

Consolidated Financial Statements

Documents in accordance with Article 20-2 of the Banking Act were audited by Deloitte Touche Tohmatsu LLC under the provisions of Article 396-1 of the Companies Act.

In addition, the consolidated balance sheets, the consolidated statements of income and retained earnings, the consolidated statements of comprehensive income, the consolidated statement of changes in net assets and the consolidated statements of cash flows were audited and certified by Deloitte Touche Tohmatsu LLC under the provisions of Article 193-2-1 of the Financial Instruments and Exchange Act.

Consolidated Balance Sheets

(Assets)	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2014	FY 2015	FY 2015
Cash and due from banks	68,925	129,059	1,073,970
Call loans and bills bought	282	5,236	43,572
Other debt purchased	281	229	1,906
Money held in trust	8,000	10,000	83,215
Securities	679,717	776,216	6,459,316
Loans and bills discounted	1,544,694	1,663,404	13,842,090
Foreign exchanges	1,155	1,962	16,327
Lease receivables and lease investment assets	9,328	8,885	73,937
Other assets	11,276	12,866	107,065
Tangible fixed assets	22,561	23,434	195,007
Buildings	6,903	7,322	60,930
Land	14,128	14,097	117,309
Construction in progress	12	545	4,535
Other tangible fixed assets	1,516	1,467	12,208
Intangible fixed assets	2,828	2,268	18,873
Software	2,752	2,173	18,083
Other intangible fixed assets	76	95	791
Deferred income tax assets	1,298	264	2,197
Guaranty endorsement	3,829	2,567	21,361
Allowance for bad debts	-11,383	-12,047	-100,250
Reserve against investment losses	-3	-1	-8
Total assets	2,342,793	2,624,346	21,838,612

(Liabilities and Net Assets)

Millions of Japanese Yen

Thousands of
U.S. Dollars

	FY 2014	FY 2015	FY 2015
Liabilities:			
Deposits	1,926,546	2,035,738	16,940,484
Negotiable deposit	150,450	151,777	1,263,019
Call money and bills sold	63,146	27,210	226,429
Guarantee deposit received under bond lending transactions	13,287	123,362	1,026,562
Borrowed fund	15,693	90,595	753,890
Foreign exchanges	29	30	250
Corporate bonds	27,000	27,000	224,682
Other liabilities	10,153	13,623	113,364
Reserve for bonus for directors and corporate auditors	30	30	250
Liability for retirement benefit	10,890	13,636	113,473
Reserve for officers' retirement bonuses	12	10	83
Reserve for losses from sleeping account withdrawal	313	422	3,512
Reserve for contingent losses	188	173	1,440
Deferred tax liabilities	—	3,049	25,372
Revaluation deferred tax liabilities	2,799	2,531	21,062
Acceptances and guarantees	3,829	2,567	21,361
Total liabilities	2,224,370	2,491,762	20,735,308
Net assets:			
Common stock	14,697	14,697	122,302
Capital surplus	8,795	8,793	73,171
Earned surplus	75,381	78,568	653,807
Common stock held in treasury	-1,706	-1,702	-14,163
Total shareholders' equity	97,167	100,356	835,117
Other securities revaluation excess	14,894	25,271	210,294
Land revaluation excess	2,756	3,062	25,481
Accumulated adjustment for retirement benefit	-2,560	-2,790	-23,217
Total accumulated other comprehensive income	15,090	25,543	212,557
Rights to acquire new shares	29	61	508
Minority interest	6,135	6,622	55,105
Total net assets	118,423	132,583	1,103,295
Total liabilities and net assets	2,342,793	2,624,346	21,838,612

Consolidated Statements of Income and Retained Earnings

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2014	FY 2015	FY 2015
Income	48,291	51,016	424,532
Capital investment income	31,759	33,126	275,659
Interest on loans	24,450	24,800	206,374
Interest and dividend on marketable securities	7,260	8,213	68,345
Interest on call loan and bills bought	37	39	325
Interest on deposits	4	18	150
Other interest receivable	7	54	449
Service revenue	7,574	7,637	63,552
Other transaction revenue	6,540	6,637	55,230
Other operating income	2,417	3,614	30,074
Recoveries of write-off	318	180	1,498
Others	2,098	3,433	28,568
Expenses	37,660	38,207	317,941
Cost of raising funds	2,014	1,937	16,119
Interest on deposits	619	610	5,076
Interest on negotiable deposits	199	240	1,997
Interest on call money and bills sold	25	34	283
Interest payment bond lending transactions	3	91	757
Interest on borrowed funds	367	129	1,073
Interest on bonds	217	274	2,280
Other interest payable	579	556	4,627
Expenses on service revenue	3,138	3,451	28,718
Other transaction expenses	5,388	5,181	43,114
Operating expenses	25,086	25,769	214,438
Other operating expenses	2,032	1,868	15,545
Provision of allowance for doubtful accounts	1,181	1,075	8,946
Other expenses	850	792	6,591
Ordinary income	10,631	12,808	106,582
Extraordinary income	1	16	133
Gains on dispositions of fixed assets	1	16	133
Extraordinary loss	77	105	874
Losses on dispositions of fixed assets	54	68	566
Impairment loss	23	37	308
Income before income taxes	10,555	12,719	105,842
Income, inhabitant and business taxes	1,050	4,815	40,068
Income and other tax adjustments	2,102	1,173	9,761
Income taxes-current	3,153	5,989	49,838
Income before minority interests	7,401	6,730	56,004
Minority shareholders' income	525	491	4,086
Net income	6,876	6,238	51,910

Consolidated Statements of Comprehensive Income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2014	FY 2015	FY 2015
Income before minority interests	7,401	6,730	56,004
Other comprehensive income	-167	10,407	86,602
Valuation difference on available-for-sale securities	-167	10,376	86,344
Land revaluation excess	—	262	2,180
Adjustments for retirement benefits	—	-230	-1,914
Comprehensive income	7,234	17,138	142,615
Comprehensive income attributable to shareholders of the parent	6,712	16,647	138,529
Comprehensive income attributable to minority interests	522	491	4,086

Consolidated Statement of Changes in Net Assets

FY2014

Millions of Japanese Yen

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Common stock held in treasury	Total shareholders' equity
Balance at beginning of the period	14,697	8,795	69,443	-81	92,854
Changes of items during the period					
Dividends from surplus			-1,040		-1,040
Net income			6,876		6,876
Acquisition of treasury stock				-1,625	-1,625
Land revaluation profit appropriated			102		102
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	5,937	-1,625	4,312
Balance at the end of current period	14,697	8,795	75,381	-1,706	97,167

Millions of Japanese Yen

	Accumulated other comprehensive income				Rights to acquire new shares	Minority interest	Total net assets
	Other securities revaluation excess on securities	Land revaluation excess	Accumulated adjustment for retirement benefit	Total accumulated other comprehensive income			
Balance at beginning of the period	15,058	2,858	-	17,917	-	5,617	116,389
Changes of items during the period							
Dividends from surplus							-1,040
Net income							6,876
Acquisition of treasury stock							-1,625
Land revaluation profit appropriated							102
Net changes of items other than shareholders' equity	-163	-102	-2,560	-2,826	29	518	-2,278
Total changes of items during the period	-163	-102	-2,560	-2,826	29	518	2,034
Balance at the end of current period	14,894	2,756	-2,560	15,090	29	6,135	118,423

FY2015

Millions of Japanese Yen

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Common stock held in treasury	Total shareholders' equity
Balance at beginning of the period	14,697	8,795	75,381	-1,706	97,167
Cumulative effects of changes in accounting policies			-1,725		-1,725
Restated balance	14,697	8,795	73,655	-1,706	95,441
Changes of items during the period					
Dividends from surplus			-1,281		-1,281
Net income			6,238		6,238
Acquisition of treasury stock				-8	-8
Disposal of treasury stock		-1		11	10
Land revaluation profit appropriated			-44		-44
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-1	4,913	3	4,915
Balance at the end of current period	14,697	8,793	78,568	-1,702	100,356

Millions of Japanese Yen

	Accumulated other comprehensive income				Rights to acquire new shares	Minority interest	Total net assets
	Other securities revaluation excess on securities	Land revaluation excess	Accumulated adjustment for retirement benefit	Total accumulated other comprehensive income			
Balance at beginning of the period	14,894	2,756	-2,560	15,090	29	6,135	118,423
Cumulative effects of changes in accounting policies							-1,725
Restated balance	14,894	2,756	-2,560	15,090	29	6,135	116,697
Changes of items during the period							
Dividends from surplus							-1,281
Net income							6,238
Acquisition of treasury stock							-8
Disposal of treasury stock							10
Land revaluation profit appropriated							-44
Net changes of items other than shareholders' equity	10,376	306	-230	10,452	31	487	10,970
Total changes of items during the period	10,376	306	-230	10,452	31	487	15,886
Balance at the end of current period	25,271	3,062	-2,790	25,543	61	6,622	132,583

FY2015

Thousands of U.S. Dollars

	Shareholders' equity				
	Common stock	Capital surplus	Earned surplus	Common stock held in treasury	Total shareholders' equity
Balance at beginning of the period	122,302	73,188	627,286	-14,197	808,580
Cumulative effects of changes in accounting policies			-14,355		-14,355
Restated balance	122,302	73,188	612,923	-14,197	794,217
Changes of items during the period					
Dividends from surplus			-10,660		-10,660
Net income			51,910		51,910
Acquisition of treasury stock				-67	-67
Disposal of treasury stock		-8		92	83
Land revaluation profit appropriated			-366		-366
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-8	40,884	25	40,900
Balance at the end of current period	122,302	73,171	653,807	-14,163	835,117

Thousands of U.S. Dollars

	Accumulated other comprehensive income				Rights to acquire new shares	Minority interest	Total net assets
	Other securities revaluation excess on securities	Land revaluation excess	Accumulated adjustment for retirement benefit	Total accumulated other comprehensive income			
Balance at beginning of the period	123,941	22,934	-21,303	125,572	241	51,053	985,462
Cumulative effects of changes in accounting policies							-14,355
Restated balance	123,941	22,934	-21,303	125,572	241	51,053	971,099
Changes of items during the period							
Dividends from surplus							-10,660
Net income							51,910
Acquisition of treasury stock							-67
Disposal of treasury stock							83
Land revaluation profit appropriated							-366
Net changes of items other than shareholders' equity	86,344	2,546	-1,914	86,977	258	4,053	91,287
Total changes of items during the period	86,344	2,546	-1,914	86,977	258	4,053	132,196
Balance at the end of current period	210,294	25,481	-23,217	212,557	508	55,105	1,103,295

Consolidated Statements of Cash Flows

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2014	FY 2015	FY 2015
I. Cash flows from operating activities			
Income before income taxes and other adjustments	10,555	12,719	105,842
Depreciation and amortization	2,403	2,311	19,231
Impairment loss	23	37	308
Increase (decrease) in allowance for bad debts	-622	663	5,517
Increase (decrease) in amount of the reserve against investment losses	-27	-1	-8
Increase (decrease) in accrued retirement allowances	-7,715	—	—
Increase (decrease) in liability for retirement benefit	6,928	-73	-607
Increase (decrease) in reserve for officers' retirement bonuses	-503	-1	-8
Increase (decrease) in reserve for losses from sleeping account withdrawal	-120	109	907
Increase (decrease) in reserve for contingent losses	-96	-14	-117
Interest income	-31,759	-33,126	-275,659
Interest expenses	2,014	1,937	16,119
Gain on securities transactions	-475	-2,003	-16,668
Loss on money trust	-82	-241	-2,005
Foreign exchange losses	164	-184	-1,531
Profit or loss on disposal of fixed assets	52	51	424
Net decrease (increase) in loans	-116,383	-119,194	-991,878
Net increase (decrease) in deposits	78,612	108,815	905,509
Net increase (decrease) in negotiable deposits	13,171	1,327	11,043
Net increase (decrease) in borrowed fund (excluding subordinated borrowed ones)	-67,681	79,902	664,908
Net decrease (increase) in deposit with banks (excluding deposit with the Bank of Japan)	-2,042	-7,916	-65,873
Net decrease (increase) in call loan and others	85,166	-4,889	-40,684
Net decrease (increase) in call money and others	62,116	-36,798	-306,216
Net increase (decrease) in guarantee deposit received under bond lending transactions	13,287	110,075	915,994
Net decrease (increase) in foreign exchange (assets)	-230	-730	-6,075
Net increase (decrease) in foreign exchange (liabilities)	-44	-0	-0
Interest and dividends received	32,490	33,729	280,677
Interest paid	-2,017	-2,130	-17,725
Others	-272	-5,300	-44,104
Subtotal	76,908	139,072	1,157,294
Corporate tax and others paid	-1,043	-1,060	-8,821
Net cash provided by (used in) operating activities	75,864	138,011	1,148,465
II. Cash flows from investing activities			
Purchases of securities	-247,306	-230,547	-1,918,507
Proceeds from sales of securities	129,629	48,940	407,256
Proceeds from maturities of securities	75,700	106,545	886,619
Purchases of increase in cash trust	-4,917	-1,758	-14,629
Expenditure for acquisition of tangible fixed assets	-504	-2,057	-17,117
Proceeds from sales of tangible fixed assets	109	71	591
Expenditures for acquisition of intangible fixed assets	-542	-698	-5,808
Net cash provided by (used in) investing activities	-47,832	-79,505	-661,604
III. Cash flows from financing activities			
Repayment of subordinated bonds	15,000	—	—
Proceeds from issuance of subordinated bonds	—	-5,000	-41,608
Dividends paid	-1,040	-1,281	-10,660
Dividends paid to minority shareholders	-4	-4	-33
Purchase of treasury stocks	-1,625	-8	-67
Proceeds from sales of treasury stocks	—	1	8
Net cash used in financing activities	12,330	-6,291	-52,351
IV. Foreign exchange difference of cash and cash equivalents	6	3	25
V. Net increase (decrease) in cash and cash equivalents	40,368	52,217	434,526
VI. Cash and cash equivalents at beginning of the term	25,167	65,536	545,361
VII. Cash and cash equivalents at end of the term	65,536	117,754	979,895

Non-Consolidated Capital Adequacy Ratio (Domestic Standards)

Items	Millions of Japanese Yen, %				Thousands of U.S. Dollars, %	
	At the end of FY2014				At the end of FY2015	
		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements		Amounts excluded under transitional arrangements
Core Capital: instruments and reserves						
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	95,874		98,927		823,225	
of which: capital and capital surplus	23,491		23,490		195,473	
of which: retained earnings	74,771		77,908		648,315	
of which: treasury stock (—)	1,706		1,702		14,163	
of which: planned distribution of income (—)	683		768		6,391	
of which: other than the above	—		—		—	
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	29		61		508	
Reserves included in Core Capital: instruments and reserves	3,742		3,173		26,404	
of which: general reserve for possible loan losses	3,742		3,173		26,404	
of which: eligible provisions	—		—		—	
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital: instruments and reserves	—		—		—	
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves	37,000		32,000		266,289	
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—		—		—	
45% of revaluation reserve for land included in Core Capital: instruments and reserves	2,500		2,265		18,848	
Core Capital: instruments and reserves (A)	139,146		136,428		1,135,292	
Core Capital: regulatory adjustments						
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	—	2,742	435	1,741	3,620	14,488
of which: goodwill (including those equivalent)	—	—	—	—	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	—	2,742	435	1,741	3,620	14,488
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—	—	—
Shortfall of eligible provisions to expected losses	—	—	—	—	—	—
Capital increase due to securitization transactions	—	—	—	—	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	—	—
Prepaid pension cost	—	543	—	—	—	—
Investments in own shares (excluding those reported in the Net Assets)	—	—	—	—	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Company	—	—	—	—	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)	—	1,106	198	793	1,648	6,599
Amount exceeding the 10% threshold on specified items	—	—	—	—	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short	—	—	—	—	—	—
of which: mortgage servicing rights	—	—	—	—	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	—	—
Amount exceeding the 15% threshold on specified items	—	—	—	—	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short	—	—	—	—	—	—
of which: mortgage servicing rights	—	—	—	—	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	—	—
Core Capital: regulatory adjustments (B)	—		633		5,268	
Total capital						
Total capital ((A)–(B)) (C)	139,146		135,794		1,130,016	
Risk-weighted assets						
Credit risk weighted assets	1,108,000		1,221,270		10,162,853	
Total of items included in risk weighted assets subject to transitional arrangements	9,947		8,130		67,654	
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	2,742		1,741		14,488	
of which: prepaid pension costs	543		—		—	
of which: Other Financial Institutions Exposures	—		—		—	
of which: other than the above	6,661		6,388		53,158	
Amount equivalent to market risk × 12.5	—		—		—	
Amount equivalent to operational risk × 12.5	67,182		68,581		570,700	
Credit risk weighted assets adjustments	—		—		—	
Amount equivalent to operational risk adjustments	—		—		—	
Total amount of risk weighted assets (D)	1,175,182		1,289,852		10,733,561	
Capital adequacy ratio (non-consolidated)						
Capital adequacy ratio (non-consolidated) ((C)/(D))	11.84		10.52		10.52	

Consolidated Capital Adequacy Ratio (Domestic Standards)

Items	Millions of Japanese Yen, %		Thousands of U.S. Dollars, %			
	At the end of FY2014	Amounts excluded under transitional arrangements	At the end of FY2015	Amounts excluded under transitional arrangements		
Core Capital: instruments and reserves						
Directly issued qualifying common stock or preferred stock mandatorily convertible into common stock capital plus related capital surplus and retained earnings	96,479	99,584	828,693			
of which: capital and capital surplus	23,492	23,491	195,481			
of which: retained earnings	75,381	78,568	653,807			
of which: treasury stock (—)	1,706	1,702	14,163			
of which: planned distribution of income (—)	687	772	6,424			
of which: other than the above	—	—	—			
Accumulated other comprehensive income included in Core Capital	—	-558	-4,643			
of which: foreign currency translation adjustments	—	—	—			
of which: prepaid pension costs	—	-558	-4,643			
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common stock	29	61	508			
Adjusted minority interests, etc. (amount allowed to be included in Core Capital)	—	—	—			
Reserves included in Core Capital: instruments and reserves	3,928	3,332	27,727			
of which: general reserve for possible loan losses	3,928	3,332	27,727			
of which: eligible provisions	—	—	—			
Eligible Non-cumulative perpetual preferred stock subject to transitional arrangement included in Core Capital instruments and reserves	—	—	—			
Eligible capital instrument subject to transitional arrangement included in Core Capital: instruments and reserves	37,000	32,000	266,289			
Capital instrument issued through the measures for strengthening capital by public institutions included in Core Capital: instruments and reserves	—	—	—			
45% of revaluation reserve for land included in Core Capital: instruments and reserves	2,500	2,265	18,848			
Minority interests included in Core Capital subject to transitional arrangements	6,135	5,960	49,596			
Core Capital: instruments and reserves (A)	146,073	142,645	1,187,027			
Core Capital: regulatory adjustments						
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	—	2,742	453	1,814	3,770	15,095
of which: goodwill (including those equivalent)	—	—	—	—	—	—
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	—	2,742	453	1,814	3,770	15,095
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	—	—	—	—	—	—
Shortfall of eligible provisions to expected losses	—	—	—	—	—	—
Capital increase due to securitization transactions	—	—	—	—	—	—
Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	—	—	—	—
Prepaid pension cost	—	543	—	—	—	—
Investments in own shares (excluding those reported in the Net Assets)	—	—	—	—	—	—
Reciprocal cross-holdings in capital instruments issued by Other Financial Institutions for raising capital that are held by the Company and subsidiaries	—	—	—	—	—	—
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ('Other Financial Institutions'), net of eligible short positions, where the bank does not own more than 10% of the issued share capital ('Non-significant Investment') (amount above the 10% threshold)	—	1,291	198	793	1,648	6,599
Amount exceeding the 10% threshold on specified items	—	—	—	—	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short	—	—	—	—	—	—
of which: mortgage servicing rights	—	—	—	—	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	—	—
Amount exceeding the 15% threshold on specified items	—	—	—	—	—	—
of which: significant investments in the common stock of Other Financial Institutions, net of eligible short	—	—	—	—	—	—
of which: mortgage servicing rights	—	—	—	—	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	—	—
Core Capital: regulatory adjustments (B)	—	652	—	—	5,426	—
Total capital						
Total capital ((A)–(B)) (C)	146,073	141,993	1,181,601			
Risk-weighted assets						
Credit risk weighted assets	1,113,423	1,231,022	10,244,004			
Total of items included in risk weighted assets subject to transitional arrangements	4,391	8,203	68,262			
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	2,742	1,814	15,095			
of which: deferred tax assets (net of related tax liability)	—	—	—			
of which: prepaid pension costs	543	—	—			
of which: Other Financial Institutions Exposures	—	—	—			
of which: other than the above	1,106	6,388	53,158			
Amount equivalent to market risk × 12.5	—	—	—			
Amount equivalent to operational risk × 12.5	69,939	71,275	593,118			
Credit risk weighted assets adjustments	—	—	—			
Amount equivalent to operational risk adjustments	—	—	—			
Total amount of risk weighted assets (D)	1,183,362	1,302,298	10,837,131			
Capital adequacy ratio (consolidated)						
Capital adequacy ratio (consolidated) ((C)/(D))	12.34	10.90	10.90			