

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

March 31, 2017 and 2016

ASSETS		Millions of yen	Millions of yen	Thousands of
		2017	2016	U.S. dollars (Note 1) 2017
Assets	Cash and due from banks (Notes 3, 4 and 9)	¥ 960,386	¥ 1,174,642	\$ 8,560,353
	Call loans and bills purchased (Note 4)	278,732	356,719	2,484,464
	Monetary claims bought	8,882	7,909	79,169
	Trading assets (Notes 4 and 6)	2,800	4,250	24,958
	Money held in trust (Notes 4 and 6)	46,953	47,655	418,513
	Securities (Notes 4, 5, 6 and 9)	1,900,271	2,120,651	16,937,971
	Loans and bills discounted (Notes 4, 7 and 8)	6,751,378	6,448,887	60,178,073
	Foreign exchanges	16,053	14,991	143,088
	Lease receivables and investment assets	14,285	13,785	127,329
	Other assets (Notes 4, 6 and 9)	125,829	146,530	1,121,570
	Tangible fixed assets (Notes 10, 11, 15 and 20)	91,502	88,666	815,599
	Intangible fixed assets (Note 20)	8,729	9,173	77,806
	Net defined benefit asset (Notes 14)	29,596	21,694	263,802
	Deferred tax assets (Note 21)	1,711	2,212	15,251
	Customers' liabilities for acceptances and guarantees (Note 16)	43,068	47,719	383,884
	Allowance for loan losses	(54,393)	(67,478)	(484,829)
	Total assets	¥ 10,225,782	¥ 10,438,005	\$ 91,147,001

LIABILITIES AND NET ASSETS

Liabilities	Deposits (Notes 4 and 9)	¥ 9,229,795	¥ 9,510,090	\$ 82,269,320
	Call money and bills sold (Note 9)	82,667	73,343	736,848
	Payables under securities lending transactions (Note 9)	32,861	32,001	292,905
	Trading liabilities (Notes 4 and 6)	2,174	3,525	19,378
	Borrowed money (Notes 9 and 13)	31,395	34,553	279,838
	Foreign exchanges	476	375	4,243
	Bonds with warrants	67,314	67,608	600,000
	Other liabilities (Notes 4 and 6)	91,107	63,755	812,078
	Provision for bonuses	3,154	3,439	28,113
	Net defined benefit liability (Note 14)	1,879	2,057	16,748
	Provision for directors' retirement benefits	259	40	2,309
	Provision for loss on interest repayments	15	30	134
	Provision for reimbursement of deposits	1,541	1,405	13,736
	Provision for customers point services	77	75	686
	Provision for directors' stock benefits	108	—	963
	Reserves under special laws	24	18	214
	Deferred tax liabilities (Note 21)	9,943	3,932	88,626
	Deferred tax liabilities for land revaluation (Notes 15 and 21)	10,872	10,872	96,907
	Acceptances and guarantees (Note 16)	43,068	47,719	383,884
	Total liabilities	9,608,729	9,854,837	85,646,930
Net Assets (Notes 22 and 23)	Capital stock	50,000	50,000	445,673
	Capital surplus	60,765	60,781	541,626
	Retained earnings	442,259	415,101	3,942,053
	Treasury stock	(22,702)	(23,426)	(202,353)
	Total shareholders' equity	530,322	502,456	4,726,999
	Unrealized gains on available-for-sale securities (Note 6)	55,524	54,020	494,910
	Deferred losses on hedges	(217)	(307)	(1,934)
	Revaluation reserve for land (Note 15)	24,533	24,523	218,674
	Remeasurements of defined benefit plans	981	(3,289)	8,744
	Total accumulated other comprehensive income	80,821	74,947	720,394
	Stock options (Note 24)	513	601	4,573
	Non-controlling interests	5,397	5,164	48,105
Total net assets	617,053	583,168	5,500,071	
Total liabilities and net assets	¥ 10,225,782	¥ 10,438,005	\$ 91,147,001	

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2017 and 2016

	Millions of yen 2017	Millions of yen 2016	Thousands of U.S. dollars (Note 1) 2017
Income			
Interest income:			
Interest on loans and discounts	¥ 73,887	¥ 76,625	\$ 658,588
Interest and dividends on securities	21,437	20,377	191,078
Other interest income	995	2,021	8,869
Trust fees	1	1	9
Fees and commissions	25,442	24,304	226,776
Trading income	2,360	1,816	21,036
Other operating income	21,962	22,009	195,757
Recoveries of written-off claims	57	15	508
Gain on returns of retirement benefit trust	—	1,339	—
Other income (Note 17)	17,677	18,351	157,563
Total income	163,818	166,858	1,460,184
Expenses			
Interest expense:			
Interest on deposits	5,125	6,574	45,681
Interest on borrowings and rediscounts	1,758	833	15,670
Interest on bonds payable	98	107	874
Other interest expense	649	378	5,785
Fees and commissions payments	8,424	7,871	75,087
Trading expenses	—	25	—
Other operating expenses	18,337	17,035	163,446
General and administrative expenses (Notes 18 and 24)	77,867	79,101	694,064
Impairment losses (Note 12)	69	118	615
Other expenses (Note 19)	4,692	3,957	41,821
Total expenses	117,019	115,999	1,043,043
Income before income taxes	46,799	50,859	417,141
Income taxes (Note 21):			
Current	10,596	13,450	94,448
Deferred	4,397	4,721	39,192
Net income	31,806	32,688	283,501
Net income attributable to non-controlling interests	219	392	1,952
Net income attributable to owners of the parent	¥ 31,587	¥ 32,296	\$ 281,549

	Yen 2017	Yen 2016	U.S. dollars (Note 1) 2017
Amounts per share of common stock:			
Net income attributable to owners of the parent (Note 29)	¥ 128.70	¥ 132.43	\$ 1.15

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended March 31, 2017 and 2016

	Millions of yen 2017	Millions of yen 2016	Thousands of U.S. dollars (Note 1) 2017
Net income	¥ 31,806	¥ 32,688	\$ 283,501
Other comprehensive income (Note 26)	5,870	(24,848)	52,322
Unrealized gains (losses) on available-for-sale securities	1,510	(17,136)	13,460
Deferred gains (losses) on hedges	90	9	802
Revaluation reserve for land	—	571	—
Remeasurements of defined benefit plans	4,270	(8,292)	38,060
Share of other comprehensive income in affiliated companies accounted for using equity method	0	(0)	0
Comprehensive income (Note 26)	¥ 37,676	¥ 7,840	\$ 335,823
Comprehensive income attributable to owners of the parent	37,451	7,459	333,818
Comprehensive income attributable to non-controlling interests	225	381	2,005

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2017 and 2016

	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 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
Changes of items during the year													
Dividend paid			(4,419)		(4,419)								(4,419)
Net income attributable to owners of the parent			31,587		31,587								31,587
Purchase of treasury stock				(2,733)	(2,733)								(2,733)
Disposal of treasury stock		(16)		3,457	3,441								3,441
Reversal of revaluation reserve for land			(10)		(10)								(10)
Net changes of items other than shareholders' equity						1,504	90	10	4,270	5,874	(88)	233	6,019
Total changes of items during the year	—	(16)	27,158	724	27,866	1,504	90	10	4,270	5,874	(88)	233	33,885
Balance at 31st March 2016	¥50,000	¥60,765	¥442,259	¥(22,702)	¥530,322	¥ 55,524	¥(217)	¥24,533	¥ 981	¥ 80,821	¥513	¥ 5,397	¥617,053

	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 2016	\$445,673	\$541,768	\$3,699,982	\$(208,806)	\$4,478,617	\$481,504	\$(2,736)	\$218,585	\$(29,316)	\$668,037	\$5,357	\$46,028	\$5,198,039
Changes of items during the year													
Dividend paid			(39,389)		(39,389)								(39,389)
Net income attributable to owners of the parent			281,549		281,549								281,549
Purchase of treasury stock				(24,360)	(24,360)								(24,360)
Disposal of treasury stock		(142)		30,813	30,671								30,671
Reversal of revaluation reserve for land			(89)		(89)								(89)
Net changes of items other than shareholders' equity						13,406	802	89	38,060	52,357	(784)	2,077	53,650
Total changes of items during the year	—	(142)	242,071	6,453	248,382	13,406	802	89	38,060	52,357	(784)	2,077	302,032
Balance at 31st March 2017	\$445,673	\$541,626	\$3,942,053	\$(202,353)	\$4,726,999	\$494,910	\$(1,934)	\$218,674	\$ 8,744	\$720,394	\$4,573	\$48,105	\$5,500,071

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2017 and 2016

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
	2017	2016	2017
Cash flows from operating activities:			
Income before income taxes	¥ 46,799	¥ 50,859	\$ 417,141
Depreciation	5,675	7,093	50,584
Impairment losses	69	118	615
Amortization of goodwill	2,661	4,931	23,719
Equity in earnings of affiliates	(5)	(4)	(45)
Net change in allowance for loan losses	(13,085)	(7,012)	(116,632)
Net change in provision for bonuses	(285)	424	(2,540)
Net change in defined benefit asset	(7,902)	11,783	(70,434)
Net change in defined benefit liability	(178)	(1,411)	(1,587)
Net change in provision for directors' retirement benefits	219	3	1,952
Net change in provision for directors' stock benefits	108	—	963
Net change in provision for loss on interest repayments	(15)	(7)	(134)
Net change in provision for reimbursement of deposits	137	47	1,221
Net change in provision for customers point services	2	4	18
Net change in reserves under special laws	6	6	53
Interest income	(96,319)	(99,022)	(858,535)
Interest expenses	7,631	7,893	68,019
Net gains related to securities transactions	(18,384)	(18,751)	(163,865)
Net losses (gains) from money held in trust	1,107	(639)	9,867
Net exchange losses (gains)	(2,278)	2,329	(20,305)
Net losses (gains) from disposition of fixed assets	(84)	74	(749)
Gain on returns of retirement benefit trust	—	(1,339)	—
Net change in trading assets	1,451	1,994	12,933
Net change in trading liabilities	(1,352)	(1,899)	(12,051)
Net change in loans and bills discounted	(302,490)	(220,873)	(2,696,230)
Net change in deposits	(249,853)	262,139	(2,227,052)
Net change in negotiable certificates of deposits	(30,441)	38,871	(271,334)
Net change in borrowed money excluding subordinated loans	(3,158)	(5,269)	(28,149)
Net change in deposits with bank	(6,886)	6,358	(61,378)
Net change in call loans and bills purchased	77,014	(73,015)	686,460
Net change in call money and bills sold	9,324	(1,727)	83,109
Net change in payables under securities lending transactions	860	7,973	7,666
Net change in foreign exchanges (asset account)	(1,062)	(710)	(9,466)
Net change in foreign exchanges (liability account)	101	66	900
Net change in lease receivables and investment assets	(501)	(436)	(4,466)
Interest received	90,630	95,775	807,826
Interest paid	(7,486)	(7,620)	(66,726)
Other, net	42,641	(25,765)	380,080
Subtotal	(455,329)	33,241	(4,058,552)
Income taxes paid	(16,380)	(11,432)	(146,003)
Income taxes refunds	—	2	—
Net cash provided by (used in) operating activities	(471,709)	21,811	(4,204,555)
Cash flows from investing activities:			
Purchases of securities	(1,686,047)	(1,800,773)	(15,028,496)
Proceeds from sales of securities	1,676,873	1,782,358	14,946,724
Proceeds from maturity of securities	274,617	243,846	2,447,785
Purchases of money held in trust	(16,970)	(8,499)	(151,261)
Proceeds from sales of money held in trust	16,068	9,768	143,221
Purchases of tangible fixed assets	(4,576)	(2,737)	(40,788)
Proceeds from sales of tangible fixed assets	259	16	2,309
Purchases of intangible fixed assets	(2,391)	(2,061)	(21,312)
Purchases of shares in subsidiaries associated with changes in the scope of consolidation (Note 3)	(3,800)	—	(33,871)
Net cash provided by investing activities	254,033	221,918	2,264,311
Cash flows from financing activities:			
Decrease in subordinated bonds payable	—	(25,000)	—
Dividends paid	(4,419)	(3,424)	(39,389)
Dividends paid to non-controlling shareholders	(2)	(2)	(18)
Purchases of treasury stock	(2,733)	(40)	(24,360)
Proceeds from disposal of treasury stock	3,690	462	32,891
Proceeds from sales of shares in subsidiaries that are not associated with changes in the scope of consolidation	—	18	—
Net cash used in financing activities	(3,464)	(27,986)	(30,876)
Effect of exchange rate changes on cash and cash equivalents	(1)	(18)	(9)
Net change in cash and cash equivalents	(221,141)	215,725	(1,971,129)
Cash and cash equivalents at the beginning of fiscal year	1,158,707	942,982	10,328,077
Cash and cash equivalents at the end of fiscal year (Note 3)	¥ 937,566	¥ 1,158,707	\$ 8,356,948

See accompanying notes.