

(Provisional translation)

7 December, 2018

Financial Services Agency

## Overview of the Japanese regional banks' financial results for six months ended 30 September, 2018

### 1. Profitability

- Pre-provision operating profit for six months ended September decreased by 3.1% year on year, due to the decrease of net interest income and bond gains, etc.
- Net income decreased by 29.8% year on year, mainly due to the increase of credit costs.

(Unit: 100 million yen)

|  | Six months ended Sep 30, 2016 | Six months ended Sep 30, 2017 | Six months ended Sep 30, 2018 | YoY change |
|--|-------------------------------|-------------------------------|-------------------------------|------------|
| Gross operating profits                | 23,240                        | 21,959                        | 21,462                        | ▲ 497      |
| Net interest income                    | 19,426                        | 19,295                        | 19,094                        | ▲ 201      |
| Fees and commissions                   | 2,528                         | 2,575                         | 2,657                         | 82         |
| Net gains/losses on bond trading, etc. | 836                           | ▲ 15                          | ▲ 370                         | ▲ 355      |
| Charge-offs                            | ▲ 5                           | ▲ 26                          | ▲ 10                          | 16         |
| Operating expenses                     | ▲ 15,567                      | ▲ 15,406                      | ▲ 15,114                      | 292        |
| Pre-provision operating profit         | 7,672                         | 6,553                         | 6,348                         | ▲ 205      |
| Credit costs*                          | ▲ 166                         | 138                           | ▲ 1,799                       | ▲ 1,937    |
| Net gains/losses on equities           | 592                           | 1,513                         | 1,417                         | ▲ 96       |
| Charge-offs                            | ▲ 44                          | ▲ 8                           | ▲ 38                          | ▲ 30       |
| Net income                             | 5,861                         | 6,026                         | 4,228                         | ▲ 1,798    |

\*Positive figures on credit costs indicate gains such as a reversal of loan loss reserves.

#### Reference:

|                    | Sep 30, 2016 | Sep 30, 2017 | Sep 30, 2018 |
|--------------------|--------------|--------------|--------------|
| Loans (¥ trillion) | 245.6        | 255.0        | 264.4        |

### 2. Non-Performing Loans

- The NPL ratio increased to 1.74%, from 1.71% at end-March 2018.

|                            | Sep 30, 2017 | Mar 31, 2018 | Sep 30, 2018 |
|----------------------------|--------------|--------------|--------------|
| Volume of NPL (¥ trillion) | 4.6          | 4.5          | 4.7          |
| NPL ratio (%)              | 1.78         | 1.71         | 1.74         |

### 3. Capital adequacy ratio

- Total capital ratio of internationally active banks increased by 21 bps to 14.22%, while that of domestically active banks declined marginally to 9.68%.

(Internationally active banks: 11 banks)

|  | Mar 31, 2018 | Sep 30, 2018 |
|--|--------------|--------------|
| Total capital ratio (%)                | 14.01        | 14.22        |
| Tier I capital ratio (%)               | 13.61        | 13.80        |
| Common Equity Tier I capital ratio (%) | 13.61        | 13.80        |

(Domestically active banks: 94 banks)

|                   | Mar 31, 2018 | Sep 30, 2018 |
|-------------------|--------------|--------------|
| Capital ratio (%) | 9.70         | 9.68         |

1. Figures are rounded off.
2. Non-consolidated basis in general, but the NPL-related data partially incorporate the information of a bank's subsidiary company established for restructuring its corporate clients.