

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

March 31, 2018 and 2017

ASSETS		Millions of yen	Millions of yen	Thousands of
		2018	2017	U.S. dollars (Note 1)
		2018		
Assets	Cash and due from banks (Notes 3, 4 and 9)	¥ 985,503	¥ 960,386	\$ 9,276,195
	Call loans and bills purchased (Note 4)	77,437	278,732	728,887
	Monetary claims bought	8,404	8,882	79,104
	Trading assets (Notes 4 and 6)	1,514	2,800	14,251
	Money held in trust (Notes 4 and 6)	40,924	46,953	385,203
	Securities (Notes 4, 5, 6 and 9)	1,727,836	1,900,271	16,263,517
	Loans and bills discounted (Notes 4, 7 and 8)	7,157,837	6,751,378	67,374,219
	Foreign exchanges	17,852	16,053	168,035
	Lease receivables and investment assets	16,035	14,285	150,932
	Other assets (Notes 4, 6 and 9)	189,612	125,829	1,784,751
	Tangible fixed assets (Notes 10, 11, 15 and 20)	94,503	91,502	889,524
	Intangible fixed assets (Note 20)	10,944	8,729	103,012
	Net defined benefit asset (Notes 14)	44,705	29,596	420,793
	Deferred tax assets (Note 21)	1,084	1,711	10,203
	Customers' liabilities for acceptances and guarantees (Note 16)	44,048	43,068	414,608
	Allowance for loan losses	(51,690)	(54,393)	(486,540)
	Total assets	¥ 10,366,548	¥ 10,225,782	\$ 97,576,694

LIABILITIES AND NET ASSETS

Liabilities	Deposits (Notes 4 and 9)	¥ 9,355,750	¥ 9,229,795	\$ 88,062,406
	Call money and bills sold (Note 9)	62,288	82,667	586,295
	Payables under securities lending transactions (Note 9)	46,884	32,861	441,303
	Trading liabilities (Notes 4 and 6)	493	2,174	4,640
	Borrowed money (Notes 9 and 13)	29,799	31,395	280,488
	Foreign exchanges	127	476	1,195
	Bonds with warrants	63,744	67,314	600,000
	Other liabilities (Notes 4 and 6)	67,773	91,107	637,914
	Provision for bonuses	3,232	3,154	30,422
	Net defined benefit liability (Note 14)	1,797	1,879	16,915
	Provision for directors' retirement benefits	279	259	2,626
	Provision for loss on interest repayments	23	15	216
	Provision for reimbursement of deposits	1,673	1,541	15,747
	Provision for customers point services	72	77	678
	Provision for directors' stock benefits	252	108	2,372
	Reserves under special laws	28	24	264
	Deferred tax liabilities (Note 21)	16,963	9,943	159,667
	Deferred tax liabilities for land revaluation (Notes 15 and 21)	10,872	10,872	102,334
	Acceptances and guarantees (Note 16)	44,048	43,068	414,608
	Total liabilities	9,706,097	9,608,729	91,360,090
Net Assets (Notes 22 and 23)	Capital stock	50,000	50,000	470,633
	Capital surplus	60,882	60,765	573,061
	Retained earnings	470,697	442,259	4,430,506
	Treasury stock	(22,107)	(22,702)	(208,085)
	Total shareholders' equity	559,472	530,322	5,266,115
	Unrealized gains on available-for-sale securities (Note 6)	59,927	55,524	564,072
	Deferred losses on hedges	(168)	(217)	(1,582)
	Revaluation reserve for land (Note 15)	24,533	24,533	230,921
	Remeasurements of defined benefit plans	10,350	981	97,421
	Total accumulated other comprehensive income	94,642	80,821	890,832
	Stock options (Note 24)	359	513	3,379
	Non-controlling interests	5,978	5,397	56,278
	Total net assets	660,451	617,053	6,216,604
	Total liabilities and net assets	¥ 10,366,548	¥ 10,225,782	\$ 97,576,694

See accompanying notes.

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2018 and 2017

	Millions of yen 2018	Millions of yen 2017	Thousands of U.S. dollars (Note 1) 2018
Income			
Interest income:			
Interest on loans and discounts	¥ 74,483	¥ 73,887	\$ 701,082
Interest and dividends on securities	23,189	21,437	218,270
Other interest income	1,102	995	10,373
Trust fees	1	1	9
Fees and commissions	27,351	25,442	257,445
Trading income	3,535	2,360	33,274
Other operating income	16,231	21,962	152,777
Recoveries of written-off claims	29	57	273
Gain on returns of retirement benefit trust	376	—	3,539
Compensation for branch relocation	414	—	3,897
Other income (Note 17)	15,362	17,677	144,597
Total income	162,072	163,818	1,525,527
Expenses			
Interest expense:			
Interest on deposits	5,039	5,125	47,430
Interest on borrowings and rediscounts	1,898	1,758	17,865
Interest on bonds payable	294	98	2,767
Other interest expense	801	649	7,540
Fees and commissions payments	8,869	8,424	83,481
Other operating expenses	18,147	18,337	170,811
General and administrative expenses (Notes 18 and 24)	72,585	77,867	683,217
Impairment losses (Note 12)	225	69	2,118
Other expenses (Note 19)	5,896	4,692	55,498
Total expenses	113,754	117,019	1,070,727
Income before income taxes	48,318	46,799	454,800
Income taxes (Note 21):			
Current	13,360	10,596	125,753
Deferred	1,518	4,397	14,288
Net income	33,440	31,806	314,759
Net income attributable to non-controlling interests	523	219	4,923
Net income attributable to owners of the parent	¥ 32,917	¥ 31,587	\$ 309,836

Amounts per share of common stock:	Yen 2018	Yen 2017	U.S. dollars (Note 1) 2018
Net income attributable to owners of the parent (Note 29)	¥ 133.65	¥ 128.70	\$ 1.26

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended March 31, 2018 and 2017

	Millions of yen 2018	Millions of yen 2017	Thousands of U.S. dollars (Note 1) 2018
Net income	¥ 33,440	¥ 31,806	\$ 314,759
Other comprehensive income (Note 26)	13,829	5,870	130,168
Unrealized gains (losses) on available-for-sale securities	4,411	1,510	41,520
Deferred gains (losses) on hedges	49	90	461
Remeasurements of defined benefit plans	9,369	4,270	88,187
Share of other comprehensive income in affiliated companies accounted for using equity method	(0)	0	(0)
Comprehensive income (Note 26)	¥ 47,269	¥ 37,676	\$ 444,927
Comprehensive income attributable to owners of the parent	46,738	37,451	439,928
Comprehensive income attributable to non-controlling interests	531	225	4,999

See accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2018 and 2017

	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 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 2017	¥50,000	¥60,765	¥442,259	¥(22,702)	¥530,322	¥55,524	¥(217)	¥24,533	¥ 981	¥80,821	¥ 513	¥5,397	¥617,053
Changes of items during the year													
Dividend paid			(4,460)		(4,460)								(4,460)
Net income attributable to owners of the parent			32,917		32,917								32,917
Purchase of treasury stock				(30)	(30)								(30)
Disposal of treasury stock		117		625	742								742
Decrease in retained earnings from decrease of entities accounted for by the equity method			(19)		(19)								(19)
Net changes of items other than shareholders' equity						4,403	49		9,369	13,821	(154)	581	14,248
Total changes of items during the year	—	117	28,438	595	29,150	4,403	49	—	9,369	13,821	(154)	581	43,398
Balance at 31st March 2018	¥50,000	¥60,882	¥470,697	¥(22,107)	¥559,472	¥59,927	¥(168)	¥24,533	¥10,350	¥94,642	¥ 359	¥5,978	¥660,451

	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 2017	\$470,633	\$571,960	\$4,162,829	\$(213,686)	\$4,991,736	\$522,628	\$(2,043)	\$230,921	\$ 9,234	\$760,740	\$ 4,829	\$50,800	\$5,808,105
Changes of items during the year													
Dividend paid			(41,980)		(41,980)								(41,980)
Net income attributable to owners of the parent			309,836		309,836								309,836
Purchase of treasury stock				(282)	(282)								(282)
Disposal of treasury stock		1,101		5,883	6,984								6,984
Decrease in retained earnings from decrease of entities accounted for by the equity method			(179)		(179)								(179)
Net changes of items other than shareholders' equity						41,444	461		88,187	130,092	(1,450)	5,478	134,120
Total changes of items during the year	—	1,101	267,677	5,601	274,379	41,444	461	—	88,187	130,092	(1,450)	5,478	408,499
Balance at 31st March 2018	\$470,633	\$573,061	\$4,430,506	\$(208,085)	\$5,266,115	\$564,072	\$(1,582)	\$230,921	\$97,421	\$890,832	\$ 3,379	\$56,278	\$6,216,604

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2018 and 2017

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
	2018	2017	2018
Cash flows from operating activities:			
Income before income taxes	¥ 48,318	¥ 46,799	\$ 454,800
Depreciation	4,889	5,675	46,018
Impairment losses	225	69	2,118
Amortization of goodwill	395	2,661	3,718
Equity in earnings of affiliates	(8)	(5)	(75)
Net change in allowance for loan losses	(2,704)	(13,085)	(25,452)
Net change in provision for bonuses	79	(285)	744
Net change in defined benefit asset	(15,109)	(7,902)	(142,216)
Net change in defined benefit liability	(81)	(178)	(762)
Net change in provision for directors' retirement benefits	20	219	188
Net change in provision for directors' stock benefits	143	108	1,346
Net change in provision for loss on interest repayments	8	(15)	75
Net change in provision for reimbursement of deposits	132	137	1,242
Net change in provision for customers point services	(6)	2	(56)
Net change in reserves under special laws	4	6	38
Interest income	(98,773)	(96,319)	(929,716)
Interest expenses	8,032	7,631	75,602
Net gains related to securities transactions	(11,501)	(18,384)	(108,255)
Net losses (gains) from money held in trust	1,224	1,107	11,521
Net exchange losses (gains)	3,012	(2,278)	28,351
Net losses (gains) from disposition of fixed assets	68	(84)	640
Gain on returns of retirement benefit trust	(376)	—	(3,539)
Net change in trading assets	1,285	1,451	12,095
Net change in trading liabilities	(1,681)	(1,352)	(15,823)
Net change in loans and bills discounted	(406,459)	(302,490)	(3,825,857)
Net change in deposits	285,255	(249,853)	2,685,006
Net change in negotiable certificates of deposits	(159,300)	(30,441)	(1,499,435)
Net change in borrowed money excluding subordinated loans	(1,596)	(3,158)	(15,023)
Net change in deposits with bank	(5,337)	(6,886)	(50,235)
Net change in call loans and bills purchased	201,773	77,014	1,899,219
Net change in call money and bills sold	(20,378)	9,324	(191,811)
Net change in payables under securities lending transactions	14,023	860	131,994
Net change in foreign exchanges (asset account)	(1,799)	(1,062)	(16,933)
Net change in foreign exchanges (liability account)	(349)	101	(3,285)
Net change in lease receivables and investment assets	(1,749)	(501)	(16,463)
Interest received	89,446	90,630	841,924
Interest paid	(9,051)	(7,486)	(85,194)
Other, net	(55,383)	42,641	(521,300)
Subtotal	(133,309)	(455,329)	(1,254,791)
Income taxes paid	(7,501)	(16,380)	(70,604)
Income taxes refunds	37	—	348
Net cash used in operating activities	(140,773)	(471,709)	(1,325,047)
Cash flows from investing activities:			
Purchases of securities	(2,150,355)	(1,686,047)	(20,240,541)
Proceeds from sales of securities	2,068,943	1,676,873	19,474,238
Proceeds from maturity of securities	251,047	274,617	2,363,018
Purchases of money held in trust	(6,610)	(16,970)	(62,218)
Proceeds from sales of money held in trust	11,763	16,068	110,721
Purchases of tangible fixed assets	(6,498)	(4,576)	(61,163)
Proceeds from sales of tangible fixed assets	108	259	1,017
Purchases of intangible fixed assets	(4,512)	(2,391)	(42,470)
Purchases of shares in subsidiaries associated with changes in the scope of consolidation (Note 3)	—	(3,800)	—
Proceeds from sales of shares of entities accounted for by the equity method	34	—	320
Net cash provided by investing activities	163,920	254,033	1,542,922
Cash flows from financing activities:			
Dividends paid	(4,460)	(4,419)	(41,980)
Dividends paid to non-controlling shareholders	(3)	(2)	(28)
Purchases of treasury stock	(30)	(2,733)	(282)
Proceeds from disposal of treasury stock	546	3,690	5,138
Proceeds from sales of shares of parent held by subsidiaries	588	—	5,535
Net cash used in financing activities	(3,359)	(3,464)	(31,617)
Effect of exchange rate changes on cash and cash equivalents	(9)	(1)	186,173
Net change in cash and cash equivalents	19,779	(221,141)	8,824,981
Cash and cash equivalents at the beginning of fiscal year	937,566	1,158,707	10,328,077
Cash and cash equivalents at the end of fiscal year (Note 3)	¥ 957,345	¥ 937,566	\$ 9,011,154

See accompanying notes.