

Consolidated Financial Statements

Consolidated Financial Statements were audited by Deloitte Touche Tohmatsu LLC under the provisions of Article 396-1 of the Companies Act and Article 193-2-1 of the Financial Instruments and Exchange Act.

Consolidated Balance Sheet

(Assets)	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2016	FY 2017	FY 2017
Cash and due from banks	186,358	311,177	2,773,661
Call loans and bills bought	350	700	6,239
Other debt purchased	180	133	1,185
Money held in trust	8,000	11,000	98,048
Securities	771,435	766,082	6,828,434
Loans and bills discounted	1,763,477	1,841,788	16,416,686
Foreign exchanges	2,256	2,231	19,886
Lease receivables and lease investment assets	9,005	9,133	81,407
Other assets	15,533	17,208	153,383
Tangible fixed assets	23,890	24,009	214,003
Buildings	8,081	8,111	72,297
Land	13,854	13,791	122,925
Construction in progress	117	368	3,280
Other tangible fixed assets	1,836	1,737	15,483
Intangible fixed assets	2,202	2,082	18,558
Software	2,115	1,998	17,809
Other intangible fixed assets	86	83	740
Deferred income tax assets	269	528	4,706
Guaranty endorsement	2,953	2,433	21,686
Allowance for bad debts	-11,035	-9,913	-88,359
Reserve against investment losses	-0	-0	-0
Total assets	2,774,877	2,978,596	26,549,568

(Liabilities and Net Assets)

Millions of Japanese Yen

Thousands of
U.S. Dollars

	FY 2016	FY 2017	FY 2017
Liabilities:			
Deposits	2,138,779	2,224,498	19,827,953
Negotiable deposit	180,466	169,322	1,509,243
Call money and bills sold	67,697	145,574	1,297,567
Guarantee deposit received under bond lending transactions	111,990	149,274	1,330,546
Borrowed fund	90,861	110,666	986,416
Foreign exchanges	15	12	107
Corporate bonds	15,000	15,000	133,702
Other liabilities	10,920	10,763	95,935
Reserve for bonus for directors and corporate auditors	40	40	357
Liability for retirement benefit	15,851	9,084	80,970
Reserve for officers' retirement bonuses	12	—	—
Reserve for losses from sleeping account withdrawal	353	269	2,398
Reserve for contingent losses	134	102	909
Deferred tax liabilities	1,459	—	—
Revaluation deferred tax liabilities	2,334	2,304	20,537
Acceptances and guarantees	2,953	2,433	21,686
Total liabilities	2,638,871	2,839,346	25,308,370
Net assets:			
Common stock	14,697	14,697	131,001
Capital surplus	8,796	12,820	114,270
Earned surplus	87,057	94,693	844,041
Common stock held in treasury	-1,694	-1,292	-11,516
Total shareholders' equity	108,857	120,918	1,077,797
Other securities revaluation excess	21,776	18,484	164,756
Land revaluation excess	3,049	3,045	27,141
Accumulated adjustment for retirement benefit	-4,362	-3,514	-31,322
Total accumulated other comprehensive income	20,463	18,016	160,585
Rights to acquire new shares	88	136	1,212
Non-controlling interests	6,596	178	1,587
Total net assets	136,005	139,250	1,241,198
Total liabilities and net assets	2,774,877	2,978,596	26,549,568

Consolidated Statement of Income and Retained Earnings

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2016	FY 2017	FY 2017
Income	53,929	52,255	465,772
Capital investment income	34,558	33,834	301,578
Interest on loans	25,244	25,093	223,665
Interest and dividend on marketable securities	9,151	8,628	76,905
Interest on call loan and bills bought	33	8	71
Interest on deposits	19	9	80
Other interest receivable	109	94	838
Service revenue	7,855	8,002	71,325
Other transaction revenue	6,839	7,504	66,887
Other operating income	4,676	2,914	25,974
Reversal of allowance for doubtful receivables	516	602	5,366
Recoveries of write-off	177	201	1,792
Others	3,981	2,110	18,807
Expenses	38,007	39,397	351,163
Cost of raising funds	2,014	1,718	15,313
Interest on deposits	594	355	3,164
Interest on negotiable deposits	267	122	1,087
Interest on call money and bills sold	69	148	1,319
Interest payment bond lending transactions	190	369	3,289
Interest on borrowed funds	127	70	624
Interest on bonds	225	132	1,177
Other interest payable	540	520	4,635
Expenses on service revenue	3,831	4,224	37,650
Other transaction expenses	5,109	6,450	57,492
Operating expenses	25,960	26,306	234,477
Other operating expenses	1,090	697	6,213
Other expenses	1,090	697	6,213
Ordinary income	15,921	12,858	114,609
Extraordinary income	2	20	178
Gains on dispositions of fixed assets	2	20	178
Extraordinary loss	188	231	2,059
Losses on dispositions of fixed assets	168	88	784
Impairment loss	—	142	1,266
Other extraordinary loss	20	—	—
Income before income taxes	15,736	12,648	112,737
Income, inhabitant and business taxes	4,525	4,365	38,907
Income and other tax adjustments	1,075	-451	-4,020
Income taxes-current	5,601	3,913	34,878
Profit	10,134	8,734	77,850
Profit attributable to non-controlling interests	330	-521	-4,644
Profit attributable to owners of the parent	9,804	9,255	82,494

Consolidated Statement of Comprehensive Income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2016	FY 2017	FY 2017
Profit	10,134	8,734	77,850
Other comprehensive income	-4,943	-2,443	-21,776
Valuation difference on available-for-sale securities	-3,494	-3,291	-29,334
Land revaluation excess	123	—	—
Adjustments for retirement benefits	-1,572	848	7,559
Comprehensive income	5,191	6,290	56,066
Comprehensive income attributable to shareholders of the parent	4,860	6,812	60,718
Comprehensive income attributable to non-controlling interests	330	-521	-4,644

Consolidated Statement of Changes in Net Assets

FY2016

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	8,793	78,568	-1,702	100,356
Changes of items during the period					
Dividends from surplus			-1,452		-1,452
Profit attributable to owners of the parent			9,804		9,804
Acquisition of treasury stock				-5	-5
Disposal of treasury stock		-0		13	13
Change in equity in consolidated subsidiaries accounted for by capital surplus		3			3
Land revaluation profit appropriated			137		137
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	2	8,489	8	8,500
Balance at the end of current period	14,697	8,796	87,057	-1,694	108,857

Millions of Japanese Yen

	Accumulated other comprehensive income				Rights to acquire new shares	Non-controlling interests	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	25,271	3,062	-2,790	25,543	61	6,622	132,583
Changes of items during the period							
Dividends from surplus							-1,452
Profit attributable to owners of the parent							9,804
Acquisition of treasury stock							-5
Disposal of treasury stock							13
Change in equity in consolidated subsidiaries accounted for by capital surplus							3
Land revaluation profit appropriated							137
Net changes of items other than shareholders' equity	-3,494	-13	-1,572	-5,080	27	-25	-5,078
Total changes of items during the period	-3,494	-13	-1,572	-5,080	27	-25	3,421
Balance at the end of current period	21,776	3,049	-4,362	20,463	88	6,596	136,005

FY2017

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	8,796	87,057	-1,694	108,857
Changes of items during the period					
Dividends from surplus			-1,623		-1,623
Profit attributable to owners of the parent			9,255		9,255
Acquisition of treasury stock				-3	-3
Disposal of treasury stock		-17		405	388
Change in equity in consolidated subsidiaries accounted for by capital surplus		4,040			4,040
Land revaluation profit appropriated			3		3
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	4,023	7,635	401	12,061
Balance at the end of current period	14,697	12,820	94,693	-1,292	120,918

Millions of Japanese Yen

	Accumulated other comprehensive income				Rights to acquire new shares	Non-controlling interests	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	21,776	3,049	-4,362	20,463	88	6,596	136,005
Changes of items during the period							
Dividends from surplus							-1,623
Profit attributable to owners of the parent							9,255
Acquisition of treasury stock							-3
Disposal of treasury stock							388
Change in equity in consolidated subsidiaries accounted for by capital surplus							4,040
Land revaluation profit appropriated							3
Net changes of items other than shareholders' equity	-3,291	-3	848	-2,446	48	-6,418	-8,816
Total changes of items during the period	-3,291	-3	848	-2,446	48	-6,418	3,244
Balance at the end of current period	18,484	3,045	-3,514	18,016	136	178	139,250

FY2017

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	131,001	78,403	775,978	-15,099	970,291
Changes of items during the period					
Dividends from surplus			-14,467		-14,467
Profit attributable to owners of the parent			82,494		82,494
Acquisition of treasury stock				-27	-27
Disposal of treasury stock		-152		3,610	3,458
Change in equity in consolidated subsidiaries accounted for by capital surplus		36,010			36,010
Land revaluation profit appropriated			27		27
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	35,859	68,054	3,574	107,505
Balance at the end of current period	131,001	114,270	844,041	-11,516	1,077,797

Thousands of U.S. Dollars

	Accumulated other comprehensive income				Rights to acquire new shares	Non-controlling interests	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	194,099	27,177	-38,880	182,396	784	58,793	1,212,274
Changes of items during the period							
Dividends from surplus							-14,467
Profit attributable to owners of the parent							82,494
Acquisition of treasury stock							-27
Disposal of treasury stock							3,458
Change in equity in consolidated subsidiaries accounted for by capital surplus							36,010
Land revaluation profit appropriated							27
Net changes of items other than shareholders' equity	-29,334	-27	7,559	-21,802	428	-57,207	-78,581
Total changes of items during the period	-29,334	-27	7,559	-21,802	428	-57,207	28,915
Balance at the end of current period	164,756	27,141	-31,322	160,585	1,212	1,587	1,241,198

Consolidated Statement of Cash Flows

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2016	FY 2017	FY 2017
I. Cash flows from operating activities			
Income before income taxes and other adjustments	15,736	12,648	112,737
Depreciation and amortization	2,211	1,963	17,497
Impairment loss	—	142	1,266
Increase (decrease) in allowance for bad debts	-1,011	-1,122	-10,001
Increase (decrease) in amount of the reserve against investment losses	-1	-0	-0
Increase (decrease) in provision for directors' bonuses	10	—	—
Increase (decrease) in liability for retirement benefit	49	452	4,029
Amount of retirement benefit trust	—	-6,000	-53,481
Increase (decrease) in reserve for officers' retirement bonuses	1	-12	-107
Increase (decrease) in reserve for losses from sleeping account withdrawal	-69	-84	-749
Increase (decrease) in reserve for contingent losses	-38	-32	-285
Interest income	-34,558	-33,834	-301,578
Interest expenses	2,014	1,718	15,313
Gain on securities transactions	-2,909	-1,427	-12,719
Loss on money held in trust	73	75	669
Foreign exchange losses	1,016	-40	-357
Profit or loss on disposal of fixed assets	165	65	579
Net decrease (increase) in loans	-100,935	-78,994	-704,109
Net increase (decrease) in deposits	103,182	85,742	764,257
Net increase (decrease) in negotiable deposits	28,688	-11,143	-99,323
Net increase (decrease) in borrowed fund (excluding subordinated borrowed ones)	265	19,805	176,531
Net decrease (increase) in deposit with banks (excluding deposit with the Bank of Japan)	1,924	-13	-116
Net decrease (increase) in call loan and others	4,920	-304	-2,710
Net decrease (increase) in call money and others	40,936	77,904	694,393
Net increase (decrease) in guarantee deposit received under bond lending transactions	-11,372	38,306	341,439
Net decrease (increase) in foreign exchange (assets)	-371	-9	-80
Net increase (decrease) in foreign exchange (liabilities)	-14	-2	-18
Interest and dividends received	35,056	34,522	307,710
Interest paid	-2,305	-1,787	-15,928
Others	1,069	791	7,051
Subtotal	83,735	139,327	1,241,884
Corporate tax and others paid	-5,504	-3,967	-35,360
Net cash provided by (used in) operating activities	78,230	135,360	1,206,525
II. Cash flows from investing activities			
Purchases of securities	-183,530	-153,970	-1,372,404
Proceeds from sales of securities	91,304	79,224	706,159
Proceeds from maturities of securities	87,560	72,157	643,168
Purchases of increase in money held in trust	—	-3,075	-27,409
Proceeds from sales of money held in trust	1,926	—	—
Expenditure for acquisition of tangible fixed assets	-1,638	-1,308	-11,659
Proceeds from sales of tangible fixed assets	276	61	544
Expenditures for acquisition of intangible fixed assets	-1,093	-565	-5,036
Net cash provided by (used in) investing activities	-5,193	-7,475	-66,628
III. Cash flows from financing activities			
Repayment of subordinated bonds	-12,000	—	—
Dividends paid	-1,452	-1,623	-14,467
Dividends paid to non-controlling interests	-4	-3	-27
Purchase of treasury stocks	-5	-3	-27
Proceeds from sales of treasury stocks	1	17	152
Purchase of treasury stock of subsidiaries	-348	-715	-6,373
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	-748	-6,667
Net cash used in financing activities	-13,808	-3,077	-27,427
IV. Foreign exchange difference of cash and cash equivalents	-4	-1	-9
V. Net increase (decrease) in cash and cash equivalents	59,223	124,805	1,112,443
VI. Cash and cash equivalents at beginning of the term	117,754	176,977	1,577,476
VII. Cash and cash equivalents at end of the term	176,977	301,783	2,689,928

Non-Consolidated Capital Adequacy Ratio (Domestic Standards)

Items	Millions of Japanese Yen, %				Thousands of U.S. Dollars, %	
	At the end of FY2016	At the end of FY2017		At the end of FY2017		
		Amounts excluded under transitional arrangements	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	107,271		115,548		1,029,931	
of which: capital and capital surplus	23,490		23,473		209,225	
of which: retained earnings	86,329		94,142		839,130	
of which: treasury stock (—)	1,694		1,292		11,516	
of which: planned distribution of income (—)	854		774		6,899	
of which: other than the above	—		—		—	
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common	88		136		1,212	
Reserves included in Core Capital: instruments and reserves	2,099		1,327		11,828	
of which: general reserve for possible loan losses	2,099		1,327		11,828	
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	20,000		20,000		178,269	
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	1,938		1,685		15,019	
Core Capital: instruments and reserves (A)	131,397		138,698		1,236,278	
Core Capital: regulatory adjustments						
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing rights)	855	1,282	1,222	815	10,892	
of which: goodwill (including those equivalent)	—	—	—	—	—	
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	855	1,282	1,222	815	10,892	
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	—	—	—	—	—	
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 Amount exceeding the 10% threshold on specified items)	—	—	—	—	—	
of which: significant investments in the common stock of Other Financial Institutions, net of eligible	—	—	—	—	—	
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)	855		1,222		10,892	
Total capital						
Total capital ((A) – (B)) (C)	130,542		137,475		1,225,377	
Risk-weighted assets						
Credit risk weighted assets	1,289,096		1,346,503		12,001,988	
Total of items included in risk weighted assets subject to transitional arrangements	6,666		6,165		54,951	
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax	1,282		815		7,264	
of which: deferred tax assets (net of related tax liability)	—		—		—	
of which: prepaid pension costs	—		—		—	
of which: Other Financial Institutions Exposures	—		—		—	
of which: other than the above	5,384		5,350		47,687	
Amount equivalent to market risk × 12.5	—		—		—	
Amount equivalent to operational risk × 12.5	70,729		71,999		641,760	
Credit risk weighted assets adjustments	—		—		—	
Amount equivalent to operational risk adjustments	—		—		—	
Total amount of risk weighted assets (D)	1,359,826		1,418,503		12,643,756	
Capital adequacy ratio (non-consolidated)						
Capital adequacy ratio (non-consolidated) ((C)/(D))	9.59		9.69		9.69	

Consolidated Capital Adequacy Ratio (Domestic Standards)

Items	Millions of Japanese Yen, %		Thousands of U.S. Dollars, %			
	At the end of FY2016	At the end of FY2017	At the end of FY2017	At the end of FY2017		
		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	107,998		120,140	1,070,862		
of which: capital and capital surplus	23,493		27,517	245,271		
of which: retained earnings	87,057		94,693	844,041		
of which: treasury stock (—)	1,694		1,292	11,516		
of which: planned distribution of income (—)	858		778	6,935		
of which: other than the above	—		—	—		
Accumulated other comprehensive income included in Core Capital	-1,745		-2,108	-18,790		
of which: foreign currency translation adjustments	—		—	—		
of which: prepaid pension costs	-1,745		-2,108	-18,790		
Subscription rights to acquire common stock or preferred stock mandatorily convertible into common	88		136	1,212		
Adjusted minority interests, etc. (amount allowed to be included in Core Capital)	—		—	—		
Reserves included in Core Capital: instruments and reserves	2,258		1,516	13,513		
of which: general reserve for possible loan losses	2,258		1,516	13,513		
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	20,000		20,000	178,269		
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	1,938		1,685	15,019		
Non-controlling interests included in Core Capital subject to transitional arrangements	5,277		124	1,105		
Core Capital: instruments and reserves (A)	135,816		141,494	1,261,200		
Core Capital: regulatory adjustments						
Total intangible fixed assets (net of related tax liability, excluding those relating to mortgage servicing of which: goodwill (including those equivalent)	880	1,258	1,249	833	11,133	7,425
of which: other intangible fixed assets other than goodwill and mortgage servicing rights	880	1,258	1,249	833	11,133	7,425
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	—	—	—	—	—	—
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)	—	—	—	—	—	—
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	—	—	—	—	—	—
of which: mortgage servicing rights	—	—	—	—	—	—
of which: deferred tax assets arising from temporary differences (net of related tax liability)	—	—	—	—	—	—
Core Capital: regulatory adjustments (B)	880		1,249		11,133	
Total capital						
Total capital ((A) - (B)) (C)	134,935		140,244		1,250,058	
Risk-weighted assets						
Credit risk weighted assets	1,298,650		1,352,551		12,055,896	
Total of items included in risk weighted assets subject to transitional arrangements	6,705		6,183		55,112	
of which: intangible fixed assets other than goodwill and mortgage servicing rights (net of related tax liability)	1,321		833		7,425	
of which: deferred tax assets (net of related tax liability)	—		—		—	
of which: prepaid pension costs	—		—		—	
of which: Other Financial Institutions Exposures	—		—		—	
of which: other than the above	5,384		5,350		47,687	
Amount equivalent to market risk × 12.5	—		—		—	
Amount equivalent to operational risk × 12.5	73,379		74,671		665,576	
Credit risk weighted assets adjustments	—		—		—	
Amount equivalent to operational risk adjustments	—		—		—	
Total amount of risk weighted assets (D)	1,372,029		1,427,222		12,721,473	
Capital adequacy ratio (consolidated)						
Capital adequacy ratio (consolidated) ((C)/(D))	9.83		9.82		9.82	