

Interim Disclosure Report

April 1, 2020 ▶ September 30, 2020

2020



Kyushu FG

Kyushu Financial Group



The Higo
Bank, Ltd.



The Kagoshima
Bank, Ltd.



Kyushu FG
Securities, Inc.



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Further information is available in our website, including the company profile, news releases, financial information and IR information.

●Efforts on CSR and SDGs



<https://www.kyushu-fg.co.jp/csr/index.html>

●IR Information



<https://www.kyushu-fg.co.jp/ir/index.html>

●Integrated Report



Please visit our website for details:

<https://www.kyushu-fg.co.jp/>



Company Profile

(as of September 30, 2020)



Kyushu Financial Group

Location of main branch (registered address)	6-6, Kinsei-cho, Kagoshima-shi, Kagoshima
Location of headquarters (headquarters functions)	1, Renpei-cho, Chuo-ku, Kumamoto-shi, Kumamoto
Representatives	Chairman and Representative Director: Sumihiro Matsuyama (President, The Kagoshima Bank, Ltd.) President and Representative Director: Yoshihisa Kasahara (President, The Higo Bank, Ltd.)
Capital	¥36.0 billion
Date of founding	October 1, 1925
Listed stock exchanges	Tokyo Stock Exchange (1st section) Fukuoka Stock Exchange (main board)
Securities code	7180



For a prosperous future.

The Higo Bank, Ltd.

Founded	July 25, 1925
Capital	¥18.1 billion
Location of main branch	1, Renpei-cho, Chuo-ku, Kumamoto-shi, Kumamoto
Number of branches	124 locations 118 main and other branches, 5 satellite offices, 1 overseas representative office
Employees	2,233 people



Let's start something new.

The Kagoshima Bank, Ltd.

Founded	October 6, 1879
Capital	¥18.1 billion
Location of main branch	6-6, Kinsei-cho, Kagoshima-shi, Kagoshima
Number of branches	153 locations 115 main and other branches, 18 satellite offices, 18 agencies, 2 overseas representative offices
Employees	2,211 people



Kyushu FG Securities, Inc.

Founded	June 1, 2017
Capital	¥3 billion
Location of main branch	1-13-5, Kouya-machi, Chuo-ku, Kumamoto-shi, Kumamoto
Number of branches	4 locations 4 main and other branches
Employees	58 people

Greetings



We will work to contribute to creating sustainable local communities through the field-oriented management based on our management philosophy

President and Representative Director

Yoshihisa Kasahara

Thank you for your continued support of the Kyushu Financial Group.

We marked the fifth anniversary of our founding last October. We deeply appreciate your support during this period.

Looking back, we have faced various issues such as the declining birth-rate and aging population, continuing ultra-low interest policy, and frequent natural disasters.

In addition to these issues, in the first half of fiscal 2020, the spread of COVID-19 caused dramatic changes in the economic environment and our lifestyle.

Under such a severe environment, we were able to achieve business results described in this report under the “field-oriented management based on our management philosophy” and thoroughly implementing initiatives to provide support close to customers with the aim of contributing to customers and local communities.

In this fiscal year, which is the final year of the Group's 2nd Medium-Term Management Plan, we will continue to work together on a Group basis with a focus on efforts on digitalization and SDGs, which form keywords for enhancing sustainability of local communities. We would sincerely appreciate your further support and patronage for the Kyushu Financial Group.

Group Management Philosophy

We aim to be a comprehensive financial group truly loved by everyone with the following three principles as the pillar, toward the realization of sustainable growth.

The Group will respond to the trust and expectations of customers and will provide the optimal and best comprehensive financial services to its customers.

The Group will develop alongside the region and actively contribute to the realization of a vigorous local community.

The Group will nurture an abundance of creativity and a free-spirited organizational culture, continuing to challenge itself to move toward a better future.

For achieving the region's and our sustainable growth

Efforts on SDGs and ESG issues

Based on the Group Management Philosophy, the Kyushu Financial Group will work to contribute to sustainable development for the local communities, adopting perspectives of the "Sustainable Development Goals (SDGs)," "Environment, Social and Governance (ESG)" and others.

Environment surrounding the Group

Declining birth-rate and aging population

Advent of a digital society

Increase in natural disasters

Spread of infectious disease

Signing of the PRB (Principles for Responsible Banking)

The Kyushu Financial Group signed the PRB (Principles for Responsible Banking)* in September 2020. We are the second local bank in Japan to sign this principle.

* The PRB (Principles for Responsible Banking), advocated by the United Nations Environment Programme Finance Initiative (UNEP FI) and launched in September 2019, is a framework for encouraging signatory banks to carry out business activities aligned with the vision and goals set out in the SDGs and the Paris Climate Agreement.



Agree with the purpose of SDGs and

1. Efforts for creating a sustainable society

Efforts to resolve issues

E Environment

Creation of an environmentally friendly region

- Consideration of companies' actual responses to environmental issues in investments and loans
- **Expansion of environmental businesses including renewable energy** PICK UP
- Reduction in environmental load in accordance with the "guidelines on sustainable procurement"
- Creation of environmentally responsible branches
- **Efforts on climate change** PICK UP
- Green and groundwater conservation through tree-planting activities and efforts to restore paddy fields
- Conclusion of the "National Park Official Partnership" agreement
- Conclusion of the "Agreement on Cooperation Regarding Regional Environment Cohabitation Zone in Central and Southern Kyushu"

S Social

Creation of regional infrastructure to support all people

- Handling SDGs-related loans and private placement bonds
- Kyushu FG Securities handles IPO support services
- Promotion of ESG consulting
- Improvement of regional financial literacy through financial lessons
- Enhancement of convenience for customers by utilizing tablet devices
- **Disaster responses** PICK UP
(Responses to COVID-19 and 2020 Kyushu Floods)

Creation of a workplace and region where all people take an active part

- Support for female employees' balancing work with child rearing
- Improvement in the rate of male employees' utilization of parental leaves
- Introduction of morning-oriented work style and staggered work shift
- Implementation of the leave-work-on-time day
- **Side-job human resources matching service launched** PICK UP

G Governance

Creation of an organization needed from the region

- Sophistication of corporate governance
- Enhancement of risk management and compliance

Group Management Philosophy

Sustainability Declaration

declare that all the officers and employees will proactively work on the issues.

2. Efforts for developing regional economy
3. Efforts for diffusion and expansion

facing customers and the region

related SDGs



Amount of loans executed for renewable energy projects

¥7.9 billion

Expansion of environmental businesses including renewable energy

In accordance with the Guidelines on Investments and Loans developed in July 2019, the Group adopts perspectives of SDGs and ESG in examination of investment and loan projects and credit rating, and proactively makes investments and loans that contribute to regional environmental conservation. Particularly, the Group is expanding support for renewable energy businesses, taking advantage of characteristics of the region (such as geothermal heat, biomass and small hydroelectric power). For the purpose of dissemination of regional clean energy and revitalization of the region, "Kagoshima Green Fund," which our Group company, Kagoshima Bank, funded and established jointly with Kagoshima Prefecture, etc., made investments in the small hydroelectric power project in the prefecture in February and August 2020.



related SDGs



Amount of SDGs-related loans and private placement bonds executed (with donations)

¥6.9 billion

Disaster responses (responses to COVID-19 and 2020 Kyushu Floods)

In accordance with the Guidelines on Investments and Loans developed in July 2019, the Group takes measures with first priority given to the fulfillment of financial functions as a social infrastructure, such as fund settlement and loans, even in times of disaster. In the response to COVID-19, the Group promotes popularization of online payment services including Internet banking as a measure to mitigate the risk of face-to-face services. Moreover, the Group deployed mobile ATM vans and set up special consultation desks for the purpose of supporting recovery and reconstruction of the region at the time of the 2020 Kyushu Floods. Furthermore, in addition to support through investments and loans by funds, Glocal Crowdfunding Inc., which was funded by the Group, launched a donation-style crowdfunding project. We will continue to work to support our customers to continue their business and maintain their standard of living and help revitalize regional economy.



Rate of male employees' utilization of parental leaves

100%

Side-job human resources matching service launched

Our Group companies, Higo Bank, Higin Office Business and Kagoshima Bank worked together with Mirai Works Inc. to launch a matching service that connects local companies and workers in urban areas who seek a side job. We aim to resolve the issue of shortfall in human resources of local companies and increase population in the region.



related SDGs



Clarification of the process of determining officers' remuneration

The Group has set up the "Nomination and Remuneration Advisory Committee" as an advisory body to the Board of Directors on nomination and remuneration of the management team (directors and executive officers) and auditors, and clarified the process of determining the management team's remuneration, etc. as follows.

- The total amount of remuneration to the management team for a fiscal year is determined by the Board of Directors each fiscal year through consultation with the Nomination and Remuneration Advisory Committee.
- The amount of remuneration to the management team by individual is determined by the President through consultation with the Nomination and Remuneration Advisory Committee with limits of the total remuneration amount for the fiscal year determined by the Board of Director.

Enhancing efforts to combat COVID-19

To enhance efforts to support our customers to continue their business and maintain their standard of living, help revitalize regional economy, and create a better future of the region, the Group has set up the Committee to Combat COVID-19 through which we monitor each Group company's status of efforts and facilitate information sharing in the Group in a cross-sectoral manner.

In addition, the CR Committee has established a system to manage efforts to contribute to safety and security of our employees in an integrated way by assessing a different infection risk level for each region and sharing each Group company's response policy and status.

What we aim to be

Resolution of issues

Group that realizes a sustainable society to the region and customers

Financial Highlights (six months ended September 30, 2020)



Kyushu Financial Group

Ordinary profit

¥ **13,003** million

Profit attributable to owners of parent

¥ **9,223** million

Overview of business

Kyushu Financial Group (KFG) consolidated (mil. yen)

Accounts	Six months ended September 30, 2020	Year-on-year	Six months ended September 30, 2019
Ordinary income	89,776	5,230	84,545
Ordinary profit	13,003	(3,260)	16,264
Profit attributable to owners of parent	9,223	(1,938)	11,162
Capital adequacy ratio	11.11%	(0.18%)	11.29%

POINT

As to operating results for the six months ended September 30, 2020, ordinary income increased by ¥5.2 billion year-on-year to ¥89.7 billion due largely to a rise in other operating income resulting from an increase in subsidiaries.

On the other hand, operating expenses increased by ¥8.4 billion year-on-year partly because of a rise in other ordinary expenses stemming from higher losses on sale of bonds such as government bonds and an increase in subsidiaries. Consequently, ordinary profit decreased by ¥3.2 billion year-on-year to ¥13.0 billion, and profit attributable to owners of parent declined by ¥1.9 billion year-on-year to ¥9.2 billion.

Combined total of two banks' non-consolidated figures
(The Higo Bank, Ltd. and The Kagoshima Bank, Ltd.) (mil. yen)

Accounts	Combined total of two banks' figures		
	Six months ended September 30, 2020	Year-on-year	Six months ended September 30, 2019
Ordinary income	71,684	1,758	69,926
Gross operating income	55,100	471	54,628
Of which net interest income	46,546	1,631	44,915
Expenses (excluding non-recurring expenses)	36,994	1,899	35,095
Core net operating income	15,711	121	15,590
Net operating income	15,721	(4,221)	19,942
Ordinary profit	15,394	(4,433)	19,827
Profit	11,406	(2,592)	13,999

(100 mil. yen)

Balance of total deposits	93,543	5,841	87,701
Balance of loans	75,863	3,788	72,075
Balance of deposit assets	12,768	374	12,393

(Note) Total deposits show combined total of deposits and negotiable certificates of deposit.
(Note) Balance of deposit assets shows combined total of the Group's figures.

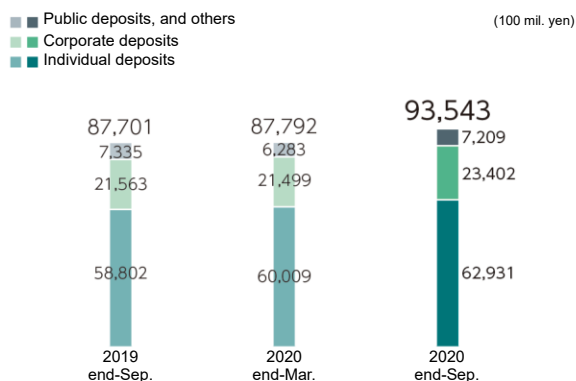
POINT

In combined total of two banks' non-consolidated figures, gross operating income rose by ¥400 million year-on-year due to an increase in net interest income, despite a decrease in fees and commissions and other operating profit, etc.

Although gross operating income increased, net operating income decreased by ¥4.2 billion year-on-year due to a rise in expenses and provision of general allowance for loan losses.

Ordinary profit fell by ¥4.4 billion year-on-year to ¥15.3 billion because non-recurring profit and loss also decreased. Profit declined by ¥2.5 billion year-on-year to ¥11.4 billion.

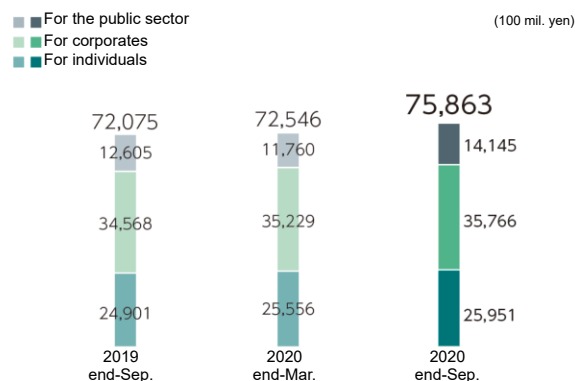
Status of total deposits (combined total of two banks' non-consolidated figures)



POINT

Total deposits increased at both Higo Bank and Kagoshima Bank. The combined total of two banks' deposits increased by ¥575.1 billion (increase rate: 6.5%), and the balance as of September 30, 2020 amounted to ¥9,354.3 billion.

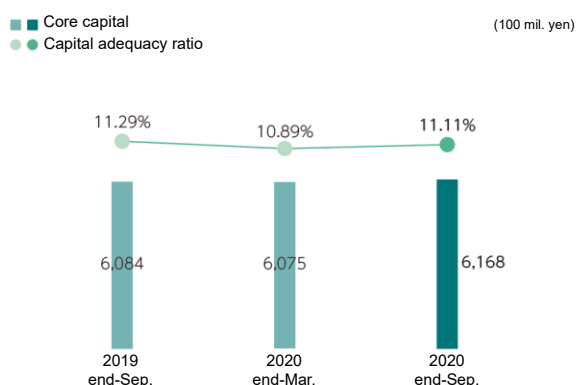
Status of loans (combined total of two banks' non-consolidated figures)



POINT

Loans rose in all the sectors at both Higo Bank and Kagoshima Bank. The combined total of two banks' loans increased by ¥331.7 billion compared to March 31, 2020 (increase rate: 4.5%), and the balance as of September 30, 2020 amounted to ¥7,586.3 billion.

Status of capital adequacy ratio (KFG consolidated)

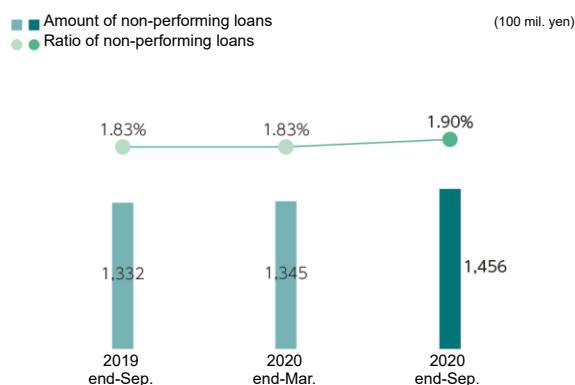


POINT

As a result of the calculation of capital adequacy ratio in accordance with the domestic criteria based on Basel III, the ratio was 10.55% at Higo Bank, 10.48% at Kagoshima Bank, and 11.11% on the KFG consolidated basis.

The reason for the higher ratio is that core capital, the numerator, increased whereas risk assets, etc., the denominator, decreased. (Capital adequacy ratio on the KFG consolidated basis increased than the two banks' capital adequacy ratios, because valuation difference of securities, etc. of Kagoshima Bank was incorporated into own capital through "gains on negative goodwill incurred" in the accounting treatment at the time of management integration.)

Status of loans based on the Financial Reconstruction Act (combined total of two banks' non-consolidated figures)



Note: Partial direct write-off method is not used.

POINT

The amount of non-performing loans was ¥62.7 billion at Higo Bank and ¥82.9 billion at Kagoshima Bank. The combined total amount of two banks' non-performing loans increased by ¥11.1 billion compared to March 31, 2020 to ¥145.6 billion.

The ratio of non-performing loans was 1.63% at Higo Bank, 2.18% at Kagoshima Bank, and 1.90% on the basis of combined total of two banks' figures.

Long-term ratings (as of September 30, 2020)



Rating and Investment
Information, Inc. (R&I)

A+



Rating and Investment
Information, Inc. (R&I)

A+

A+

S&P Global Ratings (R&I)
Japan Inc.

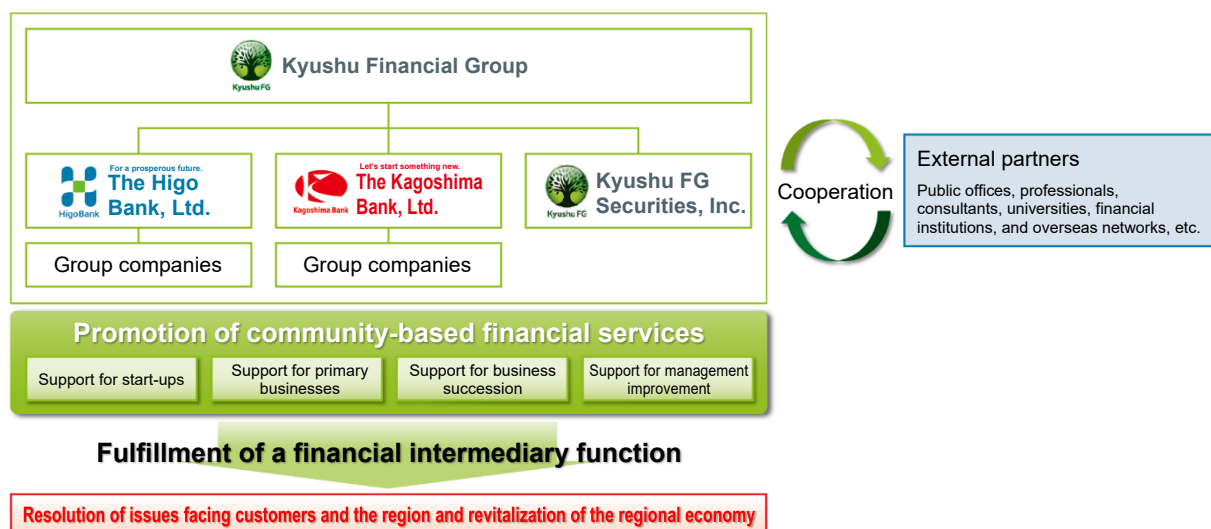
A-

A-

Status of efforts for management improvement of small to medium-sized businesses and revitalization of the region

In accordance with the Group Management Philosophy, our Group companies, Higo Bank and Kagoshima Bank are working to fulfill a financial intermediary function on a Group-wide basis by promoting community-based financial services, including support for customers' primary businesses and management improvement, mainly in Kumamoto Prefecture, Kagoshima Prefecture and Miyazaki Prefecture, each bank's local areas, as regional financial institutions.

Based on efforts for the fulfillment of a financial intermediary function and indicators that quantify the implementation of these efforts (benchmark), we will strive to proactively contribute to resolution of issues facing customers and the region and revitalization of the regional economy and make easily understandable disclosure to customers by analyzing and improving the status of fulfillment of our financial intermediary function.



1. Policy on efforts to support management of small to medium-sized businesses

Holding up a policy that “the Group will respond to the trust and expectations of customers and will provide the optimal and best comprehensive financial services to its customers” in the Group Management Philosophy, the Group is striving to resolve issues facing customers and the region. To help small to medium-sized business customers realize managerial goals and resolve managerial challenges, the Group will work to propose and implement optimal solutions based on assessment of business viability.

2. Status of improvement of system to support management of small to medium-sized businesses

For resolution of issues facing customers, the Group continues to develop human resources and improve expertise. In addition, the Group has established a system to provide solutions depending on various needs in cooperation with Group companies, and external experts and organizations.

◆ Number of training sessions, etc. conducted to support business partners' primary businesses, number of participants in these training sessions, and number of those who acquired a qualification contributing to efforts for the same purpose (six months ended September 30, 2020)

(Unit: times, people)	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.
Number of training sessions conducted	3	12
Number of participants	45	23
Number of those who acquired a qualification	135	40

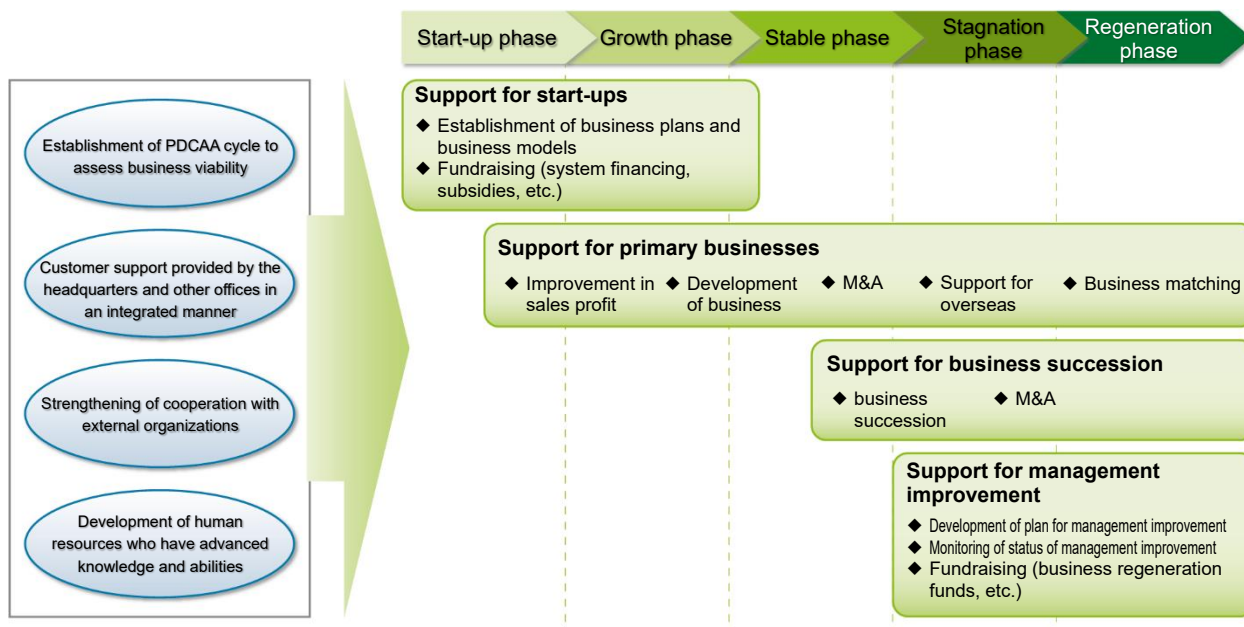
◆ Cooperation with external experts and organizations (six months ended September 30, 2020)

(Unit: companies)	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.
Number of business partners to which the Group provided support for their primary businesses by utilizing external experts	213	36
Number of companies which use the Small and Medium-sized Enterprise Revitalization Support Council	38	6
Number of companies which the Group assisted in using support measures for small to medium-sized businesses in relation to support for business partners' primary businesses	65	18

3. Status of efforts to support management of small to medium-sized businesses

Through dialogues with customers, the Group shares and analyzes managerial goals and managerial challenges, and proposes various solutions according to the life stage.

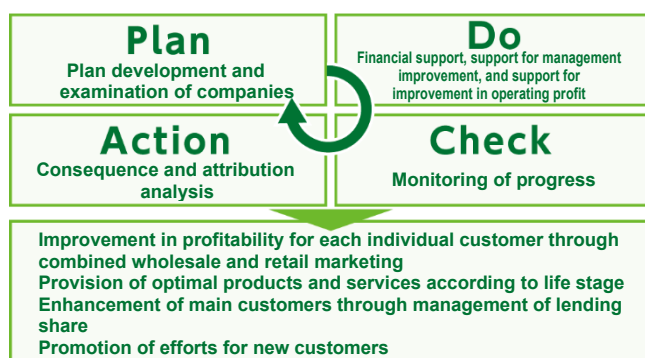
Additionally, on the basis of the intent of the “Guidelines on Guarantee for Managers,” the Group strives to further promote loans without dependence on guarantees for managers, and make responses based on a way of guarantee agreements considered reasonable as shown in the “Guidelines on Guarantee for Managers.”



◆ Efforts for assessment of business viability

The Group enhances loans by deepening PDCA cycle to assess business viability and providing optimal financial services to customers, and aims to ensure appropriate loan interest rate as consideration.

Furthermore, the Group develops measures to improve profitability for each individual company through combined wholesale and retail marketing and to provide optimal products and services according to life stage, etc., and proposes solutions for further delving into markets, expanding new business partners by collaborating with external organizations and utilizing commercial distribution, and others.



Fiscal 2020 priority measures

The Higo Bank, Ltd.

- Enhance efforts for corporate consulting and support for local industry
- Strengthen earning power through support for core corporations to solve their issues
- Promote corporate general trading by strengthening relationships with companies in the prefecture
- Cultivate human resources who have corporate negotiation abilities (knowledge and actions)

The Kagoshima Bank, Ltd.

- Acquire FA contracts through strengthening of internal system for business succession and M&A
- Establish system to support start-ups for launching new businesses
- Respond to financing using funds
- Increase effectiveness of support for management improvement

◆ **Records of efforts based on a way of guarantee agreements considered reasonable as shown in the “Guidelines on Guarantee for Managers” (six months ended September 30, 2020)**

(Unit: cases, %)	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.
Proportion of loans without dependence on guarantee for managers in new loans ((2)+(3))/(1)	30.3	23.3
(1) Number of new loans	9,764	9,303
(2) Number of cases where unguaranteed loans were newly provided (excluding ABL, etc.)	2,962	2,170
(3) Number of cases loans were provided utilizing alternative lending methods to guarantees for managers (such as ABL)	0	0
Number of cases where guarantee agreements were changed (number of cases where the guaranteed amount was reduced)	0	0
Number of cases where guarantee agreements were canceled	246	278
Number of cases where guaranteed debt arrangement was reached based on the guidelines	0	0

◆ **Status of request for guarantee at the time of business succession (six months ended September 30, 2020)**

(Unit: cases, %)	The Higo Bank, Ltd.		The Kagoshima Bank, Ltd.	
	Number of cases	Proportion	Number of cases	Proportion
Request for guarantee from both new and former managers	0	0.0	4	1.6
Request for guarantee only from former managers	0	0.0	141	54.9
Request for guarantee only from new managers	48	88.9	107	41.6
No request for guarantee from managers	6	11.1	5	2.0

(1) Support for start-ups and development of new businesses

◆ **Number of start-up cases in which the Group has been involved (six months ended September 30, 2020)**

(Unit: companies)	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.
Number of start-up cases	56	51
Number of second-time start-up cases	0	0

(2) Support in and after growth phase and stable phase

◆ **Number of companies which the Group has supported for M&A or business succession (six months ended September 30, 2020)**

(Unit: companies)	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.
Number of companies which the Group has supported for M&A	56	37
Number of companies which the Group has supported for business succession	158	70

(3) Support for management improvement and business regeneration, etc.

◆ **Number of cases where funds were utilized (six months ended September 30, 2020)**

(Unit: companies)	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.
Number of cases where funds were utilized	8	2

4. Status of efforts on revitalization of the region

To “develop alongside the region and actively contribute to the realization of a vigorous local community” as stated in its management philosophy, the Group strives to strengthen its efforts for local key industries, etc. The Group will continue to proactively contribute to revitalization of the sustainable regional economy.

◆ Fulfillment of the function of local industrial development

(1) Crowd-funding business

The Group set up “Glocal Crowdfunding Inc.,” a crowd-funding business company through joint investment with Music Securities, Inc., KUMAMOTO DAI-ICHI SHINKIN BANK, and Kyushu Electric Power Company, Incorporated.

This aims to supply growth capital for resolving regional challenges to business operators in Kyushu, using the crowd-funding method. To embody resources, ideas, etc. held by the region, the Group will contribute to development of the sustainable regional economy by acting as a go-between to provide “empathy” and “funds” of investors across Japan to business operators and fostering and delivering new business models.

Sashiyori Support Project, the first deal

As part of measures against COVID-19, the project supports restaurants to increase sales through crowd-funding.

We will continue to develop various projects.

[Target business operators]

Restaurants which operate in Kumamoto Prefecture

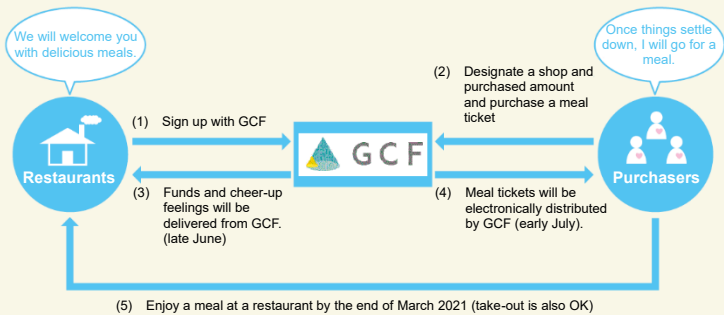
[Form of purchase]

Purchase of meal tickets (via the Internet)

[Project implementation period (Period for purchasing meal tickets)]

May 20 to June 19, 2020

[Period of use] July 1, 2020 to March 31, 2021



- Support of the Federation of Kumamoto Prefecture Livestock Agriculture Cooperatives to expand sales channels for Akaushi beef
- Support for reconstruction of the areas affected by the 2020 Kyushu Floods

(2) Support for start-ups

The Group develops a variety of measures to create and foster local industries through collaboration with regional municipalities, universities, business operators, and others. The Group promotes creation of new industries in the region through various measures in collaboration among the government, business and academia.

Support program for start-up business creation “Kagoshima Startup Birth Project2020”

This is co-organized with Kagoshima City for the purpose of building innovative business models as well as creating and growing potential of entrepreneurs who aim to launch a big business from Kagoshima in the future, including start-ups aiming at achieving a large growth in the short term, and vitalizing such communities.



Higo Bank gap fund program

Program to fill demand for financing (gap) for necessary demonstration, prototype, etc. toward commercialization of the research seeds. Program where donations of ¥50 million are made over three years to researchers at universities, etc. in the prefecture.

We contribute to creation of new businesses from Kumamoto by using technologies in the research and development stage and know-how for commercialization.



Participants in fiscal 2020: 35 people

Target	<ul style="list-style-type: none"> Entrepreneurs oriented to scale-type businesses Small to medium-sized companies, etc.
Description	Business creation support program incorporating lectures to learn thought styles, knowledge, etc. necessary to launch a business and guidance by senior entrepreneurs, etc.

Award-winning research theme for fiscal 2020

Actualization of gaps in recycling of waste GFRP using microwave heating technology (Sojo University)
Breeding development of fission yeast Japonicus Kumadai strain (Graduate School of Kumamoto University)
Development of cancer diagnostic device that enables easy consultation (Graduate School of Kumamoto University)
Implementation of diagnostic technologies for development of dementia aiming at realization of a healthy and longevity society (Graduate School of Kumamoto University)

(3) Support for recovery of the disaster-affected areas: 2020 Kyushu Floods

The Group has worked to support recovery of the Kumamoto region affected by the 2020 Kyushu Floods, by sending a total of 671 volunteers, deploying mobile ATM vans, setting up special consultation desks, and so on. Glocal Crowdfunding Inc., which was funded by the Group, launched a donation-style crowdfunding project to support reconstruction of the "Kuma" regional brand of spirits and the local tourism industry and successfully gave donations totaling approximately ¥4 million.



(4) Efforts to combat COVID-19

The Group has set up the Committee to Combat COVID-19 through which we have been working to enhance governance of our risk management, support our customers to continue their business and maintain their standard of living and help revitalize regional economy.

- 1) Prompt financing support (as of September 30, 2020)
9,031 cases, ¥226.4 billion

- 2) Non-financing efforts

The Group has prepared itself to widely respond to customers' diverse needs, including ICT consulting to support the introduction of remote work, proactive promotion of Internet banking, support for side jobs and by-business by Higo Office Business, and operation of website by Kagoshima bank to support purchasing of local produce.

Conceptual diagram of efforts to combat COVID-19

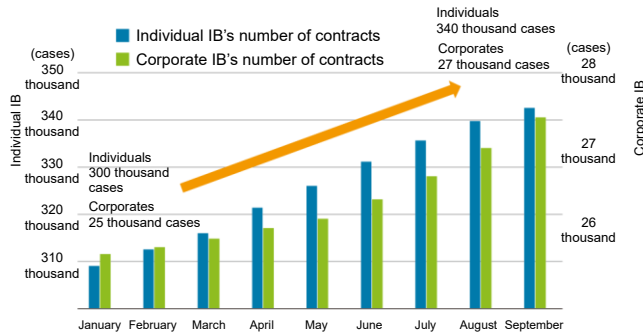


ICT support

ICT consulting

- Support for the introduction of IT by using Higin Computer Service
- Support for the introduction of remote work and online meeting system

Promotion of non-face-to-face transactions



Support for side jobs and by-business

- Recruitment of managerial and professional human resources, etc. by Higo Office Business

Participation in a project to purchase and distribute free facemasks made by Kumamoto residents as their side job (April 2020)

The Group has participated in the project of purchasing hand-made masks by citizens in the prefecture whose income has dropped amid the COVID-19 pandemic and distributing these masks for free. In the project, 7 thousand people have participated and 490 thousand masks collected were distributed for free. Triggered by this project, the Group introduced people who hope to have a side job by taking advantage of their sewing skills to a local shirt maker "HITOYOSHI."

- Resolution of managerial challenges utilizing highly skilled human resources

Response to growing demand for non-face-to-face channels

Establishment of the consultation procedures center

In November 2020, Higo Bank established the "consultation procedures center" in response to needs for non-face-to-face channels. We also respond to procedures via a toll-free line, regular mail and e-mail as well as consultation through TV meeting system.



Booth for consultation installed in Higo Bank's main branch

Some branches have a remote consultation desk in place and directly respond to visiting customers through a monitor.

Management support platform "Big Advance"

In August 2020, "Big Advance," management support platform operated by KOKOPELLI Inc., was introduced for the purpose of strengthen abilities to support resolution of issues to small to medium-sized companies, etc.

Number of members 1,439 cases
(as of December 8, 2020)

Support for revitalization of the regional

Support for purchasing of local produce "Kibaddo Kagoshima Project"

With Kagoshima Bank acting as the administration office, "Kibaddo (= hustle) Kagoshima," a portal site that brings together information on specialty goods, restaurants, accommodation facilities, etc. in Kagoshima Prefecture, was newly set up in collaboration with municipalities, economic organizations and others to work to support purchasing.

Number of partner business operators 687 cases
(as of December 16, 2020)

Donated a total of ¥200 million to prefectural COVID-19 countermeasures

As part of support for reconstruction of the local economy and regional revitalization business, we donated a total of ¥200 million, or ¥100 million each to "COVID-19 countermeasures" taken by Kumamoto Prefecture and Kagoshima Prefecture.



Presented to the governor of Kumamoto Prefecture

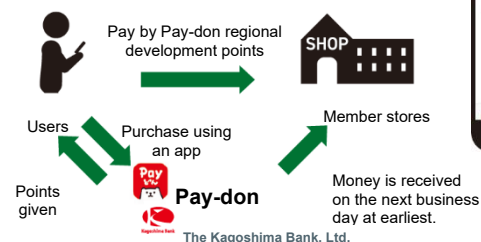


Presented to the governor of Kagoshima Prefecture

Promoted efforts for cashless services

Issued digital regional development tickets using Pay-don

We help reduce business costs by digitalizing regional development tickets and gift vouchers issued by municipalities, etc. with paper to streamlining operations such as issuance and settlement.



Kagoshima Bank's main branch building "Yokado Kagoshima"



In May 2020, "Yokado Kagoshima," commercial facility in Kagoshima Bank's main branch building was grand-opened. The facility creates a bustling atmosphere of the city center and complete cashless payment has

been realized at all the tenants. We promote cashless payment in the region.

Capital and total number of outstanding shares/large shareholders, etc.

Status of capital

Capital ¥36.0 billion

Total number of shares

Total number of shares authorized Common shares 1,000,000,000 shares
Total number of outstanding shares Common shares 463,375,978 shares

Status of large shareholders

(1) Kyushu Financial Group

Name or company name	Number of shares held (thousand shares)	Proportion of the number of shares held to the total number of outstanding shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	26,721	6.07
Iwasaki Ikuei Bunka Zaidan, General Foundation	20,936	4.75
Meiji Yasuda Life Insurance Company	18,568	4.22
Custody Bank of Japan, Ltd. (trust account)	15,316	3.48
The Bank of Fukuoka, Ltd.	12,620	2.86
Takara Kogyo Co., Ltd.	9,088	2.06
Custody Bank of Japan, Ltd. (trust account 5)	8,998	2.04
Custody Bank of Japan, Ltd. (trust account 9)	8,236	1.87
Kagoshima Bank Employees' Shareholding Association	7,963	1.81
Iwasaki Sangyo Co., Ltd.	7,616	1.73

(Note 1) The number of shares held has been rounded down to the nearest thousand shares.

(Note 2) The ratio of shareholding has been calculated by deducting treasury shares (23,464,474 shares) from the total number of outstanding shares, and rounded down to the second decimal place.

(2) The Higo Bank, Ltd.

Name or company name	Number of shares held (thousand shares)	Proportion of the number of shares held to the total number of outstanding shares (%)
Kyushu Financial Group	230,480	100.00

(3) The Kagoshima Bank, Ltd.

Name or company name	Number of shares held (thousand shares)	Proportion of the number of shares held to the total number of outstanding shares (%)
Kyushu Financial Group	209,816	100.00

(as of September 30, 2020)

Materials (Kyushu Financial Group)

Overview of business (consolidated)

Operating results

The Japanese economy in the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020) saw a decline in production and a rapid drop in consumer spending, affected by the spread of infections of COVID-19. In addition, the situation was extremely tough as corporate earnings also deteriorated rapidly and employment conditions were weak. Amid this situation, although public investment was steady, housing investment and capital expenditure were on a weak note and both imports and exports decreased. After the declaration of a state of emergency, which was expanded across the nation on April 16, was lifted on May 25, consumer spending, production and exports started to recover in conjunction with the restart of economic activities, but the severe situation still continued.

Under such economic circumstances, the Nikkei Stock Average dropped to the 16,000 yen level at once in March due to the impact of the spread of COVID-19, but recovered to the 23,000 yen level because of monetary easing measures of central banks of Japan, the US and Europe, the restart of economic activities that were stagnant, and other factors. While the yen exchange rate hovered at the 106 to 109 yen level to a dollar at the beginning of the period, the rate once rose to the 104 yen level due partly to the prolonged zero interest policy of FRB.

The local economy remained on a weak tone as a whole due to a slump in consumer spending and productive activities just like the whole country, affected by the spread of infections of COVID-19. Furthermore early July, storm rainfalls caused serious disasters including river floods mainly in the southern area of Kumamoto Prefecture, and this, together with the COVID-19 pandemic, brought severe damage to economic activities of companies and individuals. Though the government's tourism support measures were implemented, tourism-related businesses continued to see an extremely harsh situation.

[Operating results]

As to operating results for the six months ended September 30, 2020, ordinary income increased by ¥5,230 million year-on-year to ¥89,776 million due largely to a rise in other operating income resulting from an increase in subsidiaries.

On the other hand, operating expenses increased by ¥8,491 million year-on-year to ¥76,772 million partly because of a rise in other ordinary expenses stemming from higher losses on sale of bonds such as government bonds and an increase in subsidiaries.

Consequently, ordinary profit decreased by ¥3,260 million year-on-year to ¥13,003 million. In addition, profit attributable to owners of parent declined by ¥1,938 million year-on-year to ¥9,223 million.

[Financial position]

Total assets increased by ¥705 billion compared to the end of the previous accounting period to ¥11,784.8 billion due partly to a rise in loans, and net assets increased by ¥32.7 billion compared to the end of the previous accounting period ¥625.5 billion.

As to balances of main accounts, deposits increased by ¥434.4 billion compared to the end of the previous accounting period to ¥8,993.5 billion because of a rise in individual deposits and other factors, and negotiable certificates of deposits increased by ¥136.5 billion compared to the end of the previous accounting period to ¥343.8 billion due largely to a rise in public deposits.

Changes in main management indicators (consolidated)

	Unit	Six months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended March 31, 2019	Six months ended March 31, 2020
Consolidated ordinary income	Mil. yen	84,469	84,545	89,776	170,322	172,140
Consolidated ordinary profit	Mil. yen	17,866	16,264	13,003	33,717	27,033
Profit attributable to owners of parent	Mil. yen	12,112	11,162	9,223	—	—
Profit attributable to owners of parent	Mil. yen	—	—	—	22,202	18,261
Consolidated comprehensive income	Mil. yen	16,404	17,980	35,450	—	—
Consolidated comprehensive income	Mil. yen	—	—	—	27,012	△20,805
Consolidated net assets	Mil. yen	645,552	666,986	652,522	652,317	619,754
Consolidated total assets	Mil. yen	10,384,023	10,696,602	11,784,853	10,444,589	11,079,796
Net assets per share	Yen	1,409.96	1,471.63	1,479.18	1,436.34	1,404.71
Profit per share	Yen	26.77	24.72	20.96	—	—
Profit per share	Yen	—	—	—	49.12	40.70
Diluted Profit per share	Yen	—	—	—	—	—
Diluted Profit per share	Yen	—	—	—	—	—
Diluted Profit per share	Yen	—	—	—	—	—
Capital adequacy ratio	%	6.1	6.2	5.5	6.2	5.5
Consolidated capital adequacy ratio (domestic criteria)	%	11.57	11.29	11.11	11.34	10.89
Consolidated net profit to net worth	%	3.8	3.3	2.9	3.4	2.8
Consolidated per share earnings ratio	Times	10.1	8.9	11.7	9.1	10.1
Cash flow from operating activities	Mil. yen	(105,640)	(90,755)	409,567	(32,408)	195,306
Cash flow from investing activities	Mil. yen	115,839	(53,343)	79,349	325,890	(222,741)
Cash flow from financing activities	Mil. yen	(4,400)	(3,311)	(2,683)	(8,243)	(11,805)
Balance of cash and cash equivalents at interim period end (period end)	Mil. yen	929,515	1,061,552	1,655,969	1,208,955	1,169,723
Number of employees (excluding average number of temporary employees)	People	4,756 [845]	4,692 [825]	4,733 [820]	4,579 [831]	4,561 [819]

(Notes) 1. The Company and consolidated subsidiaries account for consumption and local consumption taxes using tax-excluded method.

2. "Profit per share diluted (for the interim period)" and "profit per share diluted" are not provided because there are no potential ordinary shares.

3. The capital adequacy ratio has been calculated by dividing total net assets at (interim) period-end less non-controlling equity at (interim) period-end by total assets at (interim) period-end.

4. The consolidated capital adequacy ratio has been calculated by the formula stipulated in Notification No. 20 of the Financial Services Agency, 2006 under the provision of Article 52-25 of the Bank Act. The Group has adopted the domestic criteria.

Interim consolidated financial statements, etc.

* Audit certificates of Deloitte Touche Tohmatsu LLC have been obtained for the interim consolidated balance sheet, interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statements of changes in shareholders' equity, and interim consolidated cash flow statement under the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

Interim consolidated balance sheet

(mil. yen)

Accounts	Six months ended September 30, 2019 (as of September 30, 2019)	Six months ended September 30, 2020 (as of September 30, 2020)
	Amount	Amount
Assets		
Cash and deposits with banks	1,064,682	1,660,352
Call loans and bills bought	255	—
Monetary claims bought	8,404	13,177
Trading assets	1,164	879
Money held in trust	17,788	20,732
Securities	2,055,239	2,126,633
Loans	7,162,246	7,520,507
Foreign exchange	16,614	15,035
Lease receivables and leased investment assets	55,463	65,851
Other assets	225,052	269,407
Property, plant and equipment	106,058	108,018
Intangible assets	11,339	10,970
Net defined benefit asset	6,485	4,936
Deferred tax assets	992	2,393
Customers' liabilities for acceptances and guarantees	33,829	34,744
Allowance for loan losses	(69,014)	(68,788)
Total assets	10,696,602	11,784,853
Liabilities		
Deposits	8,363,509	8,993,549
Negotiable certificates of deposit	390,546	343,851
Call money and bills sold	5,396	42,320
Payables under repurchase agreements	251,870	219,285
Payables under securities landing transactions	503,133	559,534
Trading liabilities	—	3
Borrowings	364,516	798,205
Foreign exchange	190	142
Borrowed money from trust account	1,319	3,559
Other liabilities	94,263	124,699
Net defined benefit liability	2,200	2,427
Provision for reimbursement of deposits in inactive bank accounts	2,131	1,752
Reserve for contingent losses	494	390
Reserves under the special laws	0	0
Deferred tax liabilities	12,147	3,847
Deferred tax liabilities for land revaluation	4,068	4,015
Acceptances and guarantees	33,829	34,744
Total liabilities	10,029,616	11,132,330
Net assets		
Capital	36,000	36,000
Capital surplus	199,075	199,636
Retained earnings	374,558	385,619
Treasury shares	(5,271)	(10,771)
Total shareholders' equity	604,362	610,484
Evaluation difference on available-for-sale securities	86,559	87,532
Deferred gains or losses on hedges	(29,289)	(48,522)
Revaluation difference of land	5,837	5,750
Remeasurements of defined benefit plans	(3,007)	(4,535)
Total accumulated other comprehensive income	60,100	40,224
Non-controlling equity	2,523	1,813
Total net assets	666,986	652,522
Total liabilities and net assets	10,696,602	11,784,853

Interim consolidated income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Ordinary income	84,545	89,776
Income from fund management	49,082	49,336
(of which, interest on loans and bills discounted)	(35,404)	(35,470)
(of which, interest and dividends on securities)	(13,487)	(13,641)
Fiduciary income	21	19
Fees and commissions	10,639	10,359
Trading income	269	286
Other operating income	20,730	25,068
Other ordinary income	3,801	4,705
Ordinary expenses	68,280	76,772
Financing cost	5,509	4,830
(of which, interest on deposits)	(401)	(323)
Fees and commission expenses	3,840	4,192
Other operating expenses	14,430	18,998
Operating expenses	37,848	40,279
Other ordinary expenses	6,651	8,470
Ordinary profit	16,264	13,003
Extraordinary gains	8	16
Gain on disposal of noncurrent assets	8	16
Other extraordinary gains	0	—
Extraordinary losses	103	19
Loss on disposal of noncurrent assets	76	19
Impairment losses	26	—
Other extraordinary losses	—	0
Profit before income taxes	16,169	12,999
Corporate income tax, inhabitants tax, and enterprise taxes	6,143	4,456
Deferred income taxes	(1,176)	(724)
Total income taxes	4,967	3,731
Profit	11,202	9,268
Profit attributable to non-controlling shareholders	39	44
Profit attributable to owners of parent	11,162	9,223

Interim consolidated comprehensive income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Profit	11,202	9,268
Other comprehensive income	6,778	26,182
Evaluation difference on available-for-sale securities	27,583	12,757
Deferred gains or losses on hedges	(21,373)	12,935
Remeasurements of defined benefit plans, net of tax	567	489
Comprehensive income	17,980	35,450
(Breakdown)		
Comprehensive income attributable to owners of parent	17,930	35,397
Comprehensive income attributable to non-controlling shareholders	50	53

Interim consolidated statements of changes in shareholders' equity

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	36,000	198,362	366,087	(5,270)	595,178
Amount of changes during the period					
Increase or decrease in equity interests due to acquisition of shares of consolidated subsidiaries		712			712
Dividends from surplus			(2,709)		(2,709)
Profit attributable to owners of parent			11,162		11,162
Acquisition of treasury shares				(0)	△0
Release of revaluation difference of land			17		17
Amount of changes in items other than shareholders' equity during the period (net)					
Amount of changes during the period	—	712	8,470	(0)	9,183
Balance at end of current period	36,000	199,075	374,558	(5,271)	604,362

	Total accumulated other comprehensive income					Non-controlling equity	Total net assets
	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	58,987	(7,915)	5,855	(3,575)	53,350	3,788	652,317
Amount of changes during the period							
Increase or decrease in equity interests due to acquisition of shares of consolidated subsidiaries							712
Dividends from surplus							(2,709)
Profit attributable to owners of parent							11,162
Acquisition of treasury shares							(0)
Release of revaluation difference of land							17
Amount of changes in items other than shareholders' equity during the period (net)	27,572	(21,373)	(17)	567	6,750	(1,265)	5,485
Amount of changes during the period	27,572	(21,373)	(17)	567	6,750	(1,265)	14,668
Balance at end of current period	86,559	(29,289)	5,837	(3,007)	60,100	2,523	666,986

(mil. yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	36,000	199,636	379,006	(10,771)	603,871
Amount of changes during the period					
Dividends from surplus			(2,639)		(2,639)
Profit attributable to owners of parent			9,223		9,223
Acquisition of treasury shares				(0)	(0)
Release of revaluation difference of land			29		29
Amount of changes in items other than shareholders' equity during the period (net)					
Amount of changes during the period	—	—	6,613	(0)	6,613
Balance at end of current period	36,000	199,636	385,619	(10,771)	610,484

	Total accumulated other comprehensive income					Non-controlling equity	Total net assets
	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	74,783	(61,458)	5,779	(5,024)	14,080	1,803	619,754
Amount of changes during the period							
Dividends from surplus							(2,639)
Profit attributable to owners of parent							9,223
Acquisition of treasury shares							(0)
Release of revaluation difference of land							29
Amount of changes in items other than shareholders' equity during the period (net)	12,748	12,935	(29)	489	26,144	10	26,154
Amount of changes during the period	12,748	12,935	(29)	489	26,144	10	32,767
Balance at end of current period	87,532	(48,522)	5,750	(4,535)	40,224	1,813	652,522

Interim consolidated statement of cash flows

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Cash flow from operating activities		
Profit before income taxes	16,169	12,999
Depreciation and amortization expense	3,570	3,984
Impairment losses	26	—
Increase (decrease) in allowance for loan losses	773	837
(Increase) decrease in net defined benefit asset	(627)	(255)
Increase (decrease) in net defined benefit liability	(585)	(9)
Increase (decrease) in provision for reimbursement of deposits in inactive bank accounts	(136)	(349)
Increase (decrease) in reserve for contingent losses	9	(83)
Income from fund management	(49,082)	(49,336)
Financing cost	5,509	4,830
Securities-related gains (losses)	(2,633)	(2,848)
(Gain) loss from investment of money held in trust	(186)	(34)
Exchange (gain) loss	(179)	(1,047)
(Gain) loss on disposal of noncurrent assets	67	3
Net (increase) decrease in trading assets	19	(2)
Net (increase) decrease in loans	(309,107)	(333,605)
Net increase (decrease) in deposits	48,679	434,496
Net increase (decrease) in negotiable certificates of deposit	137,819	136,581
Net increase (decrease) in borrowings (excluding subordinated borrowed money)	(37,885)	203,258
Net (increase) decrease in deposits with bank (excluding deposits with the Bank of Japan)	(614)	(597)
Net (increase) and decrease in call loans, etc.	2,212	1,753
Net increase (decrease) in call money, etc.	5,396	29,586
Net increase (decrease) in payables under repurchase agreements	44,239	(13,469)
Net increase (decrease) in payables under securities lending transactions	23,785	(87,783)
Net (increase) decrease in foreign exchange (assets)	(4,194)	(1,762)
Net increase (decrease) in foreign exchange (liabilities)	17	59
Net (increase) decrease in leased receivables and lease investment assets	(2,857)	1,299
Net (increase) decrease in collateral pledged for financial instruments, etc.	(28,161)	17,375
Net increase (decrease) in borrowed money from trust account	1,319	973
Proceeds from fund management	50,670	50,804
Payments for fund procurement	(4,999)	(4,992)
Others	16,174	10,829
Subtotal	(84,790)	413,497
Income tax paid	(5,964)	(3,930)
Cash flow from operating activities	(90,755)	409,567
Cash flow from investing activities		
Payments on purchase of securities	(864,781)	(235,586)
Proceeds from sale of securities	176,587	182,992
Proceeds from redemption of securities	646,451	136,891
Payments due to increase in money held in trust	(2,810)	(7,596)
Proceeds due to decrease in money held in trust	3,830	5,644
Payments of acquisition of property, plant and equipment	(9,053)	(1,375)
Proceeds from sale of property, plant and equipment	82	137
Payments of acquisition of intangible assets	(3,649)	(1,756)
Cash flow from investing activities	(53,343)	79,349
Cash flow from financing activities		
Payments on acquisition of treasury shares	(0)	(0)
Dividends paid	(2,709)	(2,639)
Dividends paid to non-controlling shareholders	(0)	(43)
Payments on purchase of shares of subsidiaries not resulting in change in scope of consolidation	(601)	—
Cash flow from financing activities	(3,311)	(2,683)
Effect of exchange rate change on cash and cash equivalents	7	12
Increase (decrease) in cash and cash equivalents	(147,403)	486,245
Balance of cash and cash equivalents at beginning of interim period	1,208,955	1,169,723
Balance of cash and cash equivalents at end of interim period	1,061,552	1,655,969

(Basis for presentation of interim consolidated financial statements and principles of consolidation)

1. Scope of consolidation

- (1) Consolidated subsidiaries 18 companies
 - The Higo Bank, Ltd.
 - The Kagoshima Bank, Ltd.
 - Kyushu FG Securities, Inc.
 - Kyushu Accounting Services Co., Ltd.
 - The Higin Lease Co., Ltd.
 - The Kagoshima Lease Co., Ltd.
 - JR Kyushu FG Lease Co., Ltd.
 - Higin Card Co., Ltd.
 - Higin Computer Service Co., Ltd.
 - Higin Capital Co., Ltd.
 - Higin Business Support Co., Ltd.
 - The Higin Business Education, Ltd.
 - Higin Office Business Co., Ltd.
 - Kagoshima Card Co., Ltd.
 - The Kagoshima Guarantee Service Co., Ltd.
 - Kyushu Economic Research Institute
 - The Kagin Office Business Co., Ltd.
 - The Kagin Agency Co., Ltd.
 - "Higin Office Business Co., Ltd." changed its name from "Higin Jimu Service Co. Ltd." as of April 1, 2020.
- (2) Unconsolidated subsidiaries 3 companies
 - Higo 3-go Regional Vitalization Investment Limited Partnership
 - Higo Sixth Sector Industrialization Investment Limited Partnership
 - Higin Venture Business Investment Limited Partnership

Unconsolidated subsidiaries are excluded from the scope of consolidation, since they are insignificant to the extent that their exclusion from the scope of consolidation does not hinder reasonable determination on the financial position and operating results of the Group in terms of their assets, ordinary income, profit or loss (amount corresponding to equity), retained earnings (amount corresponding to equity), accumulated other comprehensive income (amount corresponding to equity), and others.
- 2. Application of equity method**
 - (1) Unconsolidated subsidiaries accounted for using the equity method
Not applicable.
 - (2) Affiliates accounted for using the equity method
Not applicable.
 - (3) Unconsolidated subsidiaries not accounted for using the equity method
3 companies
 - Higo 3-go Regional Vitalization Investment Limited Partnership
 - Higo Sixth Sector Industrialization Investment Limited Partnership
 - Higin Venture Business Investment Limited Partnership
 - (4) Affiliates not accounted for using the equity method
6 companies
 - Higo/Kagoshima Regional Vitalization Investment Limited Partnership
 - KFG Agri Investment Limited Partnership
 - Kumamoto Recovery Support Investment Limited Partnership
 - Kumamoto Earthquake Business Revitalization Investment Limited Partnership
 - Higin Bridge Investment Limited Partnership
 - Higin Regional Enterprise Support Investment Limited Partnership

Unconsolidated subsidiaries and affiliates not accounted for using the equity method are excluded from the application of the equity method, since they have no significant effect on the interim consolidated financial statements even if they are excluded from the application of consolidation in terms of profit or loss (amount corresponding to equity), retained earnings (amount corresponding to equity), accumulated other comprehensive income (amount corresponding to equity), and others.
- 3. Interim closing date of consolidated subsidiaries, etc.**
Interim closing date of consolidated subsidiaries is as follows.
End of September 18 companies
- 4. Accounting policies**
 - (1) **Basis of valuation of trading assets and liabilities, and basis of recognition of income and expenses**
Transactions of consolidated subsidiaries engaged in banking and financial instruments businesses for purposes, such as seeking gains arising from short-term changes in interest rates, foreign exchange rates, or securities prices and other market related to indices or from variation among markets (hereinafter referred to as "Specified Trading Purposes"), are included in "trading assets" or "trading liabilities" on the interim consolidated balance sheet on a trading date basis, and income and losses from these transactions are recorded in "trading income" and "trading expenses" on the interim consolidated income statement.
As for valuation of trading assets and trading liabilities, securities and monetary claims, etc. are stated at the interim period-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that are deemed to have been settled at the interim period-end.
In addition, in recording of trading income and trading expenses in profit or loss, to the interest received paid during the interim period, any changes in gains or losses on valuation between the end of the previous fiscal year and the end of the current interim period are added for securities and other monetary claims, and any changes in the amount corresponding to gains or losses from deemed calculation between the end of the previous fiscal year and the end of the current interim period are added for derivatives.
 - (2) **Basis of valuation and valuation method of securities**
 - (a) As to valuation of securities, held-to-maturity securities are stated on an amortized cost basis using the moving-average method (straight line method), shares of unconsolidated subsidiaries not accounted for using the equity method and shares of affiliates are stated on an amortized cost basis using the moving-average method, and other securities are stated at market value based on market prices at the interim period end, etc. in principle (sales cost is principally calculated by the moving-average method). However, such securities for which it is considered extremely difficult to obtain the market value are stated at cost computed by the moving-average method.
Valuation differences of other securities are accounted for as a component of net assets.
 - (b) Securities managed in individually managed money in trust for the main purpose of trading securities are valued by the market value method.

(3) Basis of valuation and valuation method of derivative transactions

Derivative transactions (excluding transactions for Specified Trading Purposes) are valued by the market value method.

(4) Depreciation method of noncurrent assets

- 1) Property, plant and equipment
For property, plant and equipment of the Company and consolidated subsidiaries engaged in the banking business, the declining balance method (however, straight line method for buildings (excluding annexed facilities) acquired on and after April 1, 1998 and annexed facilities and structures acquired on and after April 1, 2016) has been adopted, and the estimated annual depreciation expense is recorded on a pro-rata basis based on the period.
Major useful lives are as follows.
Buildings: 19 to 50 years
Others: 2 to 20 years
Property, plant and equipment of other consolidated subsidiaries are principally depreciated using the declining balance method based on the asset's estimated useful life.
- 2) Intangible assets
Intangible assets are amortized using the straight line method. Software for internal use is amortized based on the usable period determined by the Company and consolidated subsidiaries (5 years).

(5) Basis of recognition of allowance for loan losses

Allowance for loan losses of consolidated subsidiaries engaged in the banking business are recorded as follows in accordance with the predetermined bases of amortization and allowance.
Loans equivalent to normal loans and special mentioned loans specified in the "Practical guide for verifications of internal supervision involved in banks" and other financial institutions' self asset assessments as well as audits of depreciation of and allowance for bad loans" (Japanese Institute of Certified Public Accountants' (JICPA) Special Audit Committee Report No. 4, October 8, 2020) are recorded based on historical loan loss ratio calculated from each loan loss over a certain period in the past.
For large debtors of loans equivalent to special mentioned loans who have restructured loans, etc. and whose credit is a certain amount or more, loans whose cash flows on principal collection and receipt of interest on the loans can be estimated reasonably are recorded by the method where a difference between the amount calculated by discounting the cash flows using the contract interest rate before the implementation of the reconstruction and the carrying amount of the loan is considered to be allowance for loan losses (cash flow estimate method). For loans of large debtors on which future cash flows are difficult to be estimated reasonably, the remaining life is calculated individually, and the expected loss amount over a certain period in the future corresponding to that remaining life is recorded.
For loans equivalent to loans to possibly-bankrupt borrowers, of the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount, the amount considered necessary after comprehensively judging the debtor's solvency is recorded.
For loans equivalent to loans to bankrupt borrowers and loans to substantially bankrupt borrowers, the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount is recorded.
For all loans, in accordance with the self-assessment criteria, the marketing-related division assesses assets, and the asset audit division independent from that division audits results of the assessment. As to allowance for loan losses of other consolidated subsidiaries, the amount considered necessary by taking into account historical loan loss rate is recorded for general loans, and estimated uncollectible amount individually taking into account collectability is recorded for certain loans including doubtful loans. (Additional information)
On the presumption that the spread of infections of COVID-19 and its effects on economic activities will continue for about one year from the end of the previous fiscal year, the Group assumes that there are certain effects on the Group's credit risks on loans, etc. Under such a situation, the Group has reflected available information that may affect estimates in the category of debtors and recorded allowance for loan losses.
However, this assumption is uncertain, and if the future situation of COVID-19 and effects on economic activities change, the loss amount could increase or decrease. In the current interim period, there was no significant change in the assumption.

(6) Basis of recognition of provision for reimbursement of deposits in inactive bank accounts
For provision for reimbursement of deposits in inactive bank accounts, the Group records the amount considered necessary in consideration of past records on payments, etc. to prepare for claims for reimbursement of deposits in inactive bank accounts for which liabilities were derecognized and gains were recorded.

(7) Basis of recognition of reserve for contingent losses
For reserve for contingent losses, the Group estimates and record the loss amount that will arise in the future to prepare for payment of the burden, etc. that arises due to payment in subrogation under the responsibility-sharing system with credit guarantee corporations.

(8) Basis of recognition of reserves under the special laws
Reserves under the special laws are reserves for financial instrument transaction liabilities of consolidated subsidiaries engaged in the financial instruments trading business, and the amount calculated pursuant to the provisions of Article 46-5 of the Financial Instruments and Exchange Act and Article 175 of the Cabinet Office Order on Financial Instruments Business, etc. is recorded to prepare for losses due to any security-related accident.

(9) Method of account for retirement benefits
In calculating retirement benefit obligations of consolidated subsidiaries engaged in the banking business, the Group uses the benefit formula basis as the method of attributing expected retirement benefits to the period up to the end of the current interim period. In addition, the method of accounting for of past service cost and actuarial gains and losses in profit or loss is as follows.
Past service cost: accounted for in profit or loss using the straight line method based on the certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence
Actuarial gains and losses: The amount on a pro-rata basis using the straight line method or accounted for the declining balance method over a certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence in each fiscal year in profit or loss from the fiscal year following the incurrence.
Other consolidated subsidiaries apply the practical expedient using the method where the amount required to be paid is considered to be retirement benefit obligations at the end of the current interim period related to retirement benefits, to calculation of net defined benefit liability and retirement benefit expenses.

(10) Basis of conversion of assets and liabilities denominated in foreign currencies into the Japanese currency
For assets and liabilities denominated in foreign currencies, the yen equivalent amount is shown using the foreign exchange rate at the interim period end.

(11) Method of accounting for lease transactions
For the basis of recognition of revenue on finance lease transactions, the Group uses the method where other operating income and other operating expenses are recorded at the time of receiving lease payments.

(12) Significant hedge accounting method

(a) Interest rate risk hedge

For the method of hedge accounting for interest rate risk arising from financial assets and liabilities of consolidated subsidiaries engaged in the banking business, the Group uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002, hereinafter referred to as "Industry Audit Committee Report No. 24"). For the method of assessing hedge effectiveness, the Group verifies correlation in factors of interest rate fluctuations and other factors between the hedged item and the hedging instrument for hedges conducted for the purpose of reducing or eliminating the risk of interest rate fluctuations on loans and bonds, etc. and for the purpose of fixing cash flows.

In addition, special treatment of interest rate swaps are made for certain assets and liabilities.

(b) Exchange fluctuation risk hedge

For the method of hedge accounting for exchange fluctuation risk arising from assets and liabilities denominated in foreign currencies of consolidated subsidiaries engaged in the banking business, the Group uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions, etc. in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002). For the method of assessing hedge effectiveness, the Group uses currency swaps and foreign exchange swaps conducted for the purpose of reducing or eliminating exchange fluctuation risk as hedging instruments and assess hedge effectiveness by confirming that there is the amount equivalent to foreign currency position commensurate with foreign currency monetary receivables and payables, etc. that are hedged items.

(13) Scope of funds in the interim consolidated statement of cash flows

The scope of the interim consolidated statement of cash flows is cash and deposits with the Bank of Japan within "cash and deposits with banks" on the interim consolidated balance sheet.

(14) Accounting for consumption tax, etc.

The Company and consolidated subsidiaries account for consumption and local consumption taxes using tax-excluded method.

(Change in presentation method)

"Net (increase) decrease in collateral pledged for financial instruments, etc.," which was included in "others" of "cash flows from operating activities" in the previous interim period, has been presented separately from the current interim period due to increased materiality in terms of the amount. To reflect in this change in the presentation method, the interim consolidated financial statements for the previous interim period have been reclassified. As a result, in the consolidated statement of cash flows for the previous interim period, ¥(11,986) million presented in "others" of "cash flows from operating activities" was reclassified as ¥(28,161) million of "net (increase) decrease in collateral pledged for financial instruments, etc." and ¥16,174 million of "others."

(Interim consolidated balance sheet)

- Total amount of investment in unconsolidated subsidiaries and affiliates
Investment ¥4,960 million
- Securities lent under unsecured lending agreements (bond lending transactions) are included in government bonds in "securities," and the amount is as follows.
¥66,213 million
- Of loans, the amount of loans to bankrupt borrowers and the amount of loans in arrears are as follows.
Amount of loans to bankrupt borrowers ¥6,144 million
Amount of loans in arrears ¥76,600 million
Loans to bankrupt borrowers mean loans for which any of events stipulated in Article 96, paragraph 1, item 3, (a) to (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) and events stipulated in item 4 of the same paragraph among loans for which accrued interest was not recorded because collection or repayment of the principal or interest were not expected due to delay in payment of the principal or interest continued for a significant period or for other reasons (excluding the portion written off, hereinafter referred to as "loans for which accrued interest is not shown").

Loans in arrears mean loans for which accrued interest is not shown that are loans other than loans of which the payment of interest is postponed for the purpose of financial restructuring or support of loans to bankrupt borrowers or debtors.

- Of loans, the amount of loans overdue for three months or longer is as follows.
Amount of loans overdue for three months or longer ¥203 million
Loans overdue for three months or longer mean loans for which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, and that do not fall under the categories of loans to bankrupt borrowers and loans in arrears.
- Of loans, the amount of restructured loans is as follows.
Amount of restructured loans ¥61,149 million
Restructured loans mean loans for which reduction of or exemption from interest, interest payment moratorium, principal payment moratorium, forgiveness of debt, or any other arrangement favorable to the debtor for the purpose of the financial restructuring or support of the debtor is made and that do not fall under the categories of loans to bankrupt borrowers, loans in arrears and loans overdue for three months or longer.
- The total amount of loans to bankrupt borrowers, loans in arrears, loans overdue for three months or longer and restructured loans is as follows.
Total amount ¥144,098 million
The amounts of loans stated in 3. to 6. above are amounts before deduction of allowance for loan losses.
- Bill discount is accounted for as financial transactions under the Industry Audit Committee Report No. 24. Commercial bills accepted and foreign bills bought under this have the right to be freely disposed of by means of sale or (re)pledging. The nominal amount is as follows.
Total amount ¥14,699 million
- Of loan participation, the participation principal amount accounted for as loans to original debtors pursuant to "Accounting Treatment and Presentation of Loan Participation" (JICPA Accounting Institution Committee Report No. 3, November 28, 2014) that was recorded on the interim consolidated balance sheet is as follows.
¥3,378 million

9. Assets pledged as collateral are as follows.

Assets pledged as collateral

Securities	¥1,443,134 million
Lease receivables and leased investment assets	¥1,259 million
Total	¥1,444,394 million
Debts corresponding to collateral assets	
Deposits	¥53,516 million
Call money and bills sold	¥42,320 million
Payables under repurchase agreements	¥219,285 million
Payables under securities lending transactions	¥559,534 million
Borrowings	¥782,273 million

Other than the above, the Group has pledged the following items as collateral for exchange settlement and transactions with designated financial institutions, etc.

Other assets ¥115,699 million

Other assets include guarantee deposits, collateral pledged for financial instruments, etc., and guarantee deposits with central clearing houses. The amount is as follows.

Guarantee deposits	¥782 million
Collateral pledged for financial instruments, etc.	¥72,083 million
Guarantee deposits with central clearing houses	¥21,110 million

- Overdraft facility agreements and commitment line agreements for loans are agreements promising to lend funds up to a certain limit amount when customers make a request for execution of loans, unless there is no breach of contractually specified conditions. The balance of undisbursed loans under these agreements is as follows.
Balance of undisbursed loans ¥1,595,461 million
Of which, those whose original contract period is one year or less, or which can be unconditionally cancelled in a given period ¥1,536,914 million

Since many of these agreements is terminated without loans being executed, the balance of undisbursed loans itself does not necessarily affect future cash flows of the Company and consolidated subsidiaries. To many of these agreements, the provision that if there is a change in financial conditions, preservative attachment, or any other reasonable reason, a consolidated subsidiary may refuse loans of which execution is requested, or reduce the contractual maximum amount has been attached. Furthermore, in addition to requesting for collateral such as real estate and securities at the time of contract where necessary, even after the contract, the Group obtains information on business circumstances, etc. based on regularly predetermined internal procedures, reviews the contract where necessary, and takes measures for credit preservation.

- Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), the Group revalued land for business of The Higo Bank, Ltd., recorded the amount equivalent to taxes on the valuation difference as "deferred tax liabilities for land revaluation liabilities" in liabilities, and posted the amount less this amount as "Revaluation difference of land" in net assets.

Date of revaluation made March 31, 1999

Revaluation method stipulated in Article 3, paragraph 3 of the said act

Calculated by making reasonable adjustments to prices registered on the land tax register book as stipulated in Article 2, paragraph 3 of the Order for Enforcement on Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998) (assessed value of noncurrent assets).

- Accumulated depreciation of property, plant and equipment
Accumulated depreciation ¥74,396 million
- Of corporate bonds in "securities," the amount of guaranteed debts on corporate bonds based on private placement of securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act)
¥29,120 million

(Interim consolidated income statement)

- Other ordinary income includes the following items.
Gain on sale of shares and other securities ¥3,791 million
- Other ordinary expenses include the following items.
Provision of allowance for loan losses, loss on sale of shares and other securities ¥4,494 million
Redemption of shares and other securities ¥2,143 million
Provision of allowance for loan losses, loss on sale of shares and other securities ¥1,204 million

(Interim consolidated statements of changes in shareholders' equity)

- Class and total number of outstanding shares, and class and number of treasury shares (Thousand yen)

	Number of shares at beginning of the current fiscal year	Number of shares increased during the current interim period	Number of shares decreased during the current interim period	Number of shares at end of the current interim period	Brief
Number of outstanding shares					
Common shares	463,375	—	—	463,375	
Treasury shares					
Common shares	23,464	0	—	23,464	(Notes)

(Notes) The increase in treasury shares during the current interim period is due to purchase of shares less than a basic lot.

- Share acquisition rights and treasury shares acquisition rights
Not applicable.

- Dividends

(1) Dividends paid during the current interim period

(Resolution)	Class of shares	Total amount of dividends (Million yen)	Dividends per share (yen)	Record date	Effective date
May 13, 2020 Board of Directors	Common shares	2,639	6.00	March 31, 2020	June 22, 2020

(2) Of dividends whose record date falls in the current interim period, those whose effective date is after the end of the current interim period

(Resolution)	Class of shares	Total amount of dividends (Million yen)	Dividend resources	Dividends per share (yen)	Record date	Effective date
November 12, 2020 Board of Directors	Common shares	2,639	Retained earnings	6.00	September 30, 2020	December 10, 2020

(Interim consolidated statement of cash flows)

- Relation between the balance of cash and cash equivalents at end of interim period and the amounts recorded on the interim consolidated balance sheet
Cash and deposits with banks ¥1,660,352 million
Other deposits with banks ¥(4,383) million
Cash and cash equivalents ¥1,655,969 million

(Lease transactions)

- Finance lease transactions
Finance lease transactions not involving transfer of ownership (Lessee's side)
Not applicable.
(Lessor's side)
Information on the breakdown of leased investment assets and the breakdown of the amount of lease payments receivable portion on lease receivables and leased investment assets by collection date is omitted, because the proportion of the balance of the total of future lease payments and estimated residual value at the end of the interim period to the total of that balance at the end of the interim period and trade receivables at the end of the interim period is low.
- Operating lease transactions
Information is omitted because the amount of operating lease transactions is insignificant.

(Financial instruments)

Market value of financial instruments, etc.

The amount recorded on the interim consolidated balance sheet, market value and differences between them are as follows. Unlisted shares, etc. for which it is considered extremely difficult to obtain the market value are not included in the table below (Refer to Note 2).

	Amount recorded on the interim consolidated balance sheet	Market value	Difference
(1) Cash and deposits with banks	1,660,352	1,660,352	—
(2) Call loans and bills bought	—	—	—
(3) Trading assets	874	874	—
(4) Securities			
Held-to-maturity securities	19,825	19,825	100
Available-for-sale securities	2,085,822	2,085,822	—
(5) Loans	7,520,507		
Allowance for loan losses (*1)	(63,410)		
	7,457,096	7,508,703	51,607
Total assets	11,223,970	11,275,678	51,708
(1) Deposits	8,993,549	8,993,967	418
(2) Negotiable certificates of deposit	343,851	343,866	15
(3) Call money and bills sold	42,320	42,320	—
(4) Payables under repurchase agreements	219,285	219,285	—
(5) Payables under securities landing transactions	559,534	559,534	—
(6) Borrowings	798,205	798,197	△8
Total liabilities	10,956,746	10,957,171	424
Derivative transactions (*2)			
Those to which hedge accounting is not applied	(1,565)	(1,565)	—
Those to which hedge accounting is applied		(69,028)	(69,028)
Total derivative transactions	(70,593)	(70,593)	—

(*1) General allowance for loan losses and individual allowance for loan losses corresponding to loans have been deducted.

(*2) Derivative transactions recorded in trading assets and liabilities and other assets and liabilities are presented collectively.

Net receivable and payable arising from derivative transactions are presented on a net basis and items of which the total is a net payable is presented in parentheses.

(Note 1) Method of calculating market value of financial instruments

Assets

- Cash and deposits with banks
Since the market value of deposits with banks having no maturity and short-term (within one year) deposits with banks approximates their carrying amount, the carrying amount is considered to be the market value.
- Call loans and bills bought
Since their agreed period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- Trading assets
For securities such as bonds held for the purpose of specified transactions, etc., the market value is based on prices of the stock exchange or prices presented by transaction financial instruments.
- Securities
The market value of shares is based on prices of the stock exchange, and the market value of bonds is principally based on prices of the stock exchange or prices presented by transaction financial instruments. The market value of investment trusts is based on publicly available base prices.
For bonds with no market price such as self-guaranteed privately placed notes, the reasonable market value is calculated by the method similar to that for loans, or other means.
Notes on securities by holding purpose are provided in "(Securities)."
- Loans
Of loans, those with variable interest rate reflect market interest rate in the short term. Therefore, as the market value approximates the carrying amount unless the credit standing of the borrower differs significantly after the execution, the carrying amount is considered to be the market value. For those with fixed interest rate, the market value is calculated, for each category based on the type, internal rating and period of the loan, by discounting the total of principal and interest using the interest rate taking into account credit spread, etc. based on swap rate, or the interest rate, etc. assumed if a similar loans is made. For loans to bankrupt borrowers, loans to substantially bankrupt borrowers, loans possibly-bankrupt borrowers, etc., because the estimated amount of loan losses is calculated based on the present value of estimated future cash flows or the estimated amount to be collected through collateral or guarantee, the market value approximates the amount of the amount of receivables, etc. recorded on the interim consolidated balance sheet at the end of the interim period less the amount of allowance for loan losses recorded. Accordingly, this amount is considered to be the market value.
Of loans, for those that has not the repayment period set due to the feature that the loan is limited within the scope of the collateral asset or other reasons, the market value is assumed to approximate the carrying amount, so the carrying amount is considered to be the market value.

Liabilities

- Deposits
For demand deposits, the payment amount when the deposit is demanded at the end of the interim period (carrying amount) is deemed to be the market value. In addition, for the market value of time deposits, the present value is calculated by separating the deposit by a certain period and discounting future cash flows. The interest rate used in newly accepting a deposit is employed as the discount rate. Since the market value of time deposits in foreign currencies with a short-term (within one year) deposit period approximates their carrying amount, the carrying amount is considered to be the market value.
- Negotiable certificates of deposit
For the market value of negotiable certificates of deposit, the present value is calculated by separating the deposit by a certain period and discounting future cash flows. The interest rate used in newly accepting a deposit is employed as the discount rate.

- Call money and bills sold
Since their agreed period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- Payables under repurchase agreements
Since their remaining period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- Payables under securities landing transactions
Since their remaining period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- Borrowings
Of borrowings, those with variable interest rate reflect market interest rate in the short term, and the credit standing of the Company and consolidated subsidiaries does not differ significantly after the execution. Therefore, as the market value is deemed to approximate the carrying amount, the carrying amount is considered to be the market value. For the market value of those with fixed interest rate, the present value is calculated by discounting the total of principal and interest of the borrowing separated by a certain period using the interest rate assumed for a similar borrowing. For those whose agreed period is a short term (within one year), since their market value approximates their carrying amount, the carrying amount is considered to be the market value.

Derivative transactions

Information on derivative transactions is provided in "(Derivative transactions)."

(Note 2) The amount recorded on the interim consolidated balance sheet of financial instruments for which it is considered extremely difficult to obtain the market value is as follows, and is not included in "Assets (4) Available-for-sale securities" in information on the market value of financial instruments.

Category	September 30, 2020
Unlisted shares, etc. (*1) (*2)	4,885
Investment in capital of partnership, etc. (*3)	16,100
Total	20,986

(*1) Unlisted shares, etc. are not subject to disclosure of the market value since they have no market value and it is considered extremely difficult to obtain their market value.

(*2) In the current interim period, impairment losses of ¥0 million was recognized for unlisted shares.

(*3) Of investment in capital of partnership, etc., investment for which partnership assets consist of assets for which it is considered extremely difficult to obtain the market value, such as unlisted shares, is not subject to disclosure of the market value.

(Securities)

*1 Information on "securities" in the interim consolidated balance sheet is provided.

*2 "Shares of subsidiaries and shares of affiliates" is provided as a note to the interim financial statements.

- Held-to-maturity securities

	Type	Amount recorded on the interim consolidated balance sheet	Market value	Difference
Those whose market value exceeds the amount recorded on the interim consolidated balance sheet	Government bonds	—	—	—
	Local government bonds	—	—	—
	Company bonds	17,562	17,694	131
	Others	—	—	—
	Subtotal	17,562	17,694	131
Those whose market value does not exceed the amount recorded on the interim consolidated balance sheet	Government bonds	—	—	—
	Local government bonds	—	—	—
	Company bonds	2,262	2,231	(31)
	Others	—	—	—
	Subtotal	2,262	2,231	(31)
Total		19,825	19,925	100

- Available-for-sale securities

	Type	Amount recorded on the interim consolidated balance sheet	Acquisition cost	Difference
Those whose amount recorded on the interim consolidated balance sheet exceeds the acquisition cost	Shares	96,300	59,605	36,694
	Bonds	873,154	856,795	16,358
	Government bonds	313,570	305,657	7,912
	Local government bonds	192,406	186,847	5,559
	Short-term company bonds	—	—	—
	Company bonds	367,177	364,290	2,887
	Others	711,204	620,143	91,061
	Of which, foreign securities	644,242	558,011	86,230
	Subtotal	1,680,659	1,536,544	144,115
	Shares	32,609	40,121	(7,511)
Those whose amount recorded on the interim consolidated balance sheet does not exceed the acquisition cost	Bonds	296,960	303,146	(6,186)
	Government bonds	124,303	129,317	(5,013)
	Local government bonds	76,215	76,637	(422)
	Short-term company bonds	—	—	—
	Company bonds	96,441	97,191	(749)
	Others	75,591	81,318	(5,726)
	Of which, foreign securities	14,852	15,076	(223)
	Subtotal	405,162	424,586	(19,424)
	Total	2,085,822	1,961,131	124,690

(Notes) Unlisted shares, etc. for which there is no market price, etc. and it is extremely difficult to obtain the market value (amount recorded on the interim consolidated balance sheet: ¥20,986 million) are not included in "available-for-sale securities" in the above table.

3. Securities for which impairment losses are recognized
Of securities other than securities held for trading (excluding those for which it is extremely difficult to obtain the market value), those whose market value has declined considerably compared with the acquisition cost and is not expected to recover to the acquisition cost, the market value is considered to be the amount recorded on the interim consolidated balance sheet, and the valuation difference is accounted for as a loss in the current interim period (hereinafter referred to as "recognition of an impairment loss").
The amount of impairment losses recognized in the current interim period is ¥1,203 million (shares: ¥1,203 million).
In impairment of the securities, for securities of which the decline rate of the market value to the acquisition cost at the end of the interim period is 50% or higher, impairment losses are recognized uniformly, and
for those of which the decline rate is 30% or higher and less than 50%, impairment losses are recognized based on changes over a certain period in the past, credit risk of issuers, etc. as the judgment criteria.

(Money held in trust)

- Not applicable with regard to held-to-maturity money held in trust.
- Other money held in trust (other than investment and held-to-maturity purposes)

	Amount recorded on the interim consolidated balance sheet	Acquisition cost	Difference	Of which those whose amount recorded on the interim consolidated balance sheet exceeds the acquisition cost	Of which, those whose amount recorded on the interim consolidated balance sheet does not exceed the acquisition cost
Other money held in trust	3,860	3,860	—	—	—

(Notes) "Of which those whose amount recorded on the interim consolidated balance sheet exceeds the acquisition cost" and "of which those whose amount recorded on the interim consolidated balance sheet does not exceed the acquisition cost" are the breakdown of "difference" each.

(Evaluation difference on available-for-sale securities)

Evaluation difference	¥124,690 million
Available-for-sale securities	¥124,690 million
(Deferred tax liabilities)	¥37,118 million
Evaluation difference on available-for-sale securities (before adjustment of the amount corresponding to equity holding)	¥87,572 million
(Amount corresponding to non-controlling equity)	¥40 million
Evaluation difference on available-for-sale securities	¥87,532 million

(Derivative transactions)

- Derivative transactions to which hedge accounting is not applied
For derivative transactions to which hedge accounting is not applied, the contract amount at the end of the interim period or the amount equivalent to principal stipulated under the contract, market value and profit or loss on valuation, and calculation method of the market value by type of transaction are as follows. The contract amount, etc. itself does not represent market risk for derivative transactions.

- Interest rate related transactions
Not applicable.
- Currency related transactions

Category	Type	Contract amount, etc.	Of the contract amount, etc., those exceeding one year	Market value	Profit or loss on valuation
Over-the-counter	Currency swaps	47,729	46,681	772	44
	Forward exchange				
	Written	129,324	1,639	290	290
	Purchased	222,162	1,633	(2,601)	(2,601)
Total		—	—	(1,538)	(2,266)

- (Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim consolidated income statement.
2. Calculation of market value
The market value is calculated based on the discounted present value, etc.
(3) Share related transactions

Category	Type	Contract amount, etc.	Of the contract amount, etc., those exceeding one year	Market value	Profit or loss on valuation
Financial instruments exchanges	Share index Options				
	Written	1,420	—	(5)	10
Total		—	—	(5)	10

- (Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim consolidated income statement.
2. Calculation of market value
The market value is based on the final price at the Osaka Securities Exchange, etc.
(4) Bond related transactions

Category	Type	Contract amount, etc.	Of the contract amount, etc., those exceeding one year	Market value	Profit or loss on valuation
Financial instruments exchanges	Bond futures Options				
	Written	15,200	—	(22)	—
Over-the-counter	Bonds at over-the-counter Options				
	Written		—	—	5
Total		—	—	(22)	5

- (Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim consolidated income statement.
2. Calculation of market value
For transactions at exchanges, the market value is based on the final price at the Osaka Securities Exchange, etc. For transactions at over-the-counter, the market value is calculated using the option price calculation model, etc.

- Commodity related transactions
Not applicable.
- Credit derivative transactions
Not applicable.

- Derivative transactions to which hedge accounting is applied
For derivative transactions to which hedge accounting is applied, the contract amount at the end of the interim period or the amount equivalent to principal stipulated under the contract, market value, and calculation method of the market value by type of transaction and by method of hedge accounting are as follows. The contract amount, etc. itself does not represent market risk for derivative transactions.

- Interest rate related transactions

Hedge accounting method	Type	Major hedged items	Contract amount, etc.	Of the contract amount, etc., those exceeding one year	Market value
Principle treatment method	Interest rate swaps Floating-rate receiving and fixed-rate paying	Loans Available-for-sale securities (Bonds)	468,266	433,846	(69,649)
Special treatment of interest rate swaps	Interest rate swaps Fixed-rate receiving, floating-rate paying and floating-rate receiving, and fixed-rate paying	Loans	7,260 76,279	1,260 74,408	(Note 3)
Total			—	—	(69,649)

- (Notes) 1. Principally, pursuant to "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002), based on deferred hedge.
2. Calculation of market value
For transactions at exchanges, the market value is based on the final price at the Tokyo Financial Exchange, etc. For transactions at over-the-counter, the market value is calculated using discounted present value and the option price calculation model, etc.
3. Because items accounted for by the special treatment of interest rate swaps are treated together with the loans that are hedged items, their market value is included in the market value of those loans in "Financial instruments" in the presentation.

- Currency related transactions

Hedge accounting method	Type	Major hedged items	Contract amount, etc.	Of the contract amount, etc., those exceeding one year	Market value
Principle treatment method	Currency swaps	Loans	18,800	16,758	620
Total			—	—	620

- (Notes) 1. Principally, pursuant to "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions, etc. in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002), based on deferred hedge.
2. Calculation of market value
The market value is calculated based on the discounted present value, etc.
(3) Share related transactions
Not applicable.
(4) Bond related transactions
Not applicable.

(Stock options, etc.)

Not applicable.

(Asset retirement obligations)

Since the total amount of asset retirement obligations is insignificant, the information is omitted.

(Per share information)

- Net assets per share and basis of computation

Net assets per share	¥1,479.18
(Basis of computation)	
Total net assets	¥652,522 million
Amount deducted from total net assets	¥1,813 million
(Of which, non-controlling equity)	(¥1,813 million)
Net assets at end of interim period related to common shares	¥650,709 million
Number of common shares at end of interim period used in computation of net assets per share	439,911 thousand shares

- Profit per share and basis of computation

Profit per share	¥20.96
(Basis of computation)	
Profit attributable to owners of parent	¥9,223 million
Profit attributable to owners of parent related to common shares	¥9,223 million
Average number of common shares during the period	439,911 thousand shares

(Notes) "Profit per share diluted" is not provided because there are no potential ordinary shares.

(Significant subsequent events)

Not applicable.

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

The Group's reporting segments are those, of the Group's components, for which separated financial information is available and which are subject to periodical examination by the Company to determine allocate managerial resources and assess operating results.

The Group provides financial services centered on banking business, such as leasing business, and has two reporting segments: "banking business" and "leasing business."

The "banking business" is engaged in deposit business, lending business, exchange business, securities business, and others, whereas the "leasing business" conducts leasing and lending businesses and others.

2. Method of calculating amounts of ordinary income, profit or loss, assets and other items by reporting segment

The accounting method of reported business segments is the same as that provided in "Basis for presentation of interim consolidated financial statements and principles of consolidation."

Profit of reporting segments represents figures based on ordinary profit.

Ordinary income between the segments is based on arm's length transaction prices.

3. Information on amounts of ordinary income, profit or loss, assets and other items by reporting segment

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

	Reporting segments					Others	Total	Adjustments	Amount recorded on the interim consolidated financial statements
	Banking business			Leasing business	Total				
	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.	Subtotal						
Ordinary income									
Ordinary income to external customers	37,658	31,173	68,831	14,068	82,900	2,503	85,403	(858)	84,545
Internal ordinary income between the segments	248	846	1,094	820	1,914	2,065	3,980	(3,980)	—
Total	37,907	32,019	69,926	14,888	84,814	4,569	89,384	(4,838)	84,545
Segment profit	11,442	8,385	19,827	340	20,167	478	20,646	(4,382)	16,264
Segment assets	5,904,757	4,751,806	10,656,564	89,833	10,746,398	35,773	10,782,171	(85,568)	10,696,602
Other items									
Depreciation and amortization expense	1,833	1,452	3,285	60	3,346	161	3,507	62	3,570
Income from fund management	26,308	24,144	50,452	37	50,490	107	50,598	(1,515)	49,082
Financing cost	4,155	1,383	5,538	122	5,661	22	5,683	(173)	5,509
Increase in property, plant and equipment, and intangible assets	3,716	7,300	11,016	30	11,047	146	11,194	1,616	12,810

- (Notes)
1. In place of net sales of general companies, ordinary income is provided each.
 2. "Other" category is the business segment that is not included in the reporting segments, and represents credit card business and others.
 3. Major adjustments are as follows.
 - 1) Adjustments of ordinary income to external customers of ¥(858) million include adjustments of ordinary income due to the purchase method of ¥(881) million, etc.
 - 2) Adjustments of segment profit of ¥(4,382) million include adjustments of profit due to the purchase method of ¥(3,708) million, etc.
 - 3) Adjustments of segment assets and financing cost in other items are elimination of intersegment transactions, etc.
 - 4) Adjustments of income from fund management in other items of ¥(1,515) million include adjustments of income from fund management due to the purchase method of ¥(775) million, etc.
 - 5) Of other items, adjustments of increase in depreciation and amortization expense, property, plant and equipment, and intangible assets are adjustments related to leased investment assets which are "property, plant and equipment" and "intangible assets" in consolidation, and others.
 4. Segment profit is adjusted to ordinary profit in the interim consolidated income statement.

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(mil. yen)

	Reporting segments					Others	Total	Adjustments	(mil. yen) Amount recorded on the interim consolidated financial statements
	Banking business			Leasing business	Total				
	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.	Subtotal						
Ordinary income									
Ordinary income to external customers	37,741	31,921	69,662	18,152	87,815	2,691	90,507	(731)	89,776
Internal ordinary income between the segments	642	1,379	2,022	805	2,827	1,967	4,795	(4,795)	—
Total	38,383	33,301	71,684	18,958	90,643	4,659	95,302	(5,526)	89,776
Segment profit	8,835	6,559	15,394	436	15,831	585	16,416	(3,413)	13,003
Segment assets	6,426,410	5,323,749	11,750,159	104,095	11,854,255	36,004	11,890,259	(105,406)	11,784,853
Other items									
Depreciation and amortization expense	1,952	1,701	3,653	50	3,704	178	3,883	101	3,984
Income from fund management	26,028	25,369	51,397	110	51,507	111	51,619	(2,283)	49,336
Financing cost	3,465	1,386	4,852	144	4,997	20	5,017	(186)	4,830
Increase in property, plant and equipment, and intangible assets	1,674	1,389	3,064	9	3,073	97	3,171	44	3,216

- (Notes)
- In place of net sales of general companies, ordinary income is provided each.
 - "Other" category is the business segment that is not included in the reporting segments, and represents credit card business and others.
 - Major adjustments are as follows.
 - Adjustments of ordinary income to external customers of ¥(731) million include adjustments of ordinary income due to the purchase method of ¥(785) million, etc.
 - Adjustments of segment profit of ¥(3,413) million include adjustments of profit due to the purchase method of ¥(1,817) million, etc.
 - Adjustments of segment assets and financing cost in other items are elimination of intersegment transactions, etc.
 - Adjustments of income from fund management in other items of ¥(2,283) million include adjustments of income from fund management due to the purchase method of ¥(551) million, etc.
 - Of other items, adjustments of increase in depreciation and amortization expense, property, plant and equipment, and intangible assets are increase in depreciation and amortization expense, property, plant and equipment, and intangible assets that has not been allocated to the segments, and others.
 - Segment profit is adjusted to ordinary profit in the interim consolidated income statement.
 - As of October 2, 2019, The Higo Bank, Ltd. acquired 90% of shares of JR Kyushu FG Lease Kabushiki Kaisha, and made this company its consolidated subsidiary as JR Kyushu FG Lease Kabushiki Kaisha.

[Related information]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

1. Information by service

(mil. yen)

	Lending business	Securities investment business	Leasing business	Others	Total
Ordinary income to external customers	35,404	21,510	14,022	13,608	84,545

(Notes) In place of net sales of general companies, ordinary income is provided.

2. Information by region

(1) Ordinary income

Because at the Group, the amount classified as ordinary income to external customers in Japan exceeds 90% of ordinary income in the interim consolidated income statement, the information is omitted.

(2) Property, plant and equipment

Because at the Group, the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment in the interim consolidated income statement, the information is omitted.

3. Information by major customer

Because no ordinary income to a specific customer accounts for 10% or more of ordinary income in the interim consolidated income statement, the information is omitted.

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. Information by service

(mil. yen)

	Lending business	Securities investment business	Leasing business	Others	Total
Ordinary income to external customers	35,470	21,813	18,072	14,419	89,776

(Notes) In place of net sales of general companies, ordinary income is provided.

2. Information by region

(1) Ordinary income

Because at the Group, the amount classified as ordinary income to external customers in Japan exceeds 90% of ordinary income in the interim consolidated income statement, the information is omitted.

(2) Property, plant and equipment

Because at the Group, the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment in the interim consolidated income statement, the information is omitted.

3. Information by major customer

Because no ordinary income to a specific customer accounts for 10% or more of ordinary income in the interim consolidated income statement, the information is omitted.

[Information on impairment losses on noncurrent assets by reporting segment]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

Since the amount of impairment losses on noncurrent assets is insignificant, the information is omitted.

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Not applicable.

[Information on amortization of goodwill and unamortized balance by reporting segment]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Not applicable.

[Information on gains on negative goodwill incurred]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Not applicable.

Consolidated risk-managed claims

(mil. yen, %)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Loans to bankrupt borrowers	3,907	6,144
Loans in arrears	80,558	76,600
Loans overdue for three months or longer	577	203
Restructured loans	46,456	61,149
Total	131,500	144,098
Total loans	7,162,246	7,520,507
percentage of loans	1.83	1.91

Status of capital adequacy, etc.

I. Disclosure items on capital composition

1. Disclosure items on capital composition (consolidated)

(mil. yen, %)

Items	Six months ended September 30, 2019	Six months ended September 30, 2020
Basic items related to core capital (1)		
Amount of shareholders' equity on common shares or mandatory convertible preference shares	601,653	607,845
Of which, amount of capital and capital surplus	235,075	235,636
Of which, amount of retained earnings	374,558	385,619
Of which, (amount of treasury shares)	5,271	10,771
Of which, (planned amount to the outside)	2,709	2,639
Of which, amount that falls under categories other than the above	—	—
Accumulated other comprehensive income included in core capital	(3,007)	(4,535)
Of which, foreign currency translation adjustments	—	—
Of which, amount related to retirement benefits	—	(3,007)
Amount of share acquisition rights on common shares or mandatory convertible preference shares	—	—
Amount of adjusted non-controlling equity related to core capital	—	—
Total amount of provisions included in the amount of basic items related to core capital	18,741	22,192
Of which, general allowance for loan losses included in core capital	18,741	22,192
Of which, eligible provisions included in core capital	—	—
Of the amount of eligible former non-cumulative permanent preference shares, amount included in basic items related to core capital	—	—
Of the amount of eligible former funding instruments, amount included in basic items related to core capital	—	—
Of the amount of funding instruments issued through public agencies' measures for capital reinforcement, amount included in basic items related to core capital	—	—
Of amount corresponding to 45% of difference between the revaluation amount of land and the carrying amount immediately before the revaluation, amount included in basic items related to core capital	2,228	1,757
Of non-controlling equity, amount included in basic items related to core capital due to transition measure	1,242	709
Amount of basic items related to core capital (a)	620,858	627,969
Reconciliation items related to core capital (2)		
Total amount of intangible assets (excluding those related to mortgage servicing rights)	7,892	7,635
Of which, amount of those related to goodwill (including difference equivalent to goodwill)	—	—
Of which, amount of intangible assets other than those related to mortgage servicing rights	7,892	7,635
Amount of deferred tax assets (excluding those related to temporary differences)	0	—
Shortfall in eligible provisions	—	—
Amount corresponding to capital increased in conjunction with securitization transactions	—	—
Amount that is mark-to-market difference arising from valuation of liabilities at market value and is included in capital	—	—
Amount related to net defined benefit asset	4,514	3,435
Amount of self-held common shares, etc. (excluding those recorded in net assets)	0	0
Amount of purposefully-held eligible funding instruments of other financial institutions, etc.	—	—
Amount of eligible common shares, etc. of minority-owned financial institutions, etc.	—	—
Amount exceeding the 10% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount exceeding the 15% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount of reconciliation items related to core capital (b)	12,407	11,071
Capital		
Amount of reconciliation items related to core capital (b)	12,407	11,071
Amount of capital ((a) - (b)) (c)	608,451	616,897
Risk assets, etc. (3)		
Total amount of credit risk assets	5,175,885	5,339,390
Of which, total of amount included in the amount of risk assets due to transition measures	(265)	(273)
Of which, exposure to other financial institutions, etc.	—	—
Of which, amount that falls under categories other than the above	(265)	(273)
Amount obtained by dividing the total of the amount corresponding to market risk by 8%	—	—
Amount obtained by dividing the total of the amount corresponding to operational risk by 8%	212,068	212,742
Adjustments of credit risk assets	—	—
Adjustments of the amount corresponding to operational risk	—	—
Total amount of risk assets, etc. (d)	—	5,387,954
Consolidated capital adequacy ratio		
Consolidated capital adequacy ratio ((c)/(d))	11.29%	11.11%

II. Quantitative disclosure items in consolidation

1. Of companies which are other financial institutions, etc. (meaning other financial institutions, etc. specified in Article 18, paragraph 6, item 1 of the notification on shareholding and capital adequacy ratio) and subsidiary corporations of banking holding companies, etc., name of companies whose capital falls below the required capital in capital adequacy requirements and total of the amount below the required capital

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

2. Matters concerning adequacy of capital

- (1) Amount of required capital to credit risk

1) On-balance-sheet items

(mil. yen)

	(reference) Specified in the notification Risk weight (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Cash	0	—	—	—	—
For Japan's central government and central bank	0	—	—	—	—
For foreign central governments and central banks	0 to 100	11,559	462	9,589	383
For Bank for International Settlements, etc.	0	—	—	—	—
For Japan's local public agencies	0	—	—	—	—
For the public sector other than foreign central governments, etc.	20 to 100	—	—	—	—
For Multilateral Development Bank	0 to 100	—	—	—	—
For Japan Finance Organization for Municipalities	10 to 20	260	10	260	10
For Japan's government-affiliated agencies	10 to 20	29,049	1,161	30,071	1,202
For local three public corporations	20	571	22	659	26
For financial institutions and Type I Financial Instruments Business Operators	20 to 100	42,607	1,704	36,106	1,444
For corporations, etc.	20 to 100	2,286,014	91,440	2,295,091	91,803
For small to medium-sized companies, etc. and for individuals	75	1,290,003	51,600	1,345,442	53,817
Mortgage housing loans	35	186,537	7,461	187,294	7,491
For businesses of real estate acquisition, etc.	100	682,946	27,317	713,437	28,537
Overdue for three months or longer, etc.	50 to 150	6,571	262	4,264	170
Bills in process of collection	20	142	5	108	4
With guarantee of credit guarantee corporations, etc.	0 to 10	11,854	474	23,883	955
With guarantee of Regional Economy Vitalization Corporation of Japan	10	—	—	—	—
Investment, etc.	100 to 1250	145,805	5,832	160,019	6,400
Other than the above	100 to 250	357,365	14,294	390,800	15,632
Securitization	—	—	—	—	—
(Of which, portion to which STC requirements are applied)	—	—	—	—	—
(Of which, portion to which STC requirements are not applied)	—	—	—	—	—
Re-securitization	—	—	—	—	—
Exposure to which the deemed calculation of risk weight is applied	—	42,396	1,695	40,645	1,625
Amount of those included in the amount of risk assets due to transition measures	—	(265)	(10)	(273)	(10)
Amount of those not included in the amount of risk assets due to transition measures in relation to exposure for eligible funding instruments of other financial institutions, etc.	—	—	—	—	—
Total	—	5,093,421	203,736	5,237,401	209,496

2) Off-balance-sheet items

(mil. yen)

	Assessment rate (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Commitments unconditionally cancelable or automatically cancelable in a given period	0	—	—	—	—
Commitments with the original contract period of one year or less	20	339	13	1,115	44
Short-term trade-related contingent liabilities	20	26	1	24	0
Contingent liabilities related to specified transactions	50	1,644	65	1,735	69
NIF or RUF	50(75)	—	—	—	—
Commitments with the original contract period exceeding one year	50	21,583	863	31,670	1,266
Commitments in internal rating method	(75)	—	—	—	—
Contingent liabilities directly alternating granting of credit	100	22,007	880	22,721	908
Asset sale with buyback option or asset sale with indemnity right, etc. (after deduction)	—	—	—	—	—
Purchase of futures, forward deposits, partly paid shares, or partly paid bonds	100	—	—	—	—
Securities lending, provision of collateral by cash or securities, or securities sale with buyback option or purchase with resale option	100	26,300	1,052	31,116	1,244
Derivative transactions	—	4,196	167	6,725	269
Transactions with long settlement periods	—	—	—	—	—
Unsettled transactions	—	—	—	—	—
Eligible liquidity facility and eligible servicer cash advance related to securitization exposure	0 to 100	—	—	—	—
Off-balance-sheet securitization exposure other than the above	100	—	—	—	—
Total	—	76,098	3,043	95,109	3,804

3) Amount corresponding to CVA risk

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to CVA risk	447	474
Amount obtained by dividing the amount corresponding to CVA risk by 8% (A)	5,587	5,926
Amount of required capital (A x 4%)	223	237

4) Exposure related to central clearing agencies

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Exposure related to central clearing agencies	21,007	25,897
Amount of credit risk assets on exposure related to central clearing agencies (A)	777	952
Amount of required capital (A x 4%)	31	38

(2) Amount of required capital to operational risk

Pursuant to Article 282 of the notification on shareholding and capital adequacy ratio, operational risk has been calculated by the "basic approach."

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to operational risk	16,965	17,019
Amount obtained by dividing the amount corresponding to operational risk by 8% (A)	212,068	212,742
Amount of required capital (A x 4%)	8,482	8,509

3. Matters concerning credit risk (excluding securitization exposure)

(1) Balance of credit risk related exposure at the end of the interim period and breakdown by major type

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance of credit risk exposure at the end of the interim period	Of which, loans, off-balance-sheet transactions (Other than derivatives)	Exposure overdue for three months or longer	Balance of credit risk exposure at the end of the interim period	Of which, loans, off-balance-sheet transactions (Other than derivatives)	Exposure overdue for three months or longer
Domestic total	10,646,140	7,886,857	19,527	11,937,306	8,496,062	15,764
Overseas total	567,814	47,763	—	591,840	46,784	—
Total by region	11,213,955	7,934,621	19,527	12,529,147	8,542,846	15,764
Manufacturing	509,108	447,356	1,138	525,469	455,506	515
Agriculture and forestry	95,707	94,779	225	98,287	97,011	107
Fishery	17,908	17,562	1,546	18,488	18,153	1,277
Mining, quarrying and gravel extraction	7,625	7,119	69	7,169	6,468	5
Construction	192,838	181,324	735	211,695	196,026	852
Electricity, gas, heat supply and waterworks	225,387	205,891	8	224,278	206,550	5
Information and communications	79,292	66,012	—	69,367	52,722	42
Transport and mailing	253,173	184,227	1,571	267,558	189,161	224
Wholesale and retail	678,937	644,646	3,356	694,380	651,708	2,878
Finance and insurance	731,457	340,558	—	803,648	411,347	—
Real estate, and goods rental and leasing	964,437	947,150	1,433	1,012,080	993,895	2,170
Various services	833,883	805,443	5,649	916,067	866,180	3,868
Local public agencies	2,943,882	1,465,000	—	3,496,141	1,715,368	—
Others	3,680,315	2,527,547	3,792	4,184,513	2,682,747	3,816
Total by industry	11,213,955	7,934,621	19,527	12,529,147	8,542,846	15,764
Within 1 year	2,897,008	1,946,349	—	3,485,263	2,267,140	—
Over 1 year and within 5 years	1,831,275	1,361,212	—	1,792,940	1,388,076	—
Over 5 years and within 10 years	1,590,656	1,313,926	—	1,720,289	1,403,760	—
Over 10 years	4,895,015	3,313,132	—	5,530,653	3,483,868	—
Total by maturity	11,213,955	7,934,621	—	12,529,147	8,542,846	—

(Notes) 1. Off-balance-transactions exclude derivative transactions.

2. Exposure overdue for three months or longer means exposure in which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, or exposure of which risk weight is 150% before taking into account the provision.

(2) Balance at the end of the interim period and increase or decrease during the period of general allowance for loan losses, individual allowance for loan losses, and reserve for specific foreign loans

(mil. yen)

		Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
General allowance for loan losses	Six months ended September 30, 2019	18,589	(341)	18,247
	Six months ended September 30, 2020	19,359	2,442	21,801
Individual allowance for loan losses	Six months ended September 30, 2019	49,651	1,114	50,766
	Six months ended September 30, 2020	48,591	(1,604)	46,986
Reserve for specific foreign loans	Six months ended September 30, 2019	—	—	—
	Six months ended September 30, 2020	—	—	—
Total	Six months ended September 30, 2019	68,241	773	69,014
	Six months ended September 30, 2020	67,950	837	68,788

(3) Breakdown of individual allowance for loan losses by region and by industry

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
Domestic total	49,219	1,135	50,354	48,374	(1,582)	46,792
Overseas total	432	(20)	412	216	(22)	193
Total by region	49,651	1,114	50,766	48,591	(1,604)	46,986
Manufacturing	6,891	184	7,076	4,655	(913)	3,742
Agriculture and forestry	292	188	480	611	(39)	572
Fishery	1,664	(181)	1,483	1,579	(169)	1,410
Mining, quarrying and gravel extraction	8	5	13	5	—	5
Construction	2,591	808	3,399	3,246	(363)	2,883
Electricity, gas, heat supply and waterworks	10	(0)	10	7	(2)	5
Information and communications	111	(1)	109	109	(4)	104
Transport and mailing	2,079	(23)	2,055	1,780	(1,021)	758
Wholesale and retail	13,423	(418)	13,004	12,172	246	12,418
Finance and insurance	2,201	63	2,264	2,388	(211)	2,177
Real estate, and goods rental and leasing	2,543	(69)	2,473	3,811	(167)	3,644
Various services	14,407	156	14,564	14,317	654	14,972
Local public agencies	—	—	—	—	—	—
Others	3,427	402	3,830	3,905	385	4,290
Total by industry	49,651	1,114	50,766	48,591	(1,604)	46,986

(Note) For general allowance for loan losses, calculation by category has not been made.

(4) Breakdown of amount written off of loans by region and by industry

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Domestic total	109	3,210
Overseas total	—	—
Total by region	109	3,210
Manufacturing	0	1,220
Agriculture and forestry	—	—
Fishery	—	—
Mining, quarrying and gravel extraction	—	—
Construction	—	—
Electricity, gas, heat supply and waterworks	—	—
Information and communications	—	—
Transport and mailing	—	1,169
Wholesale and retail	—	18
Finance and insurance	—	—
Real estate, and goods rental and leasing	—	11
Various services	7	695
Local public agencies	—	—
Others	101	95
Total by industry	109	3,210

(5) Exposure by category of risk weight

(mil. yen)

	Amount of exposure after taking into account effects of approach to reduce credit risk		Amount of exposure after taking into account effects of approach to reduce credit risk	
	Six months ended September 30, 2019	Of which, with rating	Six months ended September 30, 2020	Of which, with rating
0%	4,003,009	154,260	4,979,704	201,054
10%	421,424	1,000	549,874	1,360
20%	541,229	341,258	530,156	325,038
35%	532,845	—	535,041	—
50%	638,863	592,240	695,155	597,379
75%	1,717,440	—	1,754,384	—
100%	2,999,159	78,041	3,099,205	108,406
150%	3,493	—	2,055	—
250%	86,354	—	92,433	—
350%	—	—	—	—
1,250%	—	—	—	—
Others	74,786	—	81,353	—
Total	11,018,606	1,166,801	12,319,365	1,233,239

4. Matters concerning credit risk reduction effects

(mil. yen)

	Amount of exposure to which approach to reduce credit risk was applied	Amount of exposure to which approach to reduce credit risk was applied
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash and deposits	765,704	778,229
Gold	—	—
Eligible bonds	2	—
Eligible shares	5,089	4,885
Total eligible financial-asset-backed	770,797	783,114
Eligible guarantees	263,033	392,194
Eligible credit derivatives	—	—
Total eligible guarantees and eligible derivatives	263,033	392,194

5. Matters concerning risks of counterparties to derivative transactions and transactions with long settlement periods

(1) Method used to calculate the amount corresponding to credit

	Six months ended September 30, 2019	Six months ended September 30, 2020
Method used to calculate the amount corresponding to credit	Current exposure method	Current exposure method

(2) Amount of gross restructuring costs

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of gross restructuring costs	1,821	4,907

(3) Amount corresponding to credit before and after taking into account effects of approach to reduce credit risk by collateral

(mil. yen)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Before taking into account	After taking into account	Before taking into account	After taking into account
Total derivative transactions	17,281	17,281	27,130	27,130
Foreign exchange related transactions	5,137	5,137	8,111	8,111
Interest rate related transactions	11,901	11,901	18,352	18,352
Gold related transactions	—	—	—	—
Share related transactions	32	32	318	318
Precious metal related transactions	—	—	—	—
Other commodity transactions	209	209	348	348
Credit derivatives	1,037	1,037	1,758	1,758
Transactions with long settlement periods	—	—	—	—
Total	18,319	18,319	28,889	28,889

(Note) The amount corresponding to credit of foreign exchange related transactions with the original contract period of five business days or less is excluded from the above information.

(4) Total amount of gross restructuring costs, and amount calculated by subtracting the amount corresponding to credit before taking into account credit risk reduction effects from total of gross add-on amount

Total amount of gross restructuring costs, total of gross add-on amount, and amount corresponding to credit before taking into account credit risk reduction effects are the same amount for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

(5) Amount of collateral by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(6) Amount corresponding to credit after taking into account effects of approach to reduce credit risk by collateral

Six months ended September 30, 2019

The amount is the same as that before taking into account such effects, and effects of approach to reduce credit risk by collateral are not applicable.

Six months ended September 30, 2020

The amount is the same as that before taking into account such effects, and effects of approach to reduce credit risk by collateral are not applicable.

(7) Amount of notional amount of credit derivatives that are subject to calculation of the amount corresponding to credit, distinguished by type of derivative and by purchase or provision of protection

(mil. yen)

Type of credit derivatives	Purchase of protection		Provision of protection	
	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
Credit default swaps	756	5,439	—	—
Total	756	5,439	—	—

(8) Notional amount of credit derivatives used to taking into account effects of approach to reduce credit risk

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

6. Matters concerning securitization exposure

Matters concerning securitization exposure that is subject to calculation of credit risk assets

- (1) **Matters concerning securitization and re-securitization exposure for which the holding company group is the originator**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

- (2) **Matters concerning securitization exposure for which the holding company group is the investor**

1) Securitization exposure

- (A) **Amount of securitization exposure held and breakdown of main underlying assets by type**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

- (B) **Balance and required capital of securitization exposure held for each risk weight**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

- (C) **Amount of securitization exposure to which risk weight of 1,250% is applied under Article 226 and Article 226-4, paragraph 1, item 1 and item 2 of the notification on shareholding and capital adequacy ratio, and breakdown of main underlying assets by type**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

2) Re-securitization exposure

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

Matters concerning securitization exposure that is subject to calculation of the amount corresponding to market risk

In calculation of capital adequacy ratio, market risk is not included for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

7. Matters concerning exposure to investment, etc. or shares, etc.

- (1) **Amount of exposure to investment and shares, etc. recorded on the interim consolidated balance sheet, and others**

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of exposure to listed investment, etc. or shares, etc. recorded on the interim consolidated balance sheet, and others	179,519	190,860
Amount of exposure to investment, etc. or shares, etc. that does not fall under the above, recorded on the interim consolidated balance sheet, and others	5,476	5,379
Total	184,996	196,240

	Six months ended September 30, 2019	Six months ended September 30, 2020
Subsidiaries	—	—
Affiliates, etc.	—	—
Total	—	—

- (2) **Amount of gains or losses on sale and redemption**

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Gains or losses on sale	2,109	1,647
Redemption	3,426	1,204

- (3) **Amount of valuation gains or losses that are recognized in the interim consolidated balance sheet and not recognized in the interim consolidated income statement**

The amount of valuation gains or losses that are recognized in the interim consolidated balance sheet and not recognized in the interim consolidated income statement is ¥27,555 million for the six months ended September 30, 2019 and ¥29,183 million for the six months ended September 30, 2020.

- (4) **Amount of valuation gains or losses that are not recognized in the interim consolidated balance sheet and in the interim consolidated income statement**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

8. Amount of exposure to which deemed calculation of risk weight or deemed calculation of credit risk assets is applied

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Look through approach	81,155	82,118
Mandate approach	—	—
Probability approach (risk weight: 250%)	—	—
Probability approach (risk weight: 400%)	—	—
Fallback approach	—	—
Total	81,155	82,118

9. Matters concerning interest rate risk

(mil. yen)

IRRBB1: interest rate risk					
Item number		△EVE		△NII	
		Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
1	Upward parallel shift	35,229	29,591		10,544
2	Downward parallel shift	29,427	50,475		7,439
3	Steepening	9,855	7,105		
4	Flattening				
5	Rise in short-term interest rate				
6	Decline in short-term interest rate				
7	Maximum	35,229	50,475		10,544
		Six months ended September 30, 2019		Six months ended September 30, 2020	
8	Amount of capital	608,451		616,897	

Materials (Higo Bank)

Overview of business (consolidated)

Operating results

The Japanese economy in the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020) saw a decline in production and a rapid drop in consumer spending, affected by the spread of infections of COVID-19. In addition, the situation was extremely tough as corporate earnings also deteriorated rapidly and employment conditions were weak. Amid this situation, although public investment was steady, housing investment and capital expenditure were on a weak note and both imports and exports decreased. After the declaration of a state of emergency, which was expanded across the nation on April 16, was lifted on May 25, consumer spending, production and exports started to recover in conjunction with the restart of economic activities, but the severe situation still continued.

Under such economic circumstances, the Nikkei Stock Average dropped to the 16,000 yen level at once in March due to the impact of the spread of COVID-19, but recovered to the 23,000 yen level because of monetary easing measures of central banks of Japan, the US and Europe, the restart of economic activities that were stagnant, and other factors. While the yen exchange rate hovered at the 106 to 109 yen level to a dollar at the beginning of the period, the rate once rose to the 104 yen level due partly to the prolonged zero interest policy of FRB.

The local economy remained on a weak tone as a whole due to a slump in consumer spending and productive activities just like the whole country, affected by the spread of infections of COVID-19. Furthermore early July, storm rainfalls caused serious disasters including river floods mainly in the southern area of Kumamoto Prefecture, and this, together with the COVID-19 pandemic, brought severe damage to economic activities of companies and individuals. Though the government's tourism support measures were implemented, tourism-related businesses continued to see an extremely harsh situation.

[Operating results]

As to operating results for the six months ended September 30, 2020, ordinary income increased by ¥3,042 million year-on-year to ¥50,209 million due largely to a rise in other operating income resulting from an increase in gains on foreign exchange trading and gains on sale of bonds such as government bonds.

On the other hand, operating expenses increased by ¥5,979 million year-on-year to ¥41,116 million partly because of a rise in other ordinary expenses stemming from higher provision of general allowance for loan losses.

Consequently, ordinary profit decreased by ¥2,936 million year-on-year to ¥9,092 million. In addition, profit attributable to owners of parent declined by ¥1,815 million year-on-year to ¥6,396 million.

[Financial position]

Total assets increased by ¥406.6 billion compared to the end of the previous accounting period to ¥6,453.5 billion, and net assets increased by ¥19.6 billion compared to the end of the previous accounting period ¥325.4 billion.

As to balances of main accounts, deposits increased by ¥214.7 billion compared to the end of the previous accounting period to ¥4,791.2 billion, and negotiable certificates of deposits increased by ¥61.4 billion compared to the end of the previous accounting period to ¥158.5 billion.

Loans increased by ¥128.3 billion compared to the end of the previous accounting period to ¥3,789.9 billion. Securities decreased by ¥42.4 billion compared to the end of the previous accounting period to ¥1,320.1 billion.

Changes in main management indicators (consolidated)

Category	Unit	Six months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended March 31, 2019	Six months ended March 31, 2020
Consolidated ordinary income	Mil. yen	47,195	47,166	50,209	93,647	96,157
Consolidated ordinary profit	Mil. yen	11,895	12,029	9,092	19,768	19,126
Profit attributable to owners of parent	Mil. yen	8,138	8,212	6,396	—	—
Profit attributable to owners of parent	Mil. yen	—	—	—	13,315	12,708
Consolidated comprehensive income	Mil. yen	6,470	9,496	21,463	—	—
Consolidated comprehensive income	Mil. yen	—	—	—	12,438	△11,037
Consolidated net assets	Mil. yen	315,378	327,619	325,428	319,991	305,778
Consolidated total assets	Mil. yen	5,787,499	5,935,889	6,453,589	5,858,004	6,046,954
Net assets per share	Yen	1,357.33	1,414.12	1,404.09	1,376.89	1,318.96
Profit per share	Yen	35.31	35.63	27.75	—	—
Profit per share	Yen	—	—	—	57.77	55.13
Diluted Profit per share	Yen	—	—	—	—	—
Diluted Profit per share	Yen	—	—	—	—	—
Consolidated capital adequacy ratio (domestic criteria)	%	11.06	10.83	10.72	10.91	10.47
Cash flow from operating activities	Mil. yen	(97,290)	(122,683)	313,308	15,747	(106,428)
Cash flow from investing activities	Mil. yen	125,285	(89,417)	27,854	267,277	(148,791)
Cash flow from financing activities	Mil. yen	(1,364)	(1,869)	(1,813)	(2,718)	(3,224)
Balance of cash and cash equivalents at interim period end (period end)	Mil. yen	690,563	730,284	1,025,175	944,243	685,811
Number of employees (excluding average number of temporary employees)	People	2,420 [574]	2,381 [555]	2,410 [546]	2,359 [561]	2,325 [548]

- (Notes)
1. The Bank and consolidated subsidiaries account for consumption and local consumption taxes using tax-excluded method.
 2. "Profit per share diluted (for the interim period)" and "profit per share diluted" are not provided because there are no potential ordinary shares.
 3. The consolidated capital adequacy ratio has been calculated by the formula stipulated in Notification No. 19 of the Financial Services Agency, 2006 under the provision of Article 14-2 of the Bank Act. The Bank has adopted the domestic criteria.

Interim consolidated financial statements, etc.

Interim consolidated balance sheet

(mil. yen)

Accounts	Six months ended September 30, 2019 (as of September 30, 2019)	Six months ended September 30, 2020 (as of September 30, 2020)
	Amount	Amount
Assets		
Cash and deposits with banks	732,393	1,028,631
Call loans and bills bought	255	—
Monetary claims bought	873	4,941
Trading assets	226	43
Money held in trust	4,899	4,778
Securities	1,290,981	1,320,149
Loans	3,636,281	3,788,932
Foreign exchange	10,842	8,676
Lease receivables and leased investment assets	29,693	40,845
Other assets	185,613	212,917
Property, plant and equipment	49,581	49,238
Intangible assets	7,236	7,169
Net defined benefit asset	1,435	1,323
Deferred tax assets	424	535
Customers' liabilities for acceptances and guarantees	9,128	9,865
Allowance for loan losses	(23,978)	(24,459)
Total assets	5,935,889	6,453,589
Liabilities		
Deposits	4,489,725	4,791,275
Negotiable certificates of deposit	208,934	158,518
Call money and bills sold	—	42,320
Payables under repurchase agreements	167,439	160,548
Payables under securities landing transactions	423,849	431,272
Trading liabilities	—	3
Borrowings	229,790	439,405
Foreign exchange	119	74
Borrowed money from trust account	965	1,892
Other liabilities	68,742	86,709
Net defined benefit liability	430	739
Provision for reimbursement of deposits in inactive bank accounts	1,070	985
Reserve for contingent losses	277	158
Deferred tax liabilities	3,361	9
Deferred tax liabilities for land revaluation	4,435	4,382
Acceptances and guarantees	9,128	9,865
Total liabilities	5,608,270	6,128,160
Net assets		
Capital	18,128	18,128
Capital surplus	8,616	8,616
Retained earnings	261,938	269,794
Total shareholders' equity	288,684	296,539
Evaluation difference on available-for-sale securities	60,766	61,575
Deferred gains or losses on hedges	(28,388)	(38,383)
Revaluation difference of land	5,837	5,750
Remeasurements of defined benefit plans	(973)	(1,867)
Total accumulated other comprehensive income	37,242	27,075
Non-controlling equity	1,692	1,813
Total net assets	327,619	325,428
Total liabilities and net assets	5,935,889	6,453,589

Interim consolidated income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Ordinary income	47,166	50,209
Income from fund management	26,353	25,718
(of which, interest on loans and bills discounted)	(17,151)	(17,247)
(of which, interest and dividends on securities)	(9,050)	(8,309)
Fiduciary income	16	9
Fees and commissions	5,349	5,105
Trading income	10	23
Other operating income	12,340	16,269
Other ordinary income	3,095	3,084
Ordinary expenses	35,137	41,116
Financing cost	4,177	3,486
(of which, interest on deposits)	(182)	(153)
Fees and commission expenses	1,846	1,984
Other operating expenses	8,696	12,046
Operating expenses	18,790	19,693
Other ordinary expenses	1,626	3,906
Ordinary profit	12,029	9,092
Extraordinary gains	5	9
Gain on disposal of noncurrent assets	5	9
Extraordinary losses	1	2
Loss on disposal of noncurrent assets	1	2
Profit before income taxes	12,033	9,100
Corporate income tax, inhabitants tax, and enterprise taxes	3,662	2,743
Deferred income taxes	123	(84)
Total income taxes	3,785	2,659
Profit	8,247	6,441
Profit attributable to non-controlling shareholders	35	44
Profit attributable to owners of parent	8,212	6,396

Interim consolidated comprehensive income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Profit	8,247	6,441
Other comprehensive income	1,249	15,021
Evaluation difference on available-for-sale securities	21,420	4,936
Deferred gains or losses on hedges	(20,505)	9,902
Remeasurements of defined benefit plans, net of tax	334	182
Comprehensive income	9,496	21,463
(Breakdown)		
Comprehensive income attributable to owners of parent	9,452	21,409
Comprehensive income attributable to non-controlling shareholders	44	53

Interim consolidated statements of changes in shareholders' equity

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

	Shareholders' equity			
	Capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	18,128	8,133	255,063	281,325
Amount of changes during the period				
Increase or decrease in equity interests due to acquisition of shares of consolidated subsidiaries		483		483
Dividends from surplus			(1,354)	(1,354)
Profit attributable to owners of parent			8,212	8,212
Release of revaluation difference of land			17	17
Amount of changes in items other than shareholders' equity during the period (net)				
Amount of changes during the period	—	483	6,874	7,358
Balance at end of current period	18,128	8,616	261,938	288,684

	Total accumulated other comprehensive income					Non-controlling equity	Total net assets
	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	39,355	(7,882)	5,855	(1,307)	36,019	2,646	319,991
Amount of changes during the period							
Increase or decrease in equity interests due to acquisition of shares of consolidated subsidiaries							483
Dividends from surplus							(1,354)
Profit attributable to owners of parent							8,212
Release of revaluation difference of land							17
Amount of changes in items other than shareholders' equity during the period (net)	21,411	(20,505)	(17)	334	1,222	(954)	268
Amount of changes during the period	21,411	(20,505)	(17)	334	1,222	(954)	7,627
Balance at end of current period	60,766	(28,388)	5,837	(973)	37,242	1,692	327,619

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
(mil. yen)

	Shareholders' equity			
	Capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	18,128	8,616	265,137	291,883
Amount of changes during the period				
Dividends from surplus			(1,769)	(1,769)
Profit attributable to owners of parent			6,396	6,396
Release of revaluation difference of land			29	29
Amount of changes in items other than shareholders' equity during the period (net)				
Amount of changes during the period	—	—	4,656	4,656
Balance at end of current period	18,128	8,616	269,794	296,539

	Total accumulated other comprehensive income					Non-controlling equity	Total net assets
	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	56,647	(48,285)	5,779	(2,050)	12,092	1,803	305,778
Amount of changes during the period							
Dividends from surplus							(1,769)
Profit attributable to owners of parent							6,396
Release of revaluation difference of land							29
Amount of changes in items other than shareholders' equity during the period (net)	4,927	9,902	(29)	182	14,983	10	14,993
Amount of changes during the period	4,927	9,902	(29)	182	14,983	10	19,650
Balance at end of current period	61,575	(38,383)	5,750	(1,867)	27,075	1,813	325,428

Interim consolidated statement of cash flows

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Cash flow from operating activities		
Profit before income taxes	12,033	9,100
Depreciation and amortization expense	1,942	2,071
Increase (decrease) in allowance for loan losses	224	678
(Increase) decrease in net defined benefit asset	(340)	(215)
Increase (decrease) in net defined benefit liability	(559)	(22)
Increase (decrease) in provision for reimbursement of deposits in inactive bank accounts	(136)	(53)
Increase (decrease) in reserve for contingent losses	16	(95)
Income from fund management	(26,353)	(25,718)
Financing cost	4,177	3,486
Securities-related gains (losses)	(4,510)	(3,111)
(Gain) loss from investment of money held in trust	(58)	60
Exchange (gain) loss	(84)	(834)
(Gain) loss on disposal of noncurrent assets	(4)	(7)
Net (increase) decrease in trading assets	46	2
Net (increase) decrease in loans	(167,593)	(128,362)
Net increase (decrease) in deposits	38,073	214,704
Net increase (decrease) in negotiable certificates of deposit	41,815	61,401
Net increase (decrease) in borrowings (excluding subordinated borrowed money)	(58,542)	143,041
Net (increase) decrease in deposits with bank (excluding deposits with the Bank of Japan)	(879)	(579)
Net (increase) and decrease in call loans, etc.	248	811
Net increase (decrease) in call money, etc.	—	33,069
Net increase (decrease) in payables under repurchase agreements	18,550	31,114
Net increase (decrease) in payables under securities lending transactions	17,253	(68,666)
Net (increase) decrease in foreign exchange (assets)	(3,232)	(2,885)
Net increase (decrease) in foreign exchange (liabilities)	44	56
Net (increase) decrease in leased receivables and lease investment assets	(947)	957
Net (increase) decrease in collateral pledged for financial instruments, etc.	—	10,985
Net increase (decrease) in borrowed money from trust account	965	431
Proceeds from fund management	26,938	26,370
Payments for fund procurement	(3,885)	(3,318)
Others	(15,355)	11,117
Subtotal	(120,151)	315,587
Income tax paid	(2,531)	(2,278)
Cash flow from operating activities	(122,683)	313,308
Cash flow from investing activities		
Payments on purchase of securities	(751,861)	(162,080)
Proceeds from sale of securities	120,018	122,909
Proceeds from redemption of securities	546,048	68,658
Payments of acquisition of property, plant and equipment	(491)	(529)
Proceeds from sale of property, plant and equipment	40	63
Payments of acquisition of intangible assets	(3,170)	(1,167)
Cash flow from investing activities	(89,417)	27,854
Cash flow from financing activities		
Dividends paid	(1,354)	(1,769)
Dividends paid to non-controlling shareholders	(0)	(43)
Payments on purchase of shares of subsidiaries not resulting in change in scope of consolidation	(514)	—
Cash flow from financing activities	(1,869)	(1,813)
Effect of exchange rate change on cash and cash equivalents	11	14
Increase (decrease) in cash and cash equivalents	(213,958)	339,364
Balance of cash and cash equivalents at beginning of interim period	944,243	685,811
Balance of cash and cash equivalents at end of interim period	730,284	1,025,175

[Notes]

(Basis for presentation of interim consolidated financial statements and principles of consolidation)

1. Scope of consolidation

- (1) Consolidated subsidiaries 8 companies
The Higin Lease Co., Ltd.
JR Kyushu FG Lease Co., Ltd.
Higin Card Co., Ltd.
Higin Computer Service Co., Ltd.
Higin Capital Co., Ltd.
Higin Business Support Co., Ltd.
The Higin Business Education, Ltd.
Higin Office Business Co., Ltd.
"Higin Office Business Kabushiki Kaisha" changed its name from "Higo Jimu Service Kabushiki Kaisha" as of April 1, 2020.
- (2) Unconsolidated subsidiaries 3 companies
Higo 3-go Regional Vitalization Investment Limited Partnership
Higo Sixth Sector Industrialization Investment Limited Partnership
Higin Venture Business Investment Limited Partnership
Unconsolidated subsidiaries are excluded from the scope of consolidation, since they are insignificant to the extent that their exclusion from the scope of consolidation does not hinder reasonable determination on the financial position and operating results of the Group in terms of their assets, ordinary income, profit or loss (amount corresponding to equity), retained earnings (amount corresponding to equity), accumulated other comprehensive income (amount corresponding to equity), and others.

2. Application of equity method

- (1) Unconsolidated subsidiaries accounted for using the equity method
Not applicable.
- (2) Affiliates accounted for using the equity method
Not applicable.
- (3) Unconsolidated subsidiaries not accounted for using the equity method 3 companies
Higo 3-go Regional Vitalization Investment Limited Partnership
Higo Sixth Sector Industrialization Investment Limited Partnership
Higin Venture Business Investment Limited Partnership
- (4) Affiliates not accounted for using the equity method 6 companies
Higo/Kagoshima Regional Vitalization Investment Limited Partnership
KFG Agri Investment Limited Partnership
Kumamoto Recovery Support Investment Limited Partnership
Kumamoto Earthquake Business Revitalization Investment Limited Partnership
Higin Bridge Investment Limited Partnership
Higin Regional Enterprise Support Investment Limited Partnership
Unconsolidated subsidiaries and affiliates not accounted for using the equity method are excluded from the application of the equity method, since they have no significant effect on the interim consolidated financial statements even if they are excluded from the application of consolidation in terms of profit or loss (amount corresponding to equity), retained earnings (amount corresponding to equity), accumulated other comprehensive income (amount corresponding to equity), and others.

3. Interim closing date of consolidated subsidiaries, etc.

Interim closing date of consolidated subsidiaries is as follows. 8 companies
End of September

4. Accounting policies

- (1) **Basis of valuation of trading assets and liabilities, and basis of recognition of income and expenses**
Transactions for purposes, such as seeking gains arising from short-term changes in interest rates, foreign exchange rates, or securities prices and other market related to indices or from variation among markets (hereinafter referred to as "Specified Trading Purposes"), are included in "trading assets" or "trading liabilities" on the interim consolidated balance sheet on a trading date basis, and income and losses from these transactions are recorded in "trading income" and "trading expenses" on the interim consolidated income statement.
As for valuation of trading assets and trading liabilities, securities and monetary claims, etc. are stated at the interim period-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that are deemed to have been settled at the interim period-end.
In addition, in recording of trading income and trading expenses in profit or loss, to the interest received paid during the interim period, any changes in gains or losses on valuation between the end of the previous fiscal year and the end of the current interim period are added for securities and other monetary claims, and any changes in the amount corresponding to gains or losses from deemed calculation between the end of the previous fiscal year and the end of the current interim period are added for derivatives.
Consolidated subsidiaries do not conduct any transactions for Specified Trading Purposes and similar transactions.
- (2) **Basis of valuation and valuation method of securities**
 - (a) As to valuation of securities, held-to-maturity securities are stated on an amortized cost basis using the moving-average method (straight line method), shares of unconsolidated subsidiaries not accounted for using the equity method and shares of affiliates not accounted for using the equity method are stated on an amortized cost basis using the moving-average method, and other securities are stated at market value based on market prices at the interim period end, etc. in principle (sales cost is principally calculated by the moving-average method). However, such securities for which it is considered extremely difficult to obtain the market value are stated at cost computed by the moving-average method.
Valuation differences of other securities are accounted for as a component of net assets.
 - (b) Securities managed in individually managed money in trust for the main purpose of trading securities are valued by the market value method.
- (3) **Basis of valuation and valuation method of derivative transactions**
Derivative transactions (excluding transactions for Specified Trading Purposes) are valued by the market value method.
- (4) **Depreciation method of noncurrent assets**
 - 1) Property, plant and equipment (excluding leased assets)
For property, plant and equipment of the Bank, the declining balance method (however, straight line method for buildings (excluding annexed facilities) acquired on and after April 1, 1998 and annexed facilities and structures acquired on and after April 1, 2016) has been adopted, and the estimated annual depreciation expense is recorded on a pro-rata basis based on the period.
Major useful lives are as follows.
Buildings: 20 to 50 years
Others: 5 to 20 years
Property, plant and equipment of consolidated subsidiaries are principally depreciated using the declining balance method based on the asset's estimated useful life.

- 2) Intangible assets (excluding leased assets)
Intangible assets are amortized using the straight line method. Software for internal use is amortized based on the usable period determined by the Bank and consolidated subsidiaries (5 years).
- 3) Leased assets
Leased assets in "property, plant and equipment" and "intangible assets" related to finance lease transactions not involving transfer of ownership are depreciated using the straight line method with the lease period as useful life. Residual value is the guaranteed residual value for those with a residual value guarantee arrangement in the lease agreement, and is zero for others.

(5) Basis of recognition of allowance for loan losses

Allowance for loan losses of the Bank are recorded as follows in accordance with the predetermined bases of amortization and allowance.
Loans equivalent to normal loans and special mentioned loans specified in the "Practical guide for verifications of internal supervision involved in banks" and other financial institutions' self asset assessments as well as audits of depreciation of and allowance for bad loans" (Japanese Institute of Certified Public Accountants' (JICPA) Special Audit Committee Report No. 4, October 8, 2020) are recorded based on historical loan loss ratio calculated from each loan loss over a certain period in the past.
For large debtors of loans equivalent to special mentioned loans who have restructured loans, etc. and whose credit is a certain amount or more, loans whose cash flows on principal collection and receipt of interest on the loans can be estimated reasonably are recorded by the method where a difference between the amount calculated by discounting the cash flows using the contract interest rate before the implementation of the reconstruction and the carrying amount of the loan is considered to be allowance for loan losses (cash flow estimate method).
For loans equivalent to loans to possibly-bankrupt borrowers, of the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount, the amount considered necessary after comprehensively judging the debtor's solvency is recorded.
For loans equivalent to loans to bankrupt borrowers and loans to substantially bankrupt borrowers, the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount is recorded.
For all loans, in accordance with the self-assessment criteria, the marketing-related division assesses assets, and the asset audit division independent from that division audits results of the assessment.
As to allowance for loan losses of consolidated subsidiaries, the amount considered necessary by taking into account historical loan loss rate is recorded for general loans, and estimated uncollectible amount individually taking into account collectability is recorded for certain loans including doubtful loans.

(Additional information)

On the presumption that the spread of COVID-19 and its effects on economic activities will continue for about one year from the end of the previous fiscal year, the Bank Group assumes that there are certain effects on the Bank Group's credit risks on loans, etc. Under such a situation, the Bank Group has reflected available information that may affect estimates in the category of debtors and recorded allowance for loan losses.

However, this assumption is uncertain, and if the future situation of COVID-19 and effects on economic activities change, the loss amount could increase or decrease. In the current interim period, there was no significant change in the assumption.

(6) Basis of recognition of provision for reimbursement of deposits in inactive bank accounts

For provision for reimbursement of deposits in inactive bank accounts, the Bank records the amount considered necessary in consideration of past records on payments, etc. to prepare for claims for reimbursement of deposits in inactive bank accounts for which liabilities were derecognized and gains were recorded.

(7) Basis of recognition of reserve for contingent losses

For reserve for contingent losses, the Bank estimates and record the loss amount that will arise in the future to prepare for payment of the burden, etc. that arises due to payment in subrogation under the responsibility-sharing system with credit guarantee corporations.

(8) Method of account for retirement benefits

In calculating retirement benefit obligations, the Bank uses the benefit formula basis as the method of attributing expected retirement benefits to the period up to the end of the current interim period. In addition, the method of accounting for of past service cost and actuarial gains and losses in profit or loss is as follows.

Past service cost: accounted for in profit or loss using the straight line method based on the certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence
Actuarial gains and losses: The amount on a pro-rata basis using the straight line method over a certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence in each fiscal year in profit or loss from the fiscal year following the incurrence.

Consolidated subsidiaries apply the practical expedient using the method where the amount required to be paid is considered to be retirement benefit obligations at the end of the current interim period related to retirement benefits, to calculation of net defined benefit liability and retirement benefit expenses.

(9) Basis of conversion of assets and liabilities denominated in foreign currencies into the Japanese currency

For the Bank's assets and liabilities denominated in foreign currencies, the yen equivalent amount is shown using the foreign exchange rate at the interim period end. There are no assets and liabilities denominated in foreign currencies of consolidated subsidiaries.

(10) Method of accounting for lease transactions

For the basis of recognition of revenue on finance lease transactions, the Group uses the method where other operating income and other operating expenses are recorded at the time of receiving lease payments.

(11) Significant hedge accounting method

- (a) Interest rate risk hedge
For the method of hedge accounting for interest rate risk arising from financial assets and liabilities of the Bank, the Bank uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002, hereinafter referred to as "Industry Audit Committee Report No. 24"). For the method of assessing hedge effectiveness, the Group verifies correlation in factors of interest rate fluctuations and other factors between the hedged item and the hedging instrument for hedges conducted for the purpose of reducing or eliminating the risk of interest rate fluctuations on loans and bonds, etc.
In addition, special treatment of interest rate swaps are made for certain assets and liabilities.
- (b) Exchange fluctuation risk hedge
For the method of hedge accounting for exchange fluctuation risk arising from assets and liabilities denominated in foreign currencies of the Bank, the Bank uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions, etc. in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002). For the method of assessing hedge effectiveness, the Group uses currency swaps and foreign exchange swaps conducted for the purpose of reducing or eliminating exchange fluctuation risk as hedging instruments and assess hedge effectiveness by confirming that there is the amount equivalent to foreign currency position commensurate with foreign currency monetary receivables and payables, etc. that are hedged items.

(12) Scope of funds in the interim consolidated statement of cash flows

The scope of the interim consolidated statement of cash flows is cash and deposits with the Bank of Japan within "cash and deposits with banks" on the interim consolidated balance sheet.

(13) Accounting for consumption tax, etc.

The Bank and consolidated subsidiaries account for consumption and local consumption taxes using tax-excluded method.

(Interim consolidated balance sheet)

- Total amount of shares or investment in unconsolidated subsidiaries and affiliates ¥4,017 million
- Of loans, the amount of loans to bankrupt borrowers is ¥3,880 million, and the amount of loans in arrears is ¥40,941 million.
Loans to bankrupt borrowers mean loans for which any of events stipulated in Article 96, paragraph 1, item 3, (a) to (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) and events stipulated in item 4 of the same paragraph among loans for which accrued interest was not recorded because collection or repayment of the principal or interest was not expected due to delay in payment of the principal or interest continued for a significant period or for other reasons (excluding the portion written off, hereinafter referred to as "loans for which accrued interest is not shown").
loans in arrears mean loans for which accrued interest is not shown that are loans other than loans of which the payment of interest is postponed for the purpose of financial restructuring or support of loans to bankrupt borrowers or debtors.
- Of loans, the amount of loans overdue for three months or longer is ¥203 million.
Loans overdue for three months or longer mean loans for which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, and that do not fall under the categories of loans to bankrupt borrowers and loans in arrears.
- Of loans, the amount of restructured loans is ¥18,307 million.
Restructured loans mean loans for which reduction of or exemption from interest, interest payment moratorium, principal payment moratorium, forgiveness of debt, or any other arrangement favorable to the debtor for the purpose of the financial restructuring or support of the debtor is made and that do not fall under the categories of loans to bankrupt borrowers, loans in arrears and loans overdue for three months or longer.
- The total amount of loans to bankrupt borrowers, loans in arrears, loans overdue for three months or longer and restructured loans is ¥63,332 million.
The amounts of loans stated in 2. to 5. above are amounts before deduction of allowance for loan losses.
- Bill discount is accounted for as financial transactions under the Industry Audit Committee Report No. 24. Commercial bills accepted and foreign bills bought under this have the right to be freely disposed of by means of sale or pledging. The nominal amount is ¥8,626 million.
- Of loan participation, the participation principal amount accounted for as loans to original debtors pursuant to "Accounting Treatment and Presentation of Loan Participation"(JICPA Accounting Institution Committee Report No. 3, November 28, 2014) that was recorded on the Interim consolidated balance sheet is ¥2,058 million.
- Assets pledged as collateral are as follows.
Assets pledged as collateral
Securities ¥1,097,103 million
Lease receivables and leased investment assets ¥1,259 million
Debts corresponding to collateral assets
Deposits ¥26,205 million
Call money and bills sold ¥42,320 million
Payables under repurchase agreements ¥160,548 million
Payables under securities landing transactions ¥431,272 million
Borrowings ¥427,689 million
Other than the above, the Bank has pledged other assets of ¥100,154 million as collateral for exchange settlement and transactions with designated financial institutions, etc.
Other assets include guarantee deposits of ¥519 million, collateral pledged for financial instruments, etc. of ¥57,766 million, and guarantee deposits with central clearing houses of ¥21,110 million.
- Overdraft facility agreements and commitment line agreements for loans are agreements promising to lend funds up to a certain limit amount when customers make a request for execution of loans, unless there is no breach of contractually specified conditions. The balance of undisbursed loans under these agreements is ¥830,945 million. Of those loans, those whose original contract period is one year or less, or which can be unconditionally cancelled in a given period is ¥790,335 million.
Since many of these agreements is terminated without loans being executed, the balance of undisbursed loans itself does not necessarily affect future cash flows of the Bank and consolidated subsidiaries. To many of these agreements, the provision that if there is a change in financial conditions, preservative attachment, or any other reasonable reason, the Bank and consolidated subsidiaries may refuse loans of which execution is requested, or reduce the contractual maximum amount has been attached. Furthermore, in addition to requesting for collateral such as real estate and securities at the time of contract where necessary, even after the contract, the Group obtains information on business circumstances, etc. based on regularly (semiannually) predetermined internal procedures, reviews the contract where necessary, and takes measures for credit preservation.
- Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), the Group revalued land for business of the Bank, recorded the amount equivalent to taxes on the valuation difference as "deferred tax liabilities for land revaluation liabilities" in liabilities, and posted the amount less this amount as "Revaluation difference of land" in net assets.
Date of revaluation made March 31, 1999
Revaluation method stipulated in Article 3, paragraph 3 of the said act
Calculated by making reasonable adjustments to prices registered on the land tax register book as stipulated in Article 2, paragraph 3 of the Order for Enforcement on Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998) (assessed value of noncurrent assets).
- Accumulated depreciation of property, plant and equipment ¥40,676 million
- Of corporate bonds in "securities," the amount of guaranteed debts on corporate bonds based on private placement of securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act) is ¥19,562 million.

(Interim consolidated income statement)

"Other ordinary income" includes gain on sale of shares and other securities of ¥2,758 million.

(Interim consolidated statements of changes in shareholders' equity)

- Class and total number of outstanding shares, and class and number of treasury shares (Thousand yen)

	Number of shares at beginning of the current fiscal year	Number of shares increased during the current interim period	Number of shares decreased during the current interim period	Number of shares at end of the current interim period	Brief
Number of outstanding shares					
Common shares	230,480	—	—	230,480	
Treasury shares					
Common shares	23,464	0	—	23,464	

2. Dividends

(1) Dividends paid during the current interim period

(Resolution)	Class of shares	Total amount of dividends (Million yen)	Dividends per share (yen)	Record date	Effective date
May 11, 2020 Board of Directors	Common shares	1,769	7.67	March 31, 2020	May 14, 2020

(2) Of dividends whose record date falls in the current interim period, those whose effective date is after the end of the current interim period

(Resolution)	Class of shares	Total amount of dividends (Million yen)	Dividend resources	Dividends per share (yen)	Record date	Effective date
November 11, 2020 Board of Directors	Common shares	1,769	Retained earnings	7.67	September 30, 2020	November 13, 2020

(Interim consolidated statement of cash flows)

Relation between the balance of cash and cash equivalents at end of interim period and the amounts recorded on the interim consolidated balance sheet is as follows.

Cash and deposits with banks	¥1,028,631 million
Other deposits with banks	¥(3,455) million
Cash and cash equivalents	¥1,025,175 million

(Lease transactions)

- Finance lease transactions
Finance lease transactions not involving transfer of ownership (Lessee's side)
Not applicable.
(Lessor's side)
Information on the breakdown of leased investment assets and the breakdown of the amount of lease payments receivable portion on lease receivables and leased investment assets by collection date is omitted, because the proportion of the balance of the total of future lease payments and estimated residual value at the end of the interim period to the total of that balance at the end of the interim period and trade receivables at the end of the interim period is low.
- Operating lease transactions
Information is omitted because the amount of operating lease transactions is insignificant.

(Financial instruments)

Market value of financial instruments, etc.

The amount recorded on the interim consolidated balance sheet, market value and differences between them on September 30, 2020 are as follows. Unlisted shares, etc. for which it is considered extremely difficult to obtain the market value are not included in the table below (Refer to Note 2).

	Amount recorded on the interim consolidated balance sheet	Market value	Difference
(1) Cash and deposits with banks	1,028,631	1,028,631	—
(2) Trading assets			
Securities held for trading	37	37	—
(3) Securities			
Held-to-maturity securities	19,825	19,925	100
Available-for-sale securities	1,286,665	1,286,665	—
(4) Loans	3,788,932		
Allowance for loan losses (*1)	(22,941)		
	3,765,991	3,808,194	42,203
Total assets	6,101,150	6,143,455	42,304
(1) Deposits	4,791,275	4,791,533	257
(2) Negotiable certificates of deposit	158,518	158,525	6
(3) Call money and bills sold	42,320	42,320	—
(4) Payables under repurchase agreements	160,548	160,548	—
(5) Payables under securities landing transactions	431,272	431,272	—
(6) Borrowings	439,405	439,411	5
Total liabilities	6,023,339	6,023,610	270
Derivative transactions (*2)			
Those to which hedge accounting is not applied	(1,852)	(1,852)	—
Those to which hedge accounting is applied	(55,148)	(55,148)	—
Total derivative transactions	(57,000)	(57,000)	—

(*1) General allowance for loan losses and individual allowance for loan losses corresponding to loans have been deducted.

(*2) Derivative transactions recorded in trading assets and liabilities and other assets and liabilities are presented collectively.
Net receivable and payable arising from derivative transactions are presented on a net basis and items of which the total is a net payable is presented in parentheses.

(Note 1) Method of calculating market value of financial instruments

Assets

- (1) Cash and deposits with banks
Since the market value of deposits with banks having no maturity and short-term (within one year) deposits with banks approximates their carrying amount, the carrying amount is considered to be the market value.
- (2) Trading assets
For securities such as bonds held for the purpose of specified transactions, etc., the market value is based on prices of the stock exchange or prices presented by transaction financial instruments.
- (3) Securities
The market value of shares is based on prices of the stock exchange, and the market value of bonds is based on prices of the stock exchange or prices presented by transaction financial instruments.
The market value of investment trusts is based on publicly available base prices.
For bonds with no market price such as self-guaranteed privately placed notes, the reasonable market value is calculated by the method similar to that for loans, or other means.
Notes on securities by holding purpose are provided in "(Securities)."
- (4) Loans
Of loans, those with variable interest rate reflect market interest rate in the short term. Therefore, as the market value approximates the carrying amount unless the credit standing of the borrower differs significantly after the execution, the carrying amount is considered to be the market value. For those with fixed interest rate, the market value is calculated, for each category based on the type, internal rating and period of the loan, by discounting the total of principal and interest using the interest rate taking into account credit spread, etc. based on swap rate, or the interest rate assumed if a similar loans is made.
For loans to bankrupt borrowers, loans to substantially bankrupt borrowers, loans possibly-bankrupt borrowers, etc., because the estimated amount of loan losses is calculated based on the present value of estimated future cash flows or the estimated amount to be collected through collateral or guarantee, the market value approximates the amount of the amount of receivables, etc. recorded on the interim consolidated balance sheet at the end of the interim period less the amount of allowance for loan losses recorded. Accordingly, this amount is considered to be the market value.
Of loans, for those that has not the repayment period set due to the feature that the loan is limited within the scope of the collateral asset or other reasons, the market value is assumed to approximate the carrying amount, so the carrying amount is considered to be the market value.

Liabilities

- (1) Deposits
For demand deposits, the payment amount when the deposit is demanded at the end of the interim period (carrying amount) is deemed to be the market value. In addition, for the market value of time deposits, the present value is calculated by separating the deposit by a certain period and discounting future cash flows. The interest rate used in newly accepting a deposit is employed as the discount rate. Since the market value of time deposits in foreign currencies with a short-term (within one year) deposit period approximates their carrying amount, the carrying amount is considered to be the market value.
- (2) Negotiable certificates of deposit
For the market value of negotiable certificates of deposit, the present value is calculated by separating the deposit by a certain period and discounting future cash flows. The interest rate used in newly accepting a deposit is employed as the discount rate.
- (3) Call money and bills sold
Since their remaining period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- (4) Payables under repurchase agreements
Since their remaining period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- (5) Payables under securities landing transactions
Since their remaining period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- (6) Borrowings
Of borrowings, those with variable interest rate reflect market interest rate in the short term, and the credit standing of the Bank and consolidated subsidiaries does not differ significantly after the execution. Therefore, as the market value is deemed to approximate the carrying amount, the carrying amount is considered to be the market value. For the market value of those with fixed interest rate, the present value is calculated by discounting the total of principal and interest of the borrowing separated by a certain period using the interest rate assumed for a similar borrowing. For those whose agreed period is a short term (within one year), since their market value approximates their carrying amount, the carrying amount is considered to be the market value.

Derivative transactions

Derivative transactions are interest rate related transactions (such as interest rate futures, interest rate options and interest rate swaps), currency related transactions (such as currency futures, currency options and currency swaps), share related transactions (such as index futures, and index options) and bond related transactions (such as bond futures, and bond futures options), and are based on value calculated by prices of exchanges, discounted present value, option price calculation model, etc.

(Note 2) The amount recorded on the interim consolidated balance sheet of financial instruments for which it is considered extremely difficult to obtain the market value is as follows, and is not included in "Assets (3) Available-for-sale securities" in information on the market value of financial instruments.

Category	September 30, 2020
Unlisted shares (*1) (*2)	2,327
Investment in capital of partnership, etc. (*1)	11,331
Total	13,659

(*1) Unlisted shares and investment in capital of partnership, etc. are not subject to disclosure of the market value since they have no market value and it is considered extremely difficult to obtain their market value.

(*2) In the current interim period, impairment losses of ¥0 million was recognized for unlisted shares.

(Securities)

Information on "securities" in the interim consolidated balance sheet is provided.

1. Held-to-maturity securities (as of September 30, 2020)

(mil. yen)

	Type	Amount recorded on the interim consolidated balance sheet	Market value	Difference
Those whose market value exceeds the amount recorded on the interim consolidated balance sheet	Government bonds	—	—	—
	Local government bonds	—	—	—
	Company bonds	17,562	17,694	131
	Others	—	—	—
	Subtotal	17,562	17,694	131
Those whose market value does not exceed the amount recorded on the interim consolidated balance sheet	Government bonds	—	—	—
	Local government bonds	—	—	—
	Company bonds	2,262	2,231	(31)
	Others	—	—	—
	Subtotal	2,262	2,231	(31)
Total		19,825	19,925	100

2. Available-for-sale securities (as of September 30, 2020)

(mil. yen)

	Type	Amount recorded on the interim consolidated balance sheet	Acquisition cost	Difference
Those whose amount recorded on the interim consolidated balance sheet exceeds the acquisition cost	Shares	44,264	23,796	20,468
	Bonds	576,856	562,529	14,327
	Government bonds	221,206	214,164	7,042
	Local government bonds	159,358	154,160	5,198
	Short-term company bonds	—	—	—
	Company bonds	196,291	194,205	2,086
	Others	396,773	332,382	64,391
	Of which, foreign securities	369,054	306,361	62,693
	Subtotal	1,017,895	918,708	99,186
	Subtotal	1,017,895	918,708	99,186
Those whose amount recorded on the interim consolidated balance sheet does not exceed the acquisition cost	Shares	10,791	13,503	(2,712)
	Bonds	212,551	218,162	(5,611)
	Government bonds	115,355	120,294	(4,938)
	Local government bonds	54,514	54,933	(418)
	Short-term company bonds	—	—	—
	Company bonds	42,681	42,934	(253)
	Others	45,427	48,403	(2,976)
	Of which, foreign securities	14,852	15,076	(223)
Subtotal		268,770	280,070	(11,299)
Total		1,286,665	1,198,778	87,887

3. Securities for which impairment losses are recognized

Of securities other than securities held for trading (excluding those for which it is extremely difficult to obtain the market value), those whose market value has declined considerably compared with the acquisition cost and is not expected to recover to the acquisition cost, the market value is considered to be the amount recorded on the interim consolidated balance sheet, and the valuation difference is accounted for as a loss in the current interim period (hereinafter referred to as "recognition of an impairment loss").

Amount of impairment losses recognized in the current interim period is not applicable.

In impairment of the securities, for securities of which the decline rate of the market value to the acquisition cost at the end of the current interim period is 50% or higher, impairment losses are recognized uniformly, and for those of which the decline rate is 30% or higher and less than 50%, impairment losses are recognized based on changes over a certain period in the past, credit risk of issuers, etc. as the judgment criteria.

(Per share information)

Net assets per share	¥1,404.09
Profit attributable to owners of parent	¥27.75
Profit attributable to owners of parent per share diluted is not provided because there are no potential ordinary shares.	

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

The Bank Group's reporting segments are those, of the Group's components, for which separated financial information is available and which are subject to periodical examination by the Company to determine allocate managerial resources and assess operating results.

The Bank Group provides financial services centered on banking business, such as leasing business, and has two reporting segments: "banking business" and "leasing business."

The "banking business" is engaged in deposit business, lending business, exchange business, securities business, fiduciary business, and others, whereas the "leasing business" conducts leasing and lending businesses and others.

2. Method of calculating amounts of ordinary income, profit or loss, assets and other items by reporting segment

The accounting method of reported business segments is the same as that provided in "Basis for presentation of interim consolidated financial statements and principles of consolidation."

Profit of reporting segments represents figures based on ordinary profit.

Ordinary income between the segments is based on arm's length transaction prices.

3. Information on amounts of ordinary income, profit or loss, assets and other items by reporting segment

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

	Reporting segments			Others	Total	Adjustments	Amount recorded on the interim consolidated financial statements
	Banking business	Leasing business	Total				
Ordinary income							
Ordinary income to external customers	37,767	8,071	45,838	1,328	47,166	—	47,166
Internal ordinary income between the segments	140	384	524	1,227	1,751	(1,751)	—
Total	37,907	8,456	46,363	2,555	48,918	(1,751)	47,166
Segment profit	11,442	244	11,686	348	12,035	(6)	12,029
Segment assets	5,904,757	50,127	5,954,884	14,852	5,969,737	(33,848)	5,935,889
Other items							
Depreciation and amortization expense	1,833	18	1,852	89	1,942	—	1,942
Income from fund management	26,308	24	26,332	67	26,399	(45)	26,353
Financing cost	4,155	56	4,212	9	4,221	(43)	4,177
Increase in property, plant and equipment, and intangible assets	3,716	—	3,716	41	7,474	—	7,474

- (Notes)
1. In place of net sales of general companies, ordinary income is provided each.
 2. "Other" category is the business segment that is not included in the reporting segments, and represents credit card business and others.
 3. Adjustments are elimination of intersegment transactions, etc.
 4. Segment profit is adjusted to ordinary profit in the interim consolidated income statement.

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(mil. yen)

	Reporting segments					Others	Total	Adjustments	(mil. yen) Amount recorded on the interim consolidated financial statements
	Banking business			Leasing business	Total				
	The Higo Bank, Ltd.	The Kagoshima Bank, Ltd.	Subtotal						
Ordinary income									
Ordinary income to external customers	37,741	31,921	69,662	18,152	87,815	2,691	90,507	(731)	89,776
Internal ordinary income between the segments	642	1,379	2,022	805	2,827	1,967	4,795	(4,795)	—
Total	38,383	33,301	71,684	18,958	90,643	4,659	95,302	(5,526)	89,776
Segment profit	8,835	6,559	15,394	436	15,831	585	16,416	(3,413)	13,003
Segment assets	6,426,410	5,323,749	11,750,159	104,095	11,854,255	36,004	11,890,259	(105,406)	11,784,853
Other items									
Depreciation and amortization expense	1,952	1,701	3,653	50	3,704	178	3,883	101	3,984
Income from fund management	26,028	25,369	51,397	110	51,507	111	51,619	(2,283)	49,336
Financing cost	3,465	1,386	4,852	144	4,997	20	5,017	(186)	4,830
Increase in property, plant and equipment, and intangible assets	1,674	1,389	3,064	9	3,073	97	3,171	44	3,216

	Reporting segments			Others	Total	Adjustments	Amount recorded on the interim consolidated financial statements
	Banking business	Leasing business	Total				
Ordinary income							
Ordinary income to external customers	37,869	11,007	48,876	1,332	50,209	—	50,209
Internal ordinary income between the segments	514	375	889	1,183	2,072	(2,072)	—
Total	38,383	11,382	49,766	2,516	52,282	(2,072)	50,209
Segment profit	8,835	336	9,171	342	9,513	(421)	9,092
Segment assets	6,425,076	65,570	6,490,646	16,843	6,507,490	(53,900)	6,453,589
Other items							
Depreciation and amortization expense	1,952	9	1,961	110	2,071	—	2,071
Income from fund management	26,028	97	26,125	78	26,204	(485)	25,718
Financing cost	3,465	81	3,547	6	3,553	(67)	3,486
Increase in property, plant and equipment, and intangible assets	1,674	—	1,674	75	1,750	—	1,750

- (Notes)
1. In place of net sales of general companies, ordinary income is provided each.
 2. "Other" category is the business segment that is not included in the reporting segments, and represents credit card business and others.
 3. Adjustments are elimination of intersegment transactions, etc.
 4. Segment profit is adjusted to ordinary profit in the interim consolidated income statement.

[Related information]

I Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

1. Information by service

(mil. yen)

	Lending business	Securities investment business	Leasing business	Others	Total
Ordinary income to external customers	17,151	14,832	8,044	7,137	47,166

(Notes) In place of net sales of general companies, ordinary income is provided.

2. Information by region

(1) Ordinary income

Because at the Bank Group, the amount classified as ordinary income to external customers in Japan exceeds 90% of ordinary income in the interim consolidated income statement, the information is omitted.

(2) Property, plant and equipment

Because at the Bank Group, the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment in the interim consolidated income statement, the information is omitted.

3. Information by major customer

Because no ordinary income to a specific customer accounts for 10% or more of ordinary income in the interim consolidated income statement, the information is omitted.

II Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. Information by service

(mil. yen)

	Lending business	Securities investment business	Leasing business	Others	Total
Ordinary income to external customers	17,247	14,382	10,940	7,639	50,209

(Notes) In place of net sales of general companies, ordinary income is provided.

2. Information by region

(1) Ordinary income

Because at the Bank Group, the amount classified as ordinary income to external customers in Japan exceeds 90% of ordinary income in the interim consolidated income statement, the information is omitted.

(2) Property, plant and equipment

Because at the Bank Group, the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment in the interim consolidated income statement, the information is omitted.

3. Information by major customer

Because no ordinary income to a specific customer accounts for 10% or more of ordinary income in the interim consolidated income statement, the information is omitted.

[Information on impairment losses on noncurrent assets by reporting segment]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Not applicable.

[Information on amortization of goodwill and unamortized balance by reporting segment]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Not applicable.

[Information on gains on negative goodwill incurred]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

Not applicable.

Consolidated risk-managed claims

(mil. yen, %)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Loans to bankrupt borrowers	1,015	3,880
Loans in arrears	44,751	40,941
Loans overdue for three months or longer	541	203
Restructured loans	8,849	18,307
Total	55,158	63,332
Total loans	3,636,281	3,788,932
percentage of loans	1.52	1.67

Overview of business (non-consolidated)

Operating results

[Operating results]

As to operating results for the six months ended September 30, 2020, ordinary income increased by ¥476 million year-on-year to ¥38,383 million due largely to a rise in other operating income resulting from an increase in gains on foreign exchange trading and gains on sale of bonds such as government bonds.

On the other hand, operating expenses increased by ¥3,083 million year-on-year to ¥29,548 million partly because of a rise in other ordinary expenses stemming from higher provision of general allowance for loan losses.

Consequently, ordinary profit decreased by ¥2,606 million year-on-year to ¥8,835 million. In addition, profit decreased by ¥1,559 million year-on-year to ¥6,399 million.

[Financial position]

Total assets increased by ¥408.3 billion compared to the end of the previous accounting period to ¥6,427.3 billion, and net assets increased by ¥19.3 billion compared to the end of the previous accounting period ¥317.8 billion.

As to balances of main accounts, deposits increased by ¥219.8 billion compared to the end of the previous accounting period to ¥4,799.9 billion, and negotiable certificates of deposits increased by ¥61.4 billion compared to the end of the previous accounting period to ¥158.8 billion.

Loans increased by ¥127.5 billion compared to the end of the previous accounting period to ¥3,823.9 billion. Securities decreased by ¥42.6 billion compared to the end of the previous accounting period to ¥1,324.8 billion.

Changes in main management indicators

Category	Unit	Six months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended March 31, 2019	Six months ended March 31, 2020
Ordinary income	Mil. yen	38,152	37,907	38,383	75,658	74,633
Of which, fiduciary income	Mil. yen	—	16	9	—	25
Ordinary profit	Mil. yen	11,119	11,442	8,835	18,170	18,559
Profit	Mil. yen	7,724	7,958	6,399	—	—
Profit	Mil. yen	—	—	—	12,495	12,860
Capital	Mil. yen	18,128	18,128	18,128	18,128	18,128
Total number of outstanding shares	thousand shares	230,480	230,480	230,480	230,480	230,480
Net assets	Mil. yen	307,106	318,866	317,856	311,432	298,474
Total assets	Mil. yen	5,762,477	5,906,198	6,427,360	5,831,767	6,018,993
Balance of deposits	Mil. yen	4,423,565	4,494,396	4,799,929	4,455,600	4,580,073
Balance of loans	Mil. yen	3,439,257	3,654,687	3,823,947	3,488,486	3,696,443
Balance of securities	Mil. yen	1,336,276	1,294,385	1,324,889	1,208,958	1,367,552
Profit per share	Yen	33.51	34.53	27.76	—	—
Profit per share	Yen	—	—	—	54.21	55.80
Profit per share diluted	Yen	—	—	—	—	—
Profit per share diluted	Yen	—	—	—	—	—
Dividends per share	Yen	5.87	5.87	7.67	11.75	13.55
Non-consolidated capital adequacy ratio (domestic criteria)	%	10.90	10.64	10.55	10.73	10.31
Number of employees (excluding average number of temporary employees)	People	2,106 [474]	2,073 [449]	2,063 [438]	2,044 [461]	1,978 [443]
Trust assets	Mil. yen	—	965	1,892	—	1,461
Balance of trust account loans	Mil. yen	—	—	—	—	—
Balance of trust account securities (excluding balance of rights to display trust account electronic record transfer securities)	Mil. yen	—	—	—	—	—
Balance of rights to display trust account electronic record transfer securities	Mil. yen	—	—	—	—	—

- (Notes)
1. Consumption and local consumption taxes are accounted for using tax-excluded method.
 2. "Profit per share diluted (for the interim period)" and "profit per share diluted" are not provided because there are no potential ordinary shares.
 3. The non-consolidated capital adequacy ratio has been calculated by the formula stipulated in Notification No. 19 of the Financial Services Agency, 2006 under the provision of Article 14-2 of the Bank Act. The Bank has adopted the domestic criteria.

Interim financial statements, etc.

Interim balance sheet

(mil. yen)

Accounts	Six months ended September 30, 2019 (as of September 30, 2019)	Six months ended September 30, 2020 (as of September 30, 2020)
	Amount	Amount
Assets		
Cash and deposits with banks	731,339	1,028,381
Call loans	255	—
Monetary claims bought	873	646
Trading assets	226	43
Money held in trust	4,899	4,778
Securities	1,294,385	1,324,889
Loans	3,654,687	3,823,947
Foreign exchange	10,842	8,676
Other assets	162,715	189,258
Property, plant and equipment	49,277	48,753
Intangible assets	7,018	6,967
Prepaid pension expenses	2,876	3,706
Customers' liabilities for acceptances and guarantees	9,128	9,865
Allowance for loan losses	(22,328)	(22,553)
Total assets	5,906,198	6,427,360
Liabilities		
Deposits	4,494,396	4,799,929
Negotiable certificates of deposit	209,244	158,888
Call money	—	42,320
Payables under repurchase agreements	167,439	160,548
Payables under securities lending transactions	423,849	431,272
Trading liabilities	—	3
Borrowings	216,080	426,689
Foreign exchange	119	74
Borrowed money from trust account	965	1,892
Other liabilities	56,491	71,780
Accrued income taxes, etc.	3,313	2,390
Lease obligations	1,139	858
Asset retirement obligations	196	186
Other liabilities	51,841	68,345
Provision for retirement benefits	96	—
Provision for reimbursement of deposits in inactive bank accounts	1,070	985
Reserve for contingent losses	277	158
Deferred tax liabilities	3,736	712
Deferred tax liabilities for land revaluation	4,435	4,382
Acceptances and guarantees	9,128	9,865
Total liabilities	5,587,331	6,109,504
Net assets		
Capital	18,128	18,128
Capital surplus	8,133	8,133
Legal capital surplus	8,133	8,133
Retained earnings	254,647	262,911
Earned legal reserve	18,128	18,128
Other retained earnings	236,518	244,782
Reserve for reduction entry of real estate	363	363
Other reserves	222,387	230,387
Retained earnings brought forward	13,767	14,031
Total shareholders' equity	280,909	289,173
Evaluation difference on available-for-sale securities	60,508	61,315
Deferred gains or losses on hedges	(28,388)	(38,383)
Revaluation difference of land	5,837	5,750
Total valuation and translation adjustments	37,957	28,682
Total net assets	318,866	317,856
Total liabilities and net assets	5,906,198	6,427,360

Interim income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Ordinary income	37,907	38,383
Income from fund management	26,308	26,028
(of which, interest on loans and bills discounted)	(17,117)	(17,257)
(of which, interest and dividends on securities)	(9,039)	(8,650)
Fiduciary income	16	9
Fees and commissions	5,406	5,086
Trading income	10	23
Other operating income	3,036	4,128
Other ordinary income	3,128	3,108
Ordinary expenses	26,464	29,548
Financing cost	4,155	3,465
(of which, interest on deposits)	(182)	(153)
Fees and commission expenses	2,116	2,225
Other operating expenses	1,134	1,791
Operating expenses	17,811	18,425
Other ordinary expenses	1,246	3,640
Ordinary profit	11,442	8,835
Extraordinary gains	5	9
Extraordinary losses	1	2
Pretax profit	11,446	8,843
Corporate income tax, inhabitants tax, and enterprise taxes	3,310	2,516
Deferred income taxes	177	(72)
Total income taxes	3,487	2,443
Profit	7,958	6,399

Interim statements of changes in shareholders' equity

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

(mil. yen)

	Shareholders' equity							
	Capital	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Earned legal reserve	Other retained earnings			Total retained earnings
					Reserve for reduction entry of real estate	Other reserves	Retained earnings brought forward	
Balance at beginning of current period	18,128	8,133	8,133	18,128	363	212,387	17,146	248,025
Amount of changes during the period								
Accumulation of other reserves						10,000	(10,000)	
Dividends from surplus							(1,354)	(1,354)
Profit							7,958	7,958
Release of revaluation difference of land							17	17
Amount of changes in items other than shareholders' equity during the period (net amount)								
Amount of changes during the period	—	—	—	—	—	10,000	(3,378)	6,621
Balance at end of current period	18,128	8,133	8,133	18,128	363	222,387	13,767	254,647

	Shareholders' equity	Valuation and translation adjustments				Total net assets
	Total shareholders' equity	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Total valuation and translation adjustments	
Balance at beginning of current period	274,288	39,171	(7,882)	5,855	37,143	311,432
Amount of changes during the period						
Accumulation of other reserves						
Dividends from surplus	(1,354)					(1,354)
Profit	7,958					7,958
Release of revaluation difference of land	17					17
Amount of changes in items other than shareholders' equity during the period (net amount)		21,336	(20,505)	(17)	813	813
Amount of changes during the period	6,621	21,336	(20,505)	(17)	813	7,434
Balance at end of current period	280,909	60,508	(28,388)	5,837	37,957	318,866

(mil. yen)

	Shareholders' equity							
	Capital	Capital surplus		Earned legal reserve	Retained earnings			Total retained earnings
		Legal capital surplus	Total capital surplus		Other retained earnings			
					Reserve for reduction entry of real estate	Other reserves	Retained earnings brought forward	
Balance at beginning of current period	18,128	8,133	8,133	18,128	363	222,387	17,373	258,252
Amount of changes during the period								
Accumulation of other reserves						8,000	(8,000)	
Dividends from surplus							(1,769)	(1,769)
Profit							6,399	6,399
Release of revaluation difference of land							29	29
Amount of changes in items other than shareholders' equity during the period (net amount)								
Amount of changes during the period	—	—	—	—	—	8,000	(3,341)	4,658
Balance at end of current period	18,128	8,133	8,133	18,128	363	230,387	14,031	262,911

	Shareholders' equity	Valuation and translation adjustments				Total net assets
	Total shareholders' equity	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Total valuation and translation adjustments	
Balance at beginning of current period	284,514	56,464	(48,285)	5,779	13,959	298,474
Amount of changes during the period						
Accumulation of other reserves						
Dividends from surplus	(1,769)					(1,769)
Profit	6,399					6,399
Release of revaluation difference of land	29					29
Amount of changes in items other than shareholders' equity during the period (net amount)		4,850	9,902	(29)	14,723	14,723
Amount of changes during the period	4,658	4,850	9,902	(29)	14,723	19,382
Balance at end of current period	289,173	61,315	(38,383)	5,750	28,682	317,856

(Significant accounting policies)

1. Basis of valuation of trading assets and liabilities, and basis of recognition of income and expenses

Transactions for purposes, such as seeking gains arising from short-term changes in interest rates, foreign exchange rates, or securities prices and other market related to indices or from variation among markets (hereinafter referred to as "Specified Trading Purposes"), are included in "trading assets" or "trading liabilities" on the interim balance sheet on a trading date basis, and income and losses from these transactions are recorded in "trading income" and "trading expenses" on the interim income statement. As for valuation of trading assets and trading liabilities, securities and monetary claims, etc. are stated at the interim period-end market value, and financial derivatives such as swaps, futures and options are stated at amounts that are deemed to have been settled at the interim period-end.

In addition, in recording of trading income and trading expenses in profit or loss, to the interest received paid during the interim period, any changes in gains or losses on valuation between the end of the previous fiscal year and the end of the current interim period are added for securities and other monetary claims, and any changes in the amount corresponding to gains or losses from deemed calculation between the end of the previous fiscal year and the end of the current interim period are added for derivatives.

2. Basis of valuation and valuation method of securities

- (1) As to valuation of securities, held-to-maturity securities are stated on an amortized cost basis using the moving-average method (straight line method), shares of subsidiaries and subsidiary corporations, etc. and shares of affiliated corporations, etc. are stated on an amortized cost basis using the moving-average method, and other securities are stated at market value based on market prices at the interim period end, etc. in principle (sales cost is principally calculated by the moving-average method). However, such securities for which it is considered extremely difficult to obtain the market value are stated at cost computed by the moving-average method.

Valuation differences of other securities are accounted for as a component of net assets.

- (2) Securities managed in individually managed money in trust for the main purpose of trading securities are valued by the market value method. Not applicable.

3. Basis of valuation and valuation method of derivative transactions

Derivative transactions (excluding transactions for Specified Trading Purposes) are valued by the market value method.

4. Depreciation method of noncurrent assets

- (1) Property, plant and equipment (excluding leased assets)
For property, plant and equipment, the declining balance method (however, straight line method for buildings (excluding annexed facilities) acquired on and after April 1, 1998 and annexed facilities and structures acquired on and after April 1, 2016) has been adopted, and the estimated annual depreciation expense is recorded on a pro-rata basis based on the period.
Major useful lives are as follows.
Buildings: 20 to 50 years
Others: 5 to 20 years
- (2) Intangible assets (excluding leased assets)
Intangible assets are amortized using the straight line method. Software for internal use is amortized based on the usable period in the Bank (5 years).
- (3) Leased assets
Leased assets in "property, plant and equipment" and "intangible assets" related to finance lease transactions not involving transfer of ownership are depreciated using the straight line method with the lease period as useful life. Residual value is the guaranteed residual value for those with a residual value guarantee arrangement in the lease agreement, and is zero for others.

5. Basis of recognition of provisions

- (1) Allowance for loan losses
Allowance for loan losses are recorded as follows in accordance with the predetermined bases of amortization and allowance.
Loans equivalent to normal loans and special mentioned loans specified in the "Practical guide for verifications of internal supervision involved in banks" and other financial institutions' self asset assessments as well as audits of depreciation of and allowance for bad loans" (Japanese Institute of Certified Public Accountants' (JICPA) Special Audit Committee Report No. 4, October 8, 2020)
) are recorded based on historical loan loss ratio calculated from each loan loss over a certain period in the past.
For large debtors of loans equivalent to special mentioned loans who have restructured loans, etc. and whose credit is a certain amount or more, loans whose cash flows on principal collection and receipt of interest on the loans can be estimated reasonably are recorded by the method where a difference between the amount calculated by discounting the cash flows using the contract interest rate before the implementation of the reconstruction and the carrying amount of the loan is considered to be allowance for loan losses (cash flow estimate method).
For loans equivalent to loans to possibly-bankrupt borrowers, of the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount, the amount considered necessary after comprehensively judging the debtor's solvency is recorded.
For loans equivalent to loans to bankrupt borrowers and loans to substantially bankrupt borrowers, the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount is recorded.
For all loans, in accordance with the self-assessment criteria, the marketing-related division assesses assets, and the asset audit division independent from that division audits results of the assessment.

(Additional information)

On the presumption that the spread of COVID-19 and its effects on economic activities will continue for about one year from the end of the previous period, the Bank assumes that there are certain effects on the Bank Group's credit risks on loans, etc. Under such a situation, the Bank has reflected available information that may affect estimates in the category of debtors and recorded allowance for loan losses. However, this assumption is uncertain, and if the future situation of COVID-19 and effects on economic activities change, the loss amount could increase or decrease.

In the current interim period, there was no significant change in the assumption.

- (2) Provision for retirement benefits

For provision for retirement benefits, the amount considered to be incurred at the end of the current interim period based on the estimated amount of retirement benefit obligations and pension assets at the end of the period is recorded to prepare for payment of retirement benefits to employees. In calculating retirement benefit obligations, the Bank uses the benefit formula basis as the method of attributing expected retirement benefits to the period up to the end of the current interim period. The method of accounting for of past service cost and actuarial gains and losses in profit or loss is as follows.

Past service cost: accounted for in profit or loss using the straight line method based on the certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence

Actuarial gains and losses: The amount on a pro-rata basis using the straight line method over a certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence in each fiscal year is recorded in profit or loss from the fiscal year following the incurrence.

- (3) Provision for reimbursement of deposits in inactive bank accounts

For provision for reimbursement of deposits in inactive bank accounts, the Bank records the amount considered necessary in consideration of past records on payments, etc. to prepare for claims for reimbursement of deposits in inactive bank accounts for which liabilities were derecognized and gains were recorded.

- (4) Reserve for contingent losses

For reserve for contingent losses, the Bank estimates and record the loss amount that will arise in the future to prepare for payment of the burden, etc. that arises due to payment in subrogation under the responsibility-sharing system with credit guarantee corporations.

6. Basis of conversion of assets and liabilities denominated in foreign currencies into the Japanese currency

For assets and liabilities denominated in foreign currencies, the yen equivalent amount is shown using the foreign exchange rate at the interim period end.

7. Hedge accounting method

- (1) Interest rate risk hedge

For the method of hedge accounting for interest rate risk arising from financial assets and liabilities, the Bank uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002, hereinafter referred to as "Industry Audit Committee Report No. 24"). For the method of assessing hedge effectiveness, the Group verifies correlation in factors of interest rate fluctuations and other factors between the hedged item and the hedging instrument for hedges conducted for the purpose of reducing or eliminating the risk of interest rate fluctuations on loans and bonds, etc. In addition, special treatment of interest rate swaps are made for certain assets and liabilities.

- (2) Exchange fluctuation risk hedge

For the method of hedge accounting for exchange fluctuation risk arising from assets and liabilities denominated in foreign currencies, the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions, etc. in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002) is used. For the method of assessing hedge effectiveness, the Group uses currency swaps and foreign exchange swaps conducted for the purpose of reducing or eliminating exchange fluctuation risk as hedging instruments and assess hedge effectiveness by confirming that there is the amount equivalent to foreign currency position commensurate with foreign currency monetary receivables and payables, etc. that are hedged items.

8. Accounting for consumption tax, etc.

Consumption and local consumption taxes (hereinafter referred to as "consumption tax, etc.") are accounted for using tax-excluded method. However, consumption tax, etc. on plant, property and equipment that is not subject to deduction is recorded in expenses for the current interim period.

(Interim balance sheet)

1. Total shares of affiliates and investment
¥9,763 million
2. Of loans, the amount of loans to bankrupt borrowers is ¥3,807 million, and the amount of loans in arrears is ¥40,305 million.
Loans to bankrupt borrowers mean loans for which any of events stipulated in Article 96, paragraph 1, item 3, (a) to (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) and events stipulated in item 4 of the same paragraph among loans for which accrued interest was not recorded because collection or repayment of the principal or interest were not expected due to delay in payment of the principal or interest continued for a significant period or for other reasons (excluding the portion written off, hereinafter referred to as "loans for which accrued interest is not shown").
loans in arrears mean loans for which accrued interest is not shown that are loans other than loans of which the payment of interest is postponed for the purpose of financial restructuring or support of loans to bankrupt borrowers or debtors.
3. Of loans, the amount of loans overdue for three months or longer is ¥203 million.
Loans overdue for three months or longer mean loans for which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, and that do not fall under the categories of loans to bankrupt borrowers and loans in arrears.
4. Of loans, the amount of restructured loans is ¥18,275 million.
Restructured loans mean loans for which reduction of or exemption from interest, interest payment moratorium, principal payment moratorium, forgiveness of debt, or any other arrangement favorable to the debtor for the purpose of the financial restructuring or support of the debtor is made and that do not fall under the categories of loans to bankrupt borrowers, loans in arrears and loans overdue for three months or longer.
5. The total amount of loans to bankrupt borrowers, loans in arrears, loans overdue for three months or longer and restructured loans is ¥62,591 million.
The amounts of loans stated in 2. to 5. above are amounts before deduction of allowance for loan losses.
6. Bill discount is accounted for as financial transactions under the Industry Audit Committee Report No. 24. Commercial bills accepted and foreign bills bought under this have the right to be freely disposed of by means of sale or pledging. The nominal amount is ¥8,626 million.
7. Of loan participation, the participation principal amount accounted for as loans to original debtors pursuant to "Accounting Treatment and Presentation of Loan Participation" (JICPA Accounting Institution Committee Report No. 3, November 28, 2014) that was recorded on the Interim balance sheet is ¥2,058 million.
8. Assets pledged as collateral are as follows.

Assets pledged as collateral	¥1,097,103 million
Securities	
Debts corresponding to collateral assets	
Deposits	¥26,205 million
Call money	¥42,320 million
Payables under repurchase agreements	¥160,548 million
Payables under securities landing transactions	¥431,272 million
Borrowings	¥426,689 million

Other than the above, the Bank has pledged other assets of ¥100,154 million as collateral for exchange settlement and transactions with designated financial institutions, etc.
Other assets include guarantee deposits of ¥345 million, collateral pledged for financial instruments, etc. of ¥57,766 million, and guarantee deposits with central clearing houses of ¥21,110 million.
9. Overdraft facility agreements and commitment line agreements for loans are agreements promising to lend funds up to a certain limit amount when customers make a request for execution of loans, unless there is no breach of contractually specified conditions. The balance of undisbursed loans under these agreements is ¥822,696 million. Of those loans, those whose original contract period is one year or less, or which can be unconditionally cancelled in a given period is ¥782,086 million.
Since many of these agreements is terminated without loans being executed, the balance of undisbursed loans itself does not necessarily affect future cash flows of the Bank. To many of these agreements, the provision that if there is a change in financial conditions, preservative attachment, or any other reasonable reason, the Bank may refuse loans of which execution is requested, or reduce the contractual maximum amount has been attached. Furthermore, in addition to requesting for collateral such as real estate and securities at the time of contract where necessary, even after the contract, the Group obtains information on business circumstances, etc. based on regularly (semiannually) predetermined internal procedures, reviews the contract where necessary, and takes measures for credit preservation.
10. Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), the Group revalued land for business, recorded the amount equivalent to taxes on the valuation difference as "deferred tax liabilities for land revaluation liabilities" in liabilities, and posted the amount less this amount as "Revaluation difference of land" in net assets.
Date of revaluation made March 31, 1999
Revaluation method stipulated in Article 3, paragraph 3 of the said act
Calculated by making reasonable adjustments to prices registered on the land tax register book as stipulated in Article 2, paragraph 3 of the Order for Enforcement on Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998) (assessed value of noncurrent assets).
11. Accumulated depreciation of property, plant and equipment
¥39,529 million
12. Of corporate bonds in "securities," the amount of the Bank's guaranteed debts on corporate bonds based on private placement of securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act) is ¥19,562 million.

(Interim income statement)

1. "Other ordinary income" includes gain on sale of shares and other securities of ¥2,758 million.

Profit or loss

Gross profit

(mil. yen, %)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Balance of fund management	20,319	1,834	22,153	20,573	1,989	22,563
Income from fund management	21,303	5,011	26,308	21,457	4,584	26,028
Financing cost	984	3,176	4,154	883	2,594	3,465
Balance of fees and commissions and fees and commission expenses	3,324	(17)	3,306	2,884	(14)	2,870
Fiduciary income	16	—	16	9	—	9
Fees and commissions	5,375	31	5,406	5,063	22	5,086
Fees and commission expenses	2,067	48	2,116	2,187	37	2,225
Balance of trading income and expenses	7	2	10	23	0	23
Trading income	7	2	10	23	0	23
Trading expenses	—	—	—	—	—	—
Balance of other operating income and expenses	1,110	791	1,901	541	1,796	2,337
Other operating income	1,270	1,766	3,036	555	3,646	4,128
Other operating expenses	159	974	1,134	14	1,850	1,791
Gross operating income	24,761	2,610	27,372	24,023	3,770	27,793
Gross operating income rate	1.07	1.28	1.10	0.99	1.30	1.06

- (Notes) 1. The "domestic operations department" is yen-denominated transactions in domestic branches, and the "international operations department" is foreign-currency transactions in domestic branches. However, non-resident yen-denominated transactions and portion of special international transaction accounts, etc. are included in the international operations department.
2. Financing cost is presented after deduction of expenses corresponding to money held in trust (¥0 million in the six months ended September 30, 2019, and ¥0 million in the six months ended September 30, 2020).
3. Figures in upper fields of the total field for income from fund management and financing cost represent interest on fund lending between the domestic operations department and the international operations department, and others.
4. Gross operating income rate =
$$\frac{\text{Gross operating income (annualized)}}{\text{Average balance of fund management accounts}} \times 100$$

Net operating income, etc.

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net operating income	10,138	7,890
Actual net operating income	9,645	9,638
Core net operating income	7,122	7,785
Core net operating income (excluding gain or loss on cancellation of investment trusts)	7,148	7,814

Margin

(%)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Yield on fund investment	0.92	2.45	1.06	0.89	1.58	0.99
Financing cost	0.72	1.71	0.80	0.67	1.10	0.73
Interest margin for total fund interest rate	0.20	0.74	0.26	0.22	0.48	0.26

- (Note) 1. Return on assets =
$$\frac{\text{Ordinary profit (profit) (annualized)}}{(\text{Total assets at beginning of period} + \text{total assets at end of interim period}) \div 2 [\text{excluding customers' liabilities for acceptances and guarantees}]} \times 100$$
2. Return on equity =
$$\frac{\text{Ordinary profit (profit) (annualized)}}{(\text{Total assets at beginning of period} + \text{total assets at end of interim period}) \div 2} \times 100$$

Average balance, interest and yield of fund investment and procurement accounts

(mil. yen, %)

Domestic operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Fund investment accounts	(67,858) 4,596,672	(6) 21,303	0.92	4,806,317	21,457	0.89
Of which, loans	3,485,968	16,520	0.94	3,710,527	16,793	0.90
Of which, securities	898,760	4,633	1.02	924,035	4,549	0.98
Of which, call loans and bills bought	121,174	(14)	△0.02	108,087	(5)	(0.01)
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	1,246	0	0.00	1,304	0	0.00
Financing accounts	5,102,645	984	0.03	(170,750) 5,506,528	(13) 883	0.03
Of which, deposits	4,510,423	156	0.00	4,773,104	140	0.00
Of which, negotiable certificates of deposit	175,278	6	0.00	147,534	5	0.00
Of which, call money and bills sold	—	—	—	21,644	(4)	(0.04)
Of which, payables under repurchase agreements	—	—	—	—	—	—
Of which, payables under securities lending transactions	199,492	47	0.04	81,574	17	0.04
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	221,837	—	—	314,952	—	—

- (Notes) 1. Fund investment accounts are presented after deduction of average deposits of interest-free deposits with banks (¥608,749 million in the six months ended September 30, 2019, ¥741,131 million in the six months ended September 30, 2020), and financing accounts are presented after deduction of average balance of the amount corresponding to money held in trust (¥4,841 million in the six months ended September 30, 2019, ¥4,838 million in the six months ended September 30, 2020) and interest (¥0 million in the six months ended September 30, 2019, ¥0 million in the six months ended September 30, 2020).
2. Figures in parentheses represent average balance of fund lending between the domestic operations department and the international operations department, and interest, etc. (included).

International operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Fund investment accounts	406,581	5,011	2.45	(170,750) 577,809	(13) 4584	1.58
Of which, loans	40,482	596	2.94	66,203	463	1.39
Of which, securities	357,666	4,405	2.45	335,615	4,101	2.43
Of which, call loans and bills bought	289	2	1.49	124	0	0.30
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	—	—	—	—	—	—
Financing accounts	(67,858) 399,296	(6) 3,176	1.58	518,531	2,594	0.99
Of which, deposits	8,712	26	0.61	12,290	13	0.21
Of which, negotiable certificates of deposit	—	—	—	—	—	—
Of which, call money and bills sold	—	—	—	163,373	299	0.36
Of which, payables under repurchase agreements	153,459	950	1.23	115,014	(10)	(0.01)
Of which, payables under securities lending transactions	152,956	1,791	2.33	202,517	525	0.51
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	16,267	208	2.55	25,294	135	1.06

- (Notes) 1. Fund investment accounts are presented after deduction of average deposits of interest-free deposits with banks (¥608,749 million in the six months ended September 30, 2019, ¥741,131 million in the six months ended September 30, 2020), and financing accounts are presented after deduction of average balance of the amount corresponding to money held in trust (¥4,841 million in the six months ended September 30, 2019, ¥4,838 million in the six months ended September 30, 2020) and interest (¥0 million in the six months ended September 30, 2019, ¥0 million in the six months ended September 30, 2020).
2. Figures in parentheses represent average balance of fund lending between the domestic operations department and the international operations department, and interest, etc. (included).

Total	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Fund investment accounts	4,935,396	26,308	1.06	5,213,376	26,028	0.99
Of which, loans	3,526,451	17,117	0.96	3,776,731	17,257	0.91
Of which, securities	1,256,426	9,039	1.43	1,259,651	8,650	1.36
Of which, call loans and bills bought	121,464	(12)	(0.02)	108,211	(5)	0.00
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	1,246	0	0.00	1,304	0	0.00
Financing accounts	5,434,083	4,154	0.15	5,854,308	3,465	0.11
Of which, deposits	4,519,135	182	0.00	4,785,394	153	0.00
Of which, negotiable certificates of deposit	175,278	6	0.00	147,534	5	0.00
Of which, call money and bills sold	—	—	—	185,018	294	0.31
Of which, payables under repurchase agreements	153,459	950	1.23	115,014	(10)	(0.01)
Of which, payables under securities lending transactions	352,449	1,839	1.04	284,091	543	0.38
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	238,105	208	0.17	340,247	135	0.07

- (Notes) Fund investment accounts are presented after deduction of average balance of interest-free deposits with banks (¥609,103 million in the six months ended September 30, 2019, ¥741,453 million in the six months ended September 30, 2020).

Analysis of interest income and interest cost

(mil. yen)

Domestic operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Interest income	263	(1,005)	(742)	967	(813)	153
Of which, loans	1,094	(987)	107	1,058	(785)	273
Of which, securities	(839)	(63)	(903)	129	(213)	(84)
Of which, call loans and bills bought	(2)	0	(2)	1	7	9
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	—	(0)	(0)	—	0	0
Interest cost	11	(267)	(255)	60	(161)	(100)
Of which, deposits	0	(36)	(36)	0	(16)	(16)
Of which, negotiable certificates of deposit	0	(0)	(0)	0	(1)	(1)
Of which, call money and bills sold	1	—	1	(4)	—	(4)
Of which, payables under repurchase agreements	—	—	—	—	—	—
Of which, payables under securities lending transactions	7	(16)	(9)	(23)	(6)	(30)
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	—	—	—	—	—	—

(Notes) The portion of coincidence in factors of increase or decrease in balance and interest rate is presented in increase or decrease in interest rate.

(mil. yen)

International operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Interest income	680	369	1,049	2,103	(2,530)	(426)
Of which, loans	242	27	270	379	(512)	(133)
Of which, securities	551	298	849	(270)	(33)	(304)
Of which, call loans and bills bought	(0)	(0)	(0)	(1)	(0)	(1)
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	(68)	—	(68)	—	—	—
Interest cost	200	1,530	1,731	944	(1,526)	(582)
Of which, deposits	0	21	22	10	(24)	(13)
Of which, negotiable certificates of deposit	—	—	—	—	—	—
Of which, call money and bills sold	(0)	—	(0)	299	—	299
Of which, payables under repurchase agreements	86	564	650	(237)	(723)	(960)
Of which, payables under securities lending transactions	495	502	997	578	(1,844)	(1,265)
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	33	18	51	115	(188)	(73)

(Notes) The portion of coincidence in factors of increase or decrease in balance and interest rate is presented in increase or decrease in interest rate.

(mil. yen)

Total	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Interest income	878	(564)	314	1,477	(1,757)	(279)
Of which, loans	1,192	(815)	377	1,204	(1,064)	140
Of which, securities	(748)	694	(53)	23	(411)	(388)
Of which, call loans and bills bought	(2)	0	(2)	1	5	7
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	(54)	(13)	(68)	0	0	0
Interest cost	78	1,405	1,483	316	(1,005)	(689)
Of which, deposits	0	(14)	(14)	0	(29)	(29)
Of which, negotiable certificates of deposit	0	(0)	(0)	0	(1)	(1)
Of which, call money and bills sold	0	—	0	294	—	294
Of which, payables under repurchase agreements	86	564	650	(237)	(723)	(960)
Of which, payables under securities lending transactions	262	725	988	(356)	(939)	(1,296)
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	2	48	51	87	(160)	(73)

(Notes) Fund investment accounts are presented after deduction of average balance of interest-free deposits with banks (¥609,103 million in the six months ended September 30, 2019, ¥741,453 million in the six months ended September 30, 2020).

Deposits

Balance by deposit account

(mil. yen)

Balance at end of the interim period		Six months ended September 30, 2019			Six months ended September 30, 2020		
		Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Deposits	Deposits for liquidity	2,873,124	—	2,873,124	3,171,576	—	3,171,576
	Of which, interest-bearing deposits	2,556,568	—	2,556,568	2,833,616	—	2,833,616
	Time deposits	1,581,554	—	1,581,554	1,577,517	—	1,577,517
	Of which, fixed-rate time deposits	1,566,826	—	1,566,826	1,564,031	—	1,564,031
	Of which, floating-rate time deposits	119	—	119	108	—	108
	Others	32,315	7,402	39,717	38,339	12,495	50,835
	Total	4,486,994	7,402	4,494,396	4,787,433	12,495	4,799,929
Negotiable certificates of deposit		209,244	—	209,244	158,888	—	158,888
Sum		4,696,238	7,402	4,703,640	4,946,321	12,495	4,958,817

Average balance		Six months ended September 30, 2019			Six months ended September 30, 2020		
		Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Deposits	Deposits for liquidity	2,928,130	—	2,928,130	3,202,850	—	3,202,850
	Of which, interest-bearing deposits	2,616,301	—	2,616,301	2,852,735	—	2,852,735
	Time deposits	1,575,409	—	1,575,409	1,561,495	—	1,561,495
	Of which, fixed-rate time deposits	1,560,150	—	1,560,150	1,547,383	—	1,547,383
	Of which, floating-rate time deposits	122	—	122	109	—	109
	Others	6,883	8,712	15,595	8,757	12,290	21,048
	Total	4,510,423	8,712	4,519,135	4,773,104	12,290	4,785,394
Negotiable certificates of deposit		175,278	—	175,278	147,534	—	147,534
Sum		4,685,701	8,712	4,694,413	4,920,638	12,290	4,932,929

- (Notes)
1. Deposits for liquidity = current deposits + ordinary deposits + saving deposits + deposits at notice
 2. Time deposits = term deposits + periodical deposits
Fixed-rate time deposits: Term deposits whose interest rate up to the maturity date is fixed at the time of deposit
Floating-rate time deposits: Term deposits whose interest varies according to changes in market interest rate during the deposit period
 3. Average balance of foreign currency transactions in domestic branches in the international operations department is calculated by the monthly current method.

Balance of term deposits by remaining period

(mil. yen)

	Six months ended September 30, 2019						
	Less than 3 months	3 months or more Less than 6 months	6 months or more Less than 1 year	1 year or more Less than 2 years	2 years or more Less than 3 years	3 years or more	Total
Term deposits	326,756	288,028	830,699	61,414	41,879	18,168	1,566,946
Of which, fixed-rate time deposits	326,754	288,028	830,694	61,334	41,845	18,168	1,566,826
Of which, floating-rate time deposits	2	—	4	79	33	—	119
Of which, others	—	—	—	—	—	—	—

	Six months ended September 30, 2020						
	Less than 3 months	3 months or more Less than 6 months	6 months or more Less than 1 year	1 year or more Less than 2 years	2 years or more Less than 3 years	3 years or more	Total
Term deposits	318,842	275,373	845,615	67,653	40,118	16,537	1,564,140
Of which, fixed-rate time deposits	318,816	275,361	845,574	67,625	40,115	16,537	1,564,031
Of which, floating-rate time deposits	25	12	40	27	2	—	108
Of which, others	—	—	—	—	—	—	—

(Notes) The balance of deposits in the table does not include installment term deposits.

Loans

Balance by loan account

(mil. yen)

Balance at end of the interim period	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Loans on bills	150,809	3	150,813	128,424	—	128,424
Loans on deeds	3,070,383	61,580	3,131,964	3,259,271	60,573	3,319,844
Overdraft	362,063	—	362,063	367,190	—	367,190
Bills discounted	9,846	—	9,846	8,487	—	8,487
Total	3,593,103	61,584	3,654,687	3,763,373	60,573	3,823,947

Average balance	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Loans on bills	143,582	5	143,588	135,906	—	135,906
Loans on deeds	3,007,522	40,476	3,047,999	3,218,749	66,203	3,284,953
Overdraft	325,365	—	325,365	347,239	—	347,239
Bills discounted	9,497	—	9,497	8,632	—	8,632
Total	3,485,968	40,482	3,526,451	3,710,527	66,203	3,776,731

(Notes) Average balance of foreign currency transactions in domestic branches in the international operations department is calculated by the monthly current method.

Balance of loans by remaining period

(mil. yen)

	Six months ended September 30, 2019						
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years	Undated	Total
Loans	267,763	330,812	344,555	259,115	2,090,376	362,063	3,654,687
Of which, floating rate		121,571	117,528	61,671	551,667	339,972	
Of which, fixed rate		209,240	227,027	197,444	1,538,709	22,090	

	Six months ended September 30, 2020						
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years	Undated	Total
Loans	270,166	335,478	356,881	256,934	2,237,296	367,190	3,823,947
Of which, floating rate		121,072	110,307	40,168	627,981	347,555	
Of which, fixed rate		214,406	246,573	216,765	1,609,315	19,635	

(Note) Loans with the remaining period of one year or less are not separated between floating rate and fixed rate.

Loans to small to medium-sized companies, etc.

(mil. yen, %)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Loans	2,179,032	2,329,251
Percentage of total loans	59.62	60.91

(Notes) Small to medium-sized companies, etc. are companies, etc. with the capital not more than ¥300 million (¥100 million for wholesale business, and ¥50 million for retail business, restaurant business, goods rental and leasing business, etc.) or 300 full-time employees or fewer (100 for wholesale business, goods rental and leasing business, etc., and 50 for retail business and restaurant business).

Breakdown of loans by industry

(mil. yen, %)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Balance	Composition ratio	Balance	Composition ratio
Domestic (excluding the portion of special international transaction accounts)	3,654,687	100.0	3,823,947	100.0
Manufacturing	246,094	6.73	247,871	6.48
Agriculture and forestry	26,340	0.72	30,100	0.79
Fishery	5,362	0.15	5,639	0.15
Mining, quarrying and gravel extraction	3,567	0.10	3,117	0.08
Construction	87,083	2.38	97,678	2.55
Electricity, gas, heat supply and waterworks	87,756	2.40	89,194	2.33
Information and communications	47,922	1.31	37,038	0.97
Transport and mailing	84,961	2.33	96,558	2.53
Wholesale and retail	347,555	9.51	346,463	9.06
Finance and insurance	193,839	5.30	184,747	4.83
Real estate, and goods rental and leasing	589,699	16.14	637,077	16.66
Various services	305,244	8.35	344,377	9.01
Local public agencies	692,548	18.95	725,070	18.96
Others	936,711	25.63	979,012	25.60
Portion of special international transaction accounts	—	—	—	—
Government, etc.	—	—	—	—
Financial institutions	—	—	—	—
Others	—	—	—	—
Total	3,654,687		3,823,947	

Breakdown of loans by designated use

(mil. yen, %)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Balance	Composition ratio	Balance	Composition ratio
Equipment funds	2,212,903	60.55	2,360,237	61.72
Operating funds	1,441,784	39.45	1,463,710	38.28
Total	3,654,687	100.00	3,823,947	100.00

Breakdown of loans by collateral

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Securities	83	45
Receivables	20,063	15,993
Products	949	981
Real estate	1,004,506	1,046,581
Others	9,940	8,613
Total	1,035,542	1,072,216
Guarantees	828,378	891,814
Credit	1,790,766	1,859,916
Total	3,654,687	3,823,947
(of which, subordinated loans)	(—)	(—)

Breakdown of customers' liabilities for acceptances and guarantees by collateral

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Securities	—	—
Receivables	208	155
Products	—	—
Real estate	265	199
Others	—	—
Total	474	354
Guarantees	6,686	7,005
Credit	1,968	2,504
Total	9,128	9,865

Breakdown of allowance for loan losses

(mil. yen)

	Six months ended September 30, 2019					Six months ended September 30, 2020				
	Balance at beginning of the period	Increase during the period	Decrease during the period		Balance at end of the interim period	Balance at beginning of the period	Increase during the period	Decrease during the period		Balance at end of the interim period
			Used for certain purposes	Others				Used for certain purposes	Others	
General allowance for loan losses	4,512	4,020	—	4,512	4,020	4,600	6,347	—	4,600	6,347
Individual allowance for loan losses	17,786	18,308	321	17,464	18,308	17,418	16,205	1,422	15,996	16,205
Reserve for specific foreign loans	—	—	—	—	—	—	—	—	—	—
Total	22,299	22,328	321	21,977	22,328	22,018	22,553	1,422	20,596	22,553

Amount of write-off of loans

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of write-off of loans	—	—

Balance of specific foreign loans

Not applicable at both September 30, 2019 and September 30, 2020.

Risk-managed claims

(mil. yen, %)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Loans to bankrupt borrowers	953	3,807
Loans in arrears	44,140	40,305
Loans overdue for three months or longer	541	203
Restructured loans	8,849	18,275
Total	54,484	62,591
Total loans	3,654,687	3,823,947
percentage of loans	1.49	1.64

(Notes) "Loans to bankrupt borrowers"..... Loans for which any of events stipulated in Article 96, paragraph 1, item 3, (a) to (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) and events stipulated in item 4 of the same paragraph among loans for which accrued interest was not recorded because collection or repayment of the principal or interest were not expected due to delay in payment of the principal or interest continued for a significant period or for other reasons (excluding the portion written off, hereinafter referred to as "loans for which accrued interest is not shown").

"Loans in arrears"..... Loans for which accrued interest is not shown that are loans other than loans of which the payment of interest is postponed for the purpose of financial restructuring or support of loans to bankrupt borrowers or debtors.

"Loans overdue for three months or longer"..... Loans for which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, and that do not fall under the categories of loans to bankrupt borrowers and loans in arrears.

"Restructured loans"..... Loans for which reduction of or exemption from interest, interest payment moratorium, principal payment moratorium, forgiveness of debt, or any other arrangement favorable to the debtor for the purpose of the financial restructuring or support of the debtor is made and that do not fall under the categories of loans to bankrupt borrowers, loans in arrears and loans overdue for three months or longer.

Loans based on the Financial Reconstruction Act

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Bankrupt and quasi-bankrupt loans	11,340	9,739
Doubtful loans	33,998	34,506
Substandard loans	9,390	18,478
Normal loans	3,626,688	3,792,167
Total	3,681,417	3,854,893

(Notes) Subject claims..... Total amount of loans, foreign exchange, accrued interest, suspense payment, customers' liabilities for acceptances and guarantees and privately placed notes with bank guarantees

"Bankrupt and quasi-bankrupt loans"..... Loans to borrowers who have fallen into business failure due to reasons including filing of a petition for commencement of bankruptcy procedures, commencement of reorganization procedures, or rehabilitation procedures, and equivalent loans.

"Doubtful loans"..... Loans to borrowers who have not fallen into business failure but whose financial position and operating results are deteriorating, for which it is highly likely that collection of principal and receipt of interest in accordance with the agreement cannot be made.

"Substandard loans"..... Loans overdue for three months or longer and restructured loans that do not fall under the categories of "bankrupt and quasi-bankrupt loans" and "doubtful loans."

"Normal loans"..... Loans to borrowers who have no particular problem in their financial position and operating results that do not fall under the categories of "bankrupt and quasi-bankrupt loans" and "doubtful loans," and "substandard loans" above.

Loan-deposit ratio

(%)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
At end of the interim period	76.51	831.98	77.69	76.08	484.75	77.11
Average during the period	74.39	464.67	75.12	75.40	538.67	76.66

(Notes) Deposits include negotiable certificates of deposit.

Securities

Balance of securities held

(mil. yen)

Balance at end of the interim period	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Government bonds	307,862	—	307,862	336,562	—	336,562
Local government bonds	201,879	—	201,879	213,872	—	213,872
Short-term company bonds	—	—	—	—	—	—
Company bonds	267,198	—	267,198	258,793	—	258,793
Shares	60,176	—	60,176	62,158	—	62,158
Other securities	51,118	406,149	457,268	68,691	384,810	453,502
Of which, foreign bonds		399,435	399,435		369,756	369,756
Of which, foreign shares		6,714	6,714		14,151	14,151
Total	888,236	406,149	1,294,385	940,078	384,810	1,324,889

Average balance	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Government bonds	296,056	—	296,056	333,397	—	333,397
Local government bonds	184,256	—	184,256	201,488	—	201,488
Short-term company bonds	76,344	—	76,344	8,158	—	8,158
Company bonds	262,376	—	262,376	262,244	—	262,244
Shares	38,592	—	38,592	49,227	—	49,227
Other securities	41,134	357,666	398,801	69,519	335,615	405,134
Of which, foreign bonds		350,041	350,041		322,821	322,821
Of which, foreign shares		7,625	7,625		11,808	11,808
Total	898,760	357,666	1,256,426	924,035	335,615	1,259,651

(Notes) Average balance of foreign currency transactions in domestic branches in the international operations department is calculated by the monthly current method.

Balance of securities by remaining period

(mil. yen)

	Six months ended September 30, 2019							
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years 10 years or less	Over 10 years	Undated	Total
Government bonds	70,943	94,278	5,217	—	—	137,423	—	307,862
Local government bonds	18,458	17,358	14,283	18,799	33,971	99,008	—	201,879
Short-term company bonds	—	—	—	—	—	—	—	—
Company bonds	33,469	31,255	20,407	10,306	10,748	161,012	—	267,198
Shares	—	—	—	—	—	—	60,176	60,176
Other securities	25,183	15,003	44,949	56,268	24,040	228,599	63,223	457,268
Of which, foreign bonds	25,183	14,906	43,821	50,688	22,565	227,352	14,916	399,435
Of which, foreign shares	—	—	—	—	—	—	6,714	6,714

	Six months ended September 30, 2020							
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years 10 years or less	Over 10 years	Undated	Total
Government bonds	75,445	17,306	5,126	—	35,373	203,310	—	336,562
Local government bonds	9,690	17,222	20,807	17,932	36,817	111,401	—	213,872
Short-term company bonds	—	—	—	—	—	—	—	—
Company bonds	20,377	19,998	34,422	6,860	13,142	163,992	—	258,793
Shares	—	—	—	—	—	—	62,158	62,158
Other securities	9,305	24,089	54,760	41,742	18,857	222,392	82,355	453,502
Of which, foreign bonds	9,157	23,350	52,748	36,575	14,875	221,164	11,884	369,756
Of which, foreign shares	—	—	—	—	—	—	14,151	14,151

Balance of trading account securities

(mil. yen)

Average balance	Six months ended September 30, 2019	Six months ended September 30, 2020
Trading government bonds	54	23
Local government bonds	297	63
Trading government guaranteed bonds	—	—
Other trading account securities	—	—
Total	352	87

Deposit-securities ratio

(%)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
At end of the interim period	18.91	5,486.94	27.51	19.00	3,079.52	26.71
Average during the period	19.18	4,105.39	26.76	18.77	2,730.75	25.53

(Notes) Deposits include negotiable certificates of deposit.

Fiduciary business

List of balance of trust assets

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Assets	965	1,892
Securities	—	—
Due from bank account	965	1,892
Cash and deposits with banks	—	—
Liabilities	965	1,892
Monetary trust	965	1,892

Balance accepted of trusts under contracts for replacement of losses by type

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Assets	965	1,892
Due from bank account	965	1,892
Cash and deposits with banks	—	—
Liabilities	965	1,892
Principal	965	1,892

Balance accepted

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Monetary trust	965	1,892

(Notes) For pension trust, employees' property formation benefit trust, and loan trust, not applicable as of both September 30, 2019 and September 30, 2020.

Principal balance by trust term

(mil. yen)

		Six months ended September 30, 2019	Six months ended September 30, 2020
Monetary trust	Less than 1 year	—	—
	1 year or more and less than 2 years	—	—
	2 years or more and less than 5 years	—	—
	5 years or more	965	1,892
	Others	—	—
	Total	965	1,892

(Notes) For loan trust, there was no balance handled as of both September 30, 2019 and September 30, 2020.

Not applicable for the following matters.

- (1) Investment balance of loans by type of monetary trust, etc. and by category of securities
- (2) Balance of loans related to monetary trust, etc. by account (refers to categories of loans on deeds, loans on bills and bills discounted)
- (3) Balance of loans related to monetary trust, etc. by contract term
- (4) Balance of loans related to monetary trust, etc. by type of collateral (refers to securities, receivables, commodities, real estate, guarantees and credit)
- (5) Balance of loans related to monetary trust, etc. by designated use (refers to categories of equipment funds and working funds)
- (6) Balance of loans related to monetary trust, etc. by industry, and percentage of total loans
- (7) Balance of loans related to monetary trust, etc. to small to medium-sized companies, etc. (refer to companies or individuals with the capital not more than ¥300 million or 300 full-time employees or fewer. However, such companies, etc. refer to companies or individuals with the capital of not more than ¥100 million or 100 full-time employees or fewer for wholesale business, and companies or individuals with the capital of not more than ¥50 million or 100 employees or fewer for service business, and companies or individuals with the capital not more than ¥50 million or 50 full-time employees or fewer for retail business and restaurant business), and percentage of total loans
- (8) Balance of securities related to monetary trust, etc. by type (government bonds, local government bonds, short-term company bonds, company bonds, shares and other securities)
- (9) Of loans related to trusts under contracts for replacement of losses, amount of loans that fall under categories of loans to bankrupt borrowers, loans in arrears, loans overdue for three months or longer, and restructured loans, and total of them

Information on market value, etc.

Securities

Information on “securities” in the interim balance sheet is provided.

1. Held-to-maturity securities

(mil. yen)

		Six months ended September 30, 2019			Six months ended September 30, 2020		
		Amount recorded on the interim balance sheet	Market value	Difference	Amount recorded on the interim balance sheet	Market value	Difference
Those whose market value exceeds the amount recorded on the interim balance sheet	Government bonds	—	—	—	—	—	—
	Local government bonds	—	—	—	—	—	—
	Company bonds	15,617	15,810	193	17,562	17,694	131
	Others	—	—	—	—	—	—
	Subtotal	15,617	15,810	193	17,562	17,694	131
Those whose market value does not exceed the amount recorded on the interim balance sheet	Government bonds	—	—	—	—	—	—
	Local government bonds	—	—	—	—	—	—
	Company bonds	442	432	(10)	2,262	2,231	(31)
	Others	—	—	—	—	—	—
	Subtotal	442	432	(10)	2,262	2,231	(31)
Total		16,060	16,243	183	19,825	19,925	100

(Notes) The market value is based on market price, etc. at the end of the current period.

2. Shares of subsidiaries and shares of affiliates

There are no shares of subsidiaries and shares of affiliates with market value.

(Note) Shares of subsidiaries and shares of affiliates for which it is considered extremely difficult to obtain market value

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
	Amount recorded on the interim balance sheet	Amount recorded on the interim balance sheet
Shares of subsidiaries	4,374	5,775
Shares of affiliates	—	—
Total	4,374	5,775

They are not included in “shares of subsidiaries and shares of affiliates” since they have no market value and it is considered extremely difficult to obtain their market value.

3. Available-for-sale securities

(mil. yen)

		Six months ended September 30, 2019			Six months ended September 30, 2020		
		Amount recorded on the interim balance sheet	Acquisition cost	Difference	Amount recorded on the interim balance sheet	Acquisition cost	Difference
Those whose amount recorded on the interim balance sheet exceeds the acquisition cost	Shares	44,596	23,582	21,014	43,432	23,420	20,012
	Bonds	697,252	672,752	24,500	576,856	562,529	14,327
	Government bonds	264,916	252,042	12,873	221,206	214,164	7,042
	Local government bonds	181,684	174,872	6,811	159,358	154,160	5,198
	Short-term company bonds	—	—	—	—	—	—
	Company bonds	250,652	245,836	4,815	196,291	194,205	2,086
	Others	429,368	386,157	43,211	396,773	332,382	64,391
	Of which, foreign securities	392,159	355,238	36,921	369,054	306,361	62,693
	Subtotal	1,171,218	1,082,491	88,726	1,017,063	918,332	98,730
	Shares	9,286	10,354	(1,067)	10,791	13,503	(2,712)
Those whose amount recorded on the interim balance sheet does not exceed the acquisition cost	Bonds	63,627	64,398	(770)	212,547	218,158	(5,611)
	Government bonds	42,945	43,542	(596)	115,355	120,294	(4,938)
	Local government bonds	20,195	20,369	(174)	54,514	54,933	(418)
	Short-term company bonds	—	—	—	—	—	—
	Company bonds	486	486	(0)	42,676	42,930	(253)
	Others	19,856	20,522	(665)	45,427	48,403	(2,976)
	Of which, foreign securities	13,990	14,402	(412)	14,852	15,076	(223)
	Subtotal	92,771	95,275	(2,504)	268,765	280,065	(11,299)
	Shares	—	—	—	—	—	—
	Subtotal	—	—	—	—	—	—
Total		1,263,989	1,177,767	86,222	1,285,828	1,198,397	87,430

(Note) Available-for-sale securities for which it is considered extremely difficult to obtain market value

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
	Amount recorded on the interim balance sheet	Amount recorded on the interim balance sheet
Shares	1,918	2,158
Others	8,043	11,301
Total	9,961	13,460

They are not included in “available-for-sale securities” since they have no market value and it is considered extremely difficult to obtain their market value.

4. Securities for which impairment losses are recognized

Of securities other than securities held for trading (excluding those for which it is extremely difficult to obtain the market value), those whose market value has declined considerably compared with the acquisition cost and is not expected to recover to the acquisition cost, the market value is considered to be the amount recorded on the interim balance sheet, and the valuation difference is accounted for as a loss in the current period (hereinafter referred to as "recognition of an impairment loss"). There were no securities on which an impairment loss was recognized on the six months ended September 30, 2019 and the six months ended September 30, 2020.

In impairment of the securities, for securities of which the decline rate of the market value to the acquisition cost at the end of the current fiscal year is 50% or higher, impairment losses are recognized uniformly, and for those of which the decline rate is 30% or higher and less than 50%, impairment losses are recognized based on changes over a certain period in the past, credit risk of issuers, etc. as the judgment criteria.

Money held in trust

1. Held-to-maturity money held in trust

Six months ended September 30, 2019, six months ended September 30, 2020
Not applicable.

2. Other money held in trust (other than investment and held-to-maturity purposes)

Six months ended September 30, 2019, six months ended September 30, 2020
Not applicable.

Derivative transactions

1 Derivative transactions to which hedge accounting is not applied

For derivative transactions to which hedge accounting is not applied, the contract amount at the end of the interim period or the amount equivalent to principal stipulated under the contract, market value and profit or loss on valuation, and calculation method of the market value by type of transaction are as follows. The contract amount, etc. itself does not represent market risk for derivative transactions.

(1) Interest rate related transactions

(mil. yen)

Category	Type	Six months ended September 30, 2019				Six months ended September 30, 2020			
		Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation	Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation
Over-the-counter	Interest rate swaps	—	—	—	—	—	—	—	—
	Fixed-rate receiving and floating-rate paying	—	—	—	—	—	—	—	—
	Floating-rate receiving and fixed-rate paying	,500	2,500	(7)	(7)	—	—	—	—
	Total	—	—	(7)	(7)	—	—	—	—

- (Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim income statement.
2. Calculation of market value
The market value is calculated based on the discounted present value, etc.

(2) Currency related transactions

(mil. yen)

Category	Type	Six months ended September 30, 2019				Six months ended September 30, 2020			
		Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation	Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation
Over-the-counter	Currency swaps	55,315	24,580	291	(87)	28,457	27,409	590	(137)
	Forward exchange	—	—	—	—	—	—	—	—
	Written	24,208	—	151	151	117,966	1,639	204	204
	Purchased	39,405	—	(26)	(26)	211,580	1,633	(2,619)	(2,619)
	Total	—	—	416	36	—	—	(1,824)	(2,553)

- (Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim income statement.
2. Calculation of market value
The market value is calculated based on the discounted present value, etc.

(3) Share related transactions

(mil. yen)

Category	Type	Six months ended September 30, 2019				Six months ended September 30, 2020			
		Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation	Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation
Financial instruments exchanges	Index options	—	—	—	—	1,420	—	(5)	10
	Written	—	—	—	—	—	—	—	—
	Purchased	—	—	—	—	—	—	—	—
	Total	—	—	—	—	—	—	(5)	10

- (Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim income statement.
2. Calculation of market value
For transactions at exchanges, the market value is based on the final price at the Tokyo Stock Exchange, etc. For transactions at over-the-counter, the market value is calculated using discounted present value and the option price calculation model, etc.

(4) Bond related transactions

(mil. yen)

Category	Type	Six months ended September 30, 2019				Six months ended September 30, 2020			
		Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation	Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation
Financial instruments exchanges	Bond futures options	—	—	—	—	15,200	—	(22)	—
	Written	—	—	—	—	—	—	—	—
	Purchased	—	—	—	—	—	—	—	—
Over-the-counter	Bond options at over-the-counter	10,423	—	(46)	(36)	4,923	—	—	5
	Written	—	—	—	—	—	—	—	—
	Purchased	—	—	—	—	—	—	—	—
	Total	—	—	(46)	(36)	—	—	(22)	5

- (Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim income statement.
2. Calculation of market value
For transactions at exchanges, the market value is based on the final price at the Osaka Securities Exchange, etc. For transactions at over-the-counter, the market value is calculated using the option price calculation model, etc.

(5) Commodity related transactions

Six months ended September 30, 2019, six months ended September 30, 2020
Not applicable.

(6) Credit derivative transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

2 Derivative transactions to which hedge accounting is applied

For derivative transactions to which hedge accounting is applied, the contract amount at the end of the interim period or the amount equivalent to principal stipulated under the contract, market value, and calculation method of the market value by type of transaction and by method of hedge accounting are as follows. The contract amount, etc. itself does not represent market risk for derivative transactions.

(1) Interest rate related transactions

(mil. yen)

Hedge accounting method	Type	Six months ended September 30, 2019			Six months ended September 30, 2020		
		Major hedged items	Contract amount, etc.	Market value	Major hedged items	Contract amount, etc.	Market value
				Of which, over 1 year			
Principle treatment method	Interest rate swaps		—	—		—	—
	Fixed-rate receiving and floating-rate paying	Available-for-sale securities (bonds)	383,456	333,650	(40,788)	362,266	327,887
	Floating-rate receiving and fixed-rate paying		—	—	—	—	—
	Interest rate futures		—	—	—	—	—
	Interest rate options		—	—	—	—	—
	Others		—	—	—	—	—
Special treatment of interest rate swaps	Interest rate swaps	Loans	—	—	—	—	—
	Fixed-rate receiving and floating-rate paying		78,402	76,273	(Note 3)	72,109	70,248
	Floating-rate receiving and fixed-rate paying		—	—	—	—	—
	Others		—	—	—	—	—
Total			—	—	(40,788)	—	(55,148)

- (Notes) 1. Principally, pursuant to "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002), based on deferred hedge.
2. Calculation of market value
For transactions at exchanges, the market value is based on the final price at the Tokyo Financial Exchange, etc. For transactions at over-the-counter, the market value is calculated using discounted present value and the option price calculation model, etc.
3. Because items accounted for by the special treatment of interest rate swaps are treated together with the loans that are hedged items, their market value is included in the market value of those loans in "Financial instruments" in the presentation.

(2) Currency related transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

(3) Share related transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

(4) Bond related transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

Confirmation for financial statements

The confirmation of the representative on appropriateness of the Bank's financial statements and effectiveness of internal audits on preparation of financial statements pursuant to "Clarifying management's responsibility regarding the accuracy of financial statements and the effectiveness of internal audits (request)" (FSA Supervisory Bureau No. 2835 as of October 7, 2005) is as follows.

Confirmation

November 2, 2020

The Higo Bank, Ltd.

Director and President, Yoshihisa Kasahara

I have confirmed the appropriateness of the Bank's interim financial statements and interim consolidated financial statements, and the effectiveness of internal audits on preparation of interim financial statements and interim consolidated financial statements for the interim period (from April 1, 2020 to September 30, 2020) of the fiscal year from April 1, 2020 to March 31, 2021 (fiscal year ending March 31, 2021).

End

Status of capital adequacy, etc.

I. Disclosure items on capital composition

1. Disclosure items on capital composition (consolidated)

(mil. yen, %)

Items	Six months ended September 30, 2019	Six months ended September 30, 2020
Basic items related to core capital (1)		
Amount of shareholders' equity on common shares or mandatory convertible preference shares	287,329	294,770
Of which, amount of capital and capital surplus	26,745	26,745
Of which, amount of retained earnings	261,938	269,794
Of which, (amount of treasury shares)	—	—
Of which, (planned amount to the outside)	1,354	1,769
Of which, amount that falls under categories other than the above	—	—
Accumulated other comprehensive income included in core capital	(973)	(1,867)
Of which, foreign currency translation adjustments	—	—
Of which, amount related to retirement benefits	(973)	(1,867)
Amount of share acquisition rights on common shares or mandatory convertible preference shares	—	—
Amount of adjusted non-controlling equity related to core capital	—	—
Total amount of provisions included in the amount of basic items related to core capital	4,766	7,087
Of which, general allowance for loan losses included in core capital	4,766	7,087
Of which, eligible provisions included in core capital	—	—
Of the amount of eligible former non-cumulative permanent preference shares, amount included in basic items related to core capital	—	—
Of the amount of eligible former funding instruments, amount included in basic items related to core capital	—	—
Of the amount of funding instruments issued through public agencies' measures for capital reinforcement, amount included in basic items related to core capital	—	—
Of amount corresponding to 45% of difference between the revaluation amount of land and the carrying amount immediately before the revaluation, amount included in basic items related to core capital	2,311	1,824
Of non-controlling equity, amount included in basic items related to core capital due to transition measure	826	709
Amount of basic items related to core capital (a)	294,260	302,523
Reconciliation items related to core capital (2)		
Total amount of intangible assets (excluding those related to mortgage servicing rights)	5,036	4,989
Of which, amount of those related to goodwill (including difference equivalent to goodwill)	—	—
Of which, amount of intangible assets other than those related to mortgage servicing rights	5,036	4,989
Amount of deferred tax assets (excluding those related to temporary differences)	0	—
Shortfall in eligible provisions	—	—
Amount corresponding to capital increased in conjunction with securitization transactions	—	—
Amount that is mark-to-market difference arising from valuation of liabilities at market value and is included in capital	—	—
Amount related to net defined benefit asset	998	921
Amount of self-held common shares, etc. (excluding those recorded in net assets)	—	—
Amount of purposefully-held eligible funding instruments of other financial institutions, etc.	—	—
Amount of eligible common shares, etc. of minority-owned financial institutions, etc.	—	—
Amount exceeding the 10% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount exceeding the 15% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount of reconciliation items related to core capital (b)	6,035	5,910
Capital		
Amount of capital ((a) - (b)) (c)	288,224	296,612
Risk assets, etc. (3)		
Total amount of credit risk assets	2,553,870	2,661,177
Of which, total of amount included in the amount of risk assets due to transition measures	(815)	(823)
Of which, exposure to other financial institutions, etc.	—	—
Of which, amount that falls under categories other than the above	(815)	(823)
Amount obtained by dividing the total of the amount corresponding to market risk by 8%	—	—
Amount obtained by dividing the total of the amount corresponding to operational risk by 8%	106,276	105,590
Adjustments of credit risk assets	—	—
Adjustments of the amount corresponding to operational risk	—	—
Total amount of risk assets, etc. (d)	2,660,147	2,766,768
Consolidated capital adequacy ratio		
Consolidated capital adequacy ratio ((c)/(d))	10.83%	10.72%

2. Disclosure items on capital composition (non-consolidated)

(mil. yen, %)

Items	Six months ended September 30, 2019	Six months ended September 30, 2020
Basic items related to core capital (1)		
Amount of shareholders' equity on common shares or mandatory convertible preference shares	279,555	287,404
Of which, amount of capital and capital surplus	26,262	26,262
Of which, amount of retained earnings	254,647	262,911
Of which, (amount of treasury shares)	—	—
Of which, (planned amount to the outside)	1,354	1,769
Of which, amount that falls under categories other than the above	—	—
Amount of share acquisition rights on common shares or mandatory convertible preference shares	—	—
Total amount of provisions included in the amount of basic items related to core capital	4,297	6,506
Of which, general allowance for loan losses included in core capital	4,297	6,506
Of which, eligible provisions included in core capital	—	—
Of the amount of eligible former non-cumulative permanent preference shares, amount included in basic items related to core capital	—	—
Of the amount of eligible former funding instruments, amount included in basic items related to core capital	—	—
Of the amount of funding instruments issued through public agencies' measures for capital reinforcement, amount included in basic items related to core capital	—	—
Of amount corresponding to 45% of difference between the revaluation amount of land and the carrying amount immediately before the revaluation, amount included in basic items related to core capital	2,311	1,824
Amount of basic items related to core capital (a)	286,164	295,734
Reconciliation items related to core capital (2)		
Total amount of intangible assets (excluding those related to mortgage servicing rights)	4,885	4,849
Of which, amount related to goodwill	—	—
Of which, amount of intangible assets other than those related to mortgage servicing rights	4,885	4,849
Amount of deferred tax assets (excluding those related to temporary differences)	—	—
Shortfall in eligible provisions	—	—
Amount corresponding to capital increased in conjunction with securitization transactions	—	—
Amount that is mark-to-market difference arising from valuation of liabilities at market value and is included in capital	—	—
Amount of prepaid pension expenses	2,001	2,579
Amount of self-held common shares, etc. (excluding those recorded in net assets)	—	—
Amount of purposefully-held eligible funding instruments of other financial institutions, etc.	—	—
Amount of eligible common shares, etc. of minority-owned financial institutions, etc.	—	—
Amount exceeding the 10% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount exceeding the 15% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount of reconciliation items related to core capital (b)	6,886	7,428
Capital		
Amount of capital ((a) - (b)) (c)	279,277	288,305
Risk assets, etc. (3)		
Total amount of credit risk assets	2,523,272	2,631,577
Of which, total of amount included in the amount of risk assets due to transition measures	(815)	(823)
Of which, exposure to other financial institutions, etc.	—	—
Of which, amount that falls under categories other than the above	(815)	(823)
Amount obtained by dividing the total of the amount corresponding to market risk by 8%	—	—
Amount obtained by dividing the total of the amount corresponding to operational risk by 8%	99,975	98,940
Adjustments of credit risk assets	—	—
Adjustments of the amount corresponding to operational risk	—	—
Total amount of risk assets, etc. (d)	2,623,248	2,730,517
Capital adequacy ratio		
Capital adequacy ratio (c)/(d)	10.64%	10.55%

II. Quantitative disclosure items in consolidation

1. Of companies which are other financial institutions, etc. (meaning other financial institutions, etc. specified in Article 29, paragraph 6, item 1 of the notification on capital adequacy ratio) and subsidiary corporations of banks, etc., name of companies whose capital falls below the required capital in capital adequacy requirements and total of the amount below the required capital

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

2. Matters concerning adequacy of capital

(1) Amount of required capital to credit risk

1) On-balance-sheet items

(mil. yen)

	(Reference) Risk weight stipulated in the notification (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Cash	0	—	—	—	—
For Japan's central government and central bank	0	—	—	—	—
For foreign central governments and central banks	0 to 100	11,559	462	9,318	372
For Bank for International Settlements, etc.	0	—	—	—	—
For Japan's local public agencies	0	—	—	—	—
For the public sector other than foreign central governments, etc.	20 to 100	—	—	—	—
For Multilateral Development Bank	0 to 100	—	—	—	—
For Japan Finance Organization for Municipalities	10 to 20	260	10	260	10
For Japan's government-affiliated agencies	10 to 20	19,992	799	20,513	820
For local three public corporations	20	392	15	353	14
For financial institutions and Type I Financial Instruments Business Operators	20 to 100	26,346	1,053	21,287	851
For corporations, etc.	20 to 100	1,124,166	44,966	1,136,144	45,445
For small to medium-sized companies, etc. and for individuals	75	548,050	21,922	581,613	23,264
Mortgage housing loans	35	87,961	3,518	87,098	3,483
For businesses of real estate acquisition, etc.	100	363,579	14,543	379,710	15,188
Overdue for three months or longer, etc.	50 to 150	5,365	214	3,547	141
Bills in process of collection	20	142	5	108	4
With guarantee of credit guarantee corporations, etc.	0 to 10	8,655	346	15,748	629
With guarantee of Regional Economy Vitalization Corporation of Japan, etc.	10	—	—	—	—
Investment, etc.	100 to 1250	66,474	2,658	90,601	3,624
Other than the above	100 to 250	232,040	9,281	241,484	9,659
Securitization	—	—	—	—	—
(Of which, portion to which STC requirements are applied)	—	—	—	—	—
(Of which, portion to which STC requirements are not applied)	—	—	—	—	—
Re-securitization	—	—	—	—	—
Exposure to which the deemed calculation of risk weight is applied	—	24,757	990	22,169	886
Amount of those included in the amount of risk assets due to transition measures	—	(815)	(32)	(823)	(32)
Amount of those not included in the amount of risk assets due to transition measures in relation to exposure for eligible funding instruments of other financial institutions, etc.	—	—	—	—	—
Total	—	2,518,929	100,757	2,609,134	104,365

2) Off-balance-sheet items

(mil. yen)

	Assessment rate (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Commitments unconditionally cancelable or automatically cancelable in a given period	0	—	—	—	—
Commitments with the original contract period of one year or less	20	332	13	727	29
Short-term trade-related contingent liabilities	20	16	0	9	0
Contingent liabilities related to specified transactions	50	176	7	120	4
NIF or RUF	50(75)	—	—	—	—
Commitments with the original contract period exceeding one year	50	10,507	420	20,189	807
Commitments in internal rating method	(75)	—	—	—	—
Contingent liabilities directly alternating granting of credit	100	8,163	326	9,023	360
Asset sale with buyback option or asset sale with indemnity right, etc. (after deduction)	—	—	—	—	—
Purchase of futures, forward deposits, partly paid shares, or partly paid bonds	100	—	—	—	—
Securities lending, provision of collateral by cash or securities, or securities sale with buyback option or purchase with resale option	100	7,509	300	11,721	468
Derivative transactions	—	3,344	133	5,496	219
Transactions with long settlement periods	—	—	—	—	—
Unsettled transactions	—	—	—	—	—
Eligible liquidity facility and eligible servicer cash advance related to securitization exposure	0 to 100	—	—	—	—
Off-balance-sheet securitization exposure other than the above	100	—	—	—	—
Total	—	30,049	1,201	47,289	1,891

3) Amount corresponding to CVA risk

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to CVA risk	335	309
Amount obtained by dividing the amount corresponding to CVA risk by 8% (A)	4,168	3,865
Amount of required capital (A x 4%)	166	154

4) Exposure related to central clearing agencies

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Exposure related to central clearing agencies	18,493	22,954
Amount of credit risk assets on exposure related to central clearing agencies (A)	723	887
Amount of required capital (A x 4%)	28	35

(2) Amount of required capital to operational risk

Pursuant to Article 304 of the notification on capital adequacy ratio, operational risk has been calculated by the "basic approach."

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to operational risk	8,502	8,447
Amount obtained by dividing the amount corresponding to operational risk by 8% (A)	106,276	105,590
Amount of required capital (A x 4%)	4,251	4,223

3. Matters concerning credit risk (excluding securitization exposure)

(1) Balance of credit risk related exposure at the end of the interim period and breakdown by major type

Pursuant to Article 304 of the notification on capital adequacy ratio, operational risk has been calculated by the "basic approach."

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance of credit risk exposure at the end of the interim period	Of which, off-balance-sheet transactions other than loans, commitments and other derivatives	Exposure overdue for three months or longer	Balance of credit risk exposure at the end of the interim period	Of which, off-balance-sheet transactions other than loans, commitments and other derivatives	Exposure overdue for three months or longer
Domestic total	5,693,243	3,934,052	11,908	6,473,761	4,328,197	10,332
Overseas total	348,317	24,679	—	303,637	22,115	—
Total by region	6,041,561	3,958,731	11,908	6,777,398	4,350,312	10,332
Manufacturing	271,791	244,795	975	276,620	250,465	439
Agriculture and forestry	31,491	30,917	194	35,742	34,999	78
Fishery	4,041	3,896	1,366	4,875	4,741	1,193
Mining, quarrying and gravel extraction	3,982	3,475	69	3,666	3,085	5
Construction	94,666	86,763	217	108,564	98,197	736
Electricity, gas, heat supply and waterworks	98,709	88,122	—	99,955	91,478	—
Information and communications	58,124	47,060	—	50,374	36,010	42
Transport and mailing	93,566	84,680	367	113,853	98,987	224
Wholesale and retail	358,686	345,012	1,705	367,927	344,907	1,474
Finance and insurance	533,190	230,377	—	539,972	243,335	—
Real estate, and goods rental and leasing	588,356	579,828	1,087	626,402	614,387	1,870
Various services	333,056	314,767	3,672	398,735	357,835	1,954
Local public agencies	2,457,371	1,000,704	—	2,986,335	1,227,884	—
Others	1,114,524	898,329	2,250	1,164,372	943,997	2,312
Total by industry	6,041,561	3,958,731	11,908	6,777,398	4,350,312	10,332
Within 1 year	1,801,504	959,725		2,299,559	1,169,999	
Over 1 year and within 5 years	925,199	674,918		913,691	703,200	
Over 5 years and within 10 years	752,288	624,061		821,929	684,743	
Over 10 years	2,562,569	1,700,025		2,742,218	1,792,369	
Total by maturity	6,041,561	3,958,731		6,777,398	4,350,312	

(Notes) 1. Off-balance-transactions exclude derivative transactions.

2. Exposure overdue for three months or longer means exposure in which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, or exposure of which risk weight is 150% before taking into account the provision.

(2) Balance at the end of the interim period and increase or decrease during the period of general allowance for loan losses, individual allowance for loan losses, and reserve for specific foreign loans

(mil. yen)

		Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
General allowance for loan losses	Six months ended September 30, 2019	4,924	(435)	4,488
	Six months ended September 30, 2020	5,121	1,807	6,928
Individual allowance for loan losses	Six months ended September 30, 2019	18,829	659	19,489
	Six months ended September 30, 2020	18,659	(1,129)	17,530
Reserve for specific foreign loans	Six months ended September 30, 2019	—	—	—
	Six months ended September 30, 2020	—	—	—
Total	Six months ended September 30, 2019	23,753	224	23,978
	Six months ended September 30, 2020	23,781	678	24,459

(3) Breakdown of individual allowance for loan losses by region and by industry

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
Domestic total	18,829	659	19,489	18,659	(1,129)	17,530
Overseas total	—	—	—	—	—	—
Total by region	18,829	659	19,489	18,659	(1,129)	17,530
Manufacturing	4,088	93	4,182	2,556	(897)	1,659
Agriculture and forestry	6	153	159	209	4	214
Fishery	1,479	(265)	1,213	1,295	15	1,310
Mining, quarrying and gravel extraction	8	5	13	5	—	5
Construction	564	479	1,044	972	95	1,067
Electricity, gas, heat supply and waterworks	0	0	1	0	(0)	0
Information and communications	106	0	107	109	(4)	104
Transport and mailing	436	1	437	367	179	546
Wholesale and retail	2,711	(230)	2,480	2,396	75	2,471
Finance and insurance	2,199	64	2,264	2,388	(211)	2,177
Real estate, and goods rental and leasing	627	(52)	574	1,502	(114)	1,388
Various services	5,345	156	5,501	5,346	(391)	4,954
Local public agencies	—	—	—	—	—	—
Others	1,253	253	1,506	1,508	119	1,627
Total by industry	18,829	659	19,489	18,659	(1,129)	17,530

(Note) For general allowance for loan losses, calculation by category has not been made.

(4) Breakdown of amount written off of loans by region and by industry

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Domestic total	87	1,465
Overseas total	—	—
Total by region	87	1,465
Manufacturing	0	721
Agriculture and forestry	—	—
Fishery	—	—
Mining, quarrying and gravel extraction	—	—
Construction	—	—
Electricity, gas, heat supply and waterworks	—	—
Information and communications	—	—
Transport and mailing	—	—
Wholesale and retail	—	—
Finance and insurance	—	—
Real estate, and goods rental and leasing	—	—
Various services	7	668
Local public agencies	—	—
Others	79	75
Total by industry	87	1,465

(5) Breakdown of amount written off of loans by region and by industry

(mil. yen)

	Amount of exposure after taking into account effects of approach to reduce credit risk			
	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Of which, with rating		Of which, with rating
0%	2,521,736	—	3,058,495	18
10%	295,377	—	370,515	—
20%	298,952	126,499	282,839	116,144
35%	251,198	—	248,766	—
50%	409,239	387,331	408,405	388,729
75%	738,615	—	782,382	—
100%	1,437,071	49,924	1,517,076	73,759
150%	3,137	—	1,944	—
250%	69,913	—	74,021	—
350%	—	—	—	—
1250%	—	—	—	—
Others	28,204	—	43,283	—
Total	6,053,446	563,755	6,787,731	578,652

4. Matters concerning credit risk reduction effects

(mil. yen)

	Amount of exposure to which approach to reduce credit risk was applied	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash and deposits	618,031	612,537
Gold	—	—
Eligible bonds	2	—
Eligible shares	2,580	2,568
Total eligible financial-asset-backed	620,614	615,106
Eligible guarantees	138,954	219,586
Eligible credit derivatives	—	—
Total eligible guarantees and eligible derivatives	138,954	219,586

- (Notes)
1. The above exposure categories represent major categories (including overdue for three months or longer and guarantee of credit guarantee corporations)
 2. The Bank uses the comprehensive method for eligible financial-asset-backed.
 3. The amount for which credit risk was reduced due to "offsetting loans provided against deposits taken" is not included.

5. Matters concerning risks of counterparties to derivative transactions and transactions with long settlement periods

(1) Method used to calculate the amount corresponding to credit

	Six months ended September 30, 2019	Six months ended September 30, 2020
Method used to calculate the amount corresponding to credit	Current exposure method	Current exposure method

(2) Amount of gross restructuring costs

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of gross restructuring costs	1,298	3,455

(3) Amount corresponding to credit before and after taking into account effects of approach to reduce credit risk by collateral

(mil. yen)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Before taking into account	After taking into account	Before taking into account	After taking into account
Total derivative transactions	14,590	14,590	22,356	22,356
Foreign exchange related transactions	3,015	3,015	5,087	5,087
Interest rate related transactions	11,331	11,331	16,602	16,602
Gold related transactions	—	—	—	—
Share related transactions	32	32	318	318
Precious metal related transactions	—	—	—	—
Other commodity-related transactions	209	209	348	348
Credit derivatives	1,037	1,037	1,758	1,758
Transactions with long settlement periods	—	—	—	—
Total	15,627	15,627	24,115	24,115

(4) Total amount of gross restructuring costs, and amount calculated by subtracting the amount corresponding to credit before taking into account credit risk reduction effects from total of gross add-on amount

Total amount of gross restructuring costs, total of gross add-on amount, and amount corresponding to credit before taking into account credit risk reduction effects are the same amount for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

(5) Amount of collateral by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(6) Amount corresponding to credit after taking into account effects of approach to reduce credit risk by collateral

The amount is the same as that before taking into account such effects for the six months ended September 30, 2019 and the six months ended September 30, 2020, and effects of approach to reduce credit risk by collateral are not applicable.

(7) Amount of notional amount of credit derivatives that are subject to calculation of the amount corresponding to credit, distinguished by type of derivative and by purchase or provision of protection

(mil. yen)

Type of credit derivatives	Purchase of protection		Provision of protection	
	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
Credit default swaps	756	5,439	—	—
Total	756	5,439	—	—

(8) Notional amount of credit derivatives used to taking into account effects of approach to reduce credit risk

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

6. Matters concerning securitization exposure

Matters concerning securitization exposure that is subject to calculation of credit risk assets

(1) Matters concerning securitization and re-securitization exposure for which the consolidated group is the originator

Securitization and re-securitization exposure for which the consolidated group is the originator are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.

(2) Matters concerning securitization exposure for which the consolidated group is the investor

1) Securitization exposure

(a) Amount of securitization exposure held and breakdown of main underlying assets by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(b) Balance and required capital of securitization exposure held for each risk weight

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(c) Amount of securitization exposure to which risk weight of 1,250% is applied under Article 248 and Article 248-4, paragraph 1, item 1 and item 2 of the notification on capital adequacy ratio, and breakdown of main underlying assets by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

2) Re-securitization exposure

Securitization and re-securitization exposure for which the consolidated group is the investor are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.

Matters concerning securitization exposure that is subject to calculation of the amount corresponding to market risk

In calculation of capital adequacy ratio, market risk is not included for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

7. Matters concerning exposure to investment, etc. or shares, etc.

(1) Amount of exposure to investment and shares, etc. recorded on the interim consolidated balance sheet, and others

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of exposure to listed investment, etc. or shares, etc. recorded on the interim consolidated balance sheet, and others	96,646	113,069
Amount of exposure to investment, etc. or shares, etc. that does not fall under the above, recorded on the interim consolidated balance sheet, and others	2,040	2,331
Total	98,687	115,400

	Six months ended September 30, 2019	Six months ended September 30, 2020
Shares of subsidiary and subsidiary corporations	—	—
Shares of affiliated corporations, etc.	—	—
Total	—	—

(2) Amount of gains or losses on sale and redemption

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Gains or losses on sale	2,656	1,296
Redemption	21	0

(3) Amount of valuation gains or losses that are recognized in the interim consolidated balance sheet and not recognized in the interim consolidated income statement

The amount of valuation gains or losses that are recognized in the interim consolidated balance sheet and not recognized in the interim consolidated income statement is ¥26,684 million for the six months ended September 30, 2019 and ¥19,371 million for the six months ended September 30, 2020.

(4) Amount of valuation gains or losses that are not recognized in the interim consolidated balance sheet and in the interim consolidated income statement

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

8. Amount of exposure to which deemed calculation of risk weight or deemed calculation of credit risk assets is applied

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Look through approach	32,806	37,387
Mandate approach	—	—
Probability approach (risk weight: 250%)	—	—
Probability approach (risk weight: 400%)	—	—
Fallback approach	—	—
Total	32,806	37,387

9. Matters concerning interest rate risk

(mil. yen)

IRRBB1: interest rate risk					
Item number		△EVE		△NII	
		Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
1	Upward parallel shift	15,315	11,723		7,232
2	Downward parallel shift	1,627	7,674		2,565
3	Steepening	3,768	1,779		
4	Flattening				
5	Rise in short-term interest rate				
6	Decline in short-term interest rate				
7	Maximum	15,315	11,723		7,232
		Six months ended September 30, 2019		Six months ended September 30, 2020	
8	Amount of capital	288,224		296,612	

III. Quantitative disclosure items in non-consolidation

1. Matters concerning adequacy of capital

(1) Amount of required capital to credit risk

1) On-balance-sheet items

(mil. yen)

	(Reference) Risk weight stipulated in the notification (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Cash	0	—	—	—	—
For Japan's central government and central bank	0	—	—	—	—
For foreign central governments and central banks	0 to 100	11,559	462	9,318	372
For Bank for International Settlements, etc.	0	—	—	—	—
For Japan's local public agencies	0	—	—	—	—
For the public sector other than foreign central governments, etc.	20 to 100	—	—	—	—
For Multilateral Development Bank	0 to 100	—	—	—	—
For Japan Finance Organization for Municipalities	10 to 20	260	10	260	10
For Japan's government-affiliated agencies	10 to 20	19,992	799	20,513	820
For local three public corporations	20	392	15	353	14
For financial institutions and Type I Financial Instruments Business Operators	20 to 100	26,126	1,045	21,180	847
For corporations, etc.	20 to 100	1,098,793	43,951	1,111,787	44,471
For small to medium-sized companies, etc. and for individuals	75	547,565	21,902	581,217	23,248
Mortgage housing loans	35	87,961	3,518	87,098	3,483
For businesses of real estate acquisition, etc.	100	363,579	14,543	379,710	15,188
Overdue for three months or longer, etc.	50 to 150	4,806	192	3,083	123
Bills in process of collection	20	142	5	108	4
With guarantee of credit guarantee corporations, etc.	0 to 10	8,655	346	15,748	629
With guarantee of Regional Economy Vitalization Corporation of Japan, etc.	10	—	—	—	—
Investment, etc.	100 to 1250	70,454	2,818	95,832	3,833
Other than the above	100 to 250	216,942	8,677	222,890	8,915
Securitization	—	—	—	—	—
(Of which, portion to which STC requirements are applied)	—	—	—	—	—
(Of which, portion to which STC requirements are not applied)	—	—	—	—	—
Re-securitization	—	—	—	—	—
Exposure to which the deemed calculation of risk weight is applied	—	27,330	1,093	26,113	1,044
Amount of those included in the amount of risk assets due to transition measures	—	(815)	(32)	(823)	(32)
Amount of those not included in the amount of risk assets due to transition measures in relation to exposure for eligible funding instruments of other financial institutions, etc.	—	—	—	—	—
Total	—	2,483,748	99,349	2,574,392	102,975

2) Off-balance-sheet items

(mil. yen)

	Assessment rate (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Commitments unconditionally cancelable or automatically cancelable in a given period	0	—	—	—	—
Commitments with the original contract period of one year or less	20	332	13	727	29
Short-term trade-related contingent liabilities	20	16	0	9	0
Contingent liabilities related to specified transactions	50	176	7	120	4
NIF or RUF	50(75)	—	—	—	—
Commitments with the original contract period exceeding one year	50	15,109	604	25,346	1,013
Commitments in internal rating method	(75)	—	—	—	—
Contingent liabilities directly alternating granting of credit	100	8,142	325	9,009	360
Asset sale with buyback option or asset sale with indemnity right, etc. (after deduction)	—	—	—	—	—
Purchase of futures, forward deposits, partly paid shares, or partly paid bonds	100	—	—	—	—
Securities lending, provision of collateral by cash or securities, or securities sale with buyback option or purchase with resale option	100	7,509	300	11,721	468
Derivative transactions	—	3,344	133	5,496	219
Transactions with long settlement periods	—	—	—	—	—
Unsettled transactions	—	—	—	—	—
Eligible liquidity facility and eligible servicer cash advance related to securitization exposure	0 to 100	—	—	—	—
Off-balance-sheet securitization exposure other than the above	100	—	—	—	—
Total	—	34,631	1,385	52,432	2,097

3) Amount corresponding to CVA risk

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to CVA risk	333	309
Amount obtained by dividing the amount corresponding to CVA risk by 8% (A)	4,168	3,865
Amount of required capital (A x 4%)	166	154

4) Exposure related to central clearing agencies

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Exposure related to central clearing agencies	18,493	22,954
Amount of credit risk assets on exposure related to central clearing agencies (A)	723	887
Amount of required capital (A x 4%)	28	35

(2) Amount of required capital to operational risk

Pursuant to Article 304 of the notification on capital adequacy ratio, operational risk has been calculated by the "basic approach."

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to operational risk	7,998	7,915
Amount obtained by dividing the amount corresponding to operational risk by 8% (A)	99,975	98,940
Amount of required capital (A x 4%)	3,999	3,957

2. Matters concerning credit risk

(1) Balance of credit risk related exposure at the end of the interim period and breakdown by major type

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance of credit risk exposure at the end of the interim period	Of which, off-balance-sheet transactions other than loans, commitments and other derivatives	Exposure overdue for three months or longer	Balance of credit risk exposure at the end of the interim period	Of which, off-balance-sheet transactions other than loans, commitments and other derivatives	Exposure overdue for three months or longer
Domestic total	5,664,213	3,953,092	11,129	6,447,932	4,363,754	9,214
Overseas total	348,317	24,679	—	303,637	22,115	—
Total by region	6,012,531	3,977,771	11,129	6,751,569	4,385,869	9,214
Manufacturing	266,115	244,795	690	270,307	250,462	406
Agriculture and forestry	30,967	30,917	129	35,049	34,999	78
Fishery	3,896	3,896	1,357	4,741	4,741	1,193
Mining, quarrying and gravel extraction	3,475	3,475	69	3,185	3,085	5
Construction	90,873	86,763	189	103,664	98,197	719
Electricity, gas, heat supply and waterworks	98,029	87,837	—	98,669	91,210	—
Information and communications	53,784	47,365	—	46,207	36,010	42
Transport and mailing	88,959	84,675	367	107,975	98,897	222
Wholesale and retail	352,145	344,877	1,672	353,311	344,746	1,446
Finance and insurance	541,177	231,677	—	548,300	244,334	—
Real estate, and goods rental and leasing	605,228	598,728	1,035	659,223	650,306	1,870
Various services	319,632	314,370	3,640	384,598	357,521	1,844
Local public agencies	2,455,539	1,000,704	—	2,984,442	1,227,884	—
Others	1,102,705	897,683	1,977	1,151,894	943,471	1,383
Total by industry	6,012,531	3,977,771	11,129	6,751,569	4,385,869	9,214
Within 1 year	1,805,252	967,790		2,320,725	1,196,835	
Over 1 year and within 5 years	903,999	686,590		878,898	712,498	
Over 5 years and within 10 years	748,202	623,713		817,308	684,495	
Over 10 years	2,555,076	1,699,676		2,734,636	1,792,040	
Total by maturity	6,012,531	3,977,771		6,751,569	4,385,869	

(Notes) 1. Off-balance-transactions exclude derivative transactions.

2. Exposure overdue for three months or longer means exposure in which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, or exposure of which risk weight is 150% before taking into account the provision.

(2) Balance at the end of the interim period and increase or decrease during the period of general allowance for loan losses, individual allowance for loan losses, and reserve for specific foreign loans

(mil. yen)

		Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
General allowance for loan losses	Six months ended September 30, 2019	4,512	(492)	4,020
	Six months ended September 30, 2020	4,600	1,747	6,347
Individual allowance for loan losses	Six months ended September 30, 2019	17,786	521	18,308
	Six months ended September 30, 2020	17,418	(1,213)	16,205
Reserve for specific foreign loans	Six months ended September 30, 2019	—	—	—
	Six months ended September 30, 2020	—	—	—
Total	Six months ended September 30, 2019	22,299	28	22,328
	Six months ended September 30, 2020	22,018	534	22,553

(3) Breakdown of individual allowance for loan losses by region and by industry

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
Domestic total	17,786	521	18,308	17,418	(1,213)	16,205
Overseas total	—	—	—	—	—	—
Total by region	17,786	521	18,308	17,418	(1,213)	16,205
Manufacturing	3,799	82	3,882	2,226	(883)	1,343
Agriculture and forestry	6	152	158	208	3	212
Fishery	1,471	(274)	1,196	1,289	15	1,305
Mining, quarrying and gravel extraction	8	5	13	5	—	5
Construction	559	457	1,017	932	103	1,035
Electricity, gas, heat supply and waterworks	—	—	—	0	(0)	—
Information and communications	106	0	107	109	(4)	104
Transport and mailing	435	(0)	434	363	171	534
Wholesale and retail	2,653	(231)	2,422	2,313	83	2,396
Finance and insurance	2,199	61	2,261	2,371	(207)	2,164
Real estate, and goods rental and leasing	615	(93)	522	1,478	(102)	1,375
Various services	5,255	133	5,389	5,206	(460)	4,745
Local public agencies	—	—	—	—	—	—
Others	674	226	901	912	67	980
Total by industry	17,786	521	18,308	17,418	(1,213)	16,205

(Note) For general allowance for loan losses, calculation by category has not been made.

(4) Breakdown of amount written off of loans by region and by industry

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Domestic total	7	1,389
Overseas total	—	—
Total by region	7	1,389
Manufacturing	—	721
Agriculture and forestry	—	—
Fishery	—	—
Mining, quarrying and gravel extraction	—	—
Construction	—	—
Electricity, gas, heat supply and waterworks	—	—
Information and communications	—	—
Transport and mailing	—	—
Wholesale and retail	—	—
Finance and insurance	—	—
Real estate, and goods rental and leasing	—	—
Various services	7	668
Local public agencies	—	—
Others	—	—
Total by industry	7	1,389

(5) Exposure by category of risk weight

(mil. yen)

	Amount of exposure after taking into account effects of approach to reduce credit risk			
	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Of which, with rating		Of which, with rating
0%	2,519,930	—	3,056,763	—
10%	295,377	—	370,515	—
20%	297,852	126,499	281,474	115,009
35%	251,198	—	248,766	—
50%	407,552	386,601	406,632	387,693
75%	737,969	—	781,857	—
100%	1,409,091	49,924	1,491,543	71,674
150%	2,747	—	1,625	—
250%	66,554	—	69,176	—
350%	—	—	—	—
1250%	—	—	—	—
Others	35,471	—	52,427	—
Total	6,023,745	563,025	6,760,783	574,377

3. Matters concerning credit risk reduction approach

(mil. yen)

	Amount of exposure to which approach to reduce credit risk was applied	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash and deposits	618,031	612,537
Gold	—	—
Eligible bonds	2	—
Eligible shares	2,580	2,568
Total eligible financial-asset-backed	620,614	615,106
Eligible guarantees	138,954	219,586
Eligible credit derivatives	—	—
Total eligible guarantees and eligible derivatives	138,954	219,586

- (Notes) 1. The above exposure categories represent major categories (including overdue for three months or longer and guarantee of credit guarantee corporations)
2. The Bank uses the comprehensive method for eligible financial-asset-backed.
3. The amount for which credit risk was reduced due to "offsetting loans provided against deposits taken" is not included.

4. Matters concerning risks of counterparties to derivative transactions and transactions with long settlement periods

(1) Method used to calculate the amount corresponding to credit

	Six months ended September 30, 2019	Six months ended September 30, 2020
Method used to calculate the amount corresponding to credit	Current exposure method	Current exposure method

(2) Amount of gross restructuring costs

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of gross restructuring costs	1,298	3,455

(3) Amount corresponding to credit before and after taking into account effects of approach to reduce credit risk by collateral

(mil. yen)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Before taking into account	After taking into account	Before taking into account	After taking into account
Total derivative transactions	14,590	14,590	22,356	22,356
Foreign exchange related transactions	3,015	3,015	5,087	5,087
Interest rate related transactions	11,331	11,331	16,602	16,602
Gold related transactions	—	—	—	—
Share related transactions	32	32	318	318
Precious metal related transactions	—	—	—	—
Other commodity-related transactions	209	209	348	348
Credit derivatives	1,037	1,037	1,758	1,758
Transactions with long settlement periods	—	—	—	—
Total	15,627	15,627	24,115	24,115

- (4) Total amount of gross restructuring costs, and amount calculated by subtracting the amount corresponding to credit before taking into account credit risk reduction effects from total of gross add-on amount
Total amount of gross restructuring costs, total of gross add-on amount, and amount corresponding to credit before taking into account credit risk reduction effects are the same amount for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

(5) Amount of collateral by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(6) Amount corresponding to credit after taking into account effects of approach to reduce credit risk by collateral

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(7) Amount of notional amount of credit derivatives that are subject to calculation of the amount corresponding to credit, distinguished by type of derivative and by purchase or provision of protection

(mil. yen)

Type of credit derivatives	Purchase of protection		Provision of protection	
	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
Credit default swaps	756	5,439	—	—
Total	756	5,439	—	—

(8) Notional amount of credit derivatives used to taking into account effects of approach to reduce credit risk

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

5. **Matters concerning securitization exposure**

Matters concerning securitization exposure that is subject to calculation of credit risk assets

(1) **Matters concerning securitization exposure for which the Bank is the originator**

Securitization and re-securitization exposure for which the Bank is the originator are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.

(2) **Matters concerning securitization exposure for which the Bank is the investor**

1) **Securitization exposure**

(a) **Amount of securitization exposure held and breakdown of main underlying assets by type**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(b) **Balance and required capital of securitization exposure held for each risk weight**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(c) **Amount of securitization exposure to which risk weight of 1,250% is applied under Article 248 and Article 248-4, paragraph 1, item 1 and item 2 of the notification on capital adequacy ratio, and breakdown of main underlying assets by type**

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

2) **Re-securitization exposure**

Securitization and re-securitization exposure for which the Bank is the investor are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.

Matters concerning securitization exposure that is subject to calculation of the amount corresponding to market risk

In calculation of capital adequacy ratio, market risk is not included for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

6. Matters concerning exposure to investment, etc. or shares, etc.

(1) Amount of exposure to investment and shares, etc. recorded on the interim balance sheet, and others

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of exposure to listed investment, etc. or shares, etc. recorded on the interim balance sheet, and others	95,816	112,237
Amount of exposure to investment, etc. or shares, etc. that does not fall under the above, recorded on the interim balance sheet, and others	1,921	2,162
Total	97,738	114,399

	Six months ended September 30, 2019	Six months ended September 30, 2020
Shares of subsidiary and subsidiary corporations	4,374	5,775
Shares of affiliated corporations, etc.	—	—
Total	4,374	5,775

(2) Amount of gains or losses on sale and redemption

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Gains or losses on sale	2,656	1,296
Redemption	1	0

(3) Amount of valuation gains or losses that are recognized in the interim balance sheet and not recognized in the interim income statement

The amount of valuation gains or losses that are recognized in the interim balance sheet and not recognized in the interim income statement is ¥26,231 million for the six months ended September 30, 2019 and ¥18,914 million for the six months ended September 30, 2020.

(4) Amount of valuation gains or losses that are not recognized in the interim balance sheet and in the interim income statement

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

7. Amount of exposure to which deemed calculation of risk weight or deemed calculation of credit risk assets is applied

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Look through approach	35,471	41,375
Mandate approach	—	—
Probability approach (risk weight: 250%)	—	—
Probability approach (risk weight: 400%)	—	—
Fallback approach	—	—
Total	35,471	41,375

8. Matters concerning interest rate risk

(mil. yen)

IRBBB1: interest rate risk					
Item number		△EVE		△NII	
		Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
1	Upward parallel shift	15,315	11,723		7,232
2	Downward parallel shift	1,627	7,674		2,565
3	Steepening	3,768	1,779		
4	Flattening				
5	Rise in short-term interest rate				
6	Decline in short-term interest rate				
7	Maximum	15,315	11,723		7,232
		Six months ended September 30, 2019		Six months ended September 30, 2020	
8	Amount of capital	279,277		288,305	

Materials (Kagoshima Bank)

Overview of business (consolidated)

Operating results

The Japanese economy in the six months ended September 30, 2020 saw a decline in production and a rapid drop in consumer spending, affected by the spread of infections of COVID-19. In addition, the situation was extremely tough as corporate earnings also deteriorated rapidly and employment conditions were weak. Amid this situation, although public investment was steady, housing investment and capital expenditure were on a weak note and both imports and exports decreased. After the declaration of a state of emergency, which was expanded across the nation on April 16, was lifted on May 25, consumer spending, production and exports started to recover in conjunction with the restart of economic activities, but the severe situation still continued.

Under such economic circumstances, the Nikkei Stock Average dropped to the 16,000 yen level at once in March due to the impact of the spread of COVID-19, but recovered to the 23,000 yen level because of monetary easing measures of central banks of Japan, the US and Europe, the restart of economic activities that were stagnant, and other factors. While the yen exchange rate hovered at the 106 to 109 yen level to a dollar at the beginning of the period, the rate once rose to the 104 yen level to a dollar due partly to the prolonged zero interest policy of FRB.

[Operating results]

As to operating results for the six months ended September 30, 2020, ordinary income increased by ¥1,814 million compared to the previous interim period to ¥39,842 million due largely to a rise in other operating income resulting from an increase in gain on sale of shares, etc.

On the other hand, operating expenses increased by ¥4,248 million compared to the previous interim period to ¥34,121 million partly because of a rise in other ordinary expenses stemming from higher provision of allowance for loan losses.

Consequently, ordinary profit decreased by ¥2,433 million compared to the previous interim period to ¥5,720 million. Profit attributable to owners of parent declined by ¥1,588 million compared to the previous interim period to ¥4,062 million.

[Financial position]

Deposits increased by ¥219,851 million compared to the end of the previous fiscal year to ¥4,205,129 million due partly to a rise in individual deposits and corporate deposits.

Loans increased by ¥204,923 million compared to the end of the previous fiscal year to ¥3,748,309 million, because of loans for the public sector and other factors.

Securities decreased by ¥47,828 million compared to the end of the previous fiscal year to ¥806,481 million due largely to a decline in foreign securities.

Net assets rose by ¥12,156 million compared to the end of the previous fiscal year to ¥338,142 million due to an increase in accumulated other comprehensive and others resulting from higher evaluation difference on available-for-sale securities, etc.

Changes in main management indicators (consolidated)

Category	Unit	Six months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended March 31, 2019	Six months ended March 31, 2020
Consolidated ordinary income	Mil. yen	38,344	38,027	39,842	79,112	77,320
Consolidated ordinary profit	Mil. yen	7,417	8,154	5,720	18,003	16,715
Profit attributable to owners of parent	Mil. yen	5,005	5,650	4,062	—	—
Profit attributable to owners of parent	Mil. yen	—	—	—	11,956	11,299
Consolidated comprehensive income	Mil. yen	9,946	8,663	13,987	—	—
Consolidated comprehensive income	Mil. yen	—	—	—	14,795	(9,809)
Consolidated net assets	Mil. yen	336,517	346,096	338,142	338,877	325,985
Consolidated total assets	Mil. yen	4,613,607	4,778,647	5,351,391	4,602,500	5,058,514
Net assets per share	Yen	1,573.33	1,645.52	1,611.58	1,609.62	1,553.62
Profit per share	Yen	23.85	26.93	19.36	—	—
Profit per share	Yen	—	—	—	56.98	53.85
Diluted Profit per share	Yen	—	—	—	—	—
Diluted Profit per share	Yen	—	—	—	—	—
Consolidated capital adequacy ratio (domestic criteria)	%	11.12	10.95	10.94	10.85	10.75
Cash flow from operating activities	Mil. yen	(11,044)	31,328	95,421	(54,868)	295,213
Cash flow from investing activities	Mil. yen	(8,417)	36,681	53,243	63,660	(72,913)
Cash flow from financing activities	Mil. yen	(1,369)	(1,450)	(1,781)	(3,860)	(3,096)
Balance of cash and cash equivalents at interim period end (period end)	Mil. yen	238,951	331,267	630,793	264,712	483,912
Number of employees (excluding average number of temporary employees)	People	2,241 [267]	2,208 [267]	2,197 [270]	2,126 [266]	2,117 [267]

- (Notes) 1. The Bank and consolidated subsidiaries account for consumption and local consumption taxes using tax-excluded method.
2. The consolidated capital adequacy ratio has been calculated by the formula stipulated in Notification No. 19 of the Financial Services Agency, 2006 under the provision of Article 14-2 of the Bank Act. The Bank has adopted the domestic criteria.
3. "Profit per share diluted (for the interim period)" and "profit per share diluted" are not provided because there are no potential ordinary shares.

Interim consolidated financial statements, etc.

Interim consolidated balance sheet

(mil. yen)

Accounts	Six months ended September 30, 2019 (as of September 30, 2019)	Six months ended September 30, 2020 (as of September 30, 2020)
	Amount	Amount
Assets		
Cash and deposits with banks	331,970	631,388
Monetary claims bought	7,531	8,235
Trading account securities	937	836
Money held in trust	11,138	12,094
Securities	764,270	806,481
Loans	3,537,770	3,748,309
Foreign exchange	5,772	6,358
Lease receivables and leased investment assets	25,788	25,024
Other assets	38,106	55,103
Property, plant and equipment	66,326	68,357
Intangible assets	3,756	3,543
Net defined benefit asset	5,050	3,613
Deferred tax assets	567	1,498
Customers' liabilities for acceptances and guarantees	24,700	24,879
Allowance for loan losses	(45,040)	(44,333)
Total assets	4,778,647	5,351,391
Liabilities		
Deposits	3,878,069	4,205,129
Negotiable certificates of deposit	181,611	185,333
Call money and bills sold	5,396	—
Payables under repurchase agreements	84,431	58,736
Payables under securities landing transactions	79,283	128,261
Borrowings	140,250	365,105
Foreign exchange	70	67
Borrowed money from trust account	354	1,667
Other liabilities	23,108	34,536
Net defined benefit liability	1,770	1,688
Provision for reimbursement of deposits in inactive bank accounts	1,060	767
Reserve for contingent losses	216	232
Deferred tax liabilities	5,332	26
Deferred tax liabilities for land revaluation	6,893	6,817
Acceptances and guarantees	24,700	24,879
Total liabilities	4,432,550	5,013,249
Net assets		
Capital	18,130	18,130
Capital surplus	18,121	18,682
Retained earnings	252,070	258,745
Total shareholders' equity	288,321	295,558
Evaluation difference on available-for-sale securities	45,283	40,872
Deferred gains or losses on hedges	(900)	(10,139)
Revaluation difference of land	14,938	14,793
Remeasurements of defined benefit plans	(2,386)	(2,947)
Total accumulated other comprehensive income	56,935	42,579
Non-controlling equity	840	4
Total net assets	346,096	338,142
Total liabilities and net assets	4,778,647	5,351,391

Interim consolidated income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Ordinary income	38,027	39,842
Income from fund management	23,522	24,203
(of which, interest on loans and bills discounted)	(18,268)	(18,253)
(of which, interest and dividends on securities)	(5,214)	(5,888)
Fiduciary income	4	10
Fees and commissions	5,146	4,921
Other operating income	8,437	8,821
Other ordinary income	916	1,886
Ordinary expenses	29,873	34,121
Financing cost	1,341	1,353
(of which, interest on deposits)	(218)	(170)
Fees and commission expenses	1,987	2,200
Other operating expenses	5,736	6,964
Operating expenses	18,666	20,116
Other ordinary expenses	2,140	3,485
Ordinary profit	8,154	5,720
Extraordinary gains	2	2
Gain on disposal of noncurrent assets	2	2
Extraordinary losses	142	17
Loss on disposal of noncurrent assets	73	17
Impairment losses	68	—
Profit before income taxes	8,015	5,704
Corporate income tax, inhabitants tax, and enterprise taxes	2,476	1,701
Deferred income taxes	(116)	(58)
Total income taxes	2,359	1,642
Profit	5,655	4,061
Profit attributable to non-controlling shareholders	4	(0)
Profit attributable to owners of parent	5,650	4,062

Interim consolidated comprehensive income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Profit	5,655	4,061
Other comprehensive income	3,007	9,925
Evaluation difference on available-for-sale securities	3,601	6,554
Deferred gains or losses on hedges	(867)	3,033
Remeasurements of defined benefit plans, net of tax	274	338
Comprehensive income	8,663	13,987
(Breakdown)		
Comprehensive income attributable to owners of parent	8,656	13,988
Comprehensive income attributable to non-controlling shareholders	6	(0)

Interim consolidated statements of changes in shareholders' equity

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

	Shareholders' equity			
	Capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	18,130	17,891	247,747	283,769
Amount of changes during the period				
Increase or decrease in equity interests due to acquisition of shares of consolidated subsidiaries		229		229
Dividends from surplus			(1,354)	(1,354)
Profit attributable to owners of parent			5,650	5,650
Release of revaluation difference of land			26	26
Amount of changes in items other than shareholders' equity during the period (net)				
Amount of changes during the period	—	229	4,322	4,552
Balance at end of current period	18,130	18,121	252,070	288,321

	Total accumulated other comprehensive income					Non-controlling equity	Total net assets
	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	41,683	(33)	14,964	(2,660)	53,955	1,152	338,877
Amount of changes during the period							
Increase or decrease in equity interests due to acquisition of shares of consolidated subsidiaries							229
Dividends from surplus							(1,354)
Profit attributable to owners of parent							5,650
Release of revaluation difference of land							26
Amount of changes in items other than shareholders' equity during the period (net)	3,599	(867)	(26)	274	2,979	(312)	2,667
Amount of changes during the period	3,599	(867)	(26)	274	2,979	(312)	7,219
Balance at end of current period	45,283	(900)	14,938	(2,386)	56,935	840	346,096

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
(mil. yen)

	Shareholders' equity			
	Capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of current period	18,130	18,682	256,509	293,321
Amount of changes during the period				
Dividends from surplus			(1,789)	(1,789)
Profit attributable to owners of parent			4,062	4,062
Decrease due to a decline in consolidated subsidiaries			(36)	(36)
Amount of changes in items other than shareholders' equity during the period (net)				
Amount of changes during the period	—	—	2,236	2,236
Balance at end of current period	18,130	18,682	258,745	295,558

	Total accumulated other comprehensive income					Non-controlling equity	Total net assets
	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	34,318	(13,172)	14,793	(3,286)	32,653	10	325,985
Amount of changes during the period							
Dividends from surplus							(1,789)
Profit attributable to owners of parent							4,062
Decrease due to a decline in consolidated subsidiaries							(36)
Amount of changes in items other than shareholders' equity during the period (net)	6,554	3,033	—	338	9,925	(5)	9,920
Amount of changes during the period	6,554	3,033	—	338	9,925	(5)	12,156
Balance at end of current period	40,872	(10,139)	14,793	(2,947)	42,579	4	338,142

Interim consolidated statement of cash flows

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Cash flow from operating activities		
Profit before income taxes	8,015	5,704
Depreciation and amortization expense	1,521	1,766
Increase (decrease) in allowance for loan losses	68	—
(Increase) decrease in net defined benefit asset	549	159
Increase (decrease) in net defined benefit liability	(287)	(39)
Increase (decrease) in provision for reimbursement of deposits in inactive bank accounts	(25)	13
Increase (decrease) in reserve for contingent losses	—	(296)
Income from fund management	(6)	12
Financing cost	(23,522)	(24,203)
Securities-related gains (losses)	1,341	1,353
(Gain) loss from investment of money held in trust	(1,114)	(1,048)
Exchange (gain) loss	(128)	(94)
(Gain) loss on disposal of noncurrent assets	(95)	(213)
Net (increase) decrease in loans	70	15
Net increase (decrease) in deposits	(143,904)	(204,923)
Net increase (decrease) in negotiable certificates of deposit	11,260	219,851
Net increase (decrease) in borrowings (excluding subordinated borrowed money)	96,003	75,180
Net (increase) decrease in deposits with bank (excluding deposits with the Bank of Japan)	20,966	60,742
Net (increase) and decrease in call loans, etc.	140	99
Net increase (decrease) in call money, etc.	1,964	941
Net increase (decrease) in payables under repurchase agreements	5,396	(3,482)
Net increase (decrease) in payables under securities lending transactions	25,688	(44,584)
Net (increase) decrease in foreign exchange (assets)	6,532	(19,116)
Net increase (decrease) in foreign exchange (liabilities)	(962)	1,122
Net (increase) decrease in leased receivables and lease investment assets	(27)	3
Net (increase) decrease in collateral pledged for financial instruments, etc.	(1,909)	340
Net increase (decrease) in borrowed money from trust account	354	541
Proceeds from fund management	23,754	24,468
Payments for fund procurement	(1,123)	(1,684)
Others	4,785	4,799
Subtotal	35,307	97,431
Income tax paid	(3,978)	(2,010)
Cash flow from operating activities	31,328	95,421
Cash flow from investing activities		
Payments on purchase of securities	(112,919)	(73,505)
Proceeds from sale of securities	56,568	60,082
Proceeds from redemption of securities	100,402	68,232
Payments due to increase in money held in trust	—	(646)
Proceeds due to decrease in money held in trust	—	424
Payments of acquisition of property, plant and equipment	(6,943)	(837)
Proceeds from sale of property, plant and equipment	41	73
Payments of acquisition of intangible assets	(468)	(578)
Cash flow from investing activities	36,681	53,243
Cash flow from financing activities		
Dividends paid	(1,354)	(1,769)
Dividends paid to non-controlling shareholders	(2)	(5)
Payments on purchase of shares of subsidiaries not resulting in change in scope of consolidation	(86)	—
Others	(6)	(6)
Cash flow from financing activities	(1,450)	(1,781)
Effect of exchange rate change on cash and cash equivalents	(4)	(2)
Increase (decrease) in cash and cash equivalents	66,555	146,881
Balance of cash and cash equivalents at beginning of interim period	264,712	483,912
Balance of cash and cash equivalents at end of interim period	331,267	630,793

[Notes]

(Basis for presentation of interim consolidated financial statements and principles of consolidation)

1. Scope of consolidation

Consolidated subsidiaries and subsidiary corporations, etc. 6 companies
 The Kagin Office Business Co., Ltd.
 The Kagin Agency Co., Ltd.
 The Kagoshima Guarantee Service Co., Ltd.
 Kyushu Economic Research Institute
 The Kagoshima Lease Co., Ltd.
 Kagoshima Card Co., Ltd.
 "Kyushu Accounting Services" became a wholly-owned subsidiary of Kyushu Financial Group as of April 1, 2020, and has been excluded from the scope of consolidation.

2. Interim closing date of consolidated subsidiaries and subsidiary corporations, etc.

Interim closing date of all consolidated subsidiaries and subsidiary corporations, etc. is the end of September.
 Not applicable.

3. Accounting policies

(1) Basis of valuation and valuation method of trading account securities

Valuation of trading account securities is made using the market value method (sales cost is principally calculated by the moving-average method).

(2) Basis of valuation and valuation method of securities

- As to valuation of securities, other securities are stated at market value based on market prices at the interim period end, etc. in principle (sales cost is principally calculated by the moving-average method). However, such securities for which it is considered extremely difficult to obtain the market value are stated at cost computed by the moving-average method. Valuation differences of other securities are accounted for as a component of net assets.
- Securities managed in individually managed money in trust for the main purpose of trading securities are valued by the market value method.

(3) Basis of valuation and valuation method of derivative transactions

Derivative transactions are valued by the market value method.

(4) Depreciation method of noncurrent assets

- Property, plant and equipment
 For property, plant and equipment of the Bank, the declining balance method (however, straight line method for buildings (excluding annexed facilities) acquired on and after April 1, 1998 and annexed facilities and structures acquired on and after April 1, 2016) has been adopted, and the estimated annual depreciation expense is recorded on a pro-rata basis based on the period. Major useful lives are as follows.
 Buildings: 19 to 20 years
 Others: 2 to 20 years
 Property, plant and equipment of consolidated subsidiaries and subsidiary corporations, etc. are depreciated using the straight line method based on the asset's estimated useful life.
- Intangible assets
 Intangible assets are amortized using the straight line method. Software for internal use is amortized based on the usable period determined by the Bank and consolidated subsidiaries and subsidiary corporations, etc. (5 years).

(5) Basis of recognition of allowance for loan losses

Allowance for loan losses of the Bank are recorded as follows in accordance with the predetermined bases of amortization and allowance.
 Loans equivalent to normal loans and special mentioned loans specified in the "Practical guide for verifications of internal supervision involved in banks" and other financial institutions' self asset assessments as well as audits of depreciation of and allowance for bad loans" (Japanese Institute of Certified Public Accountants' (JICPA) Special Audit Committee Report No. 4, October 8, 2020) are recorded based on historical loan loss ratio calculated from each loan loss over a certain period in the past. For large debtors of loans equivalent to special mentioned loans who have restructured loans, etc. and whose credit is a certain amount or more, loans whose cash flows on principal collection and receipt of interest on the loans can be estimated reasonably are recorded by the method where a difference between the amount calculated by discounting the cash flows using the contract interest rate before the implementation of the reconstruction and the carrying amount of the loan is considered to be allowance for loan losses (cash flow estimate method). For loans of large debtors on which future cash flows are difficult to be estimated reasonably, the remaining life is calculated individually, and the expected loss amount over a certain period in the future corresponding to that remaining life is recorded. For loans equivalent to loans to possibly-bankrupt borrowers, of the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount, the amount considered necessary after comprehensively judging the debtor's solvency is recorded. For loans equivalent to loans to bankrupt borrowers and loans to substantially bankrupt borrowers, the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount is recorded. For all loans, in accordance with the self-assessment criteria, the marketing-related division assesses assets, and the asset management division independent from that division verifies results of the assessment.

As to allowance for loan losses of consolidated subsidiaries and subsidiary corporations, etc., the amount considered necessary by taking into account historical loan loss rate is recorded for general loans, and estimated uncollectible amount individually taking into account collectability is recorded for certain loans including doubtful loans.

(Additional information)

On the presumption that the spread of infections of COVID-19 and its effects on economic activities will continue for about one year from the end of the previous fiscal year, the Bank, and consolidated subsidiaries and subsidiary corporations, etc. assume that there are certain effects on the Group's credit risks on loans, etc. Under such a situation, the Bank, and consolidated subsidiaries and subsidiary corporations, etc. has reflected available information that may affect estimates in the category of debtors and recorded allowance for loan losses.

However, this assumption is uncertain, and if the future situation of COVID-19 and effects on economic activities change, the loss amount could increase or decrease. In the current interim period, there was no significant change in the assumption.

(6) Basis of recognition of provision for reimbursement of deposits in inactive bank accounts

For provision for reimbursement of deposits in inactive bank accounts, the Bank records the amount considered necessary in consideration of past records on payments, etc. to prepare for claims for reimbursement of deposits in inactive bank accounts for which liabilities were derecognized and gains were recorded.

(7) Basis of recognition of reserve for contingent losses

For reserve for contingent losses, the Group estimates and record the loss amount that will arise in the future to prepare for payment of the burden, etc. that arises due to payment in subrogation under the responsibility-sharing system with credit guarantee corporations.

(8) Method of account for retirement benefits

In calculating retirement benefit obligations, the Bank uses the benefit formula basis as the method of attributing expected retirement benefits to the period up to the end of the current interim period. In addition, the method of accounting for of past service cost and actuarial gains and losses in profit or loss is as follows.

Past service cost: accounted for in profit or loss using the straight line method based on the certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence
 Actuarial gains and losses: Recorded in profit or loss using the declining balance method based on a certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence in each fiscal year, from the fiscal year following the incurrence.

Some consolidated subsidiaries and subsidiary corporations, etc. apply the practical expedient using the method where the required amount of voluntary base retirement benefits at the end of the current interim period is considered to be retirement benefit obligations, to calculation of net defined benefit liability and retirement benefit expenses.

(9) Basis of conversion of assets and liabilities denominated in foreign currencies into the Japanese currency

For the Bank's assets and liabilities denominated in foreign currencies, the yen equivalent amount is shown using the foreign exchange rate at the interim period end.

(10) Method of accounting for lease transactions

For the basis of recognition of revenue on finance lease transactions, the Group uses the method where other operating income and other operating expenses are recorded at the time of receiving lease payments.

(11) Hedge accounting method

(a) Interest rate risk hedge

For the method of hedge accounting for interest rate risk arising from financial assets and liabilities of the Bank, the Bank uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002, hereinafter referred to as "Industry Audit Committee Report No. 24").

For the method of assessing hedge effectiveness, the Group verifies correlation in factors of interest rate fluctuations and other factors between the hedged item and the hedging instrument for hedges to fix cash flows. In addition, special treatment of interest rate swaps are made for certain assets and liabilities.

(b) Exchange fluctuation risk hedge

For the method of hedge accounting for exchange fluctuation risk arising from assets and liabilities denominated in foreign currencies of the Bank, the Bank uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions, etc. in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002). For the method of assessing hedge effectiveness, the Group uses currency swaps and foreign exchange swaps conducted for the purpose of reducing or eliminating exchange fluctuation risk as hedging instruments and assess hedge effectiveness by confirming that there is the amount equivalent to foreign currency position commensurate with foreign currency monetary receivables and payables, etc. that are hedged items.

(12) Scope of funds in the interim consolidated statement of cash flows

The scope of the interim consolidated statement of cash flows is cash and deposits with the Bank of Japan within "cash and deposits with banks" on the interim consolidated balance sheet.

(13) Accounting for consumption tax, etc.

The Bank and consolidated subsidiaries and subsidiary corporations, etc. account for consumption and local consumption taxes using tax-excluded method.

(Interim consolidated balance sheet)

- Securities lent under unsecured lending agreements (bond lending transactions) of ¥66,213 million are included in government bonds in "securities."
- Of loans, the amount of loans to bankrupt borrowers is ¥2,264 million, and the amount of loans in arrears is ¥35,659 million. Loans to bankrupt borrowers mean loans for which any of events stipulated in Article 96, paragraph 1, item 3, (a) to (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) and events stipulated in item 4 of the same paragraph among loans for which accrued interest was not recorded because collection or repayment of the principal or interest were not expected due to delay in payment of the principal or interest continued for a significant period or for other reasons (excluding the portion written off, hereinafter referred to as "loans for which accrued interest is not shown"). Loans in arrears mean loans for which accrued interest is not shown that are loans other than loans of which the payment of interest is postponed for the purpose of financial restructuring or support of loans to bankrupt borrowers or debtors.
- Of loans, there was no amount of loans overdue for three months or longer. Loans overdue for three months or longer mean loans for which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, and that do not fall under the categories of loans to bankrupt borrowers and loans in arrears.
- Of loans, the amount of restructured loans is ¥42,842 million. Restructured loans mean loans for which reduction of or exemption from interest, interest payment moratorium, principal payment moratorium, forgiveness of debt, or any other arrangement favorable to the debtor for the purpose of the financial restructuring or support of the debtor is made and that do not fall under the categories of loans to bankrupt borrowers, loans in arrears and loans overdue for three months or longer.
- The total amount of loans to bankrupt borrowers, loans in arrears, loans overdue for three months or longer and restructured loans is ¥80,765 million. The amounts of loans stated in 2. to 5. above are amounts before deduction of allowance for loan losses.
- Bill discount is accounted for as financial transactions under the Industry Audit Committee Report No. 24. Commercial bills accepted and foreign bills bought under this have the right to be freely disposed of by means of sale or (re)pledging. The nominal amount is ¥6,072 million.
- Assets pledged as collateral are as follows.
 Assets pledged as collateral

Securities	¥346,031 million
Debts corresponding to collateral assets	
Deposits	¥27,311 million
Payables under repurchase agreements	¥58,736 million
Payables under securities landing transactions	¥128,261 million
Borrowings	¥354,584 million

 Other than the above, the Bank has pledged other assets of ¥15,544 million as collateral for exchange settlement and transactions with designated financial institutions, etc. Other assets include guarantee deposits, and collateral pledged for financial instruments, etc. The amount is as follows.

Guarantee deposits	¥295 million
Collateral pledged for financial instruments, etc.	¥14,317 million
- Overdraft facility agreements and commitment line agreements for loans are agreements promising to lend funds up to a certain limit amount when customers make a request for execution of loans, unless there is no breach of contractually specified conditions. The balance of undisbursed loans under these agreements is ¥769,595 million. Of these loans, those whose original contract period is one year or less, or which can be unconditionally cancelled in a given period is ¥751,658 million.

Since many of these agreements is terminated without loans being executed, the balance of undisbursed loans itself does not necessarily affect future cash flows of the Bank, and consolidated subsidiaries and subsidiary corporations, etc. To many of these agreements, the provision that if there is a change in financial conditions, preservative attachment, or any other reasonable reason, the Bank, and consolidated subsidiaries and subsidiary corporations, etc. may refuse loans of which execution is requested, or reduce the contractual maximum amount has been attached. Furthermore, in addition to requesting for collateral such as real estate and securities at the time of contract where necessary, even after the contract, the Group obtains information on business circumstances, etc. based on regularly predetermined internal procedures, reviews the contract where necessary, and takes measures for credit preservation.

9. Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), the Group revalued land for business of the Bank, recorded the amount equivalent to taxes on the valuation difference as "deferred tax liabilities for land revaluation liabilities" in liabilities, and posted the amount less this amount as "Revaluation difference of land" in net assets.
- Date of revaluation made March 31, 1998
Revaluation method stipulated in Article 3, paragraph 3 of the said act
Calculated by making reasonable adjustments, including adjustments for land shape, based on posted land prices stipulated in Article 2, paragraph 1 of the Order for Enforcement on Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998).
However, if there is no appropriate posted land price, the value is calculated by making reasonable adjustments, such as market conditions adjustment, to the price calculated based on benchmark land price stipulated Article 2, paragraph 2 of the said order, or by the method specified in Article 2, paragraph 4 of the said order.
10. Accumulated depreciation of property, plant and equipment ¥33,370 million
11. Of corporate bonds in "securities," the amount of the Bank's guaranteed debts on corporate bonds based on private placement of securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act) is ¥9,558 million.

(Interim consolidated income statement)

1. "Other ordinary income" includes gain on sale of shares and other securities of ¥1,265 million.

(Interim consolidated statements of changes in shareholders' equity)

1. Class and total number of outstanding shares, and class and number of treasury shares (Thousand yen)

	Number of shares at beginning of the current fiscal year	Number of shares increased during the current interim period	Number of shares decreased during the current interim period	Number of shares at end of the current interim period	Brief
Number of outstanding shares					
Common shares	209,816	—	—	209,816	
Treasury shares					
Common shares	—	—	—	—	

2. Dividends

- (1) Dividends paid during the current interim period

(Resolution)	Class of shares	Total amount of dividends (Million yen)	Dividends per share (yen)	Record date	Effective date
May 8, 2020 Board of Directors	Common shares	1,769	8.43	March 31, 2020	May 14, 2020

- (2) Of dividends whose record date falls in the current interim period, those whose effective date is after the end of the current interim period

(Resolution)	Class of shares	Total amount of dividends (Million yen)	Dividend resources	Dividends per share (yen)	Record date	Effective date
November 10, 2020 Board of Directors	Common shares	1,769	Retained earnings	8.43	September 30, 2020	November 13, 2020

(Interim consolidated statement of cash flows)

Relation between the balance of cash and cash equivalents at end of interim period and the amounts recorded on the interim consolidated balance sheet

Cash and deposits with banks	¥631,388 million
Term deposits	¥(52) million
Other deposits with banks	¥(543) million
Cash and cash equivalents	¥630,793 million

(Financial instruments)

Market value of financial instruments, etc.

The amount recorded on the interim consolidated balance sheet, market value and differences between them on September 30, 2020 are as follows. Unlisted shares, etc. for which it is considered extremely difficult to obtain the market value are not included in the table below (Refer to Note 2).

	Amount recorded on the interim consolidated balance sheet	Market value	Difference
(mil. yen)			
Assets			
(1) Cash and deposits with banks	631,388	631,388	—
(2) Trading account securities			
Securities held for trading	836	836	—
(3) Securities			
Available-for-sale securities	799,156	799,156	—
(4) Loans	3,748,309		
Allowance for loan losses (*1)	(40,474)		
	3,707,835	3,717,235	9,400
Total assets	5,139,216	5,148,617	9,400
Liabilities			
(1) Deposits	4,205,129	4,205,289	160
(2) Negotiable certificates of deposit	185,333	185,341	8
(3) Payables under repurchase agreements	58,736	58,736	—
(4) Payables under securities landing transactions	128,261	128,261	—
(5) Borrowings	365,105	365,082	△22
Total liabilities	4,942,567	4,942,713	146
Derivative transactions (*2)			
Those to which hedge accounting is not applied	286	286	—
Those to which hedge accounting is applied	(13,880)	(13,880)	—
Total derivative transactions	(13,593)	(13,593)	—

(*1) General allowance for loan losses and individual allowance for loan losses corresponding to loans have been deducted.

(*2) Derivative transactions recorded in other assets and liabilities are presented collectively.

Net receivable and payable arising from derivative transactions are presented on a net basis and items of which the total is a net payable is presented in parentheses.

(Note 1) Method of calculating market value of financial instruments

Assets

- (1) Cash and deposits with banks

Since the market value of deposits with banks having no maturity approximates their carrying amount, the carrying amount is considered to be the market value. With regard to deposits with banks having a maturity, since their remaining period is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.

- (2) Trading account securities

For securities such as bonds held for sale, etc., the market value is based on prices of the stock exchange or prices presented by transaction financial instruments.

- (3) Securities

The market value of shares is based on prices of the stock exchange, and the market value of bonds is principally based on prices of the stock exchange or prices presented by transaction financial instruments. The market value of investment trusts is based on publicly available base prices.

- (4) Loans

Of loans, those with variable interest rate reflect market interest rate in the short term. Therefore, as the market value approximates the carrying amount unless the credit standing of the borrower differs significantly after the execution, the carrying amount is considered to be the market value. For those with fixed interest rate, the market value is calculated, for each category based on the type, internal rating and period of the loan, by discounting the total of principal and interest using the interest rate assumed if a similar loans is made.

For loans to bankrupt borrowers, loans to substantially bankrupt borrowers, loans possibly-bankrupt borrowers, etc., because the estimated amount of loan losses is calculated based on the present value of estimated future cash flows or the estimated amount to be collected through collateral or guarantee, the market value approximates the amount of the amount of receivables, etc. recorded on the interim consolidated balance sheet at the end of the interim period less the amount of allowance for loan losses recorded. Accordingly, this amount is considered to be the market value.

Of loans, for those that has not the repayment period set due to the feature that the loan is limited within the scope of the collateral asset or other reasons, the market value is assumed to approximate the carrying amount, so the carrying amount is considered to be the market value.

Liabilities

- (1) Deposits

For demand deposits, the payment amount when the deposit is demanded at the end of the interim period (carrying amount) is deemed to be the market value. In addition, for the market value of time deposits, the present value is calculated by separating the deposit by a certain period and discounting future cash flows. The interest rate used in newly accepting a deposit is employed as the discount rate.

- (2) Negotiable certificates of deposit

For the market value of negotiable certificates of deposit, the present value is calculated by separating the deposit by a certain period and discounting future cash flows. The interest rate used in newly accepting a deposit is employed as the discount rate.

- (3) Payables under repurchase agreements

Since the remaining period of payables under repurchase agreements is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.

- (4) Payables under securities lending transactions
Since the agreed period of payables under securities lending transactions is a short term (within one year) and their market value approximates their carrying amount, the carrying amount is considered to be the market value.
- (5) Borrowings
Of borrowings, those with variable interest rate reflect market interest rate in the short term, and the credit standing of the Bank, and consolidated subsidiaries and subsidiary corporations, etc. does not differ significantly after the execution. Therefore, as the market value is deemed to approximate the carrying amount, the carrying amount is considered to be the market value. For the market value of those with fixed interest rate, the present value is calculated by discounting the total of principal and interest of the borrowing separated by a certain period using the interest rate assumed for a similar borrowing. For those whose agreed period is a short term (within one year), since their market value approximates their carrying amount, the carrying amount is considered to be the market value.

Derivative transactions

Derivative transactions are interest related transactions (such as interest swaps) and currency related transactions (such as currency swaps and forward exchanges), and the market value is at the value calculated based on the discounted present value, etc.

- (Note 2) The amount recorded on the interim consolidated balance sheet of financial instruments for which it is considered extremely difficult to obtain the market value is as follows, and is not included in "Assets (3) Securities" in information on the market value of financial instruments.

(mil. yen)	
Category	September 30, 2020
(1) Unlisted shares, etc. (*1) (*2)	2,555
(2) Investment in capital of partnership, etc. (*3)	4,769
Total	7,325

- (*1) Unlisted shares, etc. are not subject to disclosure of the market value since they have no market value, etc. and it is considered extremely difficult to obtain their market value.
- (*2) In the current interim period, impairment losses of ¥0 million was recognized for unlisted shares.
- (*3) Of investment in capital of partnership, investment for which partnership assets consist of assets for which it is considered extremely difficult to obtain the market value, such as unlisted shares, is not subject to disclosure of the market value.

(Per share information)

Net assets per share	¥1,611.58
Profit attributable to owners of parent per share	¥19.36

(Segment information, etc.)

[Segment information]

1. Overview of reporting segments

The Bank Group's reporting segments are those, of the Group's components, for which separated financial information is available and which are subject to periodical examination by the Company to determine allocate managerial resources and assess operating results.

The Bank Group provides financial services centered on banking business, such as leasing business, and has two reporting segments: "banking business" and "leasing business."

The "banking business" is engaged in deposit business, lending business, exchange business, securities investment business, and others, whereas the "leasing business" conducts leasing business.

2. Method of calculating amounts of ordinary income, profit or loss, assets and other items by reporting segment

The accounting method of reported business segments is basically the same as that provided in "Basis for presentation of interim consolidated financial statements and principles of consolidation."

Profit of reporting segments represents figures based on ordinary profit.

Ordinary income between the segments is based on arm's length transaction prices.

3. Information on amounts of ordinary income, profit or loss, assets and other items by reporting segment

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

	Reporting segments			Others	Total	Adjustments	Amount recorded on the interim consolidated financial statements
	Banking business	Leasing business	Total				
Ordinary income							
Ordinary income to external customers	31,218	5,999	37,217	809	38,027	—	38,027
Internal ordinary income between the segments	800	432	1,233	807	2,040	(2,040)	—
Total	32,019	6,432	38,451	1,616	40,068	(2,040)	38,027
Segment profit	8,385	96	8,481	290	8,771	(617)	8,154
Segment assets	4,751,806	39,687	4,791,494	15,487	4,806,982	(28,335)	4,778,647
Other items							
Depreciation and amortization expense	1,452	41	1,494	27	1,521	—	1,521
Income from fund management	24,144	13	24,158	39	24,198	(675)	23,522
Financing cost	1,383	65	1,448	12	1,461	(119)	1,341

- (Notes)
1. In place of net sales of general companies, ordinary income is provided each.
 2. "Other" category is the business segment that is not included in the reporting segments, and mainly represents credit card business and debt guarantee business.
 3. Adjustments are elimination of intersegment transactions, etc.
 4. Segment profit is adjusted to ordinary profit in the interim consolidated income statement.

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(mil. yen)

	Reporting segments			Others	Total	Adjustments	Amount recorded on the interim consolidated financial statements
	Banking business	Leasing business	Total				
Ordinary income							
Ordinary income to external customers	31,985	7,148	39,134	708	39,842	—	39,842
Internal ordinary income between the segments	1,315	426	1,742	749	2,492	(2,492)	—
Total	33,301	7,575	40,876	1,458	42,334	(2,492)	39,842
Segment profit	6,559	100	6,659	216	6,876	(1,155)	5,720
Segment assets	5,324,724	38,524	5,363,249	13,129	5,376,379	(24,987)	5,351,391
Other items							
Depreciation and amortization expense	1,701	41	1,743	23	1,766	—	1,766
Income from fund management	25,369	12	25,382	32	25,414	(1,210)	24,203
Financing cost	1,386	63	1,449	12	1,462	(108)	1,353

- (Notes)
1. In place of net sales of general companies, ordinary income is provided each.
 2. "Other" category is the business segment that is not included in the reporting segments, and mainly represents credit card business and debt guarantee business.
 3. Adjustments are elimination of intersegment transactions, etc.
 4. Segment profit is adjusted to ordinary profit in the interim consolidated income statement.

[Related information]

I Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

1. Information by service

(mil. yen)

	Lending business	Securities investment business	Leasing business	Others	Total
Ordinary income to external customers	18,268	7,307	5,980	6,471	38,027

(Notes) In place of net sales of general companies, ordinary income is provided.

2. Information by region

(1) Ordinary income

Because at the Bank Group, the amount classified as ordinary income to external customers in Japan exceeds 90% of ordinary income in the interim consolidated income statement, the information is omitted.

(2) Property, plant and equipment

Because at the Bank Group, the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment in the interim consolidated income statement, the information is omitted.

3. Information by major customer

Because no ordinary income to a specific customer accounts for 10% or more of ordinary income in the interim consolidated income statement, the information is omitted.

II Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

1. Information by service

(mil. yen)

	Lending business	Securities investment business	Leasing business	Others	Total
Ordinary income to external customers	18,253	7,963	7,135	6,489	39,842

(Notes) In place of net sales of general companies, ordinary income is provided.

2. Information by region

(1) Ordinary income

Because at the Bank Group, the amount classified as ordinary income to external customers in Japan exceeds 90% of ordinary income in the interim consolidated income statement, the information is omitted.

(2) Property, plant and equipment

Because at the Bank Group, the amount of property, plant and equipment located in Japan exceeds 90% of property, plant and equipment in the interim consolidated income statement, the information is omitted.

3. Information by major customer

Because no ordinary income to a specific customer accounts for 10% or more of ordinary income in the interim consolidated income statement, the information is omitted.

[Information on impairment losses on noncurrent assets by reporting segment]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Not applicable.

[Information on amortization of goodwill and unamortized balance by reporting segment]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Not applicable.

[Information on gains on negative goodwill incurred]

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019), and six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
Not applicable.

Consolidated risk-managed claims

	(mil. yen, %)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Loans to bankrupt borrowers	2,892	2,264
Loans in arrears	35,806	35,659
Loans overdue for three months or longer	35	—
Restructured loans	37,607	42,842
Total	76,342	80,765
Total loans	3,537,770	3,748,309
percentage of loans	2.15	2.15

Overview of business (non-consolidated)

Operating results

[Operating results]

As to operating results for six months ended September 30, 2020, ordinary income increased by ¥1,281 million compared to the previous interim period to ¥33,301 million due largely to a rise in net interest income resulting from an increase in interest and dividends on securities

On the other hand, operating expenses increased by ¥3,107 million compared to the previous interim period to ¥26,741 million partly because of a rise in other ordinary expenses stemming from higher provision of allowance for loan losses.

Consequently, ordinary profit decreased by ¥1,826 million compared to the previous interim period to ¥6,559 million, and profit declined by ¥1,033 million compared to the previous interim period to ¥5,007 million.

[Financial position]

Deposits increased by ¥219,759 million compared to the end of the previous fiscal year to ¥4,207,619 million, and negotiable certificates of deposit rose by ¥74,030 million compared to the end of the previous fiscal year to ¥187,933 million.

Loans increased by ¥204,236 million compared to the end of the previous fiscal year to ¥3,762,410 million, because of loans for the public sector and other factors.

Securities decreased by ¥48,093 million compared to the end of the previous fiscal year to ¥805,584 million due largely to a decline in foreign securities.

Changes in main management indicators

Category	Unit	Six months ended September 30, 2018	Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended March 31, 2019	Six months ended March 31, 2020
Ordinary income	Mil. yen	31,635	32,019	33,301	65,327	64,408
Fiduciary income	Mil. yen	—	4	10	—	15
Ordinary profit	Mil. yen	7,561	8,385	6,559	17,418	16,216
Profit	Mil. yen	5,405	6,040	5,007	—	—
Profit	Mil. yen	—	—	—	12,024	11,236
Capital	Mil. yen	18,130	18,130	18,130	18,130	18,130
Total number of outstanding shares	thousand shares	209,816	209,816	209,816	209,816	209,816
Net assets	Mil. yen	320,880	331,901	325,275	324,506	312,530
Total assets	Mil. yen	4,591,658	4,755,245	5,328,065	4,580,015	5,035,884
Balance of deposits	Mil. yen	3,768,446	3,881,276	4,207,619	3,868,876	3,987,859
Balance of loans	Mil. yen	3,373,898	3,552,829	3,762,410	3,407,595	3,558,174
Balance of securities	Mil. yen	880,159	763,691	805,584	806,476	853,678
Profit per share	Yen	25.76	28.78	23.86	—	—
Profit per share	Yen	—	—	—	57.31	53.55
Profit per share diluted	Yen	—	—	—	—	—
Profit per share diluted	Yen	—	—	—	—	—
Dividends per share	Yen	6.45	6.45	8.43	12.91	14.89
Non-consolidated capital adequacy ratio (domestic criteria)	%	10.64	10.47	10.48	10.35	10.25
Number of employees (excluding average number of temporary employees)	People	2,111 [228]	2,083 [232]	2,080 [242]	2,002 [229]	1,996 [234]
Trust assets	Mil. yen	—	354	1,667	—	1,125
Balance of trust account loans	Mil. yen	—	—	—	—	—
Balance of trust account securities (excluding balance of rights to display trust account electronic record transfer securities)	Mil. yen	—	—	—	—	—
Balance of rights to display trust account electronic record transfer securities	Mil. yen	—	—	—	—	—

- (Notes) 1. Consumption and local consumption taxes are accounted for using tax-excluded method.
2. "Profit per share diluted (for the interim period)" and "profit per share diluted" are not provided because there are no potential ordinary shares.
3. The non-consolidated capital adequacy ratio has been calculated by the formula stipulated in Notification No. 19 of the Financial Services Agency, 2006 under the provision of Article 14-2 of the Bank Act. The Bank has adopted the domestic criteria.

Interim financial statements, etc.

Interim balance sheet

(mil. yen)

Accounts	Six months ended September 30, 2019 (as of September 30, 2019)	Six months ended September 30, 2020 (as of September 30, 2020)
	Amount	Amount
Assets		
Cash and deposits with banks	331,827	631,298
Monetary claims bought	7,531	8,235
Trading account securities	937	836
Money held in trust	11,138	12,094
Securities	763,691	805,584
Loans	3,552,829	3,762,410
Foreign exchange	5,772	6,358
Other assets	22,343	39,892
Property, plant and equipment	66,159	68,200
Intangible assets	3,641	3,457
Prepaid pension expenses	8,492	7,932
Customers' liabilities for acceptances and guarantees	24,140	24,429
Allowance for loan losses	(43,260)	(42,666)
Total assets	4,755,245	5,328,065
Liabilities		
Deposits	3,881,276	4,207,619
Negotiable certificates of deposit	185,261	187,933
Call money	5,396	—
Payables under repurchase agreements	84,431	58,736
Payables under securities lending transactions	79,283	128,261
Borrowings	130,575	354,700
Foreign exchange	70	67
Borrowed money from trust account	354	1,667
Other liabilities	16,377	29,540
Accrued income taxes, etc.	2,039	1,145
Lease obligations	2,244	1,758
Asset retirement obligations	224	174
Other liabilities	11,870	26,461
Provision for retirement benefits	1,719	1,705
Provision for reimbursement of deposits in inactive bank accounts	1,060	767
Reserve for contingent losses	216	232
Deferred tax liabilities	6,285	311
Deferred tax liabilities for land revaluation	6,893	6,817
Acceptances and guarantees	24,140	24,429
Total liabilities	4,423,343	5,002,789
Net assets		
Capital	18,130	18,130
Capital surplus	11,204	11,204
Legal capital surplus	11,204	11,204
Retained earnings	243,426	250,629
Earned legal reserve	18,130	18,130
Other retained earnings	225,295	232,498
Reserve for advanced depreciation of noncurrent assets	577	577
Reserve for special account for advanced depreciation of noncurrent assets	—	11
Other reserves	213,000	221,000
Retained earnings brought forward	11,717	10,909
Total shareholders' equity	272,761	279,964
Evaluation difference on available-for-sale securities	45,102	40,656
Deferred gains or losses on hedges	(900)	(10,139)
Revaluation difference of land	14,938	14,793
Total valuation and translation adjustments	59,140	45,311
Total net assets	331,901	325,275
Total liabilities and net assets	4,755,245	5,328,065

Interim income statement

(mil. yen)

Accounts	Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)
	Amount	Amount
Ordinary income	32,019	33,301
Income from fund management	24,144	25,369
(of which, interest on loans and bills discounted)	(18,293)	(18,283)
(of which, interest and dividends on securities)	(5,811)	(7,025)
Fiduciary income	4	10
Fees and commissions	5,112	4,878
Other operating income	1,823	1,137
Other ordinary income	933	1,905
Ordinary expenses	23,634	26,741
Financing cost	1,383	1,386
(of which, interest on deposits)	(218)	(170)
Fees and commission expenses	2,213	2,406
Other operating expenses	233	297
Operating expenses	17,762	19,326
Other ordinary expenses	2,041	3,325
Ordinary profit	8,385	6,559
Extraordinary gains	2	2
Extraordinary losses	111	17
Pretax profit	8,275	6,543
Corporate income tax, inhabitants tax, and enterprise taxes	2,342	1,541
Deferred income taxes	(106)	(4)
Total income taxes	2,235	1,536
Profit	6,040	5,007

Interim statements of changes in shareholders' equity

Six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(mil. yen)

(mil. yen)

	Shareholders' equity						
	Capital	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Earned legal reserve	Other retained earnings		
					Reserve for advanced depreciation of noncurrent assets	Other reserves	Retained earnings brought forward
Balance at beginning of current period	18,130	11,204	11,204	18,130	577	204,000	16,005
Amount of changes during the period							
Accumulation of other reserves						9,000	(9,000)
Dividends from surplus							(1,354)
Profit							6,040
Release of revaluation difference of land							26
Amount of changes in items other than shareholders' equity during the period (net amount)							
Amount of changes during the period	—	—	—	—	—	9,000	(4,287)
Balance at end of current period	18,130	11,204	11,204	18,130	577	213,000	11,717

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Retained earnings	Total shareholders' equity	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Total valuation and translation adjustments	
	Total retained earnings						
Balance at beginning of current period	238,713	268,048	41,525	(33)	14,964	56,457	324,506
Amount of changes during the period							
Accumulation of other reserves	—	—					—
Dividends from surplus	(1,354)	(1,354)					(1,354)
Profit	6,040	6,040					6,040
Release of revaluation difference of land	26	26					26
Amount of changes in items other than shareholders' equity during the period (net amount)			3,576	(867)	(26)	2,683	2,683
Amount of changes during the period	4,712	4,712	3,576	(867)	(26)	2,683	7,395
Balance at end of current period	243,426	272,761	45,102	(900)	14,938	59,140	331,901

	Shareholders' equity							
	Capital	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Earned legal reserve	Other retained earnings			
					Reserve for advanced depreciation of noncurrent assets	Reserve for special account for advanced depreciation of noncurrent assets	Other reserves	Retained earnings brought forward
Balance at beginning of current period	18,130	11,204	11,204	18,130	577	11	213,000	15,691
Amount of changes during the period								
Accumulation of other reserves							8,000	(8,000)
Dividends from surplus								(1,789)
Profit								5,007
Amount of changes in items other than shareholders' equity during the period (net amount)								
Amount of changes during the period	—	—	—	—	—	—	8,000	(4,782)
Balance at end of current period	18,130	11,204	11,204	18,130	577	11	221,000	10,909

	Shareholders' equity		Valuation and translation adjustments				Total net assets
	Retained earnings	Total shareholders' equity	Evaluation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation difference of land	Total valuation and translation adjustments	
	Total retained earnings						
Balance at beginning of current period	247,411	276,746	34,162	(13,172)	14,793	35,784	312,530
Amount of changes during the period							
Accumulation of other reserves	—	—					—
Dividends from surplus	(1,789)	(1,789)					(1,789)
Profit	5,007	5,007					5,007
Amount of changes in items other than shareholders' equity during the period (net amount)			6,494	3,033		9,527	9,527
Amount of changes during the period	3,217	3,217	6,494	3,033	—	9,527	12,744
Balance at end of current period	250,629	279,964	40,656	(10,139)	14,793	45,311	325,275

[Notes]

(Significant accounting policies)

1. **Basis of valuation and valuation method of trading account securities**
Valuation of trading account securities is made using the market value method (sales cost is principally calculated by the moving-average method).
2. **Basis of valuation and valuation method of securities**
 - (1) As to valuation of securities, shares of subsidiaries and subsidiary corporations, etc. are stated at cost computed by the moving-average method (sales cost is principally calculated by the moving-average method). However, such securities for which it is considered extremely difficult to obtain the market value are stated at cost computed by the moving-average method. Valuation differences of other securities are accounted for as a component of net assets.
 - (2) Securities managed in individually managed money in trust for the main purpose of trading securities are valued by the market value method.
3. **Basis of valuation and valuation method of derivative transactions**
Derivative transactions are valued by the market value method.
4. **Depreciation method of noncurrent assets**
 - (1) Property, plant and equipment (excluding leased assets)
For property, plant and equipment, the declining balance method (however, straight line method for buildings (excluding annexed facilities) acquired on and after April 1, 1998 and annexed facilities and structures acquired on and after April 1, 2016) has been adopted, and the estimated annual depreciation expense is recorded on a pro-rata basis based on the period. Major useful lives are as follows.
Buildings: 19 to 50 years
Others: 2 to 20 years
 - (2) Intangible assets (excluding leased assets)
Intangible assets are amortized using the straight line method. Software for internal use is amortized based on the usable period in the Bank (5 years).
 - (3) Leased assets
Leased assets in "property, plant and equipment" and "intangible assets" related to finance lease transactions not involving transfer of ownership are depreciated using the straight line method with the lease period as useful life. Residual value is the guaranteed residual value for those with a residual value guarantee arrangement in the lease agreement, and is zero for others.
5. **Basis of recognition of provisions**
 - (1) Allowance for loan losses
Allowance for loan losses are recorded as follows in accordance with the predetermined bases of amortization and allowance.
Loans equivalent to normal loans and special mentioned loans specified in the "Practical guide for verifications of internal supervision involved in banks" and other financial institutions' self asset assessments as well as audits of depreciation of and allowance for bad loans" (Japanese Institute of Certified Public Accountants' (JICPA) Special Audit Committee Report No. 4, October 8, 2020) are recorded based on historical loan loss ratio calculated from each loan loss over a certain period in the past. For large debtors of loans equivalent to special mentioned loans who have restructured loans, etc. and whose credit is a certain amount or more, loans whose cash flows on principal collection and receipt of interest on the loans can be estimated reasonably are recorded by the method where a difference between the amount calculated by discounting the cash flows using the contract interest rate before the implementation of the reconstruction and the carrying amount of the loan is considered to be allowance for loan losses (cash flow estimate method). For loans of large debtors on which future cash flows are difficult to be estimated reasonably, the remaining life is calculated individually, and the expected loss amount over a certain period in the future corresponding to that remaining life is recorded. For loans equivalent to loans to possibly-bankrupt borrowers, of the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount, the amount considered necessary after comprehensively judging the debtor's solvency is recorded. For loans equivalent to loans to bankrupt borrowers and loans to substantially bankrupt borrowers, the remainder after deducting the collateral's estimated amount available for disposal and estimated collectible amount due to guarantee from the loan amount is recorded.
For all loans, in accordance with the self-assessment criteria, the marketing-related division assesses assets, and the asset management division independent from that division verifies results of the assessment.
(Additional information)
On the presumption that the spread of infections of COVID-19 and its effects on economic activities will continue for about one year from the end of the previous period, the Bank assumes that there are certain effects on the Bank Group's credit risks on loans, etc. Under such a situation, the Bank has reflected available information that may affect estimates in the category of debtors and recorded allowance for loan losses.
However, this assumption is uncertain, and if the future situation of COVID-19 and effects on economic activities change, the loss amount could increase or decrease. In the current interim period, there was no significant change in the assumption.
 - (2) Provision for retirement benefits
For provision for retirement benefits, the amount considered to be incurred at the end of the current interim period based on the estimated amount of retirement benefit obligations and pension assets at the end of the period is recorded to prepare for payment of retirement benefits to employees. In calculating retirement benefit obligations, the Bank uses the benefit formula basis as the method of attributing expected retirement benefits to the period up to the end of the current interim period. The method of accounting for of past service cost and actuarial gains and losses in profit or loss is as follows.
Past service cost: accounted for in profit or loss using the straight line method based on the certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence
Actuarial gains and losses: Recorded in profit or loss using the declining balance method based on a certain number of years (10 years) during the average remaining service period of the employee at the time of incurrence in each fiscal year, from the fiscal year following the incurrence.
 - (3) Provision for reimbursement of deposits in inactive bank accounts
For provision for reimbursement of deposits in inactive bank accounts, the Bank records the amount considered necessary in consideration of past records on payments, etc. to prepare for claims for reimbursement of deposits in inactive bank accounts for which liabilities were derecognized and gains were recorded.
 - (4) Reserve for contingent losses
For reserve for contingent losses, the Group estimates and record the loss amount that will arise in the future to prepare for payment of the burden, etc. that arises due to payment in subrogation under the responsibility-sharing system with credit guarantee corporations.
6. **Basis of conversion of assets and liabilities denominated in foreign currencies into the Japanese currency**
For assets and liabilities denominated in foreign currencies, the yen equivalent amount is shown using the foreign exchange rate at the interim period end.
7. **Hedge accounting method**
 - (1) Interest rate risk hedge
For the method of hedge accounting for interest rate risk arising from financial assets and liabilities, the Bank uses the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002, hereinafter referred to as "Industry Audit Committee Report No. 24"). For the method of assessing hedge effectiveness, the Group verifies correlation in factors of interest rate fluctuations and other factors between the hedged item and the hedging instrument for hedges to fix cash flows. In addition, special treatment of interest rate swaps are made for certain assets and liabilities.

- (2) Exchange fluctuation risk hedge

For the method of hedge accounting for exchange fluctuation risk arising from assets and liabilities denominated in foreign currencies, the deferred hedge method stipulated in "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions, etc. in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002) is used.

For the method of assessing hedge effectiveness, the Group uses currency swaps and foreign exchange swaps conducted for the purpose of reducing or eliminating exchange fluctuation risk as hedging instruments and assess hedge effectiveness by confirming that there is the amount equivalent to foreign currency position commensurate with foreign currency monetary receivables and payables, etc. that are hedged items.

8. **Accounting for consumption tax, etc.**

Consumption and local consumption taxes (hereinafter referred to as "consumption tax, etc.") are accounted for using tax-excluded method. However, consumption tax, etc. on noncurrent assets that is not subject to deduction is recorded in expenses for the current interim period.

(Interim balance sheet)

1. Total amount of shares of affiliates ¥803 million
2. Securities lent under unsecured lending agreements (bond lending transactions) of ¥66,213 million are included in government bonds in "securities."
3. Of loans, the amount of loans to bankrupt borrowers is ¥2,264 million, and the amount of loans in arrears is ¥35,658 million.
Loans to bankrupt borrowers mean loans for which any of events stipulated in Article 96, paragraph 1, item 3, (a) to (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) and events stipulated in item 4 of the same paragraph among loans for which accrued interest was not recorded because collection or repayment of the principal or interest were not expected due to delay in payment of the principal or interest continued for a significant period or for other reasons (excluding the portion written off, hereinafter referred to as "loans for which accrued interest is not shown").
Loans in arrears mean loans for which accrued interest is not shown that are loans other than loans of which the payment of interest is postponed for the purpose of financial restructuring or support of loans to bankrupt borrowers or debtors.
4. Of loans, there was no amount of loans overdue for three months or longer.
Loans overdue for three months or longer mean loans for which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, and that do not fall under the categories of loans to bankrupt borrowers and loans in arrears.
5. Of loans, the amount of restructured loans is ¥42,842 million.
Restructured loans mean loans for which reduction of or exemption from interest, interest payment moratorium, principal payment moratorium, forgiveness of debt, or any other arrangement favorable to the debtor for the purpose of the financial restructuring or support for the debtor is made and that do not fall under the categories of loans to bankrupt borrowers, loans in arrears and loans overdue for three months or longer.
6. The total amount of loans to bankrupt borrowers, loans in arrears, loans overdue for three months or longer and restructured loans is ¥80,765 million.
The amounts of loans stated in 3. to 6. above are amounts before deduction of allowance for loan losses.
7. Bill discount is accounted for as financial transactions under the Industry Audit Committee Report No. 24. Commercial bills accepted and foreign bills bought under this have the right to be freely disposed of by means of sale or (re)pledging. The nominal amount is ¥6,072 million.
8. Assets pledged as collateral are as follows.
Assets pledged as collateral
Securities ¥346,031 million
Debts corresponding to collateral assets
Deposits ¥27,311 million
Payables under repurchase agreements ¥58,736 million
Payables under securities lending transactions ¥128,261 million
Borrowings ¥354,584 million
Other than the above, the Bank has pledged other assets of ¥15,544 million as collateral for exchange settlement and transactions with designated financial institutions, etc. Other assets include guarantee deposits, and collateral pledged for financial instruments, etc. The amount is as follows.
Guarantee deposits ¥290 million
Collateral pledged for financial instruments, etc. ¥14,317 million
9. Overdraft facility agreements and commitment line agreements for loans are agreements promising to lend funds up to a certain limit amount when customers make a request for execution of loans, unless there is no breach of contractually specified conditions.
The balance of undisbursed loans under these agreements is ¥760,226 million. Of these loans, those whose original contract period is one year or less, or which can be unconditionally cancelled in a given period is ¥742,290 million.
Since many of these agreements is terminated without loans being executed, the balance of undisbursed loans itself does not necessarily affect future cash flows of the Bank. To many of these agreements, the provision that if there is a change in financial conditions, preservative attachment, or any other reasonable reason, the Bank may refuse loans of which execution is requested, or reduce the contractual maximum amount has been attached. Furthermore, in addition to requesting for collateral such as real estate and securities at the time of contract where necessary, even after the contract, the Group obtains information on business circumstances, etc. based on regularly predetermined internal procedures, reviews the contract where necessary, and takes measures for credit preservation.
10. Pursuant to the Act on Revaluation of Land (Act No. 34 promulgated on March 31, 1998), the Group revalued land for business, recorded the amount equivalent to taxes on the valuation difference as "deferred tax liabilities for land revaluation liabilities" in liabilities, and posted the amount less this amount as "Revaluation difference of land" in net assets.
Date of revaluation made March 31, 1998
Revaluation method stipulated in Article 3, paragraph 3 of the said act
Calculated by making reasonable adjustments, including adjustments for land shape, based on posted land prices stipulated in Article 2, paragraph 1 of the Order for Enforcement on Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998).
However, if there is no appropriate posted land price, the value is calculated by making reasonable adjustments, such as market conditions adjustment, to the price calculated based on benchmark land price stipulated Article 2, paragraph 2 of the said order, or by the method specified in Article 2, paragraph 4 of the said order.
11. Accumulated depreciation of property, plant and equipment ¥33,229 million
12. Of corporate bonds in "securities," the amount of the Bank's guaranteed debts on corporate bonds based on private placement of securities (Article 2, paragraph 3 of the Financial Instruments and Exchange Act) is ¥9,558 million.

(Interim income statement)

1. "Other ordinary income" includes gain on sale of shares and other securities of ¥1,265 million.

Profit or loss

Gross profit

(mil. yen, %)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Balance of fund management	22,004	757	22,762	22,537	1,446	23,983
Income from fund management	22,324	1,824	24,148	22,779	2,592	25,371
Financing cost	319	1,067	1,386	241	1,145	1,386
Balance of fees and commissions and fees and commission expenses	2,915	(11)	2,903	2,502	(21)	2,481
Fiduciary income	4	—	4	10	—	10
Fees and commissions	5,084	27	5,111	4,852	25	4,877
Fees and commission expenses	2,174	39	2,213	2,360	46	2,406
Balance of trading income and expenses	—	—	—	—	—	—
Trading income	—	—	—	—	—	—
Trading expenses	—	—	—	—	—	—
Balance of other operating income and expenses	1,073	516	1,589	103	737	840
Other operating income	1,252	571	1,823	293	843	1,137
Other operating expenses	179	54	233	190	106	297
Gross operating income	25,993	1,262	27,255	25,143	2,162	27,306
Gross operating income rate	1.25	1.44	1.27	1.17	1.43	1.19

- (Notes) 1. The "domestic operations department" is yen-denominated transactions in domestic branches, and the "international operations department" is foreign-currency transactions in domestic branches. However, non-resident yen-denominated transactions and portion of special international transaction accounts, etc. are included in the international operations department.
2. Financing cost is presented after deduction of expenses corresponding to money held in trust (¥0 million in the six months ended September 30, 2019, and ¥0 million in the six months ended September 30, 2020).
3. Figures in upper fields of the total field for income from fund management and financing cost represent interest on fund lending between the domestic operations department and the international operations department, and others.
4. Gross operating income rate = $\frac{\text{Gross operating income (annualized)}}{\text{Average balance of fund management accounts}} \times 100$

Net operating income, etc.

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net operating income	9,804	7,830
Actual net operating income	9,887	8,466
Core net operating income	8,468	7,926
Core net operating income (excluding gain or loss on cancellation of investment trusts)	8,393	7,719

Margin

(%)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Yield on fund investment	1.07	2.09	1.12	1.06	1.72	1.10
Financing cost	0.83	1.51	0.86	0.82	0.93	0.83
Interest margin for total fund interest rate	0.24	0.58	0.26	0.24	0.79	0.27

Margin

(%)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Return on assets	0.36	0.25
Return on equity	5.09	4.10
Profit to total assets ratio	0.25	0.19
Profit to equity ratio	3.67	3.13

- (Note) 1. Return on assets = $\frac{\text{Ordinary profit (profit) (annualized)}}{(\text{Total assets at beginning of period} + \text{total assets at end of interim period}) \div 2 [\text{excluding customers' liabilities for acceptances and guarantees}]} \times 100$
2. Return on equity = $\frac{\text{Ordinary profit (profit) (annualized)}}{(\text{Net assets at beginning of period} + \text{net assets at end of interim period}) \div 2} \times 100$

Average balance, interest and yield of fund investment and procurement accounts

(mil. yen, %)

Domestic operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Fund investment accounts	(30,096)	(3)	1.07	(16,368)	(1)	1.06
Of which, loans	4,127,232	22,324		4,277,748	22,779	
Of which, securities	3,489,739	18,027	1.03	3,666,584	18,111	0.98
Of which, call loans and bills bought	557,043	4,253	1.52	507,536	4,608	1.81
Of which, receivables under resale agreements	39,644	(7)	(0.03)	58,661	(4)	(0.01)
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	201	0	0.00	158	0	0.00
Financing accounts	4,173,715	319	0.01	4,566,094	241	0.01
Of which, deposits	3,882,174	201	0.01	4,149,440	155	0.00
Of which, negotiable certificates of deposit	190,842	12	0.01	180,913	11	0.01
Of which, call money and bills sold	—	—	—	3,879	(0)	(0.02)
Of which, payables under repurchase agreements	—	—	—	—	—	—
Of which, payables under securities landing transactions	—	—	—	—	—	—
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	109,261	0	0.00	240,636	0	0.00

(Notes) 1. Fund investment accounts are presented after deduction of average deposits of interest-free deposits with banks (¥222,218 million in the six months ended September 30, 2019, ¥480,291 million in the six months ended September 30, 2020), and financing accounts are presented after deduction of average balance of the amount corresponding to money held in trust (¥11,010 million in the six months ended September 30, 2019, ¥12,000 million in the six months ended September 30, 2020) and interest (¥0 million in the six months ended September 30, 2019, ¥0 million in the six months ended September 30, 2020).

2. Figures in parentheses represent average balance of fund lending between the domestic operations department and the international operations department, and interest, etc. (included).

(mil. yen, %)

International operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Fund investment accounts	174,112	1,824	2.09	300,298	2,592	1.72
Of which, loans	17,276	266	3.07	23,782	171	1.44
Of which, securities	151,959	1,556	2.04	266,208	2,415	1.81
Of which, call loans and bills bought	52	0	2.08	539	1	0.49
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	14	0	1.96	1	0	1.35
Financing accounts	(30,096)	(3)	1.22	(16,368)	(1)	0.75
Of which, deposits	173,933	1,067		303,389	1,145	
Of which, negotiable certificates of deposit	5,571	16	0.60	7,770	14	0.38
Of which, call money and bills sold	—	—	—	—	—	—
Of which, payables under repurchase agreements	1,748	22	2.54	373	3	1.94
Of which, payables under securities landing transactions	65,149	542	1.66	70,318	93	0.26
Of which, commercial paper	67,005	231	0.68	125,017	196	0.31
Of which, borrowings	—	—	—	—	—	—
	4,286	53	2.50	83,474	192	0.46

(Notes) 1. Average balance of foreign currency transactions in domestic branches in the international operations department is calculated by the monthly current method (method where TT middle rate at the end of the prior month is applied to non-exchange transactions in the relevant month).

2. Figures in parentheses represent average balance of fund lending between the domestic operations department and the international operations department, and interest, etc. (included).

(mil. yen, %)

Total	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Fund investment accounts	4,271,248	24,144	1.12	4,561,679	25,369	1.10
Of which, loans	3,507,015	18,293	1.04	3,690,367	18,283	0.98
Of which, securities	709,003	5,810	1.63	773,745	7,024	1.81
Of which, call loans and bills bought	39,697	(7)	(0.03)	59,200	(2)	(0.00)
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	216	0	0.13	159	0	0.01
Financing accounts	4,317,552	1,382	0.06	4,853,115	1,385	0.05
Of which, deposits	3,887,746	218	0.01	4,157,210	170	0.00
Of which, negotiable certificates of deposit	190,842	12	0.01	180,913	11	0.01
Of which, call money and bills sold	1,748	22	2.54	4,253	3	0.14
Of which, payables under repurchase agreements	65,149	542	1.66	70,318	93	0.26
Of which, payables under securities landing transactions	67,005	231	0.68	125,017	196	0.31
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	113,548	53	0.09	324,111	192	0.11

(Notes) Fund investment accounts are presented after deduction of average deposits of interest-free deposits with banks (¥222,218 million in the six months ended September 30, 2019, ¥480,291 million in the six months ended September 30, 2020), and financing accounts are presented after deduction of average balance of the amount corresponding to money held in trust (¥11,010 million in the six months ended September 30, 2019, ¥12,000 million in the six months ended September 30, 2020) and interest (¥0 million in the six months ended September 30, 2019, ¥0 million in the six months ended September 30, 2020).

Analysis of interest income and interest cost

(mil. yen)

Domestic operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Interest income	390	(1,334)	(944)	814	(359)	455
Of which, loans	1,088	(1,016)	72	913	(830)	83
Of which, securities	(996)	(24)	(1,020)	(378)	732	354
Of which, call loans and bills bought	1	(1)	0	(3)	7	3
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	0	(0)	0	(0)	0	(0)
Interest cost	8	(48)	(40)	30	(107)	(77)
Of which, deposits	8	(69)	(60)	13	(59)	(45)
Of which, negotiable certificates of deposit	(1)	(0)	(2)	(0)	(0)	(1)
Of which, call money and bills sold	3	—	3	—	—	(0)
Of which, payables under repurchase agreements	—	—	—	—	—	—
Of which, payables under securities lending transactions	(0)	—	(0)	—	—	—
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	0	(0)	(0)	0	(0)	(0)

(Notes) The portion of coincidence in factors of increase or decrease in balance and interest rate is presented in increase or decrease in interest rate.

(mil. yen)

International operations department	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Interest income	441	299	740	1,322	(555)	767
Of which, loans	149	47	196	100	(194)	(94)
Of which, securities	354	199	553	1,170	(310)	859
Of which, call loans and bills bought	(9)	(0)	(9)	5	(4)	0
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	(0)	0	(0)	(0)	(0)	(0)
Interest cost	209	346	556	794	(716)	78
Of which, deposits	(6)	(3)	(10)	6	(8)	(2)
Of which, negotiable certificates of deposit	—	—	—	—	—	—
Of which, call money and bills sold	11	3	15	(17)	(1)	(18)
Of which, payables under repurchase agreements	129	229	359	43	(491)	(448)
Of which, payables under securities lending transactions	56	(57)	(1)	200	(235)	(35)
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	27	3	30	995	(856)	139

(Notes) The portion of coincidence in factors of increase or decrease in balance and interest rate is presented in increase or decrease in interest rate.

(mil. yen)

Total	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Average balance	Interest	Yield	Average balance	Interest	Yield
Interest income	641	(845)	(203)	1,641	(417)	1,224
Of which, loans	1,155	(886)	269	956	(966)	(10)
Of which, securities	(707)	240	(466)	530	683	1,213
Of which, call loans and bills bought	(0)	(8)	(9)	(3)	7	4
Of which, receivables under resale agreements	—	—	—	—	—	—
Of which, guarantee deposits paid under securities lending transactions	—	—	—	—	—	—
Of which, deposits with banks	0	(0)	(0)	(0)	(0)	(0)
Interest cost	27	488	516	171	(168)	2
Of which, deposits	9	(79)	(70)	15	(62)	(47)
Of which, negotiable certificates of deposit	(1)	(0)	(2)	(0)	(0)	(1)
Of which, call money and bills sold	(3)	21	18	32	(51)	(19)
Of which, payables under repurchase agreements	129	229	359	43	(491)	(448)
Of which, payables under securities lending transactions	54	(55)	(1)	200	(235)	(35)
Of which, commercial paper	—	—	—	—	—	—
Of which, borrowings	0	30	30	100	38	139

(Notes) The portion of coincidence in factors of increase or decrease in balance and interest rate is presented in increase or decrease in interest rate.

Deposits

Balance by deposit account

(mil. yen)

Balance at end of the interim period		Six months ended September 30, 2019			Six months ended September 30, 2020		
		Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Deposits	Deposits for liquidity	2,462,305	—	2,462,305	2,794,874	—	2,794,874
	Of which, interest-bearing deposits	2,388,488	—	2,388,488	2,719,167	—	2,719,167
	Time deposits	1,369,027	—	1,369,027	1,365,676	—	1,365,676
	Of which, fixed-rate time deposits	1,368,932	—	1,368,932	1,365,594	—	1,365,594
	Of which, floating-rate time deposits	94	—	94	82	—	82
	Others	43,205	6,738	49,943	38,841	8,225	47,067
	Total	3,874,538	6,738	3,881,276	4,199,393	8,225	4,207,619
Negotiable certificates of deposit		185,261	—	185,261	187,933	—	187,933
Sum		4,059,799	6,738	4,066,538	4,387,326	8,225	4,395,552

Average balance		Six months ended September 30, 2019			Six months ended September 30, 2020		
		Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Deposits	Deposits for liquidity	2,496,574	—	2,496,574	2,774,405	—	2,774,405
	Of which, interest-bearing deposits	2,422,100	—	2,422,100	2,695,830	—	2,695,830
	Time deposits	1,375,302	—	1,375,302	1,364,537	—	1,364,537
	Of which, fixed-rate time deposits	1,375,204	—	1,375,204	1,364,455	—	1,364,455
	Of which, floating-rate time deposits	98	—	98	82	—	82
	Others	10,296	5,571	15,868	10,497	7,770	18,267
	Total	3,882,174	5,571	3,887,746	4,149,440	7,770	4,157,210
Negotiable certificates of deposit		190,842	—	190,842	180,913	—	180,913
Sum		4,073,016	5,571	4,078,588	4,330,353	7,770	4,338,123

- (Notes)
- Deposits for liquidity = current deposits + ordinary deposits + saving deposits + deposits at notice
 - Time deposits = term deposits
Fixed-rate time deposits: Term deposits whose interest rate up to the maturity date is fixed at the time of deposit
Floating-rate time deposits: Term deposits whose interest varies according to changes in market interest rate during the deposit period
 - Average balance of foreign currency transactions in domestic branches in the international operations department is calculated by the monthly current method.

Balance of term deposits by remaining period

(mil. yen)

	Six months ended September 30, 2019						
	Less than 3 months	3 months or more Less than 6 months	6 months or more Less than 1 year	1 year or more Less than 2 years	2 years or more Less than 3 years	3 years or more	Total
Term deposits	521,291	273,442	464,181	52,829	39,336	17,946	1,369,027
Of which, fixed-rate time deposits	521,278	273,437	464,158	52,791	39,319	17,946	1,368,932
Of which, floating-rate time deposits	13	4	22	37	16	—	94
Of which, others	—	—	—	—	—	—	—

	Six months ended September 30, 2020						
	Less than 3 months	3 months or more Less than 6 months	6 months or more Less than 1 year	1 year or more Less than 2 years	2 years or more Less than 3 years	3 years or more	Total
Term deposits	509,525	277,980	472,306	54,909	32,648	18,304	1,365,676
Of which, fixed-rate time deposits	509,506	277,972	472,276	54,892	32,641	18,304	1,365,594
Of which, floating-rate time deposits	19	8	30	16	7	—	82
Of which, others	—	—	—	—	—	—	—

- (Notes) The balance of deposits in the table does not include installment term deposits.

Loans

Balance by loan account

(mil. yen)

Balance at end of the interim period	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Loans on bills	117,673	—	117,673	113,980	—	113,980
Loans on deeds	2,989,796	22,568	3,012,365	3,224,173	24,058	3,248,232
Overdraft	415,788	—	415,788	394,125	—	394,125
Bills discounted	7,001	—	7,001	6,072	—	6,072
Total	3,530,260	22,568	3,552,829	3,738,351	24,058	3,762,410

Average balance	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Loans on bills	119,724	—	119,724	117,564	—	117,564
Loans on deeds	2,948,712	17,276	2,965,988	3,136,679	23,782	3,160,461
Overdraft	413,744	—	413,744	405,651	—	405,651
Bills discounted	7,556	—	7,556	6,689	—	6,689
Total	3,489,739	17,276	3,507,015	3,666,584	23,782	3,690,367

(Notes) Average balance of foreign currency transactions in domestic branches in the international operations department is calculated by the monthly current method.

Balance of loans by remaining period

(mil. yen)

	Six months ended September 30, 2019						
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years	Undated	Total
Loans	747,185	301,531	403,456	260,201	1,832,320	8,133	3,552,829
Of which, floating rate	570,403	117,124	140,391	74,606	555,306	5,930	
Of which, fixed rate	176,781	184,407	263,065	185,595	1,277,013	2,202	

	Six months ended September 30, 2020						
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years	Undated	Total
Loans	841,897	323,321	375,966	288,805	1,925,577	6,841	3,762,410
Of which, floating rate	556,029	112,444	130,403	75,652	624,057	5,003	
Of which, fixed rate	285,867	210,877	245,563	213,152	1,301,520	1,838	

(Notes) The balance of floating and fixed rate is calculated on the basis of interest rate fluctuation categories.

Balance of loans for small to medium-sized companies, etc.

(mil. yen, %)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Loans	2,566,535	2,651,535
Percentage of total loans	72.23	70.47

(Notes) Small to medium-sized companies, etc. are companies, etc. with the capital not more than ¥300 million (¥100 million for wholesale business, and ¥50 million for retail business, restaurant business, goods rental and leasing business, etc.) or 300 full-time employees or fewer (100 for wholesale business, goods rental and leasing business, etc., and 50 for retail business and restaurant business).

Breakdown of loans by industry

(mil. yen, %)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Balance	Composition ratio	Balance	Composition ratio
Domestic (excluding the portion of special international transaction accounts)	3,552,829	100.0	3,762,410	100.0
Manufacturing	194,589	5.48	196,940	5.23
Agriculture and forestry	58,656	1.65	56,173	1.49
Fishery	13,373	0.38	13,114	0.35
Mining, quarrying and gravel extraction	3,627	0.10	3,366	0.09
Construction	82,494	2.32	84,728	2.25
Electricity, gas, heat supply and waterworks	114,493	3.22	111,225	2.96
Information and communications	18,417	0.52	16,111	0.43
Transport and mailing	94,739	2.67	86,069	2.29
Wholesale and retail	277,325	7.81	286,381	7.61
Finance and insurance	74,781	2.10	74,683	1.98
Real estate, and goods rental and leasing	356,522	10.03	367,063	9.76
Various services	455,090	12.81	476,401	12.66
Government and local public agencies	567,969	15.99	689,502	18.33
Others	1,240,754	34.92	1,300,654	34.57
Portion of special international transaction accounts	—	—	—	—
Government, etc.	—	—	—	—
Financial institutions	—	—	—	—
Commerce and industry	—	—	—	—
Others	—	—	—	—
Total	3,552,829		3,762,410	

Breakdown of loans by designated use

(mil. yen, %)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Balance	Composition ratio	Balance	Composition ratio
Equipment funds	2,127,181	59.87	2,177,591	57.88
Operating funds	1,425,648	40.13	1,584,819	42.12
Total	3,552,829	100.00	3,762,410	100.00

Breakdown of loans by collateral

(mil. yen)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
Securities	6,396		5,830	
Receivables	6,488		5,840	
Products	6,145		5,897	
Real estate	789,961		783,542	
Others	45,940		46,730	
Total	854,932		847,840	
Guarantees	975,049		957,411	
Credit	1,722,847		1,957,158	
Total	3,552,829		3,762,410	
(of which, subordinated loans)	(—)		(—)	

Breakdown of customers' liabilities for acceptances and guarantees by collateral

(mil. yen)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
Securities	—		—	
Receivables	5,389		5,444	
Products	—		—	
Real estate	2,426		2,705	
Others	465		465	
Total	8,280		8,614	
Guarantees	10,012		8,830	
Credit	5,847		6,983	
Total	24,140		24,429	

Breakdown of allowance for loan losses

(mil. yen)

	Six months ended September 30, 2019					Six months ended September 30, 2020				
	Balance at beginning of the period	Increase during the period	Decrease during the period		Balance at end of the interim period	Balance at beginning of the period	Increase during the period	Decrease during the period		Balance at end of the interim period
			Used for certain purposes	Others				Used for certain purposes	Others	
General allowance for loan losses	13,444	13,527	—	13,444	13,527	13,986	14,622	—	13,986	14,622
Individual allowance for loan losses	29,331	29,732	136	29,194	29,732	28,635	28,043	2,139	26,496	28,043
Reserve for specific foreign loans	—	—	—	—	—	—	—	—	—	—
Total	42,775	43,260	136	42,638	43,260	42,622	42,666	2,139	40,483	42,666

Amount of write-off of loans

Not applicable at both September 30, 2019 and September 30, 2020.

Balance of specific foreign loans

Not applicable at both September 30, 2019 and September 30, 2020.

Risk-managed claims

(mil. yen, %)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Loans to bankrupt borrowers	2,892	2,264
Loans in arrears	35,799	35,658
Loans overdue for three months or longer	35	—
Restructured loans	37,607	42,842
Total	76,335	80,765
Total loans	3,552,829	3,762,410
percentage of loans	2.14	2.14

(Notes) "Loans to bankrupt borrowers" Loans for which any of events stipulated in Article 96, paragraph 1, item 3, (a) to (e) of the Order for Enforcement of the Corporation Tax Act (Cabinet Order No. 97, 1965) and events stipulated in item 4 of the same paragraph among loans for which accrued interest was not recorded because collection or repayment of the principal or interest were not expected due to delay in payment of the principal or interest continued for a significant period or for other reasons (excluding the portion written off, hereinafter referred to as "loans for which accrued interest is not shown").

"Loans in arrears" Loans for which accrued interest is not shown that are loans other than loans of which the payment of interest is postponed for the purpose of financial restructuring or support of loans to bankrupt borrowers or debtors.

"Loans overdue for three months or longer" Loans for which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, and that do not fall under the categories of loans to bankrupt borrowers and loans in arrears.

"Restructured loans" Loans for which reduction of or exemption from interest, interest payment moratorium, principal payment moratorium, forgiveness of debt, or any other arrangement favorable to the debtor for the purpose of the financial restructuring or support for the debtor is made and that do not fall under the categories of loans to bankrupt borrowers, loans in arrears and loans overdue for three months or longer.

Loans based on the Financial Reconstruction Act

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Bankrupt and quasi-bankrupt loans	8,547	7,412
Doubtful loans	32,309	32,661
Substandard loans	37,642	42,842
Normal loans	3,507,196	3,714,930
Total	3,585,696	3,797,846

(Notes) Subject claims Total amount of loans, foreign exchange, accrued interest, suspense payment, customers' liabilities for acceptances and guarantees and privately placed notes with bank guarantees

"Bankrupt and quasi-bankrupt loans" Loans to borrowers who have fallen into business failure due to reasons including filing of a petition for commencement of bankruptcy procedures, commencement of reorganization procedures, or rehabilitation procedures, and equivalent loans.

"Doubtful loans" Loans to borrowers who have not fallen into business failure but whose financial position and operating results are deteriorating, for which it is highly likely that collection of principal and receipt of interest in accordance with the agreement cannot be made.

"Substandard loans" Loans overdue for three months or longer and restructured loans that do not fall under the categories of "bankrupt and quasi-bankrupt loans" and "doubtful loans."

"Normal loans" Loans to borrowers who have no particular problem in their financial position and operating results that do not fall under the categories of "bankrupt and quasi-bankrupt loans" and "doubtful loans," and "substandard loans" above.

Loan-deposit ratio

(%)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
At end of the interim period	86.95	334.92	87.36	85.20	292.47	85.59
Average during the period	85.67	310.08	85.98	84.67	306.07	85.06

(Notes) Deposits include negotiable certificates of deposit.

Securities

Balance of securities held

(mil. yen)

Balance at end of the interim period	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Government bonds	107,656	—	107,656	101,311	—	101,311
Local government bonds	55,971	—	55,971	54,748	—	54,748
Short-term company bonds	—	—	—	—	—	—
Company bonds	234,447	—	234,447	224,645	—	224,645
Shares	77,770	—	77,770	75,712	—	75,712
Other securities	92,206	195,639	287,845	74,330	274,836	349,166
Of which, foreign bonds		195,639	195,639		274,739	274,739
Of which, foreign shares		0	0		97	97
Total	568,052	195,639	763,691	530,748	274,836	805,584

Average balance	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
Government bonds	130,962	—	130,962	102,582	—	102,582
Local government bonds	55,427	—	55,427	54,689	—	54,689
Short-term company bonds	661	—	661	—	—	—
Company bonds	248,824	—	248,824	227,821	—	227,821
Shares	46,839	—	46,839	47,094	—	47,094
Other securities	74,326	151,959	226,286	75,348	266,208	341,556
Of which, foreign bonds		151,959	151,959		266,110	266,110
Of which, foreign shares		0	0		98	98
Total	557,043	151,959	709,003	507,536	266,208	773,745

(Notes) Average balance of foreign currency transactions in domestic branches in the international operations department is calculated by the monthly current method.

Balance of securities by remaining period

(mil. yen)

	Six months ended September 30, 2019							
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years 10 years or less	Over 10 years	Undated	Total
Government bonds	44,391	26,611	9,377	20,839	—	6,436	—	107,656
Local government bonds	4,593	15,941	8,575	8,368	12,182	6,309	—	55,971
Short-term company bonds	—	—	—	—	—	—	—	—
Company bonds	39,256	76,467	46,592	10,409	14,027	47,693	—	234,447
Shares	—	—	—	—	—	—	77,770	77,770
Other securities	2,368	18,725	27,182	16,288	73,042	105,129	45,108	287,845
Of which, foreign bonds	1,003	2,191	22,809	8,324	61,918	99,391	—	195,639
Of which, foreign shares	—	—	—	—	—	—	0	0

	Six months ended September 30, 2020							
	1 year or less	Over 1 year 3 years or less	Over 3 years 5 years or less	Over 5 years 7 years or less	Over 7 years 10 years or less	Over 10 years	Undated	Total
Government bonds	19,105	16,325	20,468	—	24,230	21,182	—	101,311
Local government bonds	10,683	9,459	9,063	15,904	4,060	5,577	—	54,748
Short-term company bonds	—	—	—	—	—	—	—	—
Company bonds	43,821	52,174	32,134	15,187	22,068	59,259	—	224,645
Shares	—	—	—	—	—	—	75,712	75,712
Other securities	886	15,425	45,023	18,838	82,550	147,026	39,416	349,166
Of which, foreign bonds	—	4,727	39,178	9,605	78,317	142,909	—	274,739
Of which, foreign shares	—	—	—	—	—	—	97	97

Balance of trading account securities

(mil. yen)

Average balance	Six months ended September 30, 2019	Six months ended September 30, 2020
Trading government bonds	1,228	1,401
Local government bonds	921	833
Trading government guaranteed bonds	—	—
Other trading account securities	—	—
Total	2,149	2,234

Deposit-securities ratio

(%)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Domestic operations department	International operations department	Total	Domestic operations department	International operations department	Total
At end of the interim period	13.99	2,903.36	18.77	12.09	3,341.12	18.32
Average during the period	13.67	2,727.49	17.38	11.72	3,426.06	17.83

(Notes) Deposits include negotiable certificates of deposit.

Fiduciary business

List of balance of trust assets

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Assets	354	1,667
Securities	—	—
Due from bank account	354	1,667
Cash and deposits with banks	—	—
Liabilities	354	1,667
Monetary trust	354	1,667

Balance accepted of trusts under contracts for replacement of losses by type

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Assets	354	1,667
Due from bank account	354	1,667
Cash and deposits with banks	—	—
Liabilities	354	1,667
Principal	354	1,667

Balance accepted

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Monetary trust	354	1,667

(Notes) For pension trust, employees' property formulation benefit trust, and loan trust, not applicable as of both September 30, 2019 and September 30, 2020.

Principal balance by trust term

(mil. yen)

		Six months ended September 30, 2019	Six months ended September 30, 2020
Monetary trust	Less than 1 year	—	—
	1 year or more and less than 2 years	—	—
	2 years or more and less than 5 years	—	—
	5 years or more	354	1,667
	Others	—	—
	Total	354	1,667

(Notes) For loan trust, there was no balance handled as of both September 30, 2019 and September 30, 2020.

Not applicable for the following matters.

- (1) Investment balance of loans by type of monetary trust, etc. and by category of securities
- (2) Balance of loans related to monetary trust, etc. by account (refers to categories of loans on deeds, loans on bills and bills discounted)
- (3) Balance of loans related to monetary trust, etc. by contract term
- (4) Balance of loans related to monetary trust, etc. by type of collateral (refers to securities, receivables, commodities, real estate, guarantees and credit)
- (5) Balance of loans related to monetary trust, etc. by designated use (refers to categories of equipment funds and working funds)
- (6) Balance of loans related to monetary trust, etc. by industry, and percentage of total loans
- (7) Balance of loans related to monetary trust, etc. to small to medium-sized companies, etc. (refer to companies or individuals with the capital not more than ¥300 million or 300 full-time employees or fewer. However, such companies, etc. refer to companies or individuals with the capital of not more than ¥100 million or 100 full-time employees or fewer for wholesale business, and companies or individuals with the capital of not more than ¥50 million or 100 employees or fewer for service business, and companies or individuals with the capital not more than ¥50 million or 50 full-time employees or fewer for retail business and restaurant business), and percentage of total loans
- (8) Balance of securities related to monetary trust, etc. by type (government bonds, local government bonds, short-term company bonds, company bonds, shares and other securities)
- (9) Of loans related to trusts under contracts for replacement of losses, amount of loans that fall under categories of loans to bankrupt borrowers, loans in arrears, loans overdue for three months or longer, and restructured loans, and total of them

Information on market value, etc.

Securities

Information on “securities” in the interim balance sheet is provided.

1. Held-to-maturity securities

Held-to-maturity securities are not held.

2. Shares of subsidiaries and shares of affiliates

There are no shares of subsidiaries and shares of affiliates with market value.

(Note) Shares of subsidiaries and shares of affiliates for which it is considered extremely difficult to obtain market value (mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
	Amount recorded on the interim balance sheet	Amount recorded on the interim balance sheet
Shares of subsidiaries	823	803
Shares of affiliates	—	—
Total	823	803

They are not included in “shares of subsidiaries and shares of affiliates” since they have no market value and it is considered extremely difficult to obtain their market value.

3. Available-for-sale securities

(mil. yen)

		Six months ended September 30, 2019			Six months ended September 30, 2020		
		Amount recorded on the interim balance sheet	Acquisition cost	Difference	Amount recorded on the interim balance sheet	Acquisition cost	Difference
Those whose amount recorded on the interim balance sheet exceeds the acquisition cost	Shares	65,735	33,012	32,723	61,677	29,809	31,868
	Bonds	390,179	383,168	7,010	311,515	307,995	3,520
	Government bonds	107,656	105,125	2,531	92,363	91,117	1,246
	Local government bonds	51,471	50,844	626	40,051	39,686	365
	Company bonds	231,051	227,198	3,853	179,100	177,191	1,908
	Others	259,937	232,102	27,835	316,105	288,301	27,803
Subtotal		715,852	648,283	67,569	689,298	626,106	63,191
Those whose amount recorded on the interim balance sheet does not exceed the acquisition cost	Shares	9,355	11,404	(2,049)	11,375	13,877	(2,501)
	Bonds	7,895	7,905	(9)	69,190	69,635	(444)
	Government bonds	—	—	—	8,947	9,023	(75)
	Local government bonds	4,500	4,500	(0)	14,697	14,700	(2)
	Company bonds	3,395	3,405	(9)	45,545	45,912	(366)
	Others	23,640	24,534	(893)	27,844	29,869	(2,025)
Subtotal		40,891	43,844	(2,953)	108,410	113,382	(4,971)
Total		756,744	692,128	64,616	797,709	739,489	58,220

(Note) Available-for-sale securities for which it is considered extremely difficult to obtain market value (mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
	Amount recorded on the interim balance sheet	Amount recorded on the interim balance sheet
Shares	1,856	1,855
Others	4,267	5,216
Total	6,123	7,072

They are not included in “available-for-sale securities” since they have no market value and it is considered extremely difficult to obtain their market value.

4. Securities for which impairment losses are recognized

Of available-for-sale securities (excluding those for which it is extremely difficult to obtain the market value), if the market value of the security has declined considerably, excluding those which are expected to recover, the market value is considered to be the amount recorded on the interim balance sheet, and the valuation difference is accounted for as a loss in the current interim period (hereinafter referred to as “recognition of an impairment loss”).

The amount of impairment losses recognized in the six months ended September 30, 2019 is ¥607 million on shares.

The amount of impairment losses recognized in the six months ended September 30, 2020 is ¥224 million on shares.

If the market value of each security declines by approximately 30% compared to the acquisition cost, the security is subject to determination of recoverability and it is judged whether or not an impairment loss needs to be recognized.

Money held in trust

1. Held-to-maturity money held in trust

Six months ended September 30, 2019, six months ended September 30, 2020
Not applicable.

2. Other money held in trust (other than investment and held-to-maturity purposes)

Six months ended September 30, 2019, six months ended September 30, 2020
Not applicable.

Derivative transactions

1 Derivative transactions to which hedge accounting is not applied

For derivative transactions to which hedge accounting is not applied, the contract amount at the end of the interim period or the amount equivalent to principal stipulated under the contract, market value and profit or loss on valuation, and calculation method of the market value by type of transaction are as follows. The contract amount, etc. itself does not represent market risk for derivative transactions.

(1) Interest rate related transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

(2) Currency related transactions

(mil. yen)

Category	Type	Six months ended September 30, 2019				Six months ended September 30, 2020			
		Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation	Contract amount, etc.	Of which, over 1 year	Market value	Profit or loss on valuation
Over-the-counter	Currency swaps	17,937	15,779	113	113	19,271	19,271	182	182
	Forward exchange								
	Written	487	—	(15)	(15)	11,358	—	86	86
	Purchased	2,507	—	(7)	(7)	10,582	—	17	17
	Total	—	—	90	90	—	—	286	286

(Notes) 1. For the above transactions, the market value is assessed and profit or loss on valuation is recorded in the interim income statement.

2. Calculation of market value

The market value is calculated based on the discounted present value, etc.

(3) Share related transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

(4) Bond related transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

(5) Commodity related transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

(6) Credit derivative transactions

Six months ended September 30, 2019, six months ended September 30, 2020

Not applicable.

2 Derivative transactions to which hedge accounting is applied

For derivative transactions to which hedge accounting is applied, the contract amount at the end of the interim period or the amount equivalent to principal stipulated under the contract, market value, and calculation method of the market value by type of transaction and by method of hedge accounting are as follows. The contract amount, etc. itself does not represent market risk for derivative transactions.

(1) Interest rate related transactions

(mil. yen)

Hedge accounting method	Type	Six months ended September 30, 2019			Six months ended September 30, 2020		
		Major hedged items	Contract amount, etc.	Market value	Major hedged items	Contract amount, etc.	Market value
				Of which, over 1 year			Of which, over 1 year
Principle treatment method	Interest rate swaps		—	—		—	—
	Fixed-rate receiving and floating-rate paying	Loans	83	83	Loans	41	0
	Floating-rate receiving and fixed-rate paying	Available-for-sale securities (bonds)	32,656	32,656	Available-for-sale securities (bonds)	105,958	105,958
	Interest rate futures		—	—		—	—
	Interest rate options		—	—		—	—
	Others		—	—		—	—
Special treatment of interest rate swaps	Interest rate swaps		7,300	7,300		7,260	1,260
	Fixed-rate receiving and floating-rate paying	Loans			Loans		
	Floating-rate receiving and fixed-rate paying		4,798	4,798		4,170	4,160
Total		—	—	(1,254)	—	—	(14,501)

- (Notes) 1. Principally, pursuant to "Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry" (JICPA Industry Audit Committee Report No. 24, February 13, 2002), based on deferred hedge.
2. Calculation of market value
The market value is calculated based on the discounted present value, etc.
3. Because items accounted for by the special treatment of interest rate swaps are treated together with the loans that are hedged items, their market value is not provided in this table.

(2) Currency related transactions

(mil. yen)

Hedge accounting method	Type	Six months ended September 30, 2019			Six months ended September 30, 2020		
		Major hedged items	Contract amount, etc.	Market value	Major hedged items	Contract amount, etc.	Market value
				Of which, over 1 year			Of which, over 1 year
Principle treatment method	Currency swaps		16,155	16,155		18,800	16,758
	Forward exchange	Loans	—	—	Loans	—	—
	Others		—	—		—	—
Designated hedge accounting (<i>furiate shori</i>) of forward exchange, etc.	Currency swaps	—	—	—	—	—	—
	Forward exchange		—	—		—	—
Total		—	—	250	—	—	620

- (Notes) 1. Principally, pursuant to "Treatment for Accounting and Auditing of Accounting for Foreign Currency Transactions, etc. in Banking Industry" (JICPA Industry Audit Committee Report No. 25, July 29, 2002), based on deferred hedge.
2. Calculation of market value
The market value is calculated based on the discounted present value, etc.

(3) Share related transactions

Six months ended September 30, 2019, six months ended September 30, 2020
Not applicable.

(4) Bond related transactions

Six months ended September 30, 2019, six months ended September 30, 2020
Not applicable.

Confirmation for financial statements

The confirmation of the representative on appropriateness of the Bank's financial statements and effectiveness of internal audits on preparation of financial statements pursuant to "Clarifying management's responsibility regarding the accuracy of financial statements and the effectiveness of internal audits (request)" (FSA Supervisory Bureau No. 2835 as of October 7, 2005) is as follows.

Confirmation

November 13, 2020

The Kagoshima Bank, Ltd.

Director and President, Sumihiro Matsuyama

I have confirmed the appropriateness of the Bank's interim financial statements and interim consolidated financial statements, and the effectiveness of internal audits on preparation of interim financial statements and interim consolidated financial statements for the interim period (from April 1, 2020 to September 30, 2020) of the fiscal year from April 1, 2020 to March 31, 2021 (fiscal year ending March 31, 2021).

End

Status of capital adequacy, etc.

I. Disclosure items on capital composition

1. Disclosure items on capital composition (consolidated)

(mil. yen, %)

Items	Six months ended September 30, 2019	Six months ended September 30, 2020
Basic items related to core capital (1)		
Amount of shareholders' equity on common shares or mandatory convertible preference shares	286,967	293,788
Of which, amount of capital and capital surplus	36,251	36,812
Of which, amount of retained earnings	252,070	258,745
Of which, (amount of treasury shares)	—	—
Of which, (planned amount to the outside)	1,354	1,769
Of which, amount that falls under categories other than the above	—	—
Accumulated other comprehensive income included in core capital	(2,386)	(2,947)
Of which, foreign currency translation adjustments	—	—
Of which, amount related to retirement benefits	(2,386)	(2,947)
Amount of share acquisition rights on common shares or mandatory convertible preference shares	—	—
Amount of adjusted non-controlling equity related to core capital	—	—
Total amount of provisions included in the amount of basic items related to core capital	13,979	15,110
Of which, general allowance for loan losses included in core capital	13,979	15,110
Of which, eligible provisions included in core capital	—	—
Of the amount of eligible former non-cumulative permanent preference shares, amount included in basic items related to core capital	—	—
Of the amount of eligible former funding instruments, amount included in basic items related to core capital	—	—
Of the amount of funding instruments issued through public agencies' measures for capital reinforcement, amount included in basic items related to core capital	—	—
Of amount corresponding to 45% of difference between the revaluation amount of land and the carrying amount immediately before the revaluation, amount included in basic items related to core capital	4,912	3,890
Of non-controlling equity, amount included in basic items related to core capital due to transition measure	420	1
Amount of basic items related to core capital (a)	303,893	309,842
Reconciliation items related to core capital (2)		
Total amount of intangible assets (excluding those related to mortgage servicing rights)	2,610	2,463
Of which, amount of those related to goodwill (including difference equivalent to goodwill)	—	—
Of which, amount of intangible assets other than those related to mortgage servicing rights	2,610	2,463
Amount of deferred tax assets (excluding those related to temporary differences)	—	—
Shortfall in eligible provisions	—	—
Amount corresponding to capital increased in conjunction with securitization transactions	—	—
Amount that is mark-to-market difference arising from valuation of liabilities at market value and is included in capital	—	—
Amount related to net defined benefit asset	3,515	2,514
Amount of self-held common shares, etc. (excluding those recorded in net assets)	—	—
Amount of purposefully-held eligible funding instruments of other financial institutions, etc.	—	—
Amount of eligible common shares, etc. of minority-owned financial institutions, etc.	—	—
Amount exceeding the 10% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount exceeding the 15% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount of reconciliation items related to core capital (b)	6,125	4,977
Capital		
Amount of capital ((a) - (b)) (c)	297,768	304,865
Risk assets, etc. (3)		
Total amount of credit risk assets	2,608,428	2,675,617
Of which, total of amount included in the amount of risk assets due to transition measures	4,598	4,567
Of which, exposure to other financial institutions, etc.	—	—
Of which, amount that falls under categories other than the above	4,598	4,567
Amount obtained by dividing the total of the amount corresponding to market risk by 8%	—	—
Amount obtained by dividing the total of the amount corresponding to operational risk by 8%	109,714	109,174
Adjustments of credit risk assets	—	—
Adjustments of the amount corresponding to operational risk	—	—
Total amount of risk assets, etc. (d)	2,718,142	2,784,792
Consolidated capital adequacy ratio		
Consolidated capital adequacy ratio ((c)/(d))	10.95%	10.94%

2. Disclosure items on capital composition (non-consolidated)

(mil. yen, %)

Items	Six months ended September 30, 2019	Six months ended September 30, 2020
Basic items related to core capital (1)		
Amount of shareholders' equity on common shares or mandatory convertible preference shares	271,406	278,194
Of which, amount of capital and capital surplus	29,335	29,335
Of which, amount of retained earnings	243,426	250,629
Of which, (amount of treasury shares)	—	—
Of which, (planned amount to the outside)	1,354	1,769
Of which, amount that falls under categories other than the above	—	—
Amount of share acquisition rights on common shares or mandatory convertible preference shares	—	—
Total amount of provisions included in the amount of basic items related to core capital	13,744	14,854
Of which, general allowance for loan losses included in core capital	13,744	14,854
Of which, eligible provisions included in core capital	—	—
Of the amount of eligible former non-cumulative permanent preference shares, amount included in basic items related to core capital	—	—
Of the amount of eligible former funding instruments, amount included in basic items related to core capital	—	—
Of the amount of funding instruments issued through public agencies' measures for capital reinforcement, amount included in basic items related to core capital	—	—
Of amount corresponding to 45% of difference between the revaluation amount of land and the carrying amount immediately before the revaluation, amount included in basic items related to core capital	4,912	3,890
Amount of basic items related to core capital (a)	290,063	296,939
Reconciliation items related to core capital (2)		
Total amount of intangible assets (excluding those related to mortgage servicing rights)	2,534	2,406
Of which, amount related to goodwill	—	—
Of which, amount of intangible assets other than those related to mortgage servicing rights	2,534	2,406
Amount of deferred tax assets (excluding those related to temporary differences)	—	—
Shortfall in eligible provisions	—	—
Amount corresponding to capital increased in conjunction with securitization transactions	—	—
Amount that is mark-to-market difference arising from valuation of liabilities at market value and is included in capital	—	—
Amount of prepaid pension expenses	5,910	5,521
Amount of self-held common shares, etc. (excluding those recorded in net assets)	—	—
Amount of purposefully-held eligible funding instruments of other financial institutions, etc.	—	—
Amount of eligible common shares, etc. of minority-owned financial institutions, etc.	—	—
Amount exceeding the 10% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount exceeding the 15% threshold on specified items	—	—
Of which, amount related to those which fall under the category of eligible common shares, etc. of other financial institutions, etc.	—	—
Of which, amount of those associated with intangible assets related to mortgage servicing rights	—	—
Of which, amount of those associated with deferred tax assets (only those related to temporary differences)	—	—
Amount of reconciliation items related to core capital (b)	8,445	7,927
Capital		
Amount of capital ((a) - (b)) (c)	281,617	289,011
Risk assets, etc. (3)		
Total amount of credit risk assets	2,583,698	2,651,475
Of which, total of amount included in the amount of risk assets due to transition measures	4,598	4,567
Of which, exposure to other financial institutions, etc.	—	—
Of which, amount that falls under categories other than the above	4,598	4,567
Amount obtained by dividing the total of the amount corresponding to market risk by 8%	—	—
Amount obtained by dividing the total of the amount corresponding to operational risk by 8%	105,947	105,827
Adjustments of credit risk assets	—	—
Adjustments of the amount corresponding to operational risk	—	—
Total amount of risk assets, etc. (d)	2,689,645	2,757,303
Capital adequacy ratio		
Capital adequacy ratio ((c)/(d))	10.47%	10.48%

II. Quantitative disclosure items in consolidation

1. Of companies which are other financial institutions, etc. (meaning other financial institutions, etc. specified in Article 29, paragraph 6, item 1 of the notification on capital adequacy ratio) and subsidiary corporations of banks, etc., name of companies whose capital falls below the required capital in capital adequacy requirements and total of the amount below the required capital

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

2. Matters concerning adequacy of capital

(1) Amount of required capital to credit risk

1) On-balance-sheet items

(mil. yen)

	(Reference) Risk weight stipulated in the notification (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Cash	0	—	—	—	—
For Japan's central government and central bank	0	—	—	—	—
For foreign central governments and central banks	0 to 100	—	—	271	10
For Bank for International Settlements, etc.	0	—	—	—	—
For Japan's local public agencies	0	—	—	—	—
For the public sector other than foreign central governments, etc.	20 to 100	—	—	—	—
For Multilateral Development Bank	0 to 100	—	—	—	—
For Japan Finance Organization for Municipalities	10 to 20	—	—	—	—
For Japan's government-affiliated agencies	10 to 20	8,981	359	9,492	379
For local three public corporations	20	179	7	306	12
For financial institutions and securities firms	20 to 100	16,024	640	14,110	564
For corporations, etc.	20 to 100	1,162,004	46,480	1,165,305	46,612
For small to medium-sized companies, etc. and for individuals	75	744,284	29,771	766,001	30,640
Mortgage housing loans	35	98,576	3,943	100,196	4,007
For businesses of real estate acquisition, etc.	100	317,508	12,700	331,869	13,274
Overdue for three months or longer, etc.	50 to 150	1,205	48	716	28
Bills in process of collection	20	—	—	—	—
With guarantee of credit guarantee corporations, etc.	0 to 10	3,199	127	8,135	325
With guarantee of Regional Economy Vitalization Corporation of Japan	10	—	—	—	—
Investment, etc.	100 to 1250	55,103	2,204	50,811	2,032
Other than the above	100 to 250	131,600	5,264	155,410	6,216
Securitization	—	—	—	—	—
(Of which, portion to which STC requirements are applied)	—	—	—	—	—
(Of which, portion to which STC requirements are not applied)	—	—	—	—	—
Re-securitization	—	—	—	—	—
Exposure to which the deemed calculation of risk weight is applied	—	17,638	705	18,476	739
Amount of those included in the amount of risk assets due to transition measures	—	4,598	183	4,567	182
Amount of those not included in the amount of risk assets due to transition measures in relation to exposure for eligible funding instruments of other financial institutions, etc.	—	—	—	—	—
Total	—	2,560,906	102,436	2,625,671	105,026

2) Off-balance-sheet items

(mil. yen)

	Assessment rate (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Commitments unconditionally cancelable or automatically cancelable in a given period	0	—	—	—	—
Commitments with the original contract period of one year or less	20	7	0	387	15
Short-term trade-related contingent liabilities	20	10	0	14	0
Contingent liabilities related to specified transactions	50	1,467	58	1,615	64
NIF or RUF	50(75)	—	—	—	—
Commitments with the original contract period exceeding one year	50	11,076	443	11,480	459
Commitments in internal rating method	<75	—	—	—	—
Contingent liabilities directly alternating granting of credit	100	13,844	553	13,697	547
Asset sale with buyback option or asset sale with indemnity right, etc. (after deduction)	—	—	—	—	—
Purchase of futures, forward deposits, partly paid shares, or partly paid bonds	100	—	—	—	—
Securities lending, provision of collateral by cash or securities, or securities sale with buyback option or purchase with resale option	100	18,791	751	19,395	775
Derivative transactions	—	851	34	1,229	49
Transactions with long settlement periods	—	—	—	—	—
Unsettled transactions	—	—	—	—	—
Eligible liquidity facility and eligible servicer cash advance related to securitization exposure	0 to 100	—	—	—	—
Off-balance-sheet securitization exposure other than the above	100	—	—	—	—
Total	—	46,048	1,841	47,820	1,912

3) Amount corresponding to CVA risk

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to CVA risk	113	164
Amount obtained by dividing the amount corresponding to CVA risk by 8% (A)	1,418	2,061
Amount of required capital (A x 4%)	56	82

4) Eligible exposure related to central clearing agencies

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Eligible exposure related to central clearing agencies	2,509	2,884
Amount of credit risk assets on eligible exposure related to central clearing agencies (A)	54	63
Amount of required capital (A x 4%)	2	2

(2) Amount of required capital to operational risk

Pursuant to Article 304 of the notification on capital adequacy ratio, operational risk has been calculated by the "basic approach."

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to operational risk	8,777	8,733
Amount obtained by dividing the amount corresponding to operational risk by 8% (A)	109,714	109,174
Amount of required capital (A x 4%)	4,388	4,366

3. Matters concerning credit risk (excluding securitization exposure)

(1) Balance of credit risk related exposure at the end of the interim period and breakdown by major type

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance of credit risk exposure at the end of the interim period		Exposure overdue for three months or longer	Balance of credit risk exposure at the end of the interim period		Exposure overdue for three months or longer
		Of which, loans, off-balance-sheet transactions (other than derivatives)			Of which, loans, off-balance-sheet transactions (other than derivatives)	
Domestic total	4,925,236	3,954,893	7,619	5,446,072	4,173,580	5,431
Overseas total	219,495	23,084	—	288,203	24,669	—
Total by region	5,144,732	3,977,977	7,619	5,734,275	4,198,249	5,431
Manufacturing	229,047	202,561	162	240,600	205,041	75
Agriculture and forestry	64,215	63,862	31	62,545	62,012	28
Fishery	13,867	13,666	179	13,613	13,412	84
Mining, quarrying and gravel extraction	3,643	3,643	—	3,502	3,382	—
Construction	97,975	94,560	518	102,885	97,828	116
Electricity, gas, heat supply and waterworks	126,436	117,768	8	124,247	115,071	5
Information and communications	19,834	18,952	—	17,623	16,711	—
Transport and mailing	156,974	99,547	1,204	151,589	90,174	—
Wholesale and retail	319,483	299,634	1,650	325,711	306,801	1,404
Finance and insurance	190,714	109,004	—	257,829	164,472	—
Real estate, and goods rental and leasing	380,554	372,849	345	390,928	385,832	300
Various services	497,913	488,758	1,976	519,096	510,869	1,913
Local public agencies	485,614	464,295	—	509,254	487,483	—
Others	2,558,458	1,628,873	1,542	3,014,845	1,739,155	1,503
Total by industry	5,144,732	3,977,977	7,619	5,734,275	4,198,249	5,431
Within 1 year	1,093,753	986,624	4,041	1,185,471	1,097,141	2,289
Over 1 year and within 5 years	904,420	686,293	717	878,511	684,875	435
Over 5 years and within 10 years	838,157	689,864	525	898,360	719,017	630
Over 10 years	1,772,353	1,605,612	1,500	1,900,971	1,677,810	1,368
Total by maturity	5,144,732	3,977,977	7,619	5,734,275	4,198,249	5,431

(Notes) 1. Off-balance-transactions exclude derivative transactions.

2. "Exposure overdue for three months or longer" means exposure in which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, or exposure of which risk weight is 150% before taking into account the provision.

(2) Balance at the end of the interim period and increase or decrease during the period of general allowance for loan losses, individual allowance for loan losses, and reserve for specific foreign loans

(mil. yen)

		Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
General allowance for loan losses	Six months ended September 30, 2019	13,667	95	13,762
	Six months ended September 30, 2020	14,243	634	14,877
Individual allowance for loan losses	Six months ended September 30, 2019	30,822	454	31,277
	Six months ended September 30, 2020	29,931	(475)	29,455
Reserve for specific foreign loans	Six months ended September 30, 2019	—	—	—
	Six months ended September 30, 2020	—	—	—
Total	Six months ended September 30, 2019	44,490	549	45,040
	Six months ended September 30, 2020	44,174	159	44,333

(3) Breakdown of individual allowance for loan losses by region and by industry

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
Domestic total	30,390	475	30,865	29,715	(453)	29,262
Overseas total	432	(20)	412	216	(22)	193
Total by region	30,822	454	31,277	29,931	(475)	29,455
Manufacturing	2,802	91	2,893	2,098	(16)	2,082
Agriculture and forestry	286	35	321	401	(43)	357
Fishery	185	84	269	284	(184)	99
Mining, quarrying and gravel extraction	—	—	—	—	—	—
Construction	2,026	328	2,355	2,273	(458)	1,815
Electricity, gas, heat supply and waterworks	9	0	8	6	(1)	5
Information and communications	4	(2)	2	—	—	—
Transport and mailing	1,643	(24)	1,618	1,412	(1,201)	211
Wholesale and retail	10,711	(188)	10,523	9,775	171	9,946
Finance and insurance	1	(1)	—	—	—	—
Real estate, and goods rental and leasing	1,916	(16)	1,899	2,308	(52)	2,256
Various services	9,062	0	9,062	8,971	1,046	10,017
Local public agencies	—	—	—	—	—	—
Others	2,174	149	2,323	2,397	265	2,662
Total by industry	30,822	454	31,277	29,931	(475)	29,455

(Note) For general allowance for loan losses, calculation by category has not been made.

(4) Breakdown of amount written off of loans by region and by industry

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Domestic total	21	1,745
Overseas total	—	—
Total by region	21	1,745
Manufacturing	—	499
Agriculture and forestry	—	—
Fishery	—	—
Mining, quarrying and gravel extraction	—	—
Construction	—	—
Electricity, gas, heat supply and waterworks	—	—
Information and communications	—	—
Transport and mailing	—	1,169
Wholesale and retail	—	18
Finance and insurance	—	—
Real estate, and goods rental and leasing	—	11
Various services	—	26
Local public agencies	—	—
Others	21	20
Total by industry	21	1,745

(5) Amount of exposure by category of risk weight

(mil. yen)

	Amount of exposure after taking into account effects of approach to reduce credit risk			
	Six months ended September 30, 2019	Of which, with rating	Six months ended September 30, 2020	Of which, with rating
0%	1,479,257	154,240	1,920,238	200,854
10%	125,294	1,000	178,709	1,360
20%	241,096	214,756	243,777	208,894
35%	281,646	—	286,275	—
50%	229,623	204,907	286,750	208,649
75%	978,824	—	972,001	—
100%	1,538,204	18,813	1,569,815	24,435
150%	355	—	111	—
250%	16,440	—	18,412	—
350%	—	—	—	—
1,250%	—	—	—	—
Others	46,753	—	38,069	—
Total	4,937,497	593,718	5,514,160	644,194

4. Matters concerning credit risk reduction effects

(mil. yen)

	Amount of exposure to which approach to reduce credit risk was applied	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash and deposits	147,673	165,691
Gold	—	—
Eligible bonds	—	—
Eligible shares	2,509	2,316
Total eligible financial-asset-backed	150,182	168,007
Eligible guarantees	124,079	172,607
Eligible credit derivatives	—	—
Total eligible guarantees and eligible derivatives	124,079	172,607

5. Matters concerning risks of counterparties to derivative transactions and transactions with long settlement periods

(1) Method used to calculate the amount corresponding to credit

	Six months ended September 30, 2019	Six months ended September 30, 2020
Method used to calculate the amount corresponding to credit	Current exposure method	Current exposure method

(2) Amount of gross restructuring costs

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of gross restructuring costs	522	1,452

(3) Amount corresponding to credit before and after taking into account effects of approach to reduce credit risk by collateral

(mil. yen)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Before taking into account	After taking into account	Before taking into account	After taking into account
Derivative transactions	2,691	2,691	4,773	4,773
Foreign exchange related transactions	2,121	2,121	3,023	3,023
Interest rate related transactions	569	569	1,750	1,750
Gold related transactions	—	—	—	—
Share related transactions	—	—	—	—
Precious metal related transactions	—	—	—	—
Other commodity transactions	—	—	—	—
Credit derivatives	—	—	—	—
Transactions with long settlement periods	—	—	—	—
Total	2,691	2,691	4,773	4,773

(Note) The amount corresponding to credit of foreign exchange related transactions with the original contract period of five business days or less is excluded from the above information.

(4) Total amount of gross restructuring costs, and amount calculated by subtracting the amount corresponding to credit before taking into account credit risk reduction effects from total of gross add-on amount

Total amount of gross restructuring costs, total of gross add-on amount, and amount corresponding to credit before taking into account credit risk reduction effects are the same amount for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

(5) Amount of collateral by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(6) Amount corresponding to credit after taking into account effects of approach to reduce credit risk by collateral

The amount is the same as that before taking into account such effects for the six months ended September 30, 2019 and the six months ended September 30, 2020, and effects of approach to reduce credit risk by collateral are not applicable.

(7) Amount of notional amount of credit derivatives that are subject to calculation of the amount corresponding to credit, distinguished by type of derivative and by purchase or provision of protection

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(8) Notional amount of credit derivatives used to taking into account effects of approach to reduce credit risk

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

6. Matters concerning securitization exposure

Matters concerning securitization exposure that is subject to calculation of credit risk assets

- (1) Matters concerning securitization and re-securitization exposure for which the consolidated group is the originator
Securitization and re-securitization exposure for which the consolidated group is the originator are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.
- (2) Matters concerning securitization exposure for which the consolidated group is the investor
 - 1) Securitization exposure
 - (a) Amount of securitization exposure held and breakdown of main underlying assets by type
Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020
 - (b) Balance and required capital of securitization exposure held for each risk weight
Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020
 - (c) Amount of securitization exposure to which risk weight of 1,250% is applied under Article 248 and Article 248-4, paragraph 1, item 1 and item 2 of the notification on capital adequacy ratio, and breakdown of main underlying assets by type
Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020
 - 2) Re-securitization exposure
Securitization and re-securitization exposure for which the consolidated group is the investor are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.

Matters concerning securitization exposure that is subject to calculation of the amount corresponding to market risk

In calculation of capital adequacy ratio, market risk is not included for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

7. Matters concerning exposure to investment or shares, etc.

- (1) Amount of exposure to investment and shares, etc. recorded on the interim consolidated balance sheet, and others

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of exposure to listed investment, etc. or shares, etc. recorded on the interim consolidated balance sheet, and others	82,873	77,790
Amount of exposure to investment, etc. or shares, etc. that does not fall under the above, recorded on the interim consolidated balance sheet, and others	3,435	3,048
Total	86,308	80,839

	Six months ended September 30, 2019	Six months ended September 30, 2020
Subsidiaries	—	—
Affiliates, etc.	—	—
Total	—	—

- (2) Amount of gains or losses on sale and redemption

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Gains or losses on sale	301	721
Redemption	615	224

- (3) Amount of valuation gains or losses that are recognized in the interim consolidated balance sheet and not recognized in the interim consolidated income statement

The amount of valuation gains or losses that are recognized in the interim consolidated balance sheet and not recognized in the interim consolidated income statement is ¥31,176 million for the six months ended September 30, 2019 and ¥29,918 million for the six months ended September 30, 2020.

- (4) Amount of valuation gains or losses that are not recognized in the interim consolidated balance sheet and in the interim consolidated income statement

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

8. Amount of exposure to which deemed calculation of risk weight or deemed calculation of credit risk assets is applied

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Look through approach	48,348	44,730
Mandate approach	—	—
Probability approach (risk weight: 250%)	—	—
Probability approach (risk weight: 400%)	—	—
Fallback approach	—	—
Total	48,348	44,730

9. Matters concerning interest rate risk

(mil. yen)

IRRBB1: interest rate risk					
Item number		△EVE		△NII	
		Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
1	Upward parallel shift	20,037	17,870		3,312
2	Downward parallel shift	27,800	42,803		4,874
3	Steepening	6,087	5,336		
4	Flattening				
5	Rise in short-term interest rate				
6	Decline in short-term interest rate				
7	Maximum	27,800	42,803		4,874
		Six months ended September 30, 2019		Six months ended September 30, 2020	
8	Amount of capital	297,768		304,865	

III. Quantitative disclosure items in non-consolidation

1. Matters concerning adequacy of capital

(1) Amount of required capital to credit risk

1) On-balance-sheet items

(mil. yen)

	(Reference) Risk weight stipulated in the notification (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Cash	0	—	—	—	—
For Japan's central government and central bank	0	—	—	—	—
For foreign central governments and central banks	0 to 100	—	—	271	10
For Bank for International Settlements, etc.	0	—	—	—	—
For Japan's local public agencies	0	—	—	—	—
For the public sector other than foreign central governments, etc.	20 to 100	—	—	—	—
For Multilateral Development Bank	0 to 100	—	—	—	—
For Japan Finance Organization for Municipalities	10 to 20	—	—	—	—
For Japan's government-affiliated agencies	10 to 20	8,981	359	9,492	379
For local three public corporations	20	179	7	306	12
For financial institutions and securities firms	20 to 100	15,995	639	14,091	563
For corporations, etc.	20 to 100	1,137,366	45,494	1,140,726	45,629
For small to medium-sized companies, etc. and for individuals	75	744,730	29,789	766,422	30,656
Mortgage housing loans	35	98,611	3,944	100,221	4,008
For businesses of real estate acquisition, etc.	100	317,509	12,700	331,870	13,274
Overdue for three months or longer, etc.	50 to 150	1,236	49	784	31
Bills in process of collection	20	—	—	—	—
With guarantee of credit guarantee corporations, etc.	0 to 10	3,199	127	8,135	325
With guarantee of Regional Economy Vitalization Corporation of Japan	10	—	—	—	—
Investment, etc.	100 to 1250	55,421	2,216	51,112	2,044
Other than the above	100 to 250	131,417	5,256	155,802	6,232
Securitization	—	—	—	—	—
(Of which, portion to which STC requirements are applied)	—	—	—	—	—
(Of which, portion to which STC requirements are not applied)	—	—	—	—	—
Re-securitization	—	—	—	—	—
Exposure to which the deemed calculation of risk weight is applied	—	17,488	699	18,176	727
Amount of those included in the amount of risk assets due to transition measures	—	4,598	183	4,567	182
Amount of those not included in the amount of risk assets due to transition measures in relation to exposure for eligible funding instruments of other financial institutions, etc.	—	—	—	—	—
Total	—	2,536,735	101,469	2,601,980	104,079

2) Off-balance-sheet items

(mil. yen)

	Assessment rate (%)	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Amount of credit risk assets (A)	Amount of required capital (A x 4%)	Amount of credit risk assets (A)	Amount of required capital (A x 4%)
Commitments unconditionally cancelable or automatically cancelable in a given period	0	—	—	—	—
Commitments with the original contract period of one year or less	20	7	0	387	15
Short-term trade-related contingent liabilities	20	10	0	14	0
Contingent liabilities related to specified transactions	50	1,468	58	1,616	64
NIF or RUF	50(75)	—	—	—	—
Commitments with the original contract period exceeding one year	50	11,076	443	11,480	459
Commitments in internal rating method	<75	—	—	—	—
Contingent liabilities directly alternating granting of credit	100	13,284	531	13,246	529
Asset sale with buyback option or asset sale with indemnity right, etc. (after deduction)	—	—	—	—	—
Purchase of futures, forward deposits, partly paid shares, or partly paid bonds	100	—	—	—	—
Securities lending, provision of collateral by cash or securities, or securities sale with buyback option or purchase with resale option	100	18,791	751	19,395	775
Derivative transactions	—	851	34	1,229	49
Transactions with long settlement periods	—	—	—	—	—
Unsettled transactions	—	—	—	—	—
Eligible liquidity facility and eligible servicer cash advance related to securitization exposure	0 to 100	—	—	—	—
Off-balance-sheet securitization exposure other than the above	100	—	—	—	—
Total	—	45,489	1,819	47,369	1,894

3) Amount corresponding to CVA risk

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to CVA risk	113	164
Amount obtained by dividing the amount corresponding to CVA risk by 8% (A)	1,418	2,061
Amount of required capital (A x 4%)	56	82

4) Eligible exposure related to central clearing agencies

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Eligible exposure related to central clearing agencies	2,509	2,884
Amount of credit risk assets on eligible exposure related to central clearing agencies (A)	54	63
Amount of required capital (A x 4%)	2	2

(2) Amount of required capital to operational risk

Pursuant to Article 304 of the notification on capital adequacy ratio, operational risk has been calculated by the "basic approach."

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount corresponding to operational risk	8,475	8,466
Amount obtained by dividing the amount corresponding to operational risk by 8% (A)	105,947	105,827
Amount of required capital (A x 4%)	4,237	4,233

2. Matters concerning credit risk

(1) Balance of credit risk related exposure at the end of the interim period and breakdown by major type

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance of credit risk exposure at the end of the interim period	Of which, loans, off-balance-sheet transactions (other than derivatives)	Exposure overdue for three months or longer	Balance of credit risk exposure at the end of the interim period	Of which, loans, off-balance-sheet transactions (other than derivatives)	Exposure overdue for three months or longer
Domestic total	4,898,143	3,969,391	6,784	5,419,490	4,187,229	4,724
Overseas total	219,495	23,084	—	288,203	24,669	—
Total by region	5,117,639	3,992,476	6,784	5,707,694	4,211,898	4,724
Manufacturing	229,047	202,561	162	240,600	205,041	75
Agriculture and forestry	64,215	63,862	31	62,545	62,012	28
Fishery	13,860	13,659	172	13,613	13,412	84
Mining, quarrying and gravel extraction	3,643	3,643	—	3,502	3,382	—
Construction	97,975	94,560	518	102,885	97,828	116
Electricity, gas, heat supply and waterworks	126,436	117,768	8	124,247	115,071	5
Information and communications	19,834	18,952	—	17,623	16,711	—
Transport and mailing	156,974	99,547	1,204	151,589	90,174	—
Wholesale and retail	319,483	299,634	1,650	325,711	306,801	1,404
Finance and insurance	193,243	110,443	—	259,356	165,020	—
Real estate, and goods rental and leasing	398,473	386,183	345	409,920	399,118	300
Various services	498,286	488,858	1,976	519,450	510,969	1,913
Local public agencies	485,614	464,295	—	509,254	487,483	—
Others	2,510,550	1,628,505	714	2,967,392	1,738,870	796
Total by industry	5,117,639	3,992,476	6,784	5,707,694	4,211,898	4,724
Within 1 year	1,097,224	989,158	4,041	1,191,219	1,102,151	2,289
Over 1 year and within 5 years	915,919	697,792	717	886,745	693,109	435
Over 5 years and within 10 years	838,622	690,329	525	898,765	719,422	630
Over 10 years	1,772,353	1,605,612	1,500	1,900,971	1,677,810	1,368
Undated	493,520	9,582	—	829,992	19,404	—
Total by maturity	5,117,639	3,992,476	6,784	5,707,694	4,211,898	4,724

- (Notes) 1. Off-balance-transactions exclude derivative transactions.
2. "Exposure overdue for three months or longer" means exposure in which payment of the principal or interest is delayed for three months or longer from the day following the contract payment date, or exposure of which risk weight is 150% before taking into account the provision.

(2) Balance at the end of the interim period and increase or decrease during the period of general allowance for loan losses, individual allowance for loan losses, and reserve for specific foreign loans

(mil. yen)

		Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
General allowance for loan losses	Six months ended September 30, 2019	13,444	82	13,527
	Six months ended September 30, 2020	13,986	635	14,622
Individual allowance for loan losses	Six months ended September 30, 2019	29,331	401	29,732
	Six months ended September 30, 2020	28,635	(592)	28,043
Reserve for specific foreign loans	Six months ended September 30, 2019	—	—	—
	Six months ended September 30, 2020	—	—	—
Total	Six months ended September 30, 2019	42,775	484	43,260
	Six months ended September 30, 2020	42,622	43	42,666

(3) Breakdown of individual allowance for loan losses by region and by industry

(mil. yen)

	Six months ended September 30, 2019			Six months ended September 30, 2020		
	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period	Balance at beginning of the period	Increase or decrease during the period	Balance at end of the interim period
Domestic total	28,898	421	29,319	28,419	(569)	27,849
Overseas total	432	(20)	412	216	(22)	193
Total by region	29,331	401	29,732	28,635	(592)	28,043
Manufacturing	2,802	91	2,893	2,098	(22)	2,075
Agriculture and forestry	286	35	321	401	(43)	357
Fishery	178	84	263	284	(184)	99
Mining, quarrying and gravel extraction	—	—	—	—	—	—
Construction	2,024	328	2,353	2,272	(458)	1,814
Electricity, gas, heat supply and waterworks	9	0	8	6	(1)	5
Information and communications	4	(2)	2	—	—	—
Transport and mailing	1,640	(23)	1,616	1,400	(1,200)	200
Wholesale and retail	10,688	(184)	10,503	9,758	172	9,930
Finance and insurance	—	—	—	—	—	—
Real estate, and goods rental and leasing	1,916	(16)	1,899	2,308	(52)	2,256
Various services	8,998	2	9,001	8,958	1,043	10,002
Local public agencies	—	—	—	—	—	—
Others	782	86	868	1,145	155	1,301
Total by industry	29,331	401	29,732	28,635	(592)	28,043

(Note) For general allowance for loan losses, calculation by category has not been made.

(4) Breakdown of amount written off of loans by region and by industry

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Domestic total	21	1,745
Overseas total	—	—
Total by region	21	1,745
Manufacturing	—	499
Agriculture and forestry	—	—
Fishery	—	—
Mining, quarrying and gravel extraction	—	—
Construction	—	—
Electricity, gas, heat supply and waterworks	—	—
Information and communications	—	—
Transport and mailing	—	1,169
Wholesale and retail	—	18
Finance and insurance	—	—
Real estate, and goods rental and leasing	—	11
Various services	—	26
Local public agencies	—	—
Others	21	20
Total by industry	21	1,745

(5) Amount of exposure by category of risk weight

(mil. yen)

	Amount of exposure after taking into account effects of approach to reduce credit risk			
	Six months ended September 30, 2019		Six months ended September 30, 2020	
		Of which, with rating		Of which, with rating
0%	1,478,789	154,240	1,919,875	200,854
10%	125,294	1,000	178,709	930
20%	240,946	214,756	243,682	257,353
35%	281,746	—	286,348	—
50%	229,546	204,907	286,697	220,032
75%	979,419	—	972,562	—
100%	1,512,204	18,813	1,543,976	20,585
150%	425	—	174	—
250%	16,801	—	19,011	—
350%	—	—	—	—
1,250%	—	—	—	—
Others	46,653	—	37,869	—
Total	4,911,827	593,718	5,488,909	699,756

3. Matters concerning credit risk reduction effects

(mil. yen)

	Amount of exposure to which approach to reduce credit risk was applied	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash and deposits	147,673	165,691
Gold	—	—
Eligible bonds	—	—
Eligible shares	2,509	2,316
Total eligible financial-asset-backed	150,182	168,007
Eligible guarantees	124,079	172,607
Eligible credit derivatives	—	—
Total eligible guarantees and eligible derivatives	124,079	172,607

4. Matters concerning risks of counterparties to derivative transactions and transactions with long settlement periods

(1) Method used to calculate the amount corresponding to credit

	Six months ended September 30, 2019	Six months ended September 30, 2020
Method used to calculate the amount corresponding to credit	Current exposure method	Current exposure method

(2) Amount of gross restructuring costs

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of gross restructuring costs	522	1,452

(3) Amount corresponding to credit before and after taking into account effects of approach to reduce credit risk by collateral

(mil. yen)

	Six months ended September 30, 2019		Six months ended September 30, 2020	
	Before taking into account	After taking into account	Before taking into account	After taking into account
Derivative transactions	2,691	2,691	4,773	4,773
Foreign exchange related transactions	2,121	2,121	3,023	3,023
Interest rate related transactions	569	569	1,750	1,750
Gold related transactions	—	—	—	—
Share related transactions	—	—	—	—
Precious metal related transactions	—	—	—	—
Other commodity transactions	—	—	—	—
Credit derivatives	—	—	—	—
Transactions with long settlement periods	—	—	—	—
Total	2,691	2,691	4,773	4,773

(4) Total amount of gross restructuring costs, and amount calculated by subtracting the amount corresponding to credit before taking into account credit risk reduction effects from total of gross add-on amount

Total amount of gross restructuring costs, total of gross add-on amount, and amount corresponding to credit before taking into account credit risk reduction effects are the same amount for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

(5) Amount of collateral by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(6) Amount corresponding to credit after taking into account effects of approach to reduce credit risk by collateral

The amount is the same as that before taking into account such effects for the six months ended September 30, 2019 and the six months ended September 30, 2020, and effects of approach to reduce credit risk by collateral are not applicable.

(7) Amount of notional amount of credit derivatives that are subject to calculation of the amount corresponding to credit, distinguished by type of derivative and by purchase or provision of protection

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(8) Notional amount of credit derivatives used to taking into account effects of approach to reduce credit risk

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

5. Matters concerning securitization exposure

Matters concerning securitization exposure that is subject to calculation of credit risk assets

(1) Matters concerning securitization and re-securitization exposure for which the Bank is the originator

Securitization and re-securitization exposure for which the Bank is the originator are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.

(2) Matters concerning securitization exposure for which the Bank is the investor

1) Securitization exposure

(a) Amount of securitization exposure held and breakdown of main underlying assets by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(b) Balance and required capital of securitization exposure held for each risk weight

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

(c) Amount of securitization exposure to which risk weight of 1,250% is applied under Article 248 and Article 248-4, paragraph 1, item 1 and item 2 of the notification on capital adequacy ratio, and breakdown of main underlying assets by type

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

2) Re-securitization exposure

Securitization and re-securitization exposure for which the Bank is the investor are not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020.

Matters concerning securitization exposure that is subject to calculation of the amount corresponding to market risk

In calculation of capital adequacy ratio, market risk is not included for both the six months ended September 30, 2019 and the six months ended September 30, 2020.

6. Matters concerning exposure to investment or shares, etc.

(1) Amount of exposure to investment and shares, etc. recorded on the interim balance sheet, and others

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Amount of exposure to listed investment, etc. or shares, etc. recorded on the interim balance sheet, and others	82,120	76,989
Amount of exposure to investment, etc. or shares, etc. that does not fall under the above, recorded on the interim balance sheet, and others	4,003	3,599
Total	86,123	80,588

	Six months ended September 30, 2019	Six months ended September 30, 2020
Subsidiaries	823	803
Affiliates, etc.	—	—
Total	823	803

(2) Amount of gains or losses on sale and redemption

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Gains or losses on sale	294	721
Redemption	615	224

(3) Amount of valuation gains or losses that are recognized in the interim balance sheet and not recognized in the interim income statement

The amount of valuation gains or losses that are recognized in the interim balance sheet and not recognized in the interim income statement is ¥30,673 million for the six months ended September 30, 2019 and ¥29,366 million for the six months ended September 30, 2020.

(4) Amount of valuation gains or losses that are not recognized in the interim balance sheet and in the interim income statement

Not applicable for both the six months ended September 30, 2019 and six months ended September 30, 2020

7. Amount of exposure to which deemed calculation of risk weight or deemed calculation of credit risk assets is applied

(mil. yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Look through approach	48,248	44,530
Mandate approach	—	—
Probability approach (risk weight: 250%)	—	—
Probability approach (risk weight: 400%)	—	—
Fallback approach	—	—
Total	48,248	44,530

8. Matters concerning interest rate risk

(mil. yen)

IRRBB1: interest rate risk					
Item number		△EVE		△NII	
		Six months ended September 30, 2019	Six months ended September 30, 2020	Six months ended September 30, 2019	Six months ended September 30, 2020
1	Upward parallel shift	20,037	17,870		3,312
2	Downward parallel shift	27,800	42,803		4,874
3	Steepening	6,087	5,336		
4	Flattening				
5	Rise in short-term interest rate				
6	Decline in short-term interest rate				
7	Maximum	27,800	42,803		4,874
		Six months ended September 30, 2019		Six months ended September 30, 2020	
8	Amount of capital	281,617		289,011	



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