

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 2017	FY 2018	FY 2018
Cash and due from banks	311,177	272,941	2,569,098
Call loans and bills bought	700	1,066	10,034
Other debt purchased	133	93	875
Money held in trust	11,000	13,000	122,364
Securities	766,082	685,326	6,450,734
Loans and bills discounted	1,841,788	1,930,172	18,168,035
Foreign exchanges	2,231	2,667	25,104
Lease receivables and lease investment assets	9,133	10,455	98,409
Other assets	17,208	30,004	282,417
Tangible fixed assets	24,009	23,704	223,117
Buildings	8,111	8,075	76,007
Land	13,791	13,695	128,906
Construction in progress	368	62	584
Other tangible fixed assets	1,737	1,871	17,611
Intangible fixed assets	2,082	2,212	20,821
Software	1,998	2,106	19,823
Other intangible fixed assets	83	105	988
Deferred income tax assets	528	735	6,918
Guaranty endorsement	2,433	2,894	27,240
Allowance for bad debts	-9,913	-8,729	-82,163
Reserve against investment losses	-0	-0	-0
Total assets	2,978,596	2,966,545	27,923,052

(Liabilities and Net Assets)

Millions of Japanese Yen

Thousands of
U.S. Dollars

	FY 2017	FY 2018	FY 2018
Liabilities:			
Deposits	2,224,498	2,357,240	22,187,877
Negotiable deposit	169,322	129,968	1,223,343
Call money and bills sold	145,574	39,561	372,374
Guarantee deposit received under bond lending transactions	149,274	141,059	1,327,739
Borrowed fund	110,666	112,837	1,062,095
Foreign exchanges	12	10	94
Corporate bonds	15,000	15,000	141,190
Other liabilities	10,763	9,687	91,180
Reserve for bonus for directors and corporate auditors	40	40	377
Liability for retirement benefit	9,084	9,109	85,740
Reserve for losses from sleeping account withdrawal	269	273	2,570
Reserve for contingent losses	102	108	1,017
Revaluation deferred tax liabilities	2,304	2,301	21,659
Acceptances and guarantees	2,433	2,894	27,240
Total liabilities	2,839,346	2,820,092	26,544,541
Net assets:			
Common stock	14,697	14,697	138,338
Capital surplus	12,820	12,820	120,670
Earned surplus	94,693	101,915	959,290
Common stock held in treasury	-1,292	-1,303	-12,265
Total shareholders' equity	120,918	128,129	1,206,034
Other securities revaluation excess	18,484	18,148	170,821
Land revaluation excess	3,045	3,044	28,652
Accumulated adjustment for retirement benefit	-3,514	-3,243	-30,525
Total accumulated other comprehensive income	18,016	17,949	168,948
Rights to acquire new shares	136	183	1,723
Non-controlling interests	178	190	1,788
Total net assets	139,250	146,453	1,378,511
Total liabilities and net assets	2,978,596	2,966,545	27,923,052

Consolidated Statement of Income and Retained Earnings

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2017	FY 2018	FY 2018
Income	52,255	54,222	510,373
Capital investment income	33,834	34,135	321,301
Interest on loans	25,093	25,196	237,161
Interest and dividend on marketable securities	8,628	8,822	83,038
Interest on call loan and bills bought	8	15	141
Interest on deposits	9	4	38
Other interest receivable	94	95	894
Service revenue	8,002	8,190	77,090
Other transaction revenue	7,504	8,486	79,876
Other operating income	2,914	3,410	32,097
Reversal of allowance for doubtful receivables	602	31	292
Recoveries of write-off	201	141	1,327
Others	2,110	3,237	30,469
Expenses	39,397	41,328	389,006
Cost of raising funds	1,718	1,715	16,143
Interest on deposits	355	303	2,852
Interest on negotiable deposits	122	62	584
Interest on call money and bills sold	148	275	2,588
Interest payment bond lending transactions	369	401	3,774
Interest on borrowed funds	70	69	649
Interest on bonds	132	131	1,233
Other interest payable	520	470	4,424
Expenses on service revenue	4,224	4,334	40,794
Other transaction expenses	6,450	8,452	79,556
Operating expenses	26,306	26,076	245,444
Other operating expenses	697	748	7,041
Other expenses	697	748	7,041
Ordinary income	12,858	12,894	121,367
Extraordinary income	20	370	3,483
Gains on dispositions of fixed assets	20	366	3,445
Other extraordinary income	—	3	28
Extraordinary loss	231	547	5,149
Losses on dispositions of fixed assets	88	80	753
Loss on reduction of fixed assets	—	359	3,379
Impairment loss	142	106	998
Income before income taxes	12,648	12,717	119,701
Income, inhabitant and business taxes	4,365	4,103	38,620
Income and other tax adjustments	-451	-168	-1,581
Income taxes-current	3,913	3,935	37,039
Profit	8,734	8,782	82,662
Profit attributable to non-controlling interests	-521	12	113
Profit attributable to owners of the parent	9,255	8,770	82,549

Consolidated Statement of Comprehensive Income

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2017	FY 2018	FY 2018
Profit	8,734	8,782	82,662
Other comprehensive income	-2,443	-65	-612
Valuation difference on available-for-sale securities	-3,291	-336	-3,163
Adjustments for retirement benefits	848	270	2,541
Comprehensive income	6,290	8,716	82,041
Comprehensive income attributable to shareholders of the parent	6,812	8,704	81,928
Comprehensive income attributable to non-controlling interests	-521	12	113

Consolidated Statement of Changes in Net Assets

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

FY2018

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	12,820	94,693	-1,292	120,918
Changes of items during the period					
Dividends from surplus			-1,549		-1,549
Profit attributable to owners of the parent			8,770		8,770
Acquisition of treasury stock				-11	-11
Disposal of treasury stock		0		0	0
Land revaluation profit appropriated			0		0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	7,221	-11	7,210
Balance at the end of current period	14,697	12,820	101,915	-1,303	128,129

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	18,484	3,045	-3,514	18,016	136	178	139,250
Changes of items during the period							
Dividends from surplus							-1,549
Profit attributable to owners of the parent							8,770
Acquisition of treasury stock							-11
Disposal of treasury stock							0
Land revaluation profit appropriated							0
Net changes of items other than shareholders' equity	-336	-0	270	-66	46	11	-7
Total changes of items during the period	-336	-0	270	-66	46	11	7,202
Balance at the end of current period	18,148	3,044	-3,243	17,949	183	190	146,453

FY2018

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	138,338	120,670	891,312	-12,161	1,138,159
Changes of items during the period					
Dividends from surplus			-14,580		-14,580
Profit attributable to owners of the parent			82,549		82,549
Acquisition of treasury stock				-104	-104
Disposal of treasury stock		0		0	0
Land revaluation profit appropriated			0		0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	0	67,969	-104	67,865
Balance at the end of current period	138,338	120,670	959,290	-12,265	1,206,034

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	173,983	28,662	-33,076	169,578	1,280	1,675	1,310,712
Changes of items during the period							
Dividends from surplus							-14,580
Profit attributable to owners of the parent							82,549
Acquisition of treasury stock							-104
Disposal of treasury stock							0
Land revaluation profit appropriated							0
Net changes of items other than shareholders' equity	-3,163	-0	2,541	-621	433	104	-66
Total changes of items during the period	-3,163	-0	2,541	-621	433	104	67,790
Balance at the end of current period	170,821	28,652	-30,525	168,948	1,723	1,788	1,378,511

Consolidated Statement of Cash Flows

	Millions of Japanese Yen		Thousands of U.S. Dollars
	FY 2017	FY 2018	FY 2018
I. Cash flows from operating activities			
Income before income taxes and other adjustments	12,648	12,717	119,701
Depreciation and amortization	1,963	1,864	17,545
Impairment loss	142	106	998
Increase (decrease) in allowance for bad debts	-1,122	-1,183	-11,135
Increase (decrease) in amount of the reserve against investment losses	-0	0	0
Increase (decrease) in liability for retirement benefit	452	414	3,897
Amount of retirement benefit trust	-6,000	—	—
Increase (decrease) in reserve for officers' retirement bonuses	-12	—	—
Increase (decrease) in reserve for losses from sleeping account withdrawal	-84	4	38
Increase (decrease) in reserve for contingent losses	-32	6	56
Interest income	-33,834	-34,135	-321,301
Interest expenses	1,718	1,715	16,143
Gain on securities transactions	-1,427	-644	-6,062
Loss on money held in trust	75	—	—
Foreign exchange losses	-40	538	5,064
Profit or loss on disposal of fixed assets	65	-286	-2,692
Other extraordinary loss (income)	—	-3	-28
Loss on reduction of fixed assets	—	359	3,379
Net decrease (increase) in loans	-78,994	-88,728	-835,166
Net increase (decrease) in deposits	85,742	132,951	1,251,421
Net increase (decrease) in negotiable deposits	-11,143	-39,354	-370,425
Net increase (decrease) in borrowed fund (excluding subordinated borrowed ones)	19,805	2,171	20,435
Net decrease (increase) in deposit with banks (excluding deposit with the Bank of Japan)	-13	219	2,061
Net decrease (increase) in call loan and others	-304	-360	-3,389
Net decrease (increase) in call money and others	77,904	-104,805	-986,493
Net increase (decrease) in guarantee deposit received under bond lending transactions	38,306	-6,769	-63,714
Net decrease (increase) in foreign exchange (assets)	-9	-511	-4,810
Net increase (decrease) in foreign exchange (liabilities)	-2	-1	-9
Interest and dividends received	34,522	34,779	327,363
Interest paid	-1,787	-1,779	-16,745
Others	791	-15,977	-150,386
Subtotal	139,327	-106,689	-1,004,226
Corporate tax and others paid	-3,967	-3,305	-31,109
Net cash provided by (used in) operating activities	135,360	-109,994	-1,035,335
II. Cash flows from investing activities			
Purchases of securities	-153,970	-183,111	-1,723,560
Proceeds from sales of securities	79,224	179,996	1,694,239
Proceeds from maturities of securities	72,157	80,474	757,474
Purchases of increase in money held in trust	-3,075	-2,000	-18,825
Expenditure for acquisition of tangible fixed assets	-1,308	-1,421	-13,375
Proceeds from sales of tangible fixed assets	61	408	3,840
Expenditures for acquisition of intangible fixed assets	-565	-805	-7,577
Net cash provided by (used in) investing activities	-7,475	73,539	692,197
III. Cash flows from financing activities			
Dividends paid	-1,623	-1,549	-14,580
Dividends paid to non-controlling interests	-3	-0	-0
Purchase of treasury stocks	-3	-11	-104
Proceeds from sales of treasury stocks	17	0	0
Purchase of treasury stock of subsidiaries	-715	—	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-748	—	—
Net cash used in financing activities	-3,077	-1,560	-14,684
IV. Foreign exchange difference of cash and cash equivalents	-1	-0	-0
V. Net increase (decrease) in cash and cash equivalents	124,805	-38,016	-357,831
VI. Cash and cash equivalents at beginning of the term	176,977	301,783	2,840,578
VII. Cash and cash equivalents at end of the term	301,783	263,766	2,482,737