

Financial Results for 1st Half of FY2019



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I. Overviews of the Financial Results for the 1st Half Ended September 30, 2019 (Fiscal Year 2019)

1. Summary of Revenue and Expenses

[Consolidated]

(million yen)

	FY 2019 1st Half Period		FY 2018 1st Half Period (B)
	(A)	(A)-(B)	
Consolidated net revenue ※1	50,150	5,303	44,846
Net interest income	24,706	(2,377)	27,084
Net fees and commissions	6,483	1,808	4,675
Net trading income	5,946	532	5,413
Net other ordinary income	13,013	5,340	7,673
General and administrative expenses	(25,202)	(1,579)	(23,622)
Business profit ※2	24,947	3,723	21,224
Credit-related expenses	1,459	(1,560)	3,019
Write-off of loans	(374)	(216)	(158)
Provision of specific allowance for loan losses	(3,337)	(2,867)	(470)
Provision of general allowance for loan losses	4,653	1,431	3,222
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(4)	(1)	(2)
Recoveries of written-off claims	358	29	329
Provision of reserve for credit losses on off-balance-sheet instruments	164	64	99
Gains (losses) on stock transactions	2,522	(2,662)	5,184
Income from interests in associated undertakings	-	-	-
Other	182	(28)	210
Ordinary profit	29,112	(527)	29,639
Extraordinary profit (loss)	0	0	-
Profit before income taxes and non-controlling interests	29,112	(527)	29,639
Income taxes-current	(9,767)	(1,915)	(7,852)
Income taxes-deferred	(264)	888	(1,153)
Profit	19,079	(1,553)	20,633
Loss attributable to non-controlling interests	1,169	425	744
Profit attributable to owners of parent	20,249	(1,128)	21,377

※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 2019 1st Half Period		FY 2018 1st Half Period (B)
	(A)	(A)-(B)	
Consolidated subsidiaries	23	0	23
Subsidiaries and affiliated companies applying equity-method	0	0	0

【Non-consolidated】

(million yen)

	FY 2019		FY 2018 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Net revenue	46,704	4,540	42,163
(Excluding gains (losses) on bond transactions)	36,964	(3,034)	39,998
Net interest income	23,049	(3,453)	26,503
Net fees and commissions ※	6,361	2,330	4,031
Net trading income	4,453	(13)	4,466
Net other ordinary income	12,840	5,677	7,163
(Gains (losses) on bond transactions)	9,740	7,575	2,165
General and administrative expenses	(20,670)	(691)	(19,978)
Personnel	(9,940)	(27)	(9,912)
Property and equipment	(9,250)	(575)	(8,675)
Taxes	(1,479)	(88)	(1,391)
Core net business profit	26,034	3,849	22,185
Core net business profit excluding gains(losses) on bonds	16,293	(3,726)	20,020
Core net business profit excluding gains(losses) on bonds and cancellation on investment trusts	15,802	(671)	16,474
Credit-related expenses	1,594	(1,508)	3,103
Written-off of loans	-	152	(152)
Provision of specific allowance for loan losses	(3,324)	(2,853)	(470)
Provision of general allowance for loan losses	4,531	1,055	3,476
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	-	-	-
Recoveries of written-off claims	228	70	158
Provision of reserve for credit losses on off-balance-sheet instruments	159	67	92
Gains (losses) on stock transactions	2,522	(2,662)	5,184
Other	(215)	(278)	62
Ordinary profit	29,935	(600)	30,535
Extraordinary profit (loss)	0	0	-
Profit before income taxes	29,935	(600)	30,535
Income taxes-current	(9,424)	(1,836)	(7,588)
Income taxes-deferred	(429)	560	(989)
Profit	20,081	(1,876)	21,958
Business profit	26,034	3,849	22,185

※ Trust fees are included.

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

2. Profit Margins [Non-consolidated]

(Total)

	FY 2019		FY 2018 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
(1) Yield on total investments (A)	2.20%	(0.13%)	2.33%
Yield on loans (B)	2.14%	0.06%	2.08%
Yield on securities	2.55%	(0.56%)	3.11%
(2) Rate of funding cost (including general and administrative expenses) (C)	2.06%	0.10%	1.96%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.49%	(0.02%)	1.51%
Yield on debentures, deposits & certificates of deposit (E)	0.22%	(0.01%)	0.23%
Yield on borrowings	0.50%	(0.06%)	0.56%
(3) Profit margins (A) - (C)	0.14%	(0.23%)	0.37%
(4) Loan margin (B) - (D)	0.65%	0.08%	0.57%
(5) Yield spread (B) - (E)	1.92%	0.07%	1.85%

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

(Domestic operations)

	FY 2019		FY 2018 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
(1) Yield on total investments (A)	0.70%	(0.01%)	0.71%
Yield on loans (B)	0.98%	0.10%	0.88%
Yield on securities	1.50%	(0.59%)	2.09%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.16%	(0.02%)	1.18%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.33%	(0.03%)	1.36%
Yield on debentures, deposits & certificates of deposit (E)	0.15%	(0.01%)	0.16%
Yield on borrowings	0.27%	0.00%	0.27%
(3) Profit margins (A) - (C)	(0.46%)	0.01%	(0.47%)
(4) Loan margin (B) - (D)	(0.35%)	0.13%	(0.48%)
(5) Yield spread (B) - (E)	0.83%	0.11%	0.72%

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

3. Business Profit [Non-consolidated]

(million yen)

	FY 2019		FY 2018 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Core net business profit	26,034	3,849	22,185
per employee (thousand yen)	13,440	1,389	12,050

4. ROE [Non-consolidated]

	FY 2019		FY 2018 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Core net business profit basis	11.34%	1.03%	10.31%
Profit basis	8.75%	(1.45%)	10.20%

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

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

(million yen)

	FY 2019		FY 2018 1st Half Period (B)
	1st Half Period (A)	(A)-(B)	
Gains (losses) on bond transactions	9,740	7,575	2,165
Gain on sale	9,805	7,456	2,348
Gain on redemption	-	-	-
Loss on sale	(0)	109	(109)
Loss on redemption	(64)	9	(73)
Loss on devaluation	(0)	(0)	(0)
Gains (losses) on stock transactions	2,522	(2,662)	5,184
Gain on sale	4,051	(1,133)	5,184
Loss on sale	(0)	(0)	-
Loss on devaluation	(1,529)	(1,529)	-

6. Investments and Funding

【Non-consolidated】

(Total)

(million yen)

	FY 2019 1st Half Period				FY 2018 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,353,616	2.20%	271,204	(0.13%)	4,082,411	2.33%
Due from banks	39,308	2.19%	(2,591)	0.50%	41,900	1.69%
Call loans	5	3.36%	(637)	1.65%	643	1.71%
Receivables under resale agreements	-	-	(5)	0.07%	5	(0.07%)
Receivables under securities borrowing transactions	-	-	(55)	(0.00%)	55	0.00%
Securities	1,296,819	2.55%	71,552	(0.56%)	1,225,266	3.11%
Loans and bills discounted	2,828,535	2.12%	173,222	0.05%	2,655,313	2.07%
Total funding	4,431,656	1.13%	259,733	0.12%	4,171,923	1.01%
Deposits	3,104,691	0.23%	172,128	(0.01%)	2,932,563	0.24%
Negotiable certificates of deposit	90,363	0.00%	(33,064)	0.00%	123,427	0.00%
Debentures	51,360	0.27%	(4,960)	0.01%	56,320	0.26%
Call money	56,816	1.43%	(27,726)	0.21%	84,542	1.22%
Payables under repurchase agreements	60,629	2.54%	30,573	0.43%	30,056	2.11%
Payables under securities lending transactions	467,013	2.27%	61,985	0.45%	405,028	1.82%
Borrowed money	326,354	0.33%	24,474	(0.05%)	301,880	0.38%
Bonds payable	233,956	1.01%	27,597	0.39%	206,359	0.62%

(Domestic operations)

(million yen)

	FY 2019 1st Half Period				FY 2018 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,665,032	0.70%	183,032	(0.01%)	3,482,000	0.71%
Due from banks	574	0.02%	(3,739)	0.02%	4,313	0.00%
Call loans	-	-	(109)	(0.06%)	109	0.06%
Receivables under resale agreements	-	-	(5)	0.07%	5	(0.07%)
Receivables under securities borrowing transactions	-	-	(55)	(0.00%)	55	0.00%
Securities	299,957	1.50%	(9,532)	(0.59%)	309,490	2.09%
Loans and bills discounted	1,685,472	1.00%	117,379	0.08%	1,568,092	0.92%
Total funding	3,721,995	0.17%	144,953	(0.01%)	3,577,042	0.18%
Deposits	2,996,765	0.16%	164,727	(0.01%)	2,832,037	0.17%
Negotiable certificates of deposit	90,363	0.00%	(33,064)	0.00%	123,427	0.00%
Debentures	51,360	0.27%	(4,960)	0.01%	56,320	0.26%
Call money	27,672	(0.01%)	(15,765)	0.01%	43,437	(0.02%)
Payables under repurchase agreements	-	-	-	-	-	-
Payables under securities lending transactions	37,846	0.00%	(19,590)	(0.00%)	57,437	0.00%
Borrowed money	321,223	0.30%	31,506	(0.01%)	289,717	0.31%
Bonds payable	164,797	0.10%	(4,918)	(0.01%)	169,715	0.11%

【Consolidated】

(Total)

(million yen)

	FY 2019 1st Half Period				FY 2018 1st Half Period	
	(A)		(A) - (B)		(B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	4,338,816	2.29%	283,954	(0.08%)	4,054,861	2.37%
Due from banks	69,764	1.46%	2,414	0.23%	67,349	1.23%
Call loans and bills bought	14,732	(0.03%)	14,089	(1.74%)	643	1.71%
Receivables under resale agreements	-	-	(5)	0.07%	5	(0.07%)
Receivables under securities borrowing transactions	-	-	(55)	(0.00%)	55	0.00%
Securities	1,223,375	2.71%	62,811	(0.58%)	1,160,563	3.29%
Loans and bills discounted	2,818,242	2.25%	176,622	0.13%	2,641,620	2.12%
Total funding	4,473,098	1.12%	301,309	0.11%	4,171,788	1.01%
Deposits	3,145,449	0.23%	214,793	(0.01%)	2,930,656	0.24%
Negotiable certificates of deposit	90,363	0.00%	(33,064)	0.00%	123,427	0.00%
Debentures	51,360	0.27%	(4,960)	0.01%	56,320	0.26%
Call money and bills sold	56,816	1.43%	(27,726)	0.21%	84,542	1.22%
Payables under repurchase agreements	60,629	2.54%	30,573	0.43%	30,056	2.11%
Payables under securities lending transactions	467,013	2.27%	61,985	0.45%	405,028	1.82%
Borrowed money	327,038	0.33%	23,385	(0.05%)	303,652	0.38%
Bonds payable	233,956	1.01%	27,597	0.39%	206,359	0.62%

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, 2019				March 31, 2019		
		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	50,679	12,749	63,309	12,630	37,929	64,999	27,069
	Japanese stocks	36,919	(11,596)	36,941	21	48,515	48,545	30
	Japanese debt securities	1,124	597	1,170	46	527	624	96
	Other	12,635	23,748	25,197	12,562	(11,112)	15,829	26,942
	Total	50,679	12,749	63,309	12,630	37,929	64,999	27,069
	Japanese stocks	36,919	(11,596)	36,941	21	48,515	48,545	30
	Japanese debt securities	1,124	597	1,170	46	527	624	96
	Other	12,635	23,748	25,197	12,562	(11,112)	15,829	26,942

(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, 2019				March 31, 2019		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	25	14	25	-	10	11	0

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, 2019				March 31, 2019		
		Unrealized gains and losses				Unrealized gains and losses		
		(A)	(A)-(B)	gains	losses	(B)	gains	losses
	Held-to-maturity bonds	-	-	-	-	-	-	-
	Available-for-sale securities	50,706	12,737	63,336	12,630	37,968	65,037	27,069
	Japanese stocks	36,919	(11,596)	36,941	21	48,515	48,545	30
	Japanese debt securities	1,125	596	1,171	46	529	625	96
	Other	12,661	23,737	25,223	12,562	(11,075)	15,866	26,942
	Total	50,706	12,737	63,336	12,630	37,968	65,037	27,069
	Japanese stocks	36,919	(11,596)	36,941	21	48,515	48,545	30
	Japanese debt securities	1,125	596	1,171	46	529	625	96
	Other	12,661	23,737	25,223	12,562	(11,075)	15,866	26,942

(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, 2019				March 31, 2019		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	25	14	25	-	10	11	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)

			September 30, 2019		March 31, 2019
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,651)	39	(41,691)
	Fair value of plan assets	(B)	35,761	3	35,757
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(5,890)	43	(5,934)
	Unrecognized actuarial losses	(D)	1,416	(282)	1,698
	Unrecognized prior-service cost	(E)	(573)	163	(737)
	Net liability recognized	(F)=(C)+(D)+(E)	(5,047)	(75)	(4,972)
	Prepaid pension costs	(G)	4,473	200	4,272
	Provision for retirement benefits	(F)-(G)	(9,521)	(275)	(9,245)

【Consolidated】

(million yen)

			September 30, 2019		March 31, 2019
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,873)	(2)	(41,871)
	Fair value of plan assets	(B)	35,761	3	35,757
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(6,112)	1	(6,113)
	Retirement benefit asset	(D)	3,925	254	3,671
	Retirement benefit liability	(C)-(D)	(10,038)	(253)	(9,784)
	Unrecognized actuarial losses	(E)	(1,416)	282	(1,698)
	Unrecognized prior-service cost	(F)	573	(163)	737
	Remeasurements of defined benefit plans (before income tax effect)	(E)+(F)	(842)	118	(961)

② Net periodic retirement benefit costs

【Non-consolidated】

(million yen)

			FY 2019 1st Half Period		FY 2018 1st Half Period
			(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs		549	194	355
	Service cost		792	12	780
	Interest cost		82	0	81
	Expected return on plan assets		(446)	(11)	(435)
	Amortization of prior-service cost		(163)	-	(163)
	Recognized actuarial losses		282	190	92
	Other		3	3	-

【Consolidated】

(million yen)

			FY 2019 1st Half Period		FY 2018 1st Half Period
			(A)	(A) - (B)	(B)
	Net periodic retirement benefit costs regarding defined benefit pension plans		602	222	380

9. Capital Adequacy Ratio (under Japanese domestic standards)

■ Basel III

【Consolidated】

(million yen)

	September 30, 2019			March 31, 2019 (B)	September 30, 2018 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	10.34%	0.07%	0.20%	10.27%	10.14%
(2) Core capital: instruments and reserves	483,415	5,823	11,551	477,592	471,863
(3) Core capital: regulatory adjustments	16,337	604	3,794	15,733	12,543
(4) Regulatory capital (2)-(3)	467,077	5,218	7,757	461,859	459,320
(5) Risk-weighted assets	4,513,364	20,198	(15,938)	4,493,166	4,529,302
(6) Total required capital (5)*4%	180,534	807	(637)	179,726	181,172

【Non-consolidated】

(million yen)

	September 30, 2019			March 31, 2019 (B)	September 30, 2018 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	10.29%	0.10%	0.27%	10.19%	10.02%
(2) Core capital: instruments and reserves	477,384	6,402	14,273	470,982	463,110
(3) Core capital: regulatory adjustments	11,716	261	3,014	11,454	8,702
(4) Regulatory capital (2)-(3)	465,667	6,140	11,259	459,527	454,408
(5) Risk-weighted assets	4,521,159	13,883	(9,615)	4,507,275	4,530,774
(6) Total required capital (5)*4%	180,846	555	(384)	180,291	181,230

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, 2019			March 31, 2019	September 30, 2018
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	3,222	3,222	3,222	-	-
	Past due loans	16,001	1,800	9,099	14,201	6,902
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	1,409	-	(748)	1,409	2,157
	Total	20,633	5,022	11,574	15,610	9,059
Loan balance (end of period basis)		2,854,444	72,313	189,012	2,782,131	2,665,432

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

☐ After partial and direct written-off

【Consolidated】

(million yen)

		September 30, 2019			March 31, 2019	September 30, 2018
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	3,274	3,274	3,274	-	-
	Past due loans	16,030	1,829	9,128	14,201	6,902
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	1,409	-	(748)	1,409	2,157
	Total	20,713	5,103	11,654	15,610	9,059
Loan balance (end of period basis)		2,838,456	58,562	183,993	2,779,894	2,654,463

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

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

【Non-consolidated】

(million yen)

	September 30, 2019			March 31, 2019	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	41,192	(3,086)	1,091	44,279	40,101
General allowance	32,320	(4,531)	(4,064)	36,851	36,384
Specific allowance	8,872	1,444	5,155	7,428	3,717
Allowance for loans to restructuring countries	-	-	-	-	-

☐ After partial and direct written-off

【Consolidated】

(million yen)

	September 30, 2019			March 31, 2019	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	41,789	(3,214)	1,150	45,004	40,639
General allowance	32,902	(4,673)	(4,018)	37,576	36,921
Specific allowance	8,886	1,458	5,169	7,428	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)

	September 30, 2019			March 31, 2019	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	3,222	3,222	3,222	-	-
Doubtful credit	16,001	1,800	9,099	14,201	6,902
Special attention credit	1,409	-	(748)	1,409	2,157
Total (a)	20,633	5,022	11,574	15,610	9,059
Normal assets	2,873,314	68,306	183,284	2,805,007	2,690,029
Grand total (b)	2,893,947	73,329	194,859	2,820,618	2,699,088
Non-performing loans ratio (a/b)	0.7%	0.1%	0.4%	0.6%	0.3%

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

【Non-consolidated】

(million yen)

	September 30, 2019			March 31, 2019	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	19,026	4,421	10,914	14,605	8,111
Allowance for loan losses (d)	10,281	1,444	5,131	8,837	5,150
Collateral / guarantee coverage (e)	8,744	2,976	5,782	5,767	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

	September 30, 2019			March 31, 2019	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	92.2%	(1.4%)	2.7%	93.6%	89.5%

Allowance Ratio d/(a-e)

	September 30, 2019			March 31, 2019	September 30, 2018
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	86.5%	(3.3%)	2.0%	89.8%	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 32		Collateral / Guarantee coverage 32	100.0%	100.0%	Loans to bankrupt companies 32
De facto bankrupt borrowers						
In Danger of Bankruptcy borrowers	Doubtful credit 160		Collateral / Guarantee coverage 55	84.7%	90.0%	Past due loans 160
			Allowance 88			Estimated collections 16
Need Attention borrowers	Special attention credit 14		Collateral / Guarantee coverage -	100.0%	100.0%	Loans overdue for three months or more -
			Allowance 14			Estimated collections -
Normal borrowers	(Normal credit) (28,733)					

FRL Credit, total 206	Collateral / Guarantee coverage 87 Allowance 102 Estimated collections 16	FRL Credit Allowance Ratio 86.5%	FRL Credit Coverage Ratio 92.2%	Risk Monitored loans 206
Total credit 28,939	Total allowance 411	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		100.0%		
The reserve ratio for the need attention credit		4.3%		
The reserve ratio for the normal credit		0.7%		

(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, 2016	As of Sep. 30, 2016	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 (B)	increase (decrease) (A)-(B)	As of Sep. 30, 2019 (A)
-Mar. 31, 2016	Bankrupt and similar credit	1	1	0	0	-	-	-	-	-
	Doubtful credit	190	147	111	13	13	13	13	(10)	2
	subtotal	191	148	112	13	13	13	13	(10)	2
Apr. 1, 2016 -Sep. 30, 2016	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	1	1	1	1	0	0	(0)	0
	subtotal	-	1	1	1	1	0	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	30	-	30
	subtotal	-	-	-	-	30	30	30	-	30
Apr. 1, 2018 -Sep. 30, 2018	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	24	16	(7)	9
	subtotal	-	-	-	-	-	24	16	(7)	9
Oct. 1, 2018 -Mar. 31, 2019	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	81	(56)	25
	subtotal	-	-	-	-	-	-	81	(56)	25
Apr. 1, 2019 -Sep. 30, 2019	Bankrupt and similar credit	-	-	-	-	-	-	-	32	32
	Doubtful credit	-	-	-	-	-	-	-	91	91
	subtotal	-	-	-	-	-	-	-	124	124

(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 Sep. 30, 2019.

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

(100 millions yen)

Newly added within:	-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	Oct. 1, 2018 -Mar. 31, 2019
Liquidation-type disposition	-	-	(1)	-	-	-	-
Restructuring-type disposition	-	-	-	-	-	-	(10)
Loan liquidations	-	-	-	-	-	(6)	(26)
Direct written-off	0	-	1	-	-	-	-
Other	(11)	(0)	(0)	-	-	(0)	(19)
Total	(10)	(0)	-	-	-	(7)	(56)

(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, 2019	March 31, 2019	September 30, 2018
Loans by domestic offices (excluding Japan Offshore Market accounts)	2,854,444	2,782,131	2,665,432
Manufacturing	226,995	226,863	182,140
Agriculture, forestry & fisheries	5,047	3,677	3,551
Mining, quarry, gravel extraction	-	-	-
Construction	11,974	10,762	12,423
Electricity, gas, heat supply & water	35,792	32,130	28,397
Information & communications	87,650	47,853	47,627
Transport, postal Service	41,756	42,483	47,268
Whole sale & retail trade	66,204	72,158	95,608
Finance & insurance	410,879	389,965	385,021
Real estate	610,723	567,699	503,360
Leasing	33,509	43,292	45,286
Various Services	178,272	184,983	188,226
Local governments	4,550	4,417	4,466
Others	1,141,088	1,155,842	1,122,054
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	2,854,444	2,782,131	2,665,432

② Risk Monitored Loans Classified by Industry

(million yen)

	September 30, 2019	March 31, 2019	September 30, 2018
Loans by domestic offices (excluding Japan Offshore Market accounts)	20,633	15,610	9,059
Manufacturing	2,505	4,378	1,451
Agriculture, forestry & fisheries	5,023	-	-
Mining, quarry, gravel extraction	-	-	-
Construction	-	-	-
Electricity, gas, heat supply & water	-	-	-
Information & communications	-	748	748
Transport, postal Service	2,159	-	-
Whole sale & retail trade	2,166	2,168	2,171
Finance & insurance	-	-	-
Real estate	-	1,030	1,050
Leasing	-	-	-
Various Services	1,248	1,250	1,175
Local governments	-	-	-
Others	7,529	6,033	2,460
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	20,633	15,610	9,059

③ Consumer Loans

(million yen)

	September 30, 2019			March 31, 2019 (B)	September 30, 2018 (C)
	(A)	(A) - (B)	(A) - (C)		
Consumer loans	1,727	(176)	(276)	1,904	2,003
Housing loans	1,292	(169)	(261)	1,462	1,554
Other loans	435	(7)	(14)	442	449

④ Loans to Small/Medium-sized Corporations

(million yen)

	September 30, 2019			March 31, 2019 (B)	September 30, 2018 (C)
	(A)	(A) - (B)	(A) - (C)		
Loans to small/medium-sized corporations	2,250,168	94,065	208,999	2,156,102	2,041,168
Ratio to total loans	78.8%	1.3%	2.2%	77.5%	76.6%

8. Debentures, Deposits and Loans

【Non-consolidated】

(million yen)

		September 30, 2019			March 31, 2019 (B)	September 30, 2018 (C)
		(A)	(A) - (B)	(A) - (C)		
Debentures	Ending balance	51,360	-	-	51,360	51,360
	Average balance	51,360	(2,487)	(4,960)	53,847	56,320
Deposits	Ending balance	3,091,129	22,397	135,675	3,068,732	2,955,453
	Average balance	3,104,691	153,874	172,128	2,950,817	2,932,563
Deposits & Certificates of deposits	Ending balance	3,179,082	(17,576)	112,088	3,196,659	3,066,993
	Average balance	3,195,054	133,577	139,063	3,061,477	3,055,990
Loans and bills discounted	Ending balance	2,854,444	72,313	189,012	2,782,131	2,665,432
	Average balance	2,828,535	146,199	173,222	2,682,336	2,655,313

III. Uniform Questions for the Interim Period Ended September 30, 2019

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

	Mar. 31, 2017	Sep. 30, 2017	Mar. 31, 2018	Sep. 30, 2018	Mar. 31, 2019	Sep. 30, 2019
Non-consolidated	0.50%	0.15%	0.26%	0.33%	0.55%	0.71%
Consolidated	0.50%	0.15%	0.26%	0.33%	0.55%	0.72%

2. Investment Stocks 【Non-consolidated】

(1) Investment Stocks (100 millions yen)

	Acquisition cost(A)	Market value(B)	(B)-(A)
September 30, 2018	407	1,169	762
March 31, 2019	443	928	485
September 30, 2019	360	729	369

(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 2018 1st Half Period	51	-
FY 2018	132	-
FY 2019 1st Half Period	25	(15)

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

Loan Balance (100 millions yen)

	Balance	Increase/Decrease	Ratio to total loans
September 30, 2018	20,411	2.8%	76.6%
March 31, 2019	21,561	5.6%	77.5%
September 30, 2019	22,501	4.4%	78.8%

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

a. Investment trusts (100 millions yen)

	Sales Total
FY 2018 1st Half Period	132
FY 2018	264
FY 2019 1st Half Period	81

b. Annuity insurance (100 millions yen)

	Sales Total
FY 2018 1st Half Period	194
FY 2018	357
FY 2019 1st Half Period	75

5. Japanese Government Bonds 【Non-consolidated】

(100 millions yen)

	Balance
September 30, 2018	80
March 31, 2019	-
September 30, 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)	356	446	377

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

(100 millions yen)

	September 30, 2019		March 31, 2019
	(A)	(A) - (B)	(B)
Deferred Tax Assets	357	(28)	386
Allowance for loan losses	123	6	117
Provision for employees' retirement benefits	29	0	28
Securities write-off	191	4	187
Unrealized gain on available-for-sale securities	—	—	—
Tax loss carryforwards	—	—	—
Other	133	(32)	166
Subtotal	478	(20)	499
Less valuation allowance	(120)	(7)	(113)
Deferred tax liabilities	162	13	148
Unrealized gain on available-for-sale securities	144	13	130
Net deferred tax assets	194	(42)	237