen	%	Million Yen	%
Six months ended Sep. 30, 2017	70,323	10.1	30,247	10.1	23,047	(12.9)
Sep. 30, 2016	63,877	11.1	27,473	(4.9)	26,462	11.3

	Net income per common share (basic)
Six months ended	Yen
Sep. 30, 2017	197.57
Sep. 30, 2016	226.87

(Note) Aozora consolidated every ten common shares into one common share on October 1, 2017. "Net income per common share (basic)" is presented as if the share consolidation was effective at the beginning of the previous accounting period.

(2) Financial condition

	Total assets	Total net assets	Net assets to total assets ratio	Net assets per common share
	Million Yen	Million Yen	%	Yen
Sep. 30, 2017	4,809,188	427,875	8.9	3,664.88
Mar. 31, 2017	4,583,403	411,678	9.0	3,526.93

(Ref.) Total net assets (less Subscription rights to shares): JPY 427,543 million (Sep. 30, 2017) - JPY 411,381 million (Mar. 31, 2017)

(Note) Net assets to total assets ratio = (Total net assets - Subscription rights to shares) / Total assets

(Note) Aozora consolidated every ten common shares into one common share on October 1, 2017. "Net assets per common share" is presented as if the share consolidation was effective at the beginning of the previous accounting period.

2. Non-consolidated earnings forecast for the year ending March 31, 2018 (FY2017)

(Note: Percentages show year-on-year rates of change)

	Ordinary profit		Profit		Net income per common share
	Million Yen	%	Million Yen	%	Yen
FY2017 (Full Year)	54,000	7.8	42,000	(3.4)	360.02

(Note) Aozora consolidated every ten common shares into one common share on October 1, 2017. "Net income per common share" of non-consolidated earnings forecast for the year ending March 31, 2018 is based on the consolidated shares.

※Summary of 1st half financial statements is out of scope of interim audit.

※Notes and remarks for the proper use of earnings projection

The above earnings forecast involves certain risks and uncertainties since the calculations are based on management's assumptions and beliefs in light of information currently available. This should not be interpreted as a promise or guarantee that the forecast will be achieved. Please be aware that actual results may be materially different from the forecast presented herein due to various factors.

(Reference) Dividend payments per common share

Aozora consolidated every ten common shares into one common share on October 1, 2017. Assuming that the share consolidation was effective at the beginning of the previous accounting period, dividend payments per common share are as follows.

	Annual dividend				
	1Q end	2Q end	3Q end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016 (common share)	40.00	40.00	50.00	57.00	187.00
FY2017 (common share)	40.00	40.00			
FY2017 (common share) (Forecast)			-	-	184.00

[Attachment]

1. Qualitative information	2
(1) Operating results	2
(2) Financial condition	3
(3) Consolidated earnings forecast	3
(Reference) Summary of consolidated revenue and expenses	4
2. Interim consolidated financial statements and main notes	5
(1) Interim consolidated balance sheet	5
(2) Interim consolidated statement of income and Interim consolidated statement of comprehensive income	6
Interim consolidated statement of income	6
Interim consolidated statement of comprehensive income	7
(3) Interim consolidated statement of changes in net assets	8
(4) Notes to interim consolidated financial statements	10
(Information on going concern assumption)	10
3. Interim non-consolidated financial statements	11
(1) Interim non-consolidated balance sheet	11
(2) Interim non-consolidated statement of income	13
(3) Interim non-consolidated statement of changes in net assets	14

1. Qualitative information

(1) Operating results

In the first half of FY2017, Aozora reported consolidated net revenue of 44.0 billion yen, a decrease of 2.3 billion yen, or 4.9% year on year, and business profit was 21.3 billion yen, a decrease of 2.8 billion yen, or 11.5%. Profit attributable to owners of parent was 23.2 billion yen, a decrease of 2.7 billion yen, or 10.4%, representing progress of 53.9% towards the full-year forecast of 43.0 billion yen.

Net interest income was 25.0 billion yen, an increase of 2.5 billion yen, or 11.3% year on year, due to increase in the yield on loans and securities, reflecting the Bank's continued disciplined approach to balance sheet management, as well as an increase in the average asset balance.

Non-interest income was 19.1 billion yen, a decrease of 4.8 billion yen, or 20.1% year on year. Net fees and commissions were 5.8 billion yen, an increase of 0.8 billion yen, or 17.0% year on year, mainly due to increases in fee income from loans as well as the sale of investment trust and insurance to our mass affluent retail customers. Net trading revenues were 7.6 billion yen, a decrease of 2.4 billion yen, or 24.2% year on year. Gains/losses on bond transactions were a gain of 1.6 billion yen, a decrease of 2.8 billion yen, or 63.8% year of year. Net other ordinary income, excluding gains/losses on bond transactions, was 4.1 billion yen, a decrease of 0.5 billion yen, or 10.0% year on year.

General and administrative expenses were 22.7 billion yen, a year-on-year increase of 0.5 billion yen, or 2.3%, representing 49.3% of the full-year budget of 46.0 billion yen. The increase was mainly due to incremental staff for the Bank's Internet banking project as well as for other business areas of focus.

As a result of the above factors, consolidated business profit was 21.3 billion yen, a decrease of 2.8 billion yen, or 11.5% year on year.

Credit-related expenses were a net reversal of 5.4 billion yen, mainly due to the reversal of specific loan loss reserves resulting from the collection of non-performing claims. Gains/losses on stock transactions were a gain of 4.1 billion yen.

Ordinary profit and profit before income taxes were both 30.4 billion yen, an increase of 2.5 billion yen, or 9.1% year on year.

Taxes (corporation tax, resident tax, business tax and deferred income taxes) were a net expense of 7.4 billion yen.

As a result of the aforementioned factors, profit attributable to owners of parent for the first half of FY2017 was 23.2 billion yen, a decrease of 2.7 billion yen, or 10.4% year on year, representing progress of 53.9% towards the full-year forecast of 43.0 billion yen. Net income per share (basic) was 198.71 yen, as compared to 221.68 yen per share (basic) in the first half of FY2016.

(2) Financial condition

Total assets were 4,816.2 billion yen as of September 30, 2017, an increase of 230.2 billion yen, or 5.0%, compared to March 31, 2017. Loans were 2,555.8 billion yen, an increase of 33.9 billion yen, or 1.3%, from March 31, 2017. Domestic loans decreased by 32.2 billion yen, while overseas loans increased by 66.0 billion yen. Securities increased by 225.5 billion yen, or 24.0%, from March 31, 2017, to 1,163.5 billion yen.

Total liabilities were 4,379.9 billion yen, an increase of 214.3 billion yen, or 5.1%, compared to March 31, 2017. Total core funding (deposits, negotiable certificates of deposit, debentures and bonds) increased by 49.4 billion yen, or 1.6%, from March 31, 2017, to 3,148.8 billion yen.

Total net assets were 436.2 billion yen, representing an increase of 15.9 billion yen, or 3.8%, from March 31, 2017. Net assets per common share were 3,723.77 yen, as compared to 3,586.16 yen per common share as of March 31, 2017.

(3) Consolidated earnings forecast

No change has been made to the full-year consolidated earnings forecast of FY2017 announced on May 15, 2017 (net revenue of 92.0 billion yen, business profit of 46.0 billion yen, ordinary profit of 56.5 billion yen and profit attributable to owners of parent of 43.0 billion yen).

(Note 1) Figures stated in 0.1 billion yen units are rounded to the nearest 0.1 billion yen.

(Note 2) Aozora consolidated every ten common shares into one common share on October 1, 2017. Per share information is presented as if the share consolidation was effective at the beginning of the previous accounting period.

(Reference)

Summary of consolidated revenue and expenses

(JPY 100 million)

	FY2016 1 st Half	FY2017 1 st Half	Change
Net revenue ※1	463	440	(23)
Net interest income	224	250	25
Net fees and commissions	49	58	8
Net trading income	101	76	(24)
Gains/losses on bond transactions	43	16	(28)
Net other ordinary income excluding gains/losses on bond transactions	46	41	(5)
General and administrative expenses	(222)	(227)	(5)
Business profit ※2	241	213	(28)
Credit-related expenses	33	54	21
Gains/losses on stock transactions	4	41	37
Other	(0)	(5)	(5)
Ordinary profit	278	304	25
Extraordinary profit	(0)	(0)	(0)
Profit before income taxes	278	304	25
Total income taxes	(20)	(74)	(54)
Profit	258	229	(29)
Loss attributable to non-controlling interests	0	3	2
Profit attributable to owners of parent	259	232	(27)

※1 Net revenue = (Interest income – Interest expenses) + (Fees and commissions income – Fees and commissions expenses) + (Trading income – Trading expenses) + (Other ordinary income – Other ordinary expenses)

※2 Business profit = Net revenue – General and administrative expenses

※3 Regardless of nature of accounts, income or profits are shown as positive and expenses or losses are shown as negative amount on the table above.

2. Interim consolidated financial statements and main notes

(1) Interim consolidated balance sheet

(In millions of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Assets		
Cash and due from banks	573,048	561,259
Call loans and bills bought	8,637	—
Monetary claims bought	46,193	46,668
Trading assets	210,700	181,670
Money held in trust	31,269	24,312
Securities	937,949	1,163,454
Loans and bills discounted	2,521,874	2,555,766
Foreign exchanges	32,617	35,146
Other assets	187,143	207,223
Tangible fixed assets	23,257	24,692
Intangible fixed assets	13,601	15,424
Deferred debenture discounts	61	48
Net defined benefit asset	1,508	1,745
Deferred tax assets	20,769	18,971
Customers' liabilities for acceptances and guarantees	28,723	25,836
Allowance for loan losses	(50,627)	(45,711)
Allowance for investment loss	(721)	(351)
Total assets	4,586,007	4,816,158
Liabilities		
Deposits	2,718,589	2,773,617
Negotiable certificates of deposit	134,513	125,999
Debentures	120,660	89,410
Call money and bills sold	93,747	95,517
Payables under securities lending transactions	306,327	452,400
Trading liabilities	197,711	162,333
Borrowed money	276,624	299,397
Bonds payable	125,609	159,781
Other liabilities	148,733	182,516
Provision for bonuses	3,166	1,890
Provision for directors' bonuses	95	42
Net defined benefit liability	9,231	9,258
Provision for directors' retirement benefits	1	1
Provision for credit losses on off-balance-sheet instruments	1,553	1,501
Provision for contingent loss	360	389
Reserves under special laws	8	8
Deferred tax liabilities	4	10
Acceptances and guarantees	28,723	25,836
Total liabilities	4,165,661	4,379,913
Net assets		
Capital stock	100,000	100,000
Capital surplus	87,315	87,345
Retained earnings	221,940	233,805
Treasury shares	(3,387)	(3,347)
Total shareholders' equity	405,867	417,804
Valuation difference on available-for-sale securities	23,757	37,753
Deferred gains or losses on hedges	(11,052)	(20,722)
Foreign currency translation adjustment	(84)	(4)
Remeasurements of defined benefit plans	(199)	(416)
Total accumulated other comprehensive income	12,421	16,609
Subscription rights to shares	296	331
Non-controlling interests	1,759	1,500
Total net assets	420,345	436,245
Total liabilities and net assets	4,586,007	4,816,158

(2) Interim consolidated statement of income and Interim consolidated statement of comprehensive income
(Interim consolidated statement of income)

(In millions of yen)

	For the six months ended Sep. 30, 2016	For the six months ended Sep. 30, 2017
Ordinary income	65,990	72,827
Interest income	31,912	38,790
Interest on loans and discounts	20,686	22,987
Interest and dividends on securities	10,649	14,702
Fees and commissions	5,512	6,428
Trading income	10,293	7,641
Other ordinary income	13,092	9,090
Other income	5,179	10,876
Ordinary expenses	38,160	42,452
Interest expenses	9,493	13,831
Interest on deposits	3,348	2,841
Fees and commissions payments	571	646
Trading expenses	208	—
Other ordinary expenses	4,219	3,426
General and administrative expenses	21,921	22,452
Other expenses	1,745	2,095
Ordinary profit	27,830	30,375
Extraordinary losses	0	21
Loss on disposal of non-current assets	—	21
Transfer to reserve for financial products transaction liabilities	0	—
Profit before income taxes	27,829	30,354
Income taxes - current	4,045	6,518
Income taxes - deferred	(2,059)	906
Total income taxes	1,985	7,425
Profit	25,844	22,929
Loss attributable to non-controlling interests	(13)	(250)
Profit attributable to owners of parent	25,857	23,180

(Interim consolidated statement of comprehensive income)

(In millions of yen)

	For the six months ended Sep. 30, 2016	For the six months ended Sep. 30, 2017
Profit	25,844	22,929
Other comprehensive income	3,257	4,187
Valuation difference on available-for-sale securities	7,940	13,994
Deferred gains or losses on hedges	(2,607)	(9,670)
Foreign currency translation adjustment	(1,837)	79
Remeasurements of defined benefit plans, net of tax	(238)	(216)
Comprehensive income	29,101	27,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	29,115	27,368
Comprehensive income attributable to non-controlling interests	(14)	(251)

(3) Interim consolidated statement of changes in net assets
For the six months ended Sep. 30, 2016

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	87,313	199,785	(3,388)	383,710
Changes of items during period					
Dividends of surplus			(11,197)		(11,197)
Profit attributable to owners of parent			25,857		25,857
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		1		1	3
Net changes of items other than shareholders' equity					
Total changes of items during period	—	1	14,660	0	14,663
Balance at end of current period	100,000	87,315	214,446	(3,387)	398,373

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	16,258	4,438	(3)	139	20,833	182	772	405,498
Changes of items during period								
Dividends of surplus								(11,197)
Profit attributable to owners of parent								25,857
Purchase of treasury shares								(0)
Disposal of treasury shares								3
Net changes of items other than shareholders' equity	7,941	(2,607)	(1,837)	(238)	3,257	114	1,140	4,512
Total changes of items during period	7,941	(2,607)	(1,837)	(238)	3,257	114	1,140	19,175
Balance at end of current period	24,199	1,830	(1,840)	(98)	24,091	296	1,912	424,674

For the six months ended Sep. 30, 2017

(In millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100,000	87,315	221,940	(3,387)	405,867
Changes of items during period					
Dividends of surplus			(11,314)		(11,314)
Profit attributable to owners of parent			23,180		23,180
Purchase of treasury shares					—
Disposal of treasury shares		30		40	70
Net changes of items other than shareholders' equity					
Total changes of items during period	—	30	11,865	40	11,936
Balance at end of current period	100,000	87,345	233,805	(3,347)	417,804

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	23,757	(11,052)	(84)	(199)	12,421	296	1,759	420,345
Changes of items during period								
Dividends of surplus								(11,314)
Profit attributable to owners of parent								23,180
Purchase of treasury shares								—
Disposal of treasury shares								70
Net changes of items other than shareholders' equity	13,995	(9,670)	79	(216)	4,187	35	(259)	3,963
Total changes of items during period	13,995	(9,670)	79	(216)	4,187	35	(259)	15,900
Balance at end of current period	37,753	(20,722)	(4)	(416)	16,609	331	1,500	436,245

(4) Notes to interim consolidated financial statements
(Information on going concern assumption)

None

3. Interim non-consolidated financial statements

(1) Interim non-consolidated balance sheet

(In millions of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Assets		
Cash and due from banks	532,532	510,244
Call loans	8,637	—
Monetary claims bought	16,795	19,818
Trading assets	210,698	181,639
Money held in trust	10,008	9,235
Securities	1,010,660	1,232,636
Loans and bills discounted	2,538,325	2,574,389
Foreign exchanges	32,617	35,146
Other assets	187,459	207,860
Other	187,459	207,860
Tangible fixed assets	23,137	24,166
Intangible fixed assets	12,465	12,619
Deferred debenture discounts	61	48
Prepaid pension cost	1,372	1,970
Deferred tax assets	21,222	19,428
Customers' liabilities for acceptances and guarantees	28,556	25,714
Allowance for loan losses	(50,427)	(45,379)
Allowance for investment loss	(721)	(351)
Total assets	4,583,403	4,809,188
Liabilities		
Deposits	2,731,921	2,783,740
Negotiable certificates of deposit	134,513	125,999
Debentures	120,660	89,410
Call money	93,747	95,517
Payables under securities lending transactions	306,327	452,400
Trading liabilities	197,711	162,333
Borrowed money	275,537	296,707
Bonds payable	125,609	159,781
Other liabilities	143,802	177,607
Income taxes payable	7,003	4,652
Lease obligations	335	257
Asset retirement obligations	1,614	1,879
Other	134,847	170,818
Provision for bonuses	3,039	1,807
Provision for directors' bonuses	85	42
Provision for retirement benefits	8,694	8,758
Provision for credit losses on off-balance-sheet instruments	1,519	1,492
Acceptances and guarantees	28,556	25,714
Total liabilities	4,171,725	4,381,313

(In millions of yen)

	As of Mar. 31, 2017	As of Sep. 30, 2017
Net assets		
Capital stock	100,000	100,000
Capital surplus	87,315	87,345
Legal capital surplus	87,313	87,313
Other capital surplus	1	32
Retained earnings	214,892	226,625
Legal retained earnings	12,686	12,686
Other retained earnings	202,206	213,938
Retained earnings brought forward	202,206	213,938
Treasury shares	(3,387)	(3,347)
Total shareholders' equity	398,820	410,623
Valuation difference on available-for-sale securities	23,613	37,641
Deferred gains or losses on hedges	(11,052)	(20,722)
Total valuation and translation adjustments	12,561	16,919
Subscription rights to shares	296	331
Total net assets	411,678	427,875
Total liabilities and net assets	4,583,403	4,809,188

(2) Interim non-consolidated statement of income

(In millions of yen)

	For the six months ended Sep. 30, 2016	For the six months ended Sep. 30, 2017
Ordinary income	63,877	70,323
Interest income	31,270	37,876
Interest on loans and discounts	20,083	22,130
Interest and dividends on securities	10,622	14,690
Fees and commissions	5,757	7,048
Trading income	9,485	5,975
Other ordinary income	12,811	9,059
Other income	4,553	10,363
Ordinary expenses	36,404	40,076
Interest expenses	9,485	13,820
Interest on deposits	3,349	2,841
Fees and commissions payments	1,216	1,007
Trading expenses	208	—
Other ordinary expenses	4,188	3,460
General and administrative expenses	20,094	20,115
Other expenses	1,211	1,671
Ordinary profit	27,473	30,247
Extraordinary losses	—	21
Loss on disposal of non-current assets	—	21
Profit before income taxes	27,473	30,226
Income taxes - current	3,989	6,346
Income taxes - deferred	(2,979)	832
Total income taxes	1,010	7,178
Profit	26,462	23,047

(3) Interim non-consolidated statement of changes in net assets

For the six months ended Sep. 30, 2016

(In millions of yen)

(in millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
						Retained earnings brought forward			
Balance at beginning of current period	100,000	87,313	—	87,313	12,686	180,425	193,112	(3,388)	377,037
Changes of items during period									
Dividends of surplus						(11,197)	(11,197)		(11,197)
Profit						26,462	26,462		26,462
Purchase of treasury shares								(0)	(0)
Disposal of treasury shares			1	1				1	3
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	1	1	—	15,265	15,265	0	15,267
Balance at end of current period	100,000	87,313	1	87,315	12,686	195,690	208,377	(3,387)	392,305

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	16,084	4,438	20,523	182	397,742
Changes of items during period					
Dividends of surplus					(11,197)
Profit					26,462
Purchase of treasury shares					(0)
Disposal of treasury shares					3
Net changes of items other than shareholders' equity	7,949	(2,607)	5,342	114	5,456
Total changes of items during period	7,949	(2,607)	5,342	114	20,724
Balance at end of current period	24,034	1,830	25,865	296	418,467

For the six months ended Sep. 30, 2017

(In millions of yen)

(in millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
						Retained earnings brought forward			
Balance at beginning of current period	100,000	87,313	1	87,315	12,686	202,206	214,892	(3,387)	398,820
Changes of items during period									
Dividends of surplus						(11,314)	(11,314)		(11,314)
Profit						23,047	23,047		23,047
Purchase of treasury shares									—
Disposal of treasury shares			30	30				40	70
Net changes of items other than shareholders' equity									
Total changes of items during period	—	—	30	30	—	11,732	11,732	40	11,803
Balance at end of current period	100,000	87,313	32	87,345	12,686	213,938	226,625	(3,347)	410,623

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of current period	23,613	(11,052)	12,561	296	411,678
Changes of items during period					
Dividends of surplus					(11,314)
Profit					23,047
Purchase of treasury shares					—
Disposal of treasury shares					70
Net changes of items other than shareholders' equity	14,028	(9,670)	4,358	35	4,393
Total changes of items during period	14,028	(9,670)	4,358	35	16,196
Balance at end of current period	37,641	(20,722)	16,919	331	427,875