

Financial Results for FY2018

 AOZORA BANK, LTD.

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I. Overviews of the Financial Results for the Year Ended March 31, 2019 (Fiscal Year 2018)

1. Summary of Revenue and Expenses

[Consolidated]

(million yen)

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
Consolidated net revenue ※1	83,840	(3,639)	87,479
Net interest income	50,284	1,229	49,054
Net fees and commissions	12,949	1,553	11,396
Net trading income	8,340	(8,754)	17,094
Net other ordinary income	12,265	2,332	9,933
General and administrative expenses	(49,433)	(2,584)	(46,848)
Business profit ※2	34,407	(6,223)	40,631
Credit-related expenses	(1,018)	(9,766)	8,748
Write-off of loans	(260)	2	(263)
Provision of specific allowance for loan losses	(4,191)	(5,041)	849
Provision of general allowance for loan losses	2,554	(3,690)	6,245
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(325)	171	(497)
Recoveries of written-off claims	1,070	(785)	1,855
Provision of reserve for credit losses on off-balance-sheet instruments	134	(422)	557
Gains (losses) on stock transactions	13,294	5,278	8,015
Income from interests in associated undertakings	-	-	-
Other	1,112	523	588
Ordinary profit	47,796	(10,187)	57,984
Extraordinary profit (loss)	(1)	20	(21)
Profit before income taxes and non-controlling interests	47,794	(10,167)	57,962
Income taxes-current	(13,478)	712	(14,191)
Income taxes-deferred	(288)	985	(1,274)
Profit	34,027	(8,469)	42,496
Loss attributable to non-controlling interests	2,103	1,535	567
Profit attributable to owners of parent	36,130	(6,933)	43,064

※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

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

(Scope of Consolidation and Equity-Method Application)

(Number of companies)

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
Consolidated subsidiaries	23	2	21
Affiliated companies applying equity-method	0	0	0

【Non-consolidated】

(million yen)

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
Net revenue	78,369	(2,967)	81,337
(Excluding gains (losses) on bond transactions)	73,463	(7,219)	80,682
Net interest income	47,842	792	47,050
Net fees and commissions ※	12,570	2,094	10,475
Net trading income	6,193	(8,090)	14,284
Net other ordinary income	11,763	2,235	9,527
(Gains (losses) on bond transactions)	4,906	4,251	654
General and administrative expenses	(40,872)	768	(41,641)
Personnel	(20,262)	252	(20,515)
Property and equipment	(18,147)	(518)	(17,629)
Taxes	(2,462)	1,034	(3,496)
Business profit before general allowance for loan losses	37,496	(2,199)	39,696
Excluding gains (losses) on bond transactions	32,590	(6,450)	39,041
Credit-related expenses	(378)	(9,341)	8,962
Written-off of loans	(149)	311	(461)
Provision of specific allowance for loan losses	(4,195)	(5,044)	849
Provision of general allowance for loan losses	3,009	(3,309)	6,318
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	214	214	-
Recoveries of written-off claims	605	(1,107)	1,712
Provision of reserve for credit losses on off-balance-sheet instruments	138	(406)	544
Gains (losses) on stock transactions	13,294	5,278	8,015
Other	922	649	273
Ordinary profit	51,335	(5,612)	56,948
Extraordinary profit (loss)	(1)	20	(21)
Profit before income taxes	51,334	(5,591)	56,926
Income taxes-current	(13,058)	484	(13,542)
Income taxes-deferred	(233)	1,135	(1,368)
Profit	38,043	(3,972)	42,015
Business profit	40,505	809	39,696

※ Trust fees are included.

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

2. Profit Margins [Non-consolidated]

(Total)

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	2.29%	0.32%	1.97%
Yield on loans (B)	2.12%	0.35%	1.77%
Yield on securities	2.86%	0.30%	2.56%
(2) Rate of funding cost (including general and administrative expenses) (C)	2.08%	0.31%	1.77%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.55%	(0.03%)	1.58%
Yield on debentures, deposits & certificates of deposit (E)	0.24%	0.04%	0.20%
Yield on borrowings	0.55%	(0.07%)	0.62%
(3) Profit margins (A) - (C)	0.21%	0.01%	0.20%
(4) Loan margin (B) - (D)	0.57%	0.38%	0.19%
(5) Yield spread (B) - (E)	1.88%	0.31%	1.57%

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

(Domestic operations)

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
(1) Yield on total investments (A)	0.69%	(0.03%)	0.72%
Yield on loans (B)	0.90%	0.02%	0.88%
Yield on securities	1.85%	(0.05%)	1.90%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.21%	(0.06%)	1.27%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.39%	(0.05%)	1.44%
Yield on debentures, deposits & certificates of deposit (E)	0.16%	(0.01%)	0.17%
Yield on borrowings	0.27%	(0.01%)	0.28%
(3) Profit margins (A) - (C)	(0.52%)	0.03%	(0.55%)
(4) Loan margin (B) - (D)	(0.49%)	0.07%	(0.56%)
(5) Yield spread (B) - (E)	0.74%	0.03%	0.71%

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

3. Business Profit [Non-consolidated]

(million yen)

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
Business profit			
before general allowance for loan losses	37,496	(2,199)	39,696
per employee (thousand yen)	20,170	(2,118)	22,288

4. ROE [Non-consolidated]

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
Business profit before general allowance for loan losses basis	8.60%	(0.84%)	9.44%
Profit basis	8.72%	(1.28%)	10.00%

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

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

(million yen)

	FY 2018		FY 2017
	(A)	(A)-(B)	(B)
Gains (losses) on bond transactions	4,906	4,251	654
Gain on sale	7,659	4,129	3,530
Gain on redemption	-	(0)	0
Loss on sale	(2,174)	585	(2,759)
Loss on redemption	(579)	(462)	(116)
Loss on devaluation	(0)	0	(0)
Gains (losses) on stock transactions	13,294	5,278	8,015
Gain on sale	13,294	5,278	8,015
Loss on sale	-	-	-
Loss on devaluation	-	0	(0)

6. Investments and Funding

【Non-consolidated】

(Total)

(million yen)

	FY 2018				FY 2017	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,144,391	2.29%	243,352	0.32%	3,901,038	1.97%
Due from banks	42,933	1.86%	2,006	0.63%	40,927	1.23%
Call loans	322	1.71%	(24)	0.45%	347	1.26%
Receivables under resale agreements	2	(0.07%)	2	(0.07%)	-	-
Receivables under securities borrowing transactions	283	0.00%	283	0.00%	-	-
Securities	1,259,832	2.86%	121,741	0.30%	1,138,090	2.56%
Loans and bills discounted	2,682,336	2.11%	87,969	0.33%	2,594,366	1.78%
Total funding	4,221,336	1.11%	196,383	0.37%	4,024,953	0.74%
Deposits	2,950,817	0.24%	146,537	0.03%	2,804,279	0.21%
Negotiable certificates of deposit	110,659	0.00%	(10,606)	0.00%	121,266	0.00%
Debentures	53,847	0.27%	(41,584)	0.03%	95,431	0.24%
Call money	76,880	1.26%	(29,004)	0.06%	105,884	1.20%
Payables under repurchase agreements	40,448	2.37%	38,091	0.79%	2,357	1.58%
Payables under securities lending transactions	427,505	2.05%	11,868	0.87%	415,637	1.18%
Borrowed money	304,334	0.37%	10,386	(0.05%)	293,948	0.42%
Bonds payable	224,206	0.82%	69,858	0.15%	154,348	0.67%

(Domestic operations)

(million yen)

	FY 2018				FY 2017	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,495,928	0.69%	199,885	(0.03%)	3,296,043	0.72%
Due from banks	4,774	0.00%	4,555	(0.04%)	219	0.04%
Call loans	55	0.12%	27	(0.14%)	27	0.26%
Receivables under resale agreements	2	(0.07%)	2	(0.07%)	-	-
Receivables under securities borrowing transactions	283	0.00%	283	0.00%	-	-
Securities	304,013	1.85%	5,599	(0.05%)	298,413	1.90%
Loans and bills discounted	1,571,792	0.94%	15,582	0.02%	1,556,209	0.92%
Total funding	3,579,749	0.17%	139,954	(0.01%)	3,439,795	0.18%
Deposits	2,843,296	0.16%	105,952	(0.02%)	2,737,344	0.18%
Negotiable certificates of deposit	110,659	0.00%	(10,606)	0.00%	121,266	0.00%
Debentures	53,847	0.27%	(41,584)	0.03%	95,431	0.24%
Call money	40,367	(0.02%)	6,640	(0.01%)	33,726	(0.01%)
Payables under repurchase agreements	2	(0.02%)	2	(0.02%)	-	-
Payables under securities lending transactions	53,268	0.00%	654	0.01%	52,614	(0.01%)
Borrowed money	295,613	0.31%	28,647	(0.01%)	266,966	0.32%
Bonds payable	172,364	0.11%	51,334	0.00%	121,030	0.11%

【Consolidated】

(Total)

(million yen)

	FY 2018				FY 2017	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,115,945	2.36%	243,456	0.32%	3,872,488	2.04%
Due from banks	66,903	1.38%	(10,324)	0.61%	77,228	0.77%
Call loans and bills bought	322	1.71%	(24)	0.45%	347	1.26%
Receivables under resale agreements	2	(0.07%)	2	(0.07%)	-	-
Receivables under securities borrowing transactions	283	0.00%	283	0.00%	-	-
Securities	1,194,640	3.02%	127,200	0.29%	1,067,440	2.73%
Loans and bills discounted	2,670,187	2.21%	97,296	0.35%	2,572,891	1.86%
Total funding	4,239,196	1.11%	224,385	0.37%	4,014,810	0.74%
Deposits	2,967,104	0.24%	174,855	0.03%	2,792,248	0.21%
Negotiable certificates of deposit	110,659	0.00%	(10,606)	0.00%	121,266	0.00%
Debentures	53,847	0.27%	(41,584)	0.03%	95,431	0.24%
Call money and bills sold	76,880	1.26%	(29,004)	0.06%	105,884	1.20%
Payables under repurchase agreements	40,448	2.37%	38,091	0.79%	2,357	1.58%
Payables under securities lending transactions	427,505	2.05%	11,868	0.87%	415,637	1.18%
Borrowed money	305,907	0.37%	10,070	(0.06%)	295,836	0.43%
Bonds payable	224,206	0.82%	69,858	0.15%	154,348	0.67%

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)

	March 31, 2019				March 31, 2018		
	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	37,929	(20,449)	64,999	27,069	58,379	90,290	31,911
Japanese stocks	48,515	(16,779)	48,545	30	65,294	65,302	7
Japanese debt securities	527	266	624	96	260	364	103
Other	(11,112)	(3,936)	15,829	26,942	(7,176)	24,623	31,799
Total	37,929	(20,449)	64,999	27,069	58,379	90,290	31,911
Japanese stocks	48,515	(16,779)	48,545	30	65,294	65,302	7
Japanese debt securities	527	266	624	96	260	364	103
Other	(11,112)	(3,936)	15,829	26,942	(7,176)	24,623	31,799

(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.

	March 31, 2019				March 31, 2018		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	10	(9)	11	0	20	21	0

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

【Consolidated】

(million yen)

	March 31, 2019				March 31, 2018		
	Unrealized gains and losses				Unrealized gains and losses		
	(A)	(A)-(B)	gains	losses	(B)	gains	losses
Held-to-maturity bonds	-	-	-	-	-	-	-
Available-for-sale securities	37,968	(20,500)	65,037	27,069	58,468	90,380	31,911
Japanese stocks	48,515	(16,779)	48,545	30	65,294	65,302	7
Japanese debt securities	529	265	625	96	263	367	103
Other	(11,075)	(3,986)	15,866	26,942	(7,089)	24,710	31,799
Total	37,968	(20,500)	65,037	27,069	58,468	90,380	31,911
Japanese stocks	48,515	(16,779)	48,545	30	65,294	65,302	7
Japanese debt securities	529	265	625	96	263	367	103
Other	(11,075)	(3,986)	15,866	26,942	(7,089)	24,710	31,799

(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.

	March 31, 2019				March 31, 2018		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	10	(9)	11	0	20	21	0

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)

		March 31, 2019		March 31, 2018
		(A)	(A) - (B)	(B)
	Defined retirement benefit obligation (A)	(41,691)	(193)	(41,498)
	Fair value of plan assets (B)	35,757	929	34,828
	Unfunded retirement benefit obligation (C)=(A)+(B)	(5,934)	735	(6,669)
	Unrecognized actuarial losses (D)	1,698	408	1,290
	Unrecognized prior-service cost (E)	(737)	327	(1,064)
	Net liability recognized (F)=(C)+(D)+(E)	(4,972)	1,471	(6,443)
	Prepaid pension costs (G)	4,272	1,701	2,571
	Provision for retirement benefits (F)-(G)	(9,245)	(230)	(9,015)

【Consolidated】

(million yen)

		March 31, 2019		March 31, 2018
		(A)	(A) - (B)	(B)
	Defined retirement benefit obligation (A)	(41,871)	(229)	(41,641)
	Fair value of plan assets (B)	35,757	929	34,828
	Unfunded retirement benefit obligation (C)=(A)+(B)	(6,113)	699	(6,813)
	Retirement benefit asset (D)	3,671	950	2,720
	Retirement benefit liability (C)-(D)	(9,784)	(250)	(9,533)
	Unrecognized actuarial losses (E)	(1,698)	(408)	(1,290)
	Unrecognized prior-service cost (F)	737	(327)	1,064
	Remeasurements of defined benefit plans (before income tax effect) (E)+(F)	(961)	(735)	(225)

② Net periodic retirement benefit costs

【Non-consolidated】

(million yen)

		FY 2018		FY 2017
		(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs	710	432	278
	Service cost	1,560	(29)	1,590
	Interest cost	163	(0)	164
	Expected return on plan assets	(870)	(16)	(853)
	Amortization of prior-service cost	(327)	-	(327)
	Recognized actuarial losses	184	481	(297)
	Other	-	(2)	2

【Consolidated】

(million yen)

		FY 2018		FY 2017
		(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs regarding defined benefit pension plans	773	464	309

9. Capital Adequacy Ratio (under Japanese domestic standards)

■Basel III

【Consolidated】

(million yen)

		March 31, 2019			March 31, 2018 (B)	September 30, 2018 (C)
		preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio	(4)/(5)	10.27%	(0.12%)	0.13%	10.39%	10.14%
(2) Core capital: instruments and reserves		477,592	15,360	5,728	462,231	471,863
(3) Core capital: regulatory adjustments		15,733	4,488	3,189	11,244	12,543
(4) Regulatory capital	(2)-(3)	461,859	10,872	2,538	450,986	459,320
(5) Risk-weighted assets		4,493,166	153,436	(36,136)	4,339,730	4,529,302
(6) Total required capital	(5)*4%	179,726	6,137	(1,445)	173,589	181,172

【Non-consolidated】

(million yen)

		March 31, 2019			March 31, 2018 (B)	September 30, 2018 (C)
		preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio	(4)/(5)	10.19%	(0.06%)	0.17%	10.25%	10.02%
(2) Core capital: instruments and reserves		470,982	17,026	7,871	453,955	463,110
(3) Core capital: regulatory adjustments		11,454	3,025	2,752	8,429	8,702
(4) Regulatory capital	(2)-(3)	459,527	14,000	5,119	445,526	454,408
(5) Risk-weighted assets		4,507,275	164,845	(23,498)	4,342,429	4,530,774
(6) Total required capital	(5)*4%	180,291	6,593	(939)	173,697	181,230

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)

		March 31, 2019			March 31, 2018	September 30, 2018
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	-	(177)	-	177	-
	Past due loans	14,201	9,577	7,299	4,623	6,902
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	1,409	(748)	(748)	2,157	2,157
	Total	15,610	8,651	6,551	6,958	9,059
Loan balance (end of period basis)		2,782,131	157,388	116,698	2,624,742	2,665,432

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

After partial and direct written-off

【Consolidated】

(million yen)

		March 31, 2019			March 31, 2018	September 30, 2018
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	-	(177)	-	177	-
	Past due loans	14,201	9,577	7,299	4,623	6,902
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	1,409	(748)	(748)	2,157	2,157
	Total	15,610	8,651	6,551	6,958	9,059
Loan balance (end of period basis)		2,779,894	168,615	125,431	2,611,278	2,654,463

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

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

【Non-consolidated】

(million yen)

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	44,279	1,042	4,178	43,236	40,101
General allowance	36,851	(3,009)	467	39,860	36,384
Specific allowance	7,428	4,051	3,711	3,376	3,717
Allowance for loans to restructuring countries	-	-	-	-	-

 After partial and direct written-off

【Consolidated】

(million yen)

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	45,004	1,508	4,365	43,495	40,639
General allowance	37,576	(2,543)	654	40,119	36,921
Specific allowance	7,428	4,051	3,711	3,376	3,717
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)

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	-	(177)	-	177	-
Doubtful credit	14,201	9,577	7,299	4,623	6,902
Special attention credit	1,409	(748)	(748)	2,157	2,157
Total (a)	15,610	8,651	6,551	6,958	9,059
Normal assets	2,805,007	151,499	114,977	2,653,508	2,690,029
Grand total (b)	2,820,618	160,151	121,529	2,660,466	2,699,088
Non-performing loans ratio (a/b)	0.6%	0.3%	0.3%	0.3%	0.3%

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

【Non-consolidated】

(million yen)

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	14,605	8,786	6,493	5,818	8,111
Allowance for loan losses (d)	8,837	4,041	3,687	4,795	5,150
Collateral / guarantee coverage (e)	5,767	4,745	2,806	1,022	2,961

(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

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	93.6%	10.0%	4.1%	83.6%	89.5%

Allowance Ratio d/(a-e)

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	89.8%	9.0%	5.3%	80.8%	84.5%

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 -		Collateral / Guarantee coverage -	100.0%	100.0%	Loans to bankrupt companies -
De facto bankrupt borrowers						
In Danger of Bankruptcy borrowers	Doubtful credit 142		Collateral / Guarantee coverage 57 Allowance 74 Estimated collections 10	88.1%	92.9%	Past due loans 142
Need Attention borrowers	Special attention credit 14		Collateral / Guarantee coverage - Allowance 14 Estimated collections -	100.0%	100.0%	Loans overdue for three months or more - Restructured loans 14
Normal borrowers	(Normal credit) (28,050)					

FRL Credit, total 156	Collateral / Guarantee coverage 57 Allowance 88 Estimated collections 10	FRL Credit Allowance Ratio 89.8%	FRL Credit Coverage Ratio 93.6%	Risk Monitored loans 156
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Total credit 28,206	Total allowance 442	Allowance ratio = Allowance / (Credit – Collateral, Guarantees, etc.) Coverage ratio = (Collateral, Guarantees + Allowance) / Credit
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The reserve ratio for the non-secured portion of special attention credit	100.0%
The reserve ratio for the need attention credit	4.1%
The reserve ratio for the normal credit	0.9%

(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								
		Sep. 30, 2015	Mar. 31, 2016	Sep. 30, 2016	Mar. 31, 2017	Sep. 30, 2017	Mar. 31, 2018	Sep. 30, 2018	increase (decrease)	Mar. 31, 2019
							(B)	(A)-(B)	(A)	
-Sep. 30, 2015	Bankrupt and similar credit	2	1	1	0	0	-	-	-	-
	Doubtful credit	207	174	147	111	13	13	13	(0)	13
subtotal		210	175	148	112	13	13	13	(0)	13
Oct. 1, 2015 -Mar. 31, 2016	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	15	-	-	-	-	-	-	-
subtotal		-	15	-	-	-	-	-	-	-
Apr. 1, 2016 -Sep. 30, 2016	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	1	1	1	1	0	(0)	0
subtotal		-	-	1	1	1	1	0	(0)	0
Oct. 1, 2016 -Mar. 31, 2017	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	1	1	1	-	-	-
subtotal		-	-	-	1	1	1	-	-	-
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	(0)	30
subtotal		-	-	-	-	-	30	30	(0)	30
Apr. 1, 2018 -Sep. 30, 2018	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	24	(7)	16
subtotal		-	-	-	-	-	-	24	(7)	16
Oct. 1, 2018 -Mar. 31, 2019	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	-	81	81
subtotal		-	-	-	-	-	-	-	81	81

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

(Note2) There were no borrowers for whom measures are undertaken which will lead to eventual off-balancing as of Mar. 31, 2019.

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

(100 millions yen)

Newly added within:	-Sep. 30, 2015	Oct. 1, 2015 -Mar. 31, 2016	Apr. 1, 2016 -Sep. 30, 2016	Oct. 1, 2016 -Mar. 31, 2017	Apr. 1, 2017 -Sep. 30, 2017	Oct. 1, 2017 -Mar. 31, 2018	Apr. 1, 2018 -Sep. 30, 2018
Liquidation-type disposition	(1)	-	-	-	-	-	-
Restructuring-type disposition	-	-	-	-	-	-	-
Loan liquidations	-	-	-	-	-	-	(6)
Direct written-off	6	-	-	-	0	-	-
Other	(4)	-	(0)	-	(0)	(0)	(0)
Total	(0)	-	(0)	-	-	(0)	(7)

(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)

	March 31, 2019	March 31, 2018	September 30, 2018
Loans by domestic offices (excluding Japan Offshore Market accounts)	2,782,131	2,624,742	2,665,432
Manufacturing	226,863	187,464	182,140
Agriculture, forestry & fisheries	3,677	3,817	3,551
Mining, quarry, gravel extraction	-	150	-
Construction	10,762	12,022	12,423
Electricity, gas, heat supply & water	32,130	28,110	28,397
Information & communications	47,853	54,324	47,627
Transport, postal Service	42,483	50,370	47,268
Whole sale & retail trade	72,158	109,686	95,608
Finance & insurance	389,965	391,568	385,021
Real estate	567,699	493,526	503,360
Leasing	43,292	50,798	45,286
Various Services	184,983	186,286	188,226
Local governments	4,417	6,135	4,466
Others	1,155,842	1,050,478	1,122,054
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	2,782,131	2,624,742	2,665,432

② Risk Monitored Loans Classified by Industry

(million yen)

	March 31, 2019	March 31, 2018	September 30, 2018
Loans by domestic offices (excluding Japan Offshore Market accounts)	15,610	6,958	9,059
Manufacturing	4,378	1,632	1,451
Agriculture, forestry & fisheries	-	-	-
Mining, quarry, gravel extraction	-	-	-
Construction	-	-	-
Electricity, gas, heat supply & water	-	-	-
Information & communications	748	748	748
Transport, postal Service	-	-	-
Whole sale & retail trade	2,168	2,285	2,171
Finance & insurance	-	-	-
Real estate	1,030	1,051	1,050
Leasing	-	-	-
Various Services	1,250	1,205	1,175
Local governments	-	-	-
Others	6,033	35	2,460
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	15,610	6,958	9,059

③ Consumer Loans

(million yen)

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Consumer loans	1,904	(492)	(99)	2,396	2,003
Housing loans	1,462	(477)	(91)	1,939	1,554
Other loans	442	(14)	(7)	456	449

④ Loans to Small/Medium-sized Corporations

(million yen)

	March 31, 2019			March 31, 2018	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Loans to small/medium-sized corporations	2,156,102	171,000	114,934	1,985,101	2,041,168
Ratio to total loans	77.5%	1.9%	0.9%	75.6%	76.6%

8. Debentures, Deposits and Loans

[Non-consolidated]

(million yen)

		March 31, 2019			March 31, 2018	September 30, 2018
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Debentures	Ending balance	51,360	(13,350)	-	64,710	51,360
	Average balance	53,847	(41,584)	(2,473)	95,431	56,320
Deposits	Ending balance	3,068,732	212,440	113,278	2,856,291	2,955,453
	Average balance	2,950,817	146,537	18,253	2,804,279	2,932,563
Deposits & Certificates of deposits	Ending balance	3,196,659	216,307	129,665	2,980,351	3,066,993
	Average balance	3,061,477	135,931	5,486	2,925,545	3,055,990
Loans and bills discounted	Ending balance	2,782,131	157,388	116,698	2,624,742	2,665,432
	Average balance	2,682,336	87,969	27,022	2,594,366	2,655,313

III. Uniform Questions for FY2018

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

	Sep. 30, 2016	Mar. 31, 2017	Sep. 30, 2017	Mar. 31, 2018	Sep. 30, 2018	Mar. 31, 2019
Non-consolidated	0.67%	0.50%	0.15%	0.26%	0.33%	0.55%
Consolidated	0.69%	0.50%	0.15%	0.26%	0.33%	0.55%

2. Investment Stocks 【Non-consolidated】

(1) Investment Stocks (100 millions yen)

	Acquisition cost(A)	Market value(B)	(B)-(A)
March 31, 2018	378	1,031	652
September 30, 2018	407	1,169	762
March 31, 2019	443	928	485

(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 2017	80	(0)
FY 2018 1st Half Period	51	-
FY 2018	132	-

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

Loan Balance (100 millions yen)

	Balance	Increase/Decrease	Ratio to total loans
March 31, 2018	19,851	5.3%	75.6%
September 30, 2018	20,411	2.8%	76.6%
March 31, 2019	21,561	5.6%	77.5%

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

a. Investment trusts (100 millions yen)

	Sales Total
FY 2017	692
FY 2018 1st Half Period	132
FY 2018	264

b. Annuity insurance (100 millions yen)

	Sales Total
FY 2017	273
FY 2018 1st Half Period	194
FY 2018	357

5. Japanese Government Bonds 【Non-consolidated】

(100 millions yen)

	Balance
March 31, 2018	80
September 30, 2018	80
March 31, 2019	-

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 2016	FY 2017	FY 2018
Taxable income (before offsetting of tax loss carryforwards)	352	443	381

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

(100 millions yen)

	March 31, 2019		March 31, 2018
	(A)	(A) - (B)	(B)
Deferred Tax Assets	386	(35)	421
Allowance for loan losses	117	(10)	127
Provision for employees' retirement benefits	28	0	27
Securities write-off	187	(0)	187
Unrealized gain on available-for-sale securities	—	—	—
Tax loss carryforwards	—	—	—
Other	166	(49)	216
Subtotal	499	(59)	559
Less valuation allowance	(113)	24	(138)
Deferred tax liabilities	148	(82)	231
Unrealized gain on available-for-sale securities	130	(84)	214
Net deferred tax assets	237	46	190