

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

March 31, 2016 and 2015

| ASSETS | | Millions of yen | Millions of yen | Thousands of |
|---------------|---|---------------------|---------------------|-----------------------|
| | | 2016 | 2015 | U.S. dollars (Note 1) |
| | | 2016 | | |
| Assets | Cash and due from banks (Notes 3, 4 and 9) | ¥ 1,174,642 | ¥ 965,275 | \$ 10,424,583 |
| | Call loans and bills purchased (Note 4) | 356,719 | 283,251 | 3,165,770 |
| | Monetary claims bought | 7,909 | 8,362 | 70,190 |
| | Trading assets (Notes 4 and 6) | 4,250 | 6,244 | 37,717 |
| | Money held in trust (Notes 4 and 6) | 47,655 | 48,096 | 422,923 |
| | Securities (Notes 4, 5, 6 and 9) | 2,120,651 | 2,323,985 | 18,820,119 |
| | Loans and bills discounted (Notes 4 and 7) | 6,448,887 | 6,228,014 | 57,231,869 |
| | Foreign exchanges | 14,991 | 14,281 | 133,040 |
| | Lease receivables and investment assets | 13,785 | 13,349 | 122,338 |
| | Other assets | 146,530 | 185,284 | 1,300,408 |
| | Tangible fixed assets (Notes 10, 11, 16 and 21) | 88,666 | 87,999 | 786,883 |
| | Intangible fixed assets (Note 21) | 9,173 | 16,886 | 81,408 |
| | Net defined benefit asset | 21,694 | 33,476 | 192,528 |
| | Deferred tax assets (Note 22) | 2,212 | 2,880 | 19,631 |
| | Customers' liabilities for acceptances and guarantees (Note 17) | 47,719 | 52,293 | 423,491 |
| | Allowance for loan losses | (67,478) | (74,491) | (598,846) |
| | Total assets | ¥ 10,438,005 | ¥ 10,195,184 | \$ 92,634,052 |

LIABILITIES AND NET ASSETS

| | | | | |
|---|---|---------------------|----------------------|-------------------|
| Liabilities | Deposits (Notes 4 and 9) | ¥ 9,510,090 | ¥ 9,209,080 | \$ 84,399,095 |
| | Call money and bills sold (Note 9) | 73,343 | 75,071 | 650,896 |
| | Payables under securities lending transactions (Note 9) | 32,001 | 24,028 | 283,999 |
| | Trading liabilities (Notes 4 and 6) | 3,525 | 5,424 | 31,283 |
| | Borrowed money (Notes 9 and 13) | 34,553 | 39,822 | 306,647 |
| | Foreign exchanges | 375 | 309 | 3,328 |
| | Bonds payable (Notes 4 and 14) | — | 25,000 | — |
| | Bonds with warrants | 67,608 | 72,102 | 600,000 |
| | Other liabilities | 63,755 | 81,218 | 565,806 |
| | Provision for bonuses | 3,439 | 3,015 | 30,520 |
| | Net defined benefit liability | 2,057 | 3,467 | 18,255 |
| | Provision for directors' retirement benefits | 40 | 36 | 355 |
| | Provision for loss on interest repayments | 30 | 37 | 266 |
| | Provision for reimbursement of deposits | 1,405 | 1,357 | 12,469 |
| | Provision for customers point services | 75 | 71 | 666 |
| | Reserves under special laws | 18 | 12 | 160 |
| | Deferred tax liabilities (Note 22) | 3,932 | 12,991 | 34,895 |
| | Deferred tax liabilities for land revaluation (Notes 16 and 22) | 10,872 | 11,463 | 96,486 |
| | Acceptances and guarantees (Note 17) | 47,719 | 52,293 | 423,491 |
| | Total liabilities | 9,854,837 | 9,616,796 | 87,458,617 |
| Net Assets (Notes 21 and 22) | Capital stock | 50,000 | 50,000 | 443,734 |
| | Capital surplus | 60,781 | 59,686 | 539,412 |
| | Retained earnings | 415,101 | 386,187 | 3,683,893 |
| | Treasury stock | (23,426) | (24,320) | (207,898) |
| | Total shareholders' equity | 502,456 | 471,553 | 4,459,141 |
| | Unrealized gains on available-for-sale securities | 54,020 | 71,146 | 479,411 |
| | Deferred losses on hedges | (307) | (316) | (2,725) |
| | Revaluation reserve for land (Note 16) | 24,523 | 23,994 | 217,634 |
| | Remeasurements of defined benefit plans | (3,289) | 5,003 | (29,189) |
| | Total accumulated other comprehensive income | 74,947 | 99,827 | 665,131 |
| | Stock options | 601 | 512 | 5,334 |
| Non-controlling interests | 5,164 | 6,496 | 45,829 | |
| Total net assets | 583,168 | 578,388 | 5,175,435 | |
| Total liabilities and net assets | ¥ 10,438,005 | ¥ 10,195,184 | \$ 92,634,052 | |

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2016 and 2015

| | Millions of yen 2016 | Millions of yen 2015 | Thousands of U.S. dollars (Note 1) 2016 |
|---|-------------------------|-------------------------|---|
| Income | | | |
| Interest income: | | | |
| Interest on loans and discounts | ¥ 76,625 | ¥ 78,181 | \$ 680,023 |
| Interest and dividends on securities | 20,377 | 25,326 | 180,840 |
| Other interest income | 2,021 | 1,289 | 17,936 |
| Trust fees | 1 | 1 | 9 |
| Fees and commissions | 24,304 | 24,348 | 215,690 |
| Trading income | 1,816 | 2,574 | 16,116 |
| Other operating income | 22,009 | 14,580 | 195,323 |
| Recoveries of written-off claims | 15 | 321 | 133 |
| Negative goodwill generated | — | 2,391 | — |
| Gain on returns of retirement benefit trust | 1,339 | — | 11,883 |
| Other income (Note 18) | 18,351 | 12,426 | 162,860 |
| Total income | 166,858 | 161,437 | 1,480,813 |
| Expenses | | | |
| Interest expense: | | | |
| Interest on deposits | 6,574 | 6,859 | 58,342 |
| Interest on borrowings and rediscounts | 833 | 684 | 7,393 |
| Interest on bonds payable | 107 | 418 | 950 |
| Other interest expense | 378 | 283 | 3,355 |
| Fees and commissions payments | 7,871 | 7,465 | 69,853 |
| Trading expenses | 25 | — | 222 |
| Other operating expenses | 17,035 | 7,318 | 151,180 |
| General and administrative expenses (Note 19) | 79,101 | 85,423 | 701,997 |
| Impairment losses (Note 12) | 118 | 132 | 1,047 |
| Losses related to staged acquisition | — | 200 | — |
| Other expenses (Note 20) | 3,957 | 3,340 | 35,116 |
| Total expenses | 115,999 | 112,122 | 1,029,455 |
| Income before income taxes | 50,859 | 49,315 | 451,358 |
| Income taxes (Note 22): | | | |
| Current | 13,450 | 11,244 | 119,365 |
| Deferred | 4,721 | 6,992 | 41,897 |
| Net income | 32,688 | 31,079 | 290,096 |
| Net income attributable to non-controlling interests | 392 | 556 | 3,479 |
| Net income attributable to owners of the parent | ¥ 32,296 | ¥ 30,523 | \$ 286,617 |

| | Yen 2016 | Yen 2015 | U.S. dollars (Note 1) 2016 |
|---|-------------|-------------|-------------------------------|
| Amounts per share of common stock: | | | |
| Net income attributable to owners of the parent (Note 30) | ¥ 132.43 | ¥ 120.88 | \$ 1.18 |

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended March 31, 2016 and 2015

| | Millions of yen 2016 | Millions of yen 2015 | Thousands of U.S. dollars (Note 1) 2016 |
|---|-------------------------|-------------------------|---|
| Net income | ¥ 32,688 | ¥ 31,079 | \$ 290,096 |
| Other comprehensive income (Note 27) | (24,848) | 44,132 | (220,518) |
| Unrealized gains (losses) on available-for-sale securities | (17,136) | 34,454 | (152,076) |
| Deferred gains (losses) on hedges | 9 | 36 | 80 |
| Revaluation reserve for land | 571 | 1,187 | 5,067 |
| Remeasurements of defined benefit plans | (8,292) | 8,468 | (73,589) |
| Share of other comprehensive income in affiliated companies accounted for using equity method | (0) | (13) | (0) |
| Comprehensive income (Note 27) | 7,840 | 75,211 | 69,578 |
| Comprehensive income attributable to owners of the parent | 7,459 | 74,645 | 66,197 |
| Comprehensive income attributable to non-controlling interests | 381 | 566 | 3,381 |

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2016 and 2015

| | Millions of yen | | | | | | | | | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|---|---------------------------|------------------------------|---|--|---------------|---------------------------|------------------|
| | Shareholders' Equity | | | | | Accumulated other comprehensive income | | | | | Stock options | Non-controlling interests | Total Net Assets |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity | Unrealized gains on available-for-sale securities | Deferred losses on hedges | Revaluation reserve for land | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at 31st March 2014 | ¥50,000 | ¥59,713 | ¥361,184 | ¥(10,393) | ¥460,504 | ¥ 36,706 | ¥(352) | ¥22,845 | ¥(3,465) | ¥ 55,734 | ¥431 | ¥ 4,801 | ¥521,470 |
| Cumulative effects of changes in accounting policies | | | (1,994) | | (1,994) | | | | | | | | (1,994) |
| Restated balance | 50,000 | 59,713 | 359,190 | (10,393) | 458,510 | 36,706 | (352) | 22,845 | (3,465) | 55,734 | 431 | 4,801 | 519,476 |
| Changes of items during the year | | | | | | | | | | | | | |
| Dividend paid | | | (3,564) | | (3,564) | | | | | | | | (3,564) |
| Net income attributable to owners of the parent | | | 30,523 | | 30,523 | | | | | | | | 30,523 |
| Purchase of treasury stock | | | | (14,320) | (14,320) | | | | | | | | (14,320) |
| Disposal of treasury stock | | (27) | | 407 | 380 | | | | | | | | 380 |
| Increase in treasury stock associated with an increase in consolidated subsidiaries | | | | (29) | (29) | | | | | | | | (29) |
| Decrease in treasury stock associated with a decrease in affiliates accounted for under the equity method | | | | 15 | 15 | | | | | | | | 15 |
| Reversal of revaluation reserve for land | | | 38 | | 38 | | | | | | | | 38 |
| Net changes of items other than shareholders' equity | | | | | | 34,440 | 36 | 1,149 | 8,468 | 44,093 | 81 | 1,695 | 45,869 |
| Total changes of items during the year | — | (27) | 26,997 | (13,927) | 13,043 | 34,440 | 36 | 1,149 | 8,468 | 44,093 | 81 | 1,695 | 58,912 |
| Balance at 31st March 2015 | ¥50,000 | ¥59,686 | ¥386,187 | ¥(24,320) | ¥471,553 | ¥ 71,146 | ¥(316) | ¥23,994 | ¥ 5,003 | ¥ 99,827 | ¥512 | ¥ 6,496 | ¥578,388 |
| Changes of items during the year | | | | | | | | | | | | | |
| Dividend paid | | | (3,424) | | (3,424) | | | | | | | | (3,424) |
| Net income attributable to owners of the parent | | | 32,296 | | 32,296 | | | | | | | | 32,296 |
| Purchase of treasury stock | | | | (40) | (40) | | | | | | | | (40) |
| Disposal of treasury stock | | 10 | | 877 | 887 | | | | | | | | 887 |
| Reversal of revaluation reserve for land | | | 42 | | 42 | | | | | | | | 42 |
| Changes of consolidated subsidiaries | | 1,085 | | 57 | 1,142 | | | | | | | | 1,142 |
| Net changes of items other than shareholders' equity | | | | | | (17,126) | 9 | 529 | (8,292) | (24,880) | 89 | (1,332) | (26,123) |
| Total changes of items during the year | — | 1,095 | 28,914 | 894 | 30,903 | (17,126) | 9 | 529 | (8,292) | (24,880) | 89 | (1,332) | 4,780 |
| Balance at 31st March 2016 | ¥50,000 | ¥60,781 | ¥415,101 | ¥(23,426) | ¥502,456 | ¥ 54,020 | ¥(307) | ¥24,523 | ¥(3,289) | ¥ 74,947 | ¥601 | ¥ 5,164 | ¥583,168 |

| | Thousands of U.S. dollars (Note 1) | | | | | | | | | | | | |
|--|------------------------------------|-----------------|-------------------|----------------|----------------------------|---|---------------------------|------------------------------|---|--|---------------|---------------------------|------------------|
| | Shareholders' Equity | | | | | Accumulated other comprehensive income | | | | | Stock options | Non-controlling interests | Total Net Assets |
| | Capital Stock | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity | Unrealized gains on available-for-sale securities | Deferred losses on hedges | Revaluation reserve for land | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at 31st March 2015 | \$443,734 | \$529,695 | \$3,427,290 | \$(215,832) | \$4,184,887 | \$ 631,399 | \$(2,804) | \$212,939 | \$ 44,400 | \$ 885,934 | \$4,544 | \$ 57,650 | \$5,133,015 |
| Changes of items during the year | | | | | | | | | | | | | |
| Dividend paid | | | (30,387) | | (30,387) | | | | | | | | (30,387) |
| Net income attributable to owners of the parent | | | 286,617 | | 286,617 | | | | | | | | 286,617 |
| Purchase of treasury stock | | | | (355) | (355) | | | | | | | | (355) |
| Disposal of treasury stock | | 89 | | 7,783 | 7,872 | | | | | | | | 7,872 |
| Reversal of revaluation reserve for land | | | 373 | | 373 | | | | | | | | 373 |
| Changes of consolidated subsidiaries | | 9,628 | | 506 | 10,134 | | | | | | | | 10,134 |
| Net changes of items other than shareholders' equity | | | | | | (151,988) | 79 | 4,695 | (73,589) | (220,803) | 790 | (11,821) | (231,834) |
| Total changes of items during the year | — | 9,717 | 256,603 | 7,934 | 274,254 | (151,988) | 79 | 4,695 | (73,589) | (220,803) | 790 | (11,821) | 42,420 |
| Balance at 31st March 2016 | \$443,734 | \$539,412 | \$3,683,893 | \$(207,898) | \$4,459,141 | \$ 479,411 | \$(2,725) | \$217,634 | \$(29,189) | \$ 665,131 | \$5,334 | \$ 45,829 | \$5,175,435 |

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2016 and 2015

| | Millions of yen | Millions of yen | Thousands of U.S. dollars (Note 1) |
|--|--------------------|------------------|---------------------------------------|
| | 2016 | 2015 | 2016 |
| Cash flows from operating activities: | | | |
| Income before income taxes | ¥ 50,859 | ¥ 49,315 | \$ 451,358 |
| Depreciation | 7,093 | 10,518 | 62,948 |
| Impairment losses | 118 | 132 | 1,047 |
| Amortization of goodwill | 4,931 | 4,935 | 43,761 |
| Negative goodwill generated | — | (2,391) | — |
| Losses related to staged acquisition | — | 200 | — |
| Equity in earnings of affiliates | (4) | (44) | (35) |
| Net change in allowance for loan losses | (7,012) | (12,203) | (62,229) |
| Net change in provision for bonuses | 424 | (78) | 3,763 |
| Net change in defined benefit asset | 11,783 | (10,594) | 104,570 |
| Net change in defined benefit liability | (1,411) | (1,012) | (12,522) |
| Net change in provision for directors' retirement benefits | 3 | 9 | 27 |
| Net change in provision for loss on interest repayments | (7) | (25) | (62) |
| Net change in provision for reimbursement of deposits | 47 | 250 | 417 |
| Net change in provision for customers point services | 4 | 3 | 35 |
| Net change in reserves under special laws | 6 | 5 | 53 |
| Interest income | (99,022) | (104,797) | (878,789) |
| Interest expenses | 7,893 | 8,244 | 70,048 |
| Net gains related to securities transactions | (18,751) | (12,936) | (166,409) |
| Net losses (gains) from money held in trust | (639) | 1,162 | (5,671) |
| Net exchange gains | 2,329 | (13,554) | 20,669 |
| Net losses from disposition of fixed assets | 74 | 70 | 657 |
| Gain on returns of retirement benefit trust | (1,339) | — | (11,883) |
| Net change in trading assets | 1,994 | (492) | 17,696 |
| Net change in trading liabilities | (1,899) | 2,236 | (16,853) |
| Net change in loans and bills discounted | (220,873) | (263,881) | (1,960,179) |
| Net change in deposits | 262,139 | 294,519 | 2,326,402 |
| Net change in negotiable certificates of deposits | 38,871 | 149,596 | 344,968 |
| Net change in borrowed money excluding subordinated loans | (5,269) | 10,053 | (46,761) |
| Net change in deposits with bank | 6,358 | 18,559 | 56,425 |
| Net change in call loans and bills purchased | (73,015) | 32,454 | (647,985) |
| Net change in call money and bills sold | (1,727) | (3,826) | (15,327) |
| Net change in payables under securities lending transactions | 7,973 | 10,759 | 70,758 |
| Net change in foreign exchanges (asset account) | (710) | 1,216 | (6,301) |
| Net change in foreign exchanges (liability account) | 66 | 22 | 586 |
| Net change in lease receivables and investment assets | (436) | (13,349) | (3,869) |
| Net change in issuance and redemption of unsubordinated bonds payable | — | (20,000) | — |
| Interest received | 95,775 | 97,621 | 849,973 |
| Interest paid | (7,620) | (11,091) | (67,625) |
| Other, net | (25,765) | 15,000 | (228,657) |
| Subtotal | 33,241 | 236,605 | 295,004 |
| Income taxes paid | (11,432) | (10,385) | (101,456) |
| Income taxes refunds | 2 | 994 | 18 |
| Net cash provided by operating activities | 21,811 | 227,214 | 193,566 |
| Cash flows from investing activities: | | | |
| Purchases of securities | (1,800,773) | (3,063,268) | (15,981,302) |
| Proceeds from sales of securities | 1,782,358 | 2,775,634 | 15,817,874 |
| Proceeds from maturity of securities | 243,846 | 113,275 | 2,164,058 |
| Purchases of money held in trust | (8,499) | (11,000) | (75,426) |
| Proceeds from sales of money held in trust | 9,768 | 11,574 | 86,688 |
| Purchases of tangible fixed assets | (2,737) | (1,936) | (24,290) |
| Proceeds from sales of tangible fixed assets | 16 | 37 | 142 |
| Purchases of intangible fixed assets | (2,061) | (1,367) | (18,291) |
| Purchases of shares in subsidiaries associated with changes in the scope of consolidation | — | (94) | — |
| Net cash provided by (used in) investing activities | 221,918 | (177,145) | 1,969,453 |
| Cash flows from financing activities: | | | |
| Proceeds from issuance of bonds with warrants | — | 36,051 | — |
| Decrease in subordinated bonds payable | (25,000) | — | (221,867) |
| Dividends paid | (3,424) | (3,564) | (30,387) |
| Dividends paid to non-controlling shareholders | (2) | (1) | (18) |
| Purchases of treasury stock | (40) | (14,319) | (355) |
| Proceeds from disposal of treasury stock | 462 | 508 | 4,100 |
| Proceeds from sales of shares in subsidiaries that are not associated with changes in the scope of consolidation | 18 | — | 160 |
| Net cash provided by (used in) financing activities | (27,986) | 18,675 | (248,367) |
| Effect of exchange rate changes on cash and cash equivalents | (18) | 33 | (159) |
| Net change in cash and cash equivalents | 215,725 | 68,777 | 1,914,493 |
| Cash and cash equivalents at the beginning of fiscal year | 942,982 | 874,205 | 8,368,672 |
| Cash and cash equivalents at the end of fiscal year (Note 3) | ¥ 1,158,707 | ¥ 942,982 | \$ 10,283,165 |

See accompanying notes.