

## Overview of the Japanese regional banks' financial results for six months ended September 30, 2019

### 1. Profitability

- Pre-provision operating profit for six month ended September 30 increased by 6.4% year on year, as the increase in bond gains fully offset the declined net interest income.
- Net income increased by 10.4% year on year, mainly due to the decreased credit costs despite a drop in net gains on equity securities.

(Unit: 100 million yen)

	Six months ended Sep 30, 2017	Six months ended Sep 30, 2018	Six months ended Sep 30, 2019	YoY change
Gross operating profits	21,959	21,462	21,748	286
Net interest income	19,295	19,094	18,302	▲ 792
Net fees and commissions	2,575	2,657	2,569	▲ 88
Net other business profits			855	—
Net gains on debt securities	▲ 15	▲ 370	779	1,149
Operating expenses	▲ 15,406	▲ 15,114	▲ 14,995	119
Pre-provision operating profit	6,553	6,348	6,752	404
Core net business profits			5,973	—
Core net business profits(excluding gains and losses from cancellation of investment trusts)			5,537	—
Credit costs*	138	▲ 1,799	▲ 1,308	491
Net gains on equity securities	1,513	1,417	846	▲ 571
Net income	6,026	4,228	4,667	439

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

	Sep 30, 2017	Sep 30, 2018	Sep 30, 2019
Loans (¥ trillion)	255.0	264.4	272.4

### 2. Non-Performing Loans

- While the amount of NPLs were flat, the NPL ratio decreased from March 31, 2019.

	Sep 30, 2018	Mar 31, 2019	Sep 30, 2019
Volume of NPL (¥ trillion)	4.7	4.8	4.8
NPL ratio (%)	1.74	1.74	1.72

### 3. Capital adequacy ratio

- The total capital adequacy ratio of internationally active banks increased by 29 bps to 14.13%.
- The capital ratio of domestically active banks also increased by 15 bps to 9.62%.

(Internationally active banks: 11 banks)

	Mar 31, 2019	Sep 30, 2019
Total capital ratio (%)	13.84	14.13
Tier I capital ratio (%)	13.37	13.62
Common Equity Tier I capital ratio (%)	13.37	13.62

(Domestically active banks: March 31, 2019 94 banks, Sep 30, 2019 93 banks)

	Mar 31, 2019	Sep 30, 2019
Capital ratio (%)	9.47	9.62

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.