

Financial Results for 1st Half of FY2017



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I . Overviews of the Financial Results for the 1st Half Ended September 30, 2017 (Fiscal Year 2017)

1 . Summary of Revenue and Expenses

【Consolidated】

(million yen)

	FY 2017 1st Half Period	(A)-(B)	FY 2016 1st Half Period
	(A)		(B)
Consolidated net revenue ※1	44,047	(2,269)	46,317
Net interest income	24,959	2,540	22,418
Net fees and commissions	5,782	841	4,940
Net trading income	7,641	(2,442)	10,084
Net other ordinary income	5,664	(3,208)	8,873
General and administrative expenses	(22,720)	(504)	(22,216)
Business profit ※2	21,327	(2,773)	24,100
Credit-related expenses	5,448	2,104	3,343
Write-off of loans	(71)	(38)	(32)
Provision of specific allowance for loan losses	3,367	2,056	1,311
Provision of general allowance for loan losses	1,528	(308)	1,837
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	-	472	(472)
Recoveries of written-off claims	571	(200)	771
Provision of reserve for credit losses on off-balance-sheet instruments	51	123	(71)
Gains (losses) on stock transactions	4,121	3,703	417
Income from interests in associated undertakings	-	-	-
Other	(520)	(488)	(32)
Ordinary profit	30,375	2,545	27,830
Extraordinary profit (loss)	(21)	(20)	(0)
Profit before income taxes and non-controlling interests	30,354	2,524	27,829
Income taxes-current	(6,518)	(2,473)	(4,045)
Income taxes-deferred	(906)	(2,966)	2,059
Profit	22,929	(2,914)	25,844
Loss attributable to non-controlling interests	250	237	13
Profit attributable to owners of parent	23,180	(2,677)	25,857

※1 Consolidated 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 = Consolidated net revenue - General and administrative expenses

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

(Scope of Consolidation and Equity-Method Application)

(Number of companies)

	FY 2017 1st Half Period	(A)-(B)	FY 2016 1st Half Period
	(A)		(B)
Consolidated subsidiaries	20	1	19
Affiliated companies applying equity-method	0	0	0

【Non-consolidated】

(million yen)

	FY 2017		FY 2016 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Net revenue	41,678	(2,554)	44,233
(Excluding gains (losses) on bond transactions)	40,120	196	39,924
Net interest income	24,063	2,271	21,792
Net fees and commissions	6,040	1,499	4,541
Net trading income	5,975	(3,301)	9,276
Net other ordinary income	5,598	(3,024)	8,622
(Gains (losses) on bond transactions)	1,557	(2,750)	4,308
General and administrative expenses	(20,384)	5	(20,389)
Personnel	(9,831)	(497)	(9,333)
Property and equipment	(8,651)	636	(9,288)
Taxes	(1,900)	(133)	(1,767)
Business profit before general allowance for loan losses	21,294	(2,549)	23,843
(Excluding gains (losses) on bond transactions)	19,736	201	19,534
Credit-related expenses	5,497	2,193	3,304
Written-off of loans	(0)	385	(385)
Provision of specific allowance for loan losses	3,367	2,056	1,311
Provision of general allowance for loan losses	1,657	157	1,500
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	-	(269)	269
Recoveries of written-off claims	446	(220)	666
Provision of reserve for credit losses on off-balance-sheet instruments	27	84	(57)
Gains (losses) on stock transactions	4,121	3,703	417
Other	(665)	(572)	(93)
Ordinary profit	30,247	2,774	27,473
Extraordinary profit (loss)	(21)	(21)	-
Profit before income taxes	30,226	2,753	27,473
Income taxes-current	(6,346)	(2,357)	(3,989)
Income taxes-deferred	(832)	(3,811)	2,979
Profit	23,047	(3,415)	26,462
Business profit	21,294	(2,492)	23,786

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

2. Profit Margins [Non-consolidated]

(Total)

	FY 2017 1st Half Period		FY 2016 1st Half Period
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	1.98%	0.26%	1.72%
Yield on loans (B)	1.72%	0.16%	1.56%
Yield on securities	2.68%	0.49%	2.19%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.73%	0.16%	1.57%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.55%	0.02%	1.53%
Yield on debentures, deposits & certificates of deposit (E)	0.19%	(0.04%)	0.23%
Yield on borrowings	0.61%	0.13%	0.48%
(3) Profit margins (A) - (C)	0.25%	0.10%	0.15%
(4) Loan margin (B) - (D)	0.17%	0.14%	0.03%
(5) Yield spread (B) - (E)	1.53%	0.20%	1.33%

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

(Domestic operations)

	FY 2017 1st Half Period		FY 2016 1st Half Period
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	0.80%	0.07%	0.73%
Yield on loans (B)	0.87%	(0.02%)	0.89%
Yield on securities	2.57%	1.36%	1.21%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.26%	(0.03%)	1.29%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.41%	0.00%	1.41%
Yield on debentures, deposits & certificates of deposit (E)	0.17%	(0.05%)	0.22%
Yield on borrowings	0.28%	0.01%	0.27%
(3) Profit margins (A) - (C)	(0.46%)	0.10%	(0.56%)
(4) Loan margin (B) - (D)	(0.54%)	(0.02%)	(0.52%)
(5) Yield spread (B) - (E)	0.70%	0.03%	0.67%

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

3. Business Profit [Non-consolidated]

(million yen)

	FY 2017 1st Half Period		FY 2016 1st Half Period
	(A)	(A)-(B)	(B)
Business profit			
before general allowance for loan losses	21,294	(2,549)	23,843
per employee (thousand yen)	11,976	(1,625)	13,601

4. ROE [Non-consolidated]

	FY 2017 1st Half Period		FY 2016 1st Half Period
	(A)	(A)-(B)	(B)
Business profit before general allowance for loan losses basis	10.12%	(1.53%)	11.65%
Profit basis	10.95%	(1.99%)	12.94%

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

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

(million yen)

	FY 2017 1st Half Period		FY 2016 1st Half Period
	(A)	(A)-(B)	(B)
Gains (losses) on bond transactions	1,557	(2,750)	4,308
Gain on sale	1,814	(3,254)	5,068
Gain on redemption	-	-	-
Loss on sale	(217)	41	(258)
Loss on redemption	(38)	461	(500)
Loss on devaluation	(0)	(0)	0
Gains (losses) on stock transactions	4,121	3,703	417
Gain on sale	4,121	3,703	417
Loss on sale	-	-	-
Loss on devaluation	(0)	(0)	-

6. Investments and Funding

【Non-consolidated】

(Total)

(million yen)

	FY 2017 1st Half Period				FY 2016 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,804,960	1.98%	197,013	0.26%	3,607,947	1.72%
Due from banks	41,935	1.10%	368	0.68%	41,566	0.42%
Call loans	392	0.94%	(6,959)	0.97%	7,351	(0.03%)
Receivables under securities borrowing transactions	-	-	(7,074)	(0.01%)	7,074	0.01%
Securities	1,089,857	2.68%	122,893	0.49%	966,963	2.19%
Loans and bills discounted	2,550,345	1.73%	37,799	0.14%	2,512,545	1.59%
Total funding	3,931,198	0.70%	162,341	0.20%	3,768,856	0.50%
Deposits	2,756,286	0.20%	509	(0.04%)	2,755,777	0.24%
Negotiable certificates of deposit	128,770	0.00%	(22,096)	(0.02%)	150,866	0.02%
Debentures	110,591	0.24%	(88,509)	(0.01%)	199,100	0.25%
Call money	108,393	1.09%	22,107	0.40%	86,286	0.69%
Payables under repurchase agreements	205	1.35%	205	1.35%	-	-
Payables under securities lending transactions	373,890	1.08%	123,988	0.51%	249,901	0.57%
Borrowed money	285,395	0.42%	74,075	0.03%	211,320	0.39%
Bonds payable	138,545	0.73%	88,954	0.61%	49,590	0.12%

(Domestic operations)

(million yen)

	FY 2017 1st Half Period				FY 2016 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,247,623	0.80%	(10,972)	0.07%	3,258,595	0.73%
Due from banks	154	0.13%	(942)	0.13%	1,097	0.00%
Call loans	54	0.14%	(7,240)	0.17%	7,295	(0.03%)
Receivables under securities borrowing transactions	-	-	(7,074)	(0.01%)	7,074	0.01%
Securities	299,902	2.57%	(24,806)	1.36%	324,708	1.21%
Loans and bills discounted	1,546,574	0.92%	(77,114)	(0.07%)	1,623,688	0.99%
Total funding	3,407,394	0.18%	(24,425)	(0.04%)	3,431,820	0.22%
Deposits	2,712,996	0.18%	(28,742)	(0.05%)	2,741,739	0.23%
Negotiable certificates of deposit	128,770	0.00%	(22,096)	(0.02%)	150,866	0.02%
Debentures	110,591	0.24%	(88,509)	(0.01%)	199,100	0.25%
Call money	34,962	(0.01%)	1,381	0.00%	33,580	(0.01%)
Payables under repurchase agreements	-	-	-	-	-	-
Payables under securities lending transactions	46,219	(0.01%)	5,657	(0.01%)	40,562	(0.00%)
Borrowed money	258,089	0.32%	73,111	0.00%	184,977	0.32%
Bonds payable	105,224	0.11%	55,633	(0.01%)	49,590	0.12%

【Consolidated】

(Total)

(million yen)

	FY 2017 1st Half Period				FY 2016 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,778,900	2.04%	198,877	0.27%	3,580,022	1.77%
Due from banks	79,221	0.70%	12,407	0.41%	66,813	0.29%
Call loans and bills bought	392	0.94%	(6,959)	0.97%	7,351	(0.03%)
Receivables under securities borrowing transactions	-	-	(7,074)	(0.01%)	7,074	0.01%
Securities	1,018,921	2.87%	122,772	0.50%	896,149	2.37%
Loans and bills discounted	2,530,137	1.81%	29,432	0.17%	2,500,704	1.64%
Total funding	3,921,246	0.70%	164,152	0.20%	3,757,094	0.50%
Deposits	2,744,590	0.20%	1,856	(0.04%)	2,742,733	0.24%
Negotiable certificates of deposit	128,770	0.00%	(22,096)	(0.02%)	150,866	0.02%
Debentures	110,591	0.24%	(88,509)	(0.01%)	199,100	0.25%
Call money and bills sold	108,393	1.09%	22,107	0.40%	86,286	0.69%
Payables under repurchase agreements	205	1.35%	205	1.35%	-	-
Payables under securities lending transactions	373,890	1.08%	123,988	0.51%	249,901	0.57%
Borrowed money	287,139	0.43%	74,537	0.04%	212,601	0.39%
Bonds payable	138,545	0.73%	88,954	0.61%	49,590	0.12%

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, 2017				March 31, 2017		
		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	58,774	19,256	76,796	18,022	22,869	37,577	14,708
	Japanese stocks	59,229	15,317	59,240	10	23,549	23,621	72
	Japanese debt securities	184	(29)	366	181	506	561	54
	Other	(639)	3,967	17,190	17,829	(1,186)	13,395	14,581
	Total	58,774	19,256	76,796	18,022	22,869	37,577	14,708
	Japanese stocks	59,229	15,317	59,240	10	23,549	23,621	72
	Japanese debt securities	184	(29)	366	181	506	561	54
	Other	(639)	3,967	17,190	17,829	(1,186)	13,395	14,581

(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, 2017				March 31, 2017		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	6	(1)	6	-	23	23	-

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, 2017				March 31, 2017		
		Unrealized gains and losses				Unrealized gains and losses		
		(A)	(A)-(B)	gains	losses	(B)	gains	losses
	Held-to-maturity bonds	-	-	-	-	-	-	-
	Available-for-sale securities	58,885	19,222	76,908	18,022	39,663	60,403	20,739
	Japanese stocks	59,229	15,317	59,240	10	43,911	43,922	11
	Japanese debt securities	188	(30)	369	181	218	369	150
	Other	(531)	3,934	17,298	17,829	(4,466)	16,111	20,577
	Total	58,885	19,222	76,908	18,022	39,663	60,403	20,739
	Japanese stocks	59,229	15,317	59,240	10	43,911	43,922	11
	Japanese debt securities	188	(30)	369	181	218	369	150
	Other	(531)	3,934	17,298	17,829	(4,466)	16,111	20,577

(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, 2017				March 31, 2017		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	6	(1)	6	-	8	8	-

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, 2017		March 31, 2017
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,607)	150	(41,758)
	Fair value of plan assets	(B)	34,219	70	34,149
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(7,387)	221	(7,609)
	Unrecognized actuarial losses	(D)	1,828	148	1,679
	Unrecognized prior-service cost	(E)	(1,228)	163	(1,392)
	Net liability recognized	(F)=(C)+(D)+(E)	(6,787)	533	(7,321)
	Prepaid pension costs	(G)	1,970	597	1,372
	Provision for retirement benefits	(F)-(G)	(8,758)	(63)	(8,694)

【Consolidated】

(million yen)

			September 30, 2017		March 31, 2017
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,733)	139	(41,872)
	Fair value of plan assets	(B)	34,219	70	34,149
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(7,513)	210	(7,723)
	Net defined benefit asset	(D)	1,745	237	1,508
	Net defined benefit liability	(C)-(D)	(9,258)	(26)	(9,231)
	Unrecognized actuarial losses	(E)	(1,828)	(148)	(1,679)
	Unrecognized prior-service cost	(F)	1,228	(163)	1,392
	Remeasurements of defined benefit plans (before income tax effect)	(E)+(F)	(599)	(312)	(287)

② Net periodic benefit costs

【Non-consolidated】

(million yen)

			FY 2017 1st Half Period		FY 2016 1st Half Period
			(A)	(A) - (B)	(B)
	Net periodic benefit costs		155	86	69
	Service cost		811	54	756
	Interest cost		82	(0)	82
	Expected return on plan assets		(426)	(0)	(426)
	Amortization of prior-service cost		(163)	-	(163)
	Recognized actuarial losses		(148)	30	(179)
	Other		1	1	-

【Consolidated】

(million yen)

			FY 2017 1st Half Period		FY 2016 1st Half Period
			(A)	(A) - (B)	(B)
	Net periodic benefit costs		168	91	77

9. Capital Adequacy Ratio (under Japanese domestic standards)

■ Basel III

【Consolidated】

(million yen)

	September 30, 2017			March 31, 2017 (B)	September 30, 2016 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	10.87%	0.12%	(0.46%)	10.75%	11.33%
(2) Core capital: instruments and reserves	461,075	14,809	23,418	446,266	437,657
(3) Core capital: regulatory adjustments	7,326	818	3,384	6,508	3,942
(4) Regulatory capital (2)-(3)	453,749	13,992	20,034	439,757	433,715
(5) Risk-weighted assets	4,173,927	86,530	347,936	4,087,397	3,825,991
(6) Total required capital (5)*4%	166,957	3,462	13,918	163,495	153,039

【Non-consolidated】

(million yen)

	September 30, 2017			March 31, 2017 (B)	September 30, 2016 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	10.69%	0.13%	(0.47%)	10.56%	11.16%
(2) Core capital: instruments and reserves	452,302	14,445	20,516	437,857	431,786
(3) Core capital: regulatory adjustments	6,081	306	2,464	5,775	3,617
(4) Regulatory capital (2)-(3)	446,221	14,139	18,053	432,082	428,168
(5) Risk-weighted assets	4,174,024	82,977	338,391	4,091,047	3,835,633
(6) Total required capital (5)*4%	166,960	3,319	13,535	163,641	153,425

The 'Composition of Capital Disclosure' is available on our website at
<http://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, 2017			March 31, 2017	September 30, 2016
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	141	141	141	-	-
	Past due loans	1,780	(9,699)	(13,246)	11,479	15,026
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	2,157	748	68	1,409	2,088
	Total	4,078	(8,809)	(13,036)	12,888	17,115
Loan balance (end of period basis)		2,574,389	36,064	82,473	2,538,325	2,491,916

Ratio to Loan balance	Loans to bankrupt companies	0.0%	0.0%	0.0%	-	-
	Past due loans	0.1%	(0.4%)	(0.5%)	0.5%	0.6%
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	0.1%	0.0%	(0.0%)	0.1%	0.1%
	Total	0.2%	(0.3%)	(0.5%)	0.5%	0.7%

☐ After partial and direct written-off

【Consolidated】

(million yen)

		September 30, 2017			March 31, 2017	September 30, 2016
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	141	141	141	-	-
	Past due loans	1,780	(9,699)	(13,246)	11,479	15,026
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	2,157	748	(255)	1,409	2,412
	Total	4,078	(8,809)	(13,360)	12,888	17,439
Loan balance (end of period basis)		2,555,766	33,892	80,334	2,521,874	2,475,431

Ratio to Loan balance	Loans to bankrupt companies	0.0%	0.0%	0.0%	-	-
	Past due loans	0.1%	(0.4%)	(0.5%)	0.5%	0.6%
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	0.1%	0.0%	(0.0%)	0.1%	0.1%
	Total	0.2%	(0.4%)	(0.5%)	0.5%	0.7%

2. Allowance for Loan Losses
☐ After partial and direct written-off

【Non-consolidated】

(million yen)

	September 30, 2017			March 31, 2017	September 30, 2016
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	45,379	(5,048)	(10,600)	50,427	55,980
General allowance	44,521	(1,657)	(5,056)	46,178	49,577
Specific allowance	858	(3,391)	(5,544)	4,249	6,403
Allowance for loans to restructuring countries	-	-	-	-	-

☐ After partial and direct written-off

【Consolidated】

(million yen)

	September 30, 2017			March 31, 2017	September 30, 2016
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	45,711	(4,916)	(10,878)	50,627	56,589
General allowance	44,852	(1,525)	(5,333)	46,378	50,186
Specific allowance	858	(3,391)	(5,544)	4,249	6,403
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, 2017			March 31, 2017	September 30, 2016
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	153	141	28	11	125
Doubtful credit	1,768	(9,699)	(13,132)	11,467	14,901
Special attention credit	2,157	748	68	1,409	2,088
Total (a)	4,078	(8,809)	(13,036)	12,888	17,115
Normal assets	2,601,588	42,641	92,763	2,558,946	2,508,825
Grand total (b)	2,605,667	33,831	79,727	2,571,835	2,525,940
Non-performing loans ratio (a/b)	0.2%	(0.3%)	(0.5%)	0.5%	0.7%

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

【Non-consolidated】

(million yen)

	September 30, 2017			March 31, 2017	September 30, 2016
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	3,414	(9,473)	(11,422)	12,888	14,837
Allowance for loan losses (d)	2,275	(3,237)	(5,481)	5,513	7,757
Collateral / guarantee coverage (e)	1,138	(6,236)	(5,940)	7,375	7,079

(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, 2017			March 31, 2017	September 30, 2016
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	83.7%	(16.3%)	(3.0%)	100.0%	86.7%

Allowance Ratio d/(a-e)

	September 30, 2017			March 31, 2017	September 30, 2016
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	77.4%	(22.6%)	0.1%	100.0%	77.3%

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 2		Collateral / Guarantee coverage 2	100.0%	100.0%	Loans to bankrupt companies 1
De facto bankrupt borrowers						
In Danger of Bankruptcy borrowers	Doubtful credit 18		Collateral / Guarantee coverage 10 Allowance 8 Estimated collections -	100.0%	100.0%	Past due loans 18
Need Attention borrowers	Special attention credit 22		Collateral / Guarantee coverage - Allowance 15 Estimated collections 7	69.2%	69.2%	Loans overdue for three months or more - Restructured loans 22
Normal borrowers	(Normal credit) (26,016)					

FRL Credit, total 41	Collateral / Guarantee coverage 11 Allowance 23 Estimated collections 7	FRL Credit Allowance Ratio 77.4%	FRL Credit Coverage Ratio 83.7%	Risk Monitored loans 41
Total credit 26,057	Total allowance 454	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		69.2%		
The reserve ratio for the need attention credit		6.1%		
The reserve ratio for the normal credit		1.2%		

(Note) The amounts are rounded 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, 2014	As of Sep. 30, 2014	As of Mar. 31, 2015	As of Sep. 30, 2015	As of Mar. 31, 2016	As of Sep. 30, 2016	As of Mar. 31, 2017 (B)	increase (decrease) (A)-(B)	As of Sep. 30, 2017 (A)
-Mar. 31, 2014	Bankrupt and similar credit	36	5	3	3	1	1	0	(0)	0
	Doubtful credit	567	385	231	156	141	124	111	(99)	13
	subtotal	603	389	234	159	142	125	112	(99)	13
Apr. 1, 2014 -Sep. 30, 2014	Bankrupt and similar credit	-	0	-	-	-	-	-	-	-
	Doubtful credit	-	18	20	16	-	-	-	-	-
	subtotal	-	18	20	16	-	-	-	-	-
Oct. 1, 2014 -Mar. 31, 2015	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	10	10	8	1	0	(0)	0
	subtotal	-	-	10	10	8	1	0	(0)	0
Apr. 1, 2015 -Sep. 30, 2015	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	25	26	23	-	-	-
	subtotal	-	-	-	25	26	23	-	-	-
Oct. 1, 2015 -Mar. 31, 2016	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	16	-	-	-	-
	subtotal	-	-	-	-	16	-	-	-	-
Apr. 1, 2016 -Sep. 30, 2016	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	2	1	(0)	1
	subtotal	-	-	-	-	-	2	1	(0)	1
Oct. 1, 2016 -Mar. 31, 2017	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	1	-	1
	subtotal	-	-	-	-	-	-	1	-	1
Apr. 1, 2017 -Sep. 30, 2017	Bankrupt and similar credit	-	-	-	-	-	-	-	1	1
	Doubtful credit	-	-	-	-	-	-	-	2	2
	subtotal	-	-	-	-	-	-	-	3	3

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

(Note2) Balance as of Sep. 30, 2017 includes those borrowers (JPY 0.2 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, 2014	Apr. 1, 2014 -Sep. 30, 2014	Oct. 1, 2014 -Mar. 31, 2015	Apr. 1, 2015 -Sep. 30, 2015	Oct. 1, 2015 -Mar. 31, 2016	Apr. 1, 2016 -Sep. 30, 2016	Oct. 1, 2016 -Mar. 31, 2017
Liquidation-type disposition	-	-	-	-	-	-	-
Restructuring-type disposition	-	-	-	-	-	-	-
Loan liquidations	-	-	-	-	-	-	-
Direct written-off	4	-	-	-	-	-	-
Other	(103)	-	(0)	-	-	(0)	-
Total	(99)	-	(0)	-	-	(0)	-

(Note1) The amounts are rounded 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, 2017	March 31, 2017	September 30, 2016
Loans by domestic offices (excluding Japan Offshore Market accounts)	2,574,389	2,538,325	2,491,916
Manufacturing	201,427	209,227	206,744
Agriculture, forestry & fisheries	3,254	3,795	3,339
Mining, quarry, gravel extraction	150	150	150
Construction	12,853	15,724	18,700
Electricity, gas, heat supply & water	24,615	21,339	20,510
Information & communications	42,015	38,282	41,893
Transport, postal Service	53,616	56,558	59,204
Whole sale & retail trade	104,141	122,842	109,411
Finance & insurance	387,075	378,143	420,792
Real estate	478,728	488,963	500,767
Leasing	60,596	71,903	74,690
Various Services	174,882	167,629	156,382
Local governments	6,372	8,263	15,107
Others	1,024,660	955,501	864,222
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	2,574,389	2,538,325	2,491,916

② Risk Monitored Loans Classified by Industry

(million yen)

	September 30, 2017	March 31, 2017	September 30, 2016
Loans by domestic offices (excluding Japan Offshore Market accounts)	4,078	12,888	17,115
Manufacturing	1,597	1,458	1,595
Agriculture, forestry & fisheries	-	-	-
Mining, quarry, gravel extraction	-	-	-
Construction	-	-	-
Electricity, gas, heat supply & water	-	-	-
Information & communications	748	0	66
Transport, postal Service	0	19	19
Whole sale & retail trade	609	432	340
Finance & insurance	-	-	-
Real estate	1,030	1,280	1,284
Leasing	11	11	125
Various Services	45	46	46
Local governments	-	-	-
Others	35	9,640	13,637
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	4,078	12,888	17,115

③ Consumer Loans

(million yen)

		September 30, 2017			March 31, 2017	September 30, 2016
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Consumer loans		2,681	(175)	(490)	2,856	3,171
	Housing loans	2,217	(168)	(475)	2,385	2,693
	Other loans	464	(7)	(14)	471	478

④ Loans to Small/Medium-sized Corporations

(million yen)

		September 30, 2017			March 31, 2017	September 30, 2016
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Loans to small/medium-sized corporations		1,884,619	58,123	131,729	1,826,496	1,752,890
Ratio to total loans		73.2%	1.2%	2.9%	72.0%	70.3%

8. Debentures, Deposits and Loans

【Non-consolidated】

(million yen)

		September 30, 2017			March 31, 2017	September 30, 2016
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Debentures	Ending balance	89,410	(31,250)	(80,050)	120,660	169,460
	Average balance	110,591	(63,824)	(88,509)	174,415	199,100
Deposits	Ending balance	2,783,740	51,818	28,709	2,731,921	2,755,031
	Average balance	2,756,286	(4,100)	509	2,760,386	2,755,777
Deposits & Certificates of deposits	Ending balance	2,909,739	43,304	17,833	2,866,434	2,891,906
	Average balance	2,885,056	(23,677)	(21,586)	2,908,734	2,906,643
Loans and bills discounted	Ending balance	2,574,389	36,064	82,473	2,538,325	2,491,916
	Average balance	2,550,345	16,011	37,799	2,534,334	2,512,545

III. Uniform Questions for the Interim Period Ended September 30, 2017

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

	Mar. 31, 2015	Sep. 30, 2015	Mar. 31, 2016	Sep. 30, 2016	Mar. 31, 2017	Sep. 30, 2017
Non-consolidated	1.35%	0.94%	0.90%	0.67%	0.50%	0.15%
Consolidated	1.38%	0.97%	0.93%	0.69%	0.50%	0.15%

2. Investment Stocks 【Non-consolidated】

(1) Investment Stocks

(100 millions yen)

	Acquisition cost(A)	Market value(B)	(B)-(A)
September 30, 2016	366	659	293
March 31, 2017	367	806	439
September 30, 2017	375	968	592

(Note) The amounts are rounded 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 2016 1st Half Period	4	-
FY 2016	1	(4)
FY 2017 1st Half Period	41	(0)

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

Loan Balance

(100 millions yen)

	Balance	Increase/Decrease	Ratio to total loans
September 30, 2016	17,529	(1.0%)	70.3%
March 31, 2017	18,265	4.2%	72.0%
September 30, 2017	18,846	3.2%	73.2%

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

a. Investment trusts

(100 millions yen)

	Sales Total
FY 2016 1st Half Period	116
FY 2016	297
FY 2017 1st Half Period	338

b. Annuity insurance

(100 millions yen)

	Sales Total
FY 2016 1st Half Period	128
FY 2016	286
FY 2017 1st Half Period	109

5. Japanese Government Bonds 【Non-consolidated】

(100 millions yen)

	Balance
September 30, 2016	80
March 31, 2017	80
September 30, 2017	80

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 2014	FY 2015	FY 2016
Taxable income (before offsetting of tax loss carryforwards)	321	151	345

2. Temporary Differences and Loss Carryforwards

(100 millions yen)

	September 30, 2017		March 31, 2017
	(A)	(A) - (B)	(B)
Deferred Tax Assets	420	40	380
Allowance for loan losses	138	(15)	153
Provision for employees' retirement benefits	27	0	27
Securities write-off	206	0	206
Unrealized gain on available-for-sale securities	—	—	—
Tax loss carryforwards	—	—	—
Other	186	30	157
Subtotal	558	15	542
Less valuation allowance	(137)	25	(162)
Deferred tax liabilities	226	58	168
Unrealized gain on available-for-sale securities	211	52	159
Net deferred tax assets	194	(18)	212

(Note) Deferred tax assets/ liabilities are shown on a non-consolidated basis, as those of consolidated subsidiaries are insignificant.