

Financial Results for FY2017



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I . Overviews of the Financial Results for the Year Ended March 31, 2018 (Fiscal Year 2017)

1 . Summary of Revenue and Expenses

【Consolidated】

(million yen)

	FY 2017		FY 2016
	(A)	(A)-(B)	(B)
Consolidated net revenue ※1	87,479	2,205	85,273
Net interest income	49,054	3,408	45,646
Net fees and commissions	11,396	2,105	9,290
Net trading income	17,094	(3,339)	20,433
Net other ordinary income	9,933	31	9,902
General and administrative expenses	(46,848)	(1,847)	(45,001)
Business profit ※2	40,631	358	40,272
Credit-related expenses	8,748	(2,331)	11,079
Write-off of loans	(263)	(84)	(179)
Provision of specific allowance for loan losses	849	(3,126)	3,975
Provision of general allowance for loan losses	6,245	488	5,756
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	(497)	(22)	(474)
Recoveries of written-off claims	1,855	(302)	2,158
Provision of reserve for credit losses on off-balance-sheet instruments	557	716	(158)
Gains (losses) on stock transactions	8,015	7,541	474
Income from interests in associated undertakings	-	-	-
Other	588	650	(61)
Ordinary profit	57,984	6,219	51,764
Extraordinary profit (loss)	(21)	(19)	(1)
Profit before income taxes and non-controlling interests	57,962	6,199	51,762
Income taxes-current	(14,191)	(4,732)	(9,458)
Income taxes-deferred	(1,274)	(2,653)	1,379
Profit	42,496	(1,186)	43,683
Loss attributable to non-controlling interests	567	402	165
Profit attributable to owners of parent	43,064	(784)	43,849

※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		FY 2016
	(A)	(A)-(B)	(B)
Consolidated subsidiaries	21	2	19
Affiliated companies applying equity-method	0	0	0

【Non-consolidated】

(million yen)

	FY 2017		FY 2016
	(A)	(A)-(B)	
Net revenue	81,337	1,112	80,225
(Excluding gains (losses) on bond transactions)	80,682	2,845	77,837
Net interest income	47,050	2,509	44,540
Net fees and commissions	10,475	1,252	9,223
Net trading income	14,284	(3,016)	17,300
Net other ordinary income	9,527	365	9,161
(Gains (losses) on bond transactions)	654	(1,733)	2,388
General and administrative expenses	(41,641)	(660)	(40,980)
Personnel	(20,515)	(1,210)	(19,305)
Property and equipment	(17,629)	772	(18,401)
Taxes	(3,496)	(222)	(3,274)
Business profit before general allowance for loan losses	39,696	451	39,244
Excluding gains (losses) on bond transactions	39,041	2,184	36,856
Credit-related expenses	8,962	(1,596)	10,559
Written-off of loans	(461)	(76)	(385)
Provision of specific allowance for loan losses	849	(3,126)	3,975
Provision of general allowance for loan losses	6,318	1,419	4,899
Provision of allowance for loans to restructuring countries	-	-	-
Loss on disposition of loans	-	(278)	278
Recoveries of written-off claims	1,712	(198)	1,911
Provision of reserve for credit losses on off-balance-sheet instruments	544	664	(120)
Gains (losses) on stock transactions	8,015	7,906	109
Other	273	105	167
Ordinary profit	56,948	6,867	50,081
Extraordinary profit (loss)	(21)	(20)	(1)
Profit before income taxes	56,926	6,847	50,079
Income taxes-current	(13,542)	(4,477)	(9,064)
Income taxes-deferred	(1,368)	(3,829)	2,461
Profit	42,015	(1,459)	43,475
Business profit	39,696	571	39,124

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

2. Profit Margins [Non-consolidated]

(Total)

	FY 2017		FY 2016 (B)
	(A)	(A)-(B)	
(1) Yield on total investments (A)	1.97%	0.18%	1.79%
Yield on loans (B)	1.77%	0.16%	1.61%
Yield on securities	2.56%	0.25%	2.31%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.77%	0.14%	1.63%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.58%	0.05%	1.53%
Yield on debentures, deposits & certificates of deposit (E)	0.20%	(0.01%)	0.21%
Yield on borrowings	0.62%	0.07%	0.55%
(3) Profit margins (A) - (C)	0.20%	0.04%	0.16%
(4) Loan margin (B) - (D)	0.19%	0.11%	0.08%
(5) Yield spread (B) - (E)	1.57%	0.17%	1.40%

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

(Domestic operations)

	FY 2017		FY 2016 (B)
	(A)	(A)-(B)	
(1) Yield on total investments (A)	0.72%	0.01%	0.71%
Yield on loans (B)	0.88%	0.00%	0.88%
Yield on securities	1.90%	0.66%	1.24%
(2) Rate of funding cost (including general and administrative expenses) (C)	1.27%	(0.01%)	1.28%
Cost of debentures, deposits & certificates of deposit (including general and administrative expenses) (D)	1.44%	0.03%	1.41%
Yield on debentures, deposits & certificates of deposit (E)	0.17%	(0.03%)	0.20%
Yield on borrowings	0.28%	0.02%	0.26%
(3) Profit margins (A) - (C)	(0.55%)	0.02%	(0.57%)
(4) Loan margin (B) - (D)	(0.56%)	(0.03%)	(0.53%)
(5) Yield spread (B) - (E)	0.71%	0.03%	0.68%

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

3. Business Profit [Non-consolidated]

(million yen)

	FY 2017		FY 2016 (B)
	(A)	(A)-(B)	
Business profit			
before general allowance for loan losses	39,696	451	39,244
per employee (thousand yen)	22,288	(188)	22,476

4. ROE [Non-consolidated]

	FY 2017		FY 2016 (B)
	(A)	(A)-(B)	
Business profit before general allowance for loan losses basis	9.44%	(0.26%)	9.70%
Profit basis	10.00%	(0.74%)	10.74%

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

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

(million yen)

	FY 2017		FY 2016 (B)
	(A)	(A)-(B)	
Gains (losses) on bond transactions	654	(1,733)	2,388
Gain on sale	3,530	(3,746)	7,276
Gain on redemption	0	0	-
Loss on sale	(2,759)	1,604	(4,364)
Loss on redemption	(116)	407	(524)
Loss on devaluation	(0)	(0)	-
Gains (losses) on stock transactions	8,015	7,906	109
Gain on sale	8,015	7,541	474
Loss on sale	-	-	-
Loss on devaluation	(0)	365	(365)

6. Investments and Funding

【Non-consolidated】

(Total)

(million yen)

	FY 2017 (A)		(A) - (B)		FY 2016 (B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,901,038	1.97%	231,368	0.18%	3,669,670	1.79%
Due from banks	40,927	1.23%	(3,211)	0.68%	44,138	0.55%
Call loans	347	1.26%	(3,713)	1.22%	4,061	0.04%
Receivables under securities borrowing transactions	-	-	(3,547)	(0.01%)	3,547	0.01%
Securities	1,138,090	2.56%	119,404	0.25%	1,018,686	2.31%
Loans and bills discounted	2,594,366	1.78%	60,031	0.15%	2,534,334	1.63%
Total funding	4,024,953	0.74%	207,300	0.18%	3,817,652	0.56%
Deposits	2,804,279	0.21%	43,892	(0.01%)	2,760,386	0.22%
Negotiable certificates of deposit	121,266	0.00%	(27,081)	(0.02%)	148,347	0.02%
Debentures	95,431	0.24%	(78,984)	(0.01%)	174,415	0.25%
Call money	105,884	1.20%	4,145	0.30%	101,739	0.90%
Payables under repurchase agreements	2,357	1.58%	2,357	1.58%	-	-
Payables under securities lending transactions	415,637	1.18%	117,417	0.45%	298,219	0.73%
Borrowed money	293,948	0.42%	64,290	0.02%	229,657	0.40%
Bonds payable	154,348	0.67%	89,984	0.47%	64,363	0.20%

(Domestic operations)

(million yen)

	FY 2017 (A)		(A) - (B)		FY 2016 (B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,296,043	0.72%	39,761	0.01%	3,256,281	0.71%
Due from banks	219	0.04%	(1,073)	(0.05%)	1,292	0.09%
Call loans	27	0.26%	(3,698)	0.29%	3,726	(0.03%)
Receivables under securities borrowing transactions	-	-	(3,547)	(0.01%)	3,547	0.01%
Securities	298,413	1.90%	(24,725)	0.66%	323,138	1.24%
Loans and bills discounted	1,556,209	0.92%	(62,558)	(0.05%)	1,618,768	0.97%
Total funding	3,439,795	0.18%	9,257	(0.02%)	3,430,537	0.20%
Deposits	2,737,344	0.18%	(8,194)	(0.03%)	2,745,538	0.21%
Negotiable certificates of deposit	121,266	0.00%	(27,081)	(0.02%)	148,347	0.02%
Debentures	95,431	0.24%	(78,984)	(0.01%)	174,415	0.25%
Call money	33,726	(0.01%)	(5,526)	0.00%	39,253	(0.01%)
Payables under repurchase agreements	-	-	-	-	-	-
Payables under securities lending transactions	52,614	(0.01%)	13,749	(0.01%)	38,864	(0.00%)
Borrowed money	266,966	0.32%	63,333	0.01%	203,633	0.31%
Bonds payable	121,030	0.11%	58,698	(0.01%)	62,331	0.12%

【Consolidated】

(Total)

(million yen)

	FY 2017 (A)		(A) - (B)		FY 2016 (B)	
	Average balance	Yield	Average balance	Yield	Average balance	Yield
Total investments	3,872,488	2.04%	230,734	0.20%	3,641,754	1.84%
Due from banks	77,228	0.77%	5,748	0.39%	71,480	0.38%
Call loans and bills bought	347	1.26%	(3,713)	1.22%	4,061	0.04%
Receivables under securities borrowing transactions	-	-	(3,547)	(0.01%)	3,547	0.01%
Securities	1,067,440	2.73%	120,554	0.24%	946,886	2.49%
Loans and bills discounted	2,572,891	1.86%	51,412	0.18%	2,521,478	1.68%
Total funding	4,014,810	0.74%	210,169	0.18%	3,804,641	0.56%
Deposits	2,792,248	0.21%	45,997	(0.01%)	2,746,251	0.22%
Negotiable certificates of deposit	121,266	0.00%	(27,081)	(0.02%)	148,347	0.02%
Debentures	95,431	0.24%	(78,984)	(0.01%)	174,415	0.25%
Call money and bills sold	105,884	1.20%	4,145	0.30%	101,739	0.90%
Payables under repurchase agreements	2,357	1.58%	2,357	1.58%	-	-
Payables under securities lending transactions	415,637	1.18%	117,417	0.45%	298,219	0.73%
Borrowed money	295,836	0.43%	65,053	0.03%	230,782	0.40%
Bonds payable	154,348	0.67%	89,984	0.47%	64,363	0.20%

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, 2018				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	58,379	18,860	90,290	31,911	39,518	60,258	20,739
	Japanese stocks	65,294	21,383	65,302	7	43,911	43,922	11
	Japanese debt securities	260	46	364	103	214	364	150
	Other	(7,176)	(2,569)	24,623	31,799	(4,607)	15,970	20,577
	Total	58,379	18,860	90,290	31,911	39,518	60,258	20,739
	Japanese stocks	65,294	21,383	65,302	7	43,911	43,922	11
	Japanese debt securities	260	46	364	103	214	364	150
	Other	(7,176)	(2,569)	24,623	31,799	(4,607)	15,970	20,577

(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, 2018				March 31, 2017		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	20	12	21	0	8	8	-

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, 2018				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	58,468	18,805	90,380	31,911	39,663	60,403	20,739
	Japanese stocks	65,294	21,383	65,302	7	43,911	43,922	11
	Japanese debt securities	263	45	367	103	218	369	150
	Other	(7,089)	(2,623)	24,710	31,799	(4,466)	16,111	20,577
	Total	58,468	18,805	90,380	31,911	39,663	60,403	20,739
	Japanese stocks	65,294	21,383	65,302	7	43,911	43,922	11
	Japanese debt securities	263	45	367	103	218	369	150
	Other	(7,089)	(2,623)	24,710	31,799	(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.

	March 31, 2018				March 31, 2017		
	Unrealized gains and losses (A)	(A)-(B)	gains	losses	Unrealized gains and losses (B)	gains	losses
Monetary claims bought	20	12	21	0	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)

			March 31, 2018		March 31, 2017
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,498)	259	(41,758)
	Fair value of plan assets	(B)	34,828	679	34,149
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(6,669)	939	(7,609)
	Unrecognized actuarial losses	(D)	1,290	(389)	1,679
	Unrecognized prior-service cost	(E)	(1,064)	327	(1,392)
	Net liability recognized	(F)=(C)+(D)+(E)	(6,443)	877	(7,321)
	Prepaid pension costs	(G)	2,571	1,198	1,372
	Provision for retirement benefits	(F)-(G)	(9,015)	(320)	(8,694)

【Consolidated】

(million yen)

			March 31, 2018		March 31, 2017
			(A)	(A) - (B)	(B)
	Defined retirement benefit obligation	(A)	(41,641)	230	(41,872)
	Fair value of plan assets	(B)	34,828	679	34,149
	Unfunded retirement benefit obligation	(C)=(A)+(B)	(6,813)	910	(7,723)
	Net defined benefit asset	(D)	2,720	1,212	1,508
	Net defined benefit liability	(C)-(D)	(9,533)	(302)	(9,231)
	Unrecognized actuarial losses	(E)	(1,290)	389	(1,679)
	Unrecognized prior-service cost	(F)	1,064	(327)	1,392
	Remeasurements of defined benefit plans (before income tax effect)	(E)+(F)	(225)	61	(287)

② Net periodic benefit costs

【Non-consolidated】

(million yen)

			FY 2017		FY 2016
			(A)	(A) - (B)	(B)
	Net periodic benefit costs		278	135	143
	Service cost		1,590	73	1,516
	Interest cost		164	(1)	165
	Expected return on plan assets		(853)	(0)	(853)
	Amortization of prior-service cost		(327)	-	(327)
	Recognized actuarial losses		(297)	61	(358)
	Other		2	1	0

【Consolidated】

(million yen)

			FY 2017		FY 2016
			(A)	(A) - (B)	(B)
	Net periodic benefit costs regarding defined benefit pension plans		309	150	158

9. Capital Adequacy Ratio (under Japanese domestic standards)

■ Basel III

【Consolidated】

(million yen)

	March 31, 2018			March 31, 2017 (B)	September 30, 2017 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	10.39%	(0.36%)	(0.47%)	10.75%	10.86%
(2) Core capital: instruments and reserves	462,231	15,965	1,156	446,266	461,075
(3) Core capital: regulatory adjustments	11,244	4,736	3,918	6,508	7,326
(4) Regulatory capital (2)-(3)	450,986	11,229	(2,763)	439,757	453,749
(5) Risk-weighted assets	4,339,730	252,333	164,806	4,087,397	4,174,924
(6) Total required capital (5)*4%	173,589	10,094	6,593	163,495	166,996

【Non-consolidated】

(million yen)

	March 31, 2018			March 31, 2017 (B)	September 30, 2017 (C)
	preliminary (A)	(A) - (B)	(A) - (C)		
(1) Capital adequacy ratio (4)/(5)	10.25%	(0.31%)	(0.43%)	10.56%	10.68%
(2) Core capital: instruments and reserves	453,955	16,098	1,653	437,857	452,302
(3) Core capital: regulatory adjustments	8,429	2,654	2,348	5,775	6,081
(4) Regulatory capital (2)-(3)	445,526	13,444	(695)	432,082	446,221
(5) Risk-weighted assets	4,342,429	251,382	167,408	4,091,047	4,175,021
(6) Total required capital (5)*4%	173,697	10,056	6,697	163,641	167,000

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, 2018			March 31, 2017	September 30, 2017
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	177	177	36	-	141
	Past due loans	4,623	(6,856)	2,843	11,479	1,780
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	2,157	748	-	1,409	2,157
	Total	6,958	(5,930)	2,879	12,888	4,078
Loan balance (end of period basis)		2,624,742	86,417	50,352	2,538,325	2,574,389

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

☐ After partial and direct written-off

【Consolidated】

(million yen)

		March 31, 2018			March 31, 2017	September 30, 2017
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Risk Monitored Loans	Loans to bankrupt companies	177	177	36	-	141
	Past due loans	4,623	(6,856)	2,843	11,479	1,780
	Loans overdue for 3 months or more	-	-	-	-	-
	Restructured loans	2,157	748	-	1,409	2,157
	Total	6,958	(5,930)	2,879	12,888	4,078
Loan balance (end of period basis)		2,611,278	89,404	55,511	2,521,874	2,555,766

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

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

【Non-consolidated】

(million yen)

	March 31, 2018			March 31, 2017	September 30, 2017
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	43,236	(7,191)	(2,143)	50,427	45,379
General allowance	39,860	(6,318)	(4,661)	46,178	44,521
Specific allowance	3,376	(873)	2,517	4,249	858
Allowance for loans to restructuring countries	-	-	-	-	-

☐ After partial and direct written-off

【Consolidated】

(million yen)

	March 31, 2018			March 31, 2017	September 30, 2017
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance for loan losses	43,495	(7,131)	(2,215)	50,627	45,711
General allowance	40,119	(6,258)	(4,733)	46,378	44,852
Specific allowance	3,376	(873)	2,517	4,249	858
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, 2018			March 31, 2017	September 30, 2017
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Bankrupt and similar credit	177	166	24	11	153
Doubtful credit	4,623	(6,844)	2,854	11,467	1,768
Special attention credit	2,157	748	0	1,409	2,157
Total (a)	6,958	(5,930)	2,879	12,888	4,078
Normal assets	2,653,508	94,561	51,919	2,558,946	2,601,588
Grand total (b)	2,660,466	88,631	54,799	2,571,835	2,605,667
Non-performing loans ratio (a/b)	0.3%	(0.2%)	0.1%	0.5%	0.2%

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

【Non-consolidated】

(million yen)

	March 31, 2018			March 31, 2017	September 30, 2017
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
Allowance & Coverage (c)	5,818	(7,070)	2,403	12,888	3,414
Allowance for loan losses (d)	4,795	(717)	2,519	5,513	2,275
Collateral / guarantee coverage (e)	1,022	(6,352)	(116)	7,375	1,138

(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, 2018			March 31, 2017	September 30, 2017
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	83.6%	(16.4%)	(0.1%)	100.0%	83.7%

Allowance Ratio d/(a-e)

	March 31, 2018			March 31, 2017	September 30, 2017
	(A)	(A) - (B)	(A) - (C)	(B)	(C)
After partial and direct written-off	80.8%	(19.2%)	3.4%	100.0%	77.4%

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 2
De facto bankrupt borrowers						
In Danger of Bankruptcy borrowers	Doubtful credit 46		Collateral / Guarantee coverage 8 Allowance 33 Estimated collections 5	87.5%	89.7%	Past due loans 46
Need Attention borrowers	Special attention credit 22		Collateral / Guarantee coverage - Allowance 15 Estimated collections 7	69.1%	69.1%	Loans overdue for three months or more - Restructured loans 22
Normal borrowers	(Normal credit) (26,535)					

FRL Credit, total 70	Collateral / Guarantee coverage 10 Allowance 48 Estimated collections 12	FRL Credit Allowance Ratio 80.8%	FRL Credit Coverage Ratio 83.6%	Risk Monitored loans 70
Total credit 26,605	Total allowance 432	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		69.1%		
The reserve ratio for the need attention credit		5.9%		
The reserve ratio for the normal credit		1.0%		

(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 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	As of Sep. 30, 2017 (B)	increase (decrease) (A)-(B)	As of Mar. 31, 2018 (A)
-Sep. 30, 2014	Bankrupt and similar credit	5	3	3	1	1	0	0	(0)	-
	Doubtful credit	403	251	172	141	124	111	13	(0)	13
	subtotal	408	254	175	142	125	112	13	(0)	13
Oct. 1, 2014 -Mar. 31, 2015	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	10	10	8	1	0	0	(0)	0
	subtotal	-	10	10	8	1	0	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	1	(0)	1
	subtotal	-	-	-	-	2	1	1	(0)	1
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	0	2
	Doubtful credit	-	-	-	-	-	-	2	(2)	-
	subtotal	-	-	-	-	-	-	3	(2)	2
Oct. 1, 2017 -Mar. 31, 2018	Bankrupt and similar credit	-	-	-	-	-	-	-	-	-
	Doubtful credit	-	-	-	-	-	-	-	31	31
	subtotal	-	-	-	-	-	-	-	31	31

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

(Note2) Balance as of Mar. 31, 2018 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:	-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	Apr. 1, 2017 -Sep. 30, 2017
Liquidation-type disposition	(0)	-	-	-	-	-	-
Restructuring-type disposition	(2)	-	-	-	-	-	-
Loan liquidations	-	-	-	-	-	-	-
Direct written-off	17	-	-	-	-	-	(0)
Other	(14)	(0)	-	-	(0)	-	(1)
Total	(0)	(0)	-	-	(0)	-	(2)

(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)

	March 31, 2018	March 31, 2017	September 30, 2017
Loans by domestic offices (excluding Japan Offshore Market accounts)	2,624,742	2,538,325	2,574,389
Manufacturing	187,464	209,227	201,427
Agriculture, forestry & fisheries	3,817	3,795	3,254
Mining, quarry, gravel extraction	150	150	150
Construction	12,022	15,724	12,853
Electricity, gas, heat supply & water	28,110	21,339	24,615
Information & communications	54,324	38,282	42,015
Transport, postal Service	50,370	56,558	53,616
Whole sale & retail trade	109,686	122,842	104,141
Finance & insurance	391,568	378,143	387,075
Real estate	493,526	488,963	478,728
Leasing	50,798	71,903	60,596
Various Services	186,286	167,629	174,882
Local governments	6,135	8,263	6,372
Others	1,050,478	955,501	1,024,660
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	2,624,742	2,538,325	2,574,389

② Risk Monitored Loans Classified by Industry

(million yen)

	March 31, 2018	March 31, 2017	September 30, 2017
Loans by domestic offices (excluding Japan Offshore Market accounts)	6,958	12,888	4,078
Manufacturing	1,632	1,458	1,597
Agriculture, forestry & fisheries	-	-	-
Mining, quarry, gravel extraction	-	-	-
Construction	-	-	-
Electricity, gas, heat supply & water	-	-	-
Information & communications	748	0	748
Transport, postal Service	-	19	0
Whole sale & retail trade	2,285	432	609
Finance & insurance	-	-	-
Real estate	1,051	1,280	1,030
Leasing	0	11	11
Various Services	1,205	46	45
Local governments	-	-	-
Others	35	9,640	35
Loans by overseas offices (including Japan Offshore Market accounts)	-	-	-
Government	-	-	-
Financial institution	-	-	-
Others	-	-	-
Total	6,958	12,888	4,078

③ Consumer Loans

(million yen)

		March 31, 2018			March 31, 2017	September 30, 2017
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Consumer loans		2,396	(460)	(284)	2,856	2,681
	Housing loans	1,939	(446)	(277)	2,385	2,217
	Other loans	456	(14)	(7)	471	464

④ Loans to Small/Medium-sized Corporations

(million yen)

		March 31, 2018			March 31, 2017	September 30, 2017
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Loans to small/medium-sized corporations		1,985,101	158,605	100,481	1,826,496	1,884,619
Ratio to total loans		75.6%	3.6%	2.4%	72.0%	73.2%

8. Debentures, Deposits and Loans

【Non-consolidated】

(million yen)

		March 31, 2018			March 31, 2017	September 30, 2017
		(A)	(A) - (B)	(A) - (C)	(B)	(C)
Debentures	Ending balance	64,710	(55,950)	(24,700)	120,660	89,410
	Average balance	95,431	(78,984)	(15,159)	174,415	110,591
Deposits	Ending balance	2,856,291	124,369	72,551	2,731,921	2,783,740
	Average balance	2,804,279	43,892	47,992	2,760,386	2,756,286
Deposits & Certificates of deposits	Ending balance	2,980,351	113,916	70,612	2,866,434	2,909,739
	Average balance	2,925,545	16,811	40,488	2,908,734	2,885,056
Loans and bills discounted	Ending balance	2,624,742	86,417	50,352	2,538,325	2,574,389
	Average balance	2,594,366	60,031	44,020	2,534,334	2,550,345

III. Uniform Questions for FY2017

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

	Sep. 30, 2015	Mar. 31, 2016	Sep. 30, 2016	Mar. 31, 2017	Sep. 30, 2017	Mar. 31, 2018
Non-consolidated	0.94%	0.90%	0.67%	0.50%	0.15%	0.26%
Consolidated	0.97%	0.93%	0.69%	0.50%	0.15%	0.26%

2. Investment Stocks 【Non-consolidated】

(1) Investment Stocks (100 millions yen)

	Acquisition cost(A)	Market value(B)	(B)-(A)
March 31, 2017	367	806	439
September 30, 2017	375	968	592
March 31, 2018	378	1,031	653

(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	1	(4)
FY 2017 1st Half Period	41	(0)
FY 2017	80	(0)

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

Loan Balance (100 millions yen)

	Balance	Increase/Decrease	Ratio to total loans
March 31, 2017	18,265	4.2%	72.0%
September 30, 2017	18,846	3.2%	73.2%
March 31, 2018	19,851	5.3%	75.6%

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

a. Investment trusts (100 millions yen)

	Sales Total
FY 2016	297
FY 2017 1st Half Period	338
FY 2017	693

b. Annuity insurance (100 millions yen)

	Sales Total
FY 2016	286
FY 2017 1st Half Period	109
FY 2017	273

5. Japanese Government Bonds 【Non-consolidated】

(100 millions yen)

	Balance
March 31, 2017	80
September 30, 2017	80
March 31, 2018	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 2015	FY 2016	FY 2017
Taxable income (before offsetting of tax loss carryforwards)	151	345	438

2. Temporary Differences and Loss Carryforwards

(100 millions yen)

	March 31, 2018		March 31, 2017
	(A)	(A) - (B)	(B)
Deferred Tax Assets	421	41	380
Allowance for loan losses	128	(25)	153
Provision for employees' retirement benefits	28	1	27
Securities write-off	188	(18)	206
Unrealized gain on available-for-sale securities	—	—	—
Tax loss carryforwards	—	—	—
Other	216	60	157
Subtotal	559	17	542
Less valuation allowance	(138)	24	(162)
Deferred tax liabilities	231	63	168
Unrealized gain on available-for-sale securities	215	55	159
Net deferred tax assets	190	(22)	212

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