

Section I: Overview of Financial Results for FY3/17



Overview of Financial Results for FY3/17

~Consolidated and non-consolidated~

▼Non-consolidated

(Unit: 100 million yen)

No	Calculation formula	FY3/16	FY3/17	Change (year-on-year)
1	Gross operating profit [3+4+5]	711	567	△ 144
2	(Core gross operating profit) [1-6]	(651)	(616)	(△ 35)
3	Net interest income	572	550	△ 22
4	Fees and commissions	68	56	△ 12
5	Other operating profit	69	△ 39	△ 108
6	Gains / losses on JGBs and other debt securities	59	△ 49	△ 108
7	Expenses	516	511	△ 5
8	Personnel expenses	290	285	△ 5
9	Non-personnel expenses	198	197	△ 1
10	Taxes	27	28	1
11	Net business profit [1-7]	194	55	△ 139
12	Net core operating profit [2-7]	135	105	△ 30
13	Net operating profit [11-15]	205	55	△ 150
14	Credit costs [15+16-17-18-19]	28	△ 28	△ 56
15	Provision of general loan-loss reserves	△ 11	-	11
16	Write-downs of non-performing loans	39	8	△ 31
17	Gain on reversal of loan loss reserves	-	37	37
18	Gain on collection of written-off loans	0	0	0
19	Gain on reversal of contingent loss	-	-	-
20	Gains / losses on equities	1	27	26
21	Other extraordinary gains / losses	23	8	△ 15
22	Investment trust financing expenses	0	0	0
23	Ordinary profit [11-14+20+21-22]	190	119	△ 71
24	Extraordinary gains / losses	△ 4	△ 2	2
25	Net income before taxes [23+24]	186	117	△ 69
26	Total income taxes	63	26	△ 37
27	Net income [25-26]	122	91	△ 31

*Net income from shareholders of the parent company

▼Consolidated

FY3/17
633
(683)
551
98
△ 15
△ 49
547
85
135
85
△ 24
-
8
33
0
-
27
7
0
145
△ 2
143
34
*100

Overview of non-consolidated results

▼Gross operating profit

Gross operating profit fell by 14.4 billion yen year-on-year to 56.7 billion yen, due mainly to a decline in “gains / losses on JGBs and other debt securities” as a result of review on the marketable securities portfolio.

▼Ordinary profit

Net business profit fell by 7.1 billion yen year-on-year to 11.9 billion yen despite a decline in “non-personnel expenses” and an increase in “gains / losses on equities.”

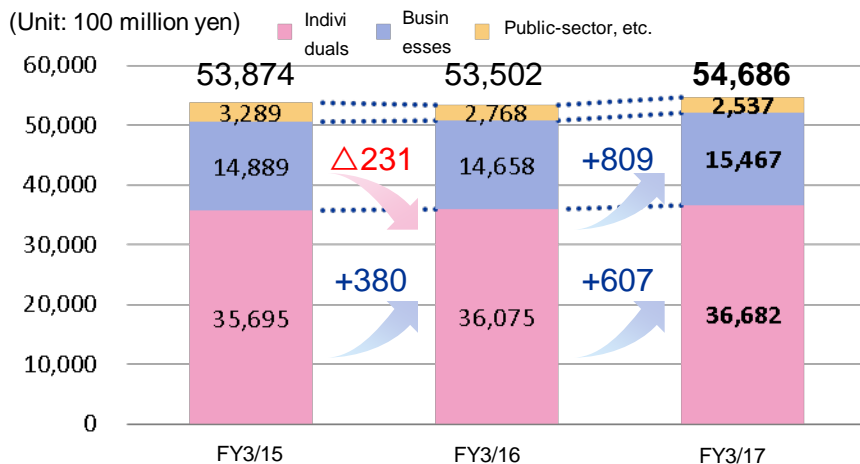
▼Net income

Net income totaled at 9.1 billion yen.

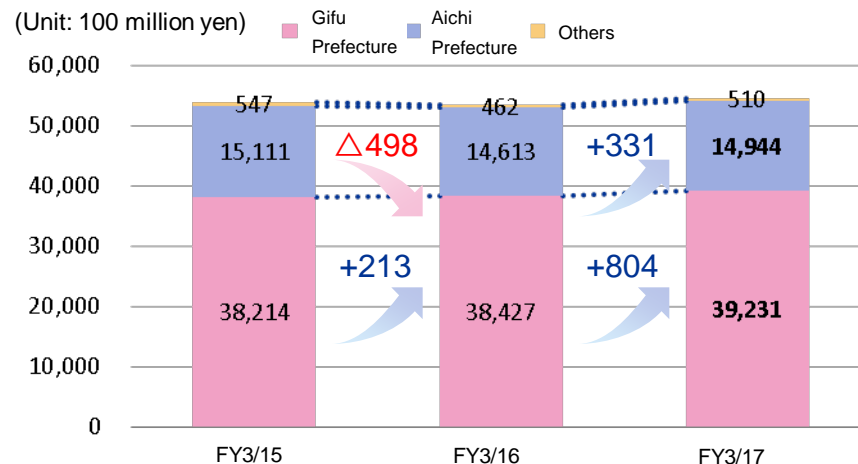
Key data (deposits, etc.)

The amount of total deposits grew by 2.2% with deposits from individuals increasing solidly, and deposits from businesses also made a positive turn, while efforts were made to reduce fund procurement costs.

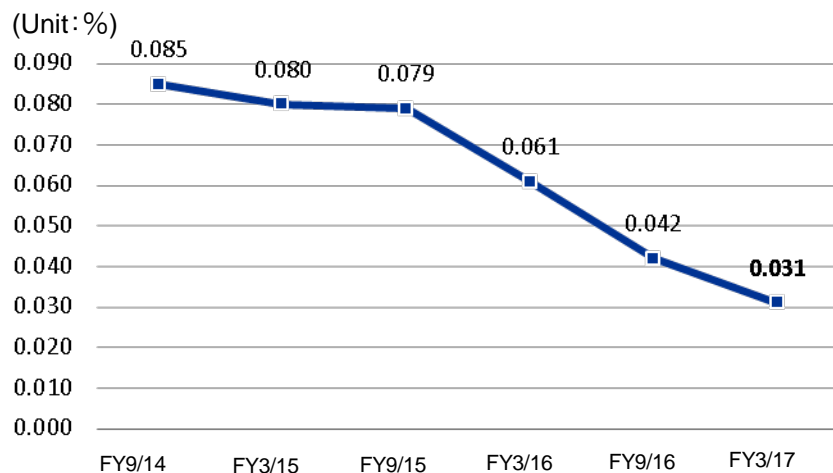
▼ Transition in deposits



▼ Deposits by region



▼ Transition of average contract interest rates for month of yen deposits



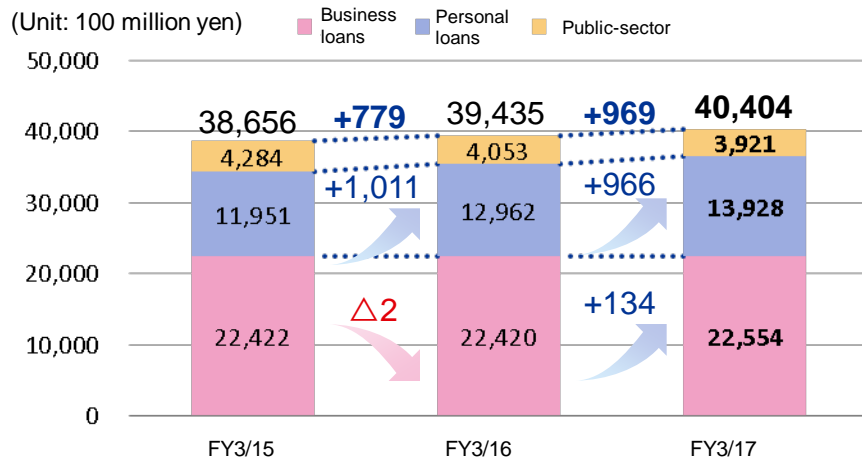
The acquisition of fund inflow pipelines, e.g. salary / pension remittance accounts, solidly increased fluid deposits, achieving an increase in deposits from individuals.

Deposits from businesses also grew despite scaling down fund procurement spending. By region, deposits in Aichi Prefecture achieved an upturn.

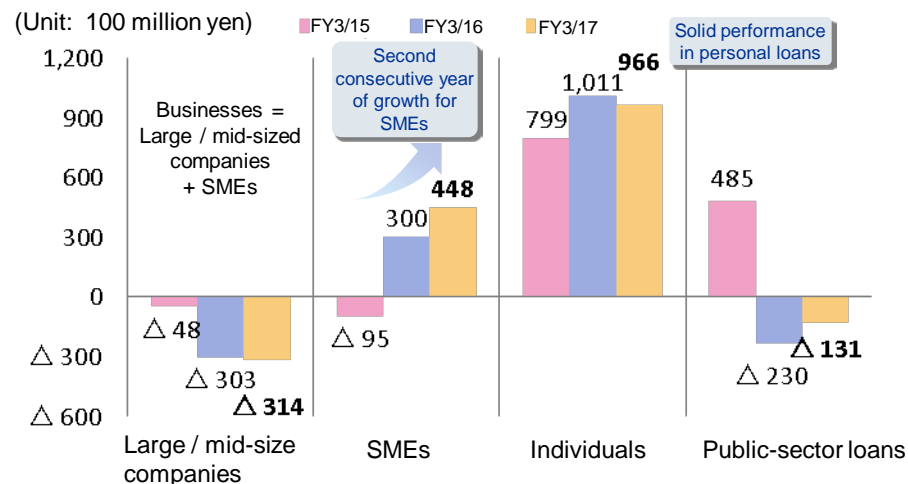
Key data (loans)

The total amount of loans grew 2.4% to top 4 trillion yen, thanks to a solid increase in personal loans and recovery in loans to SMEs.

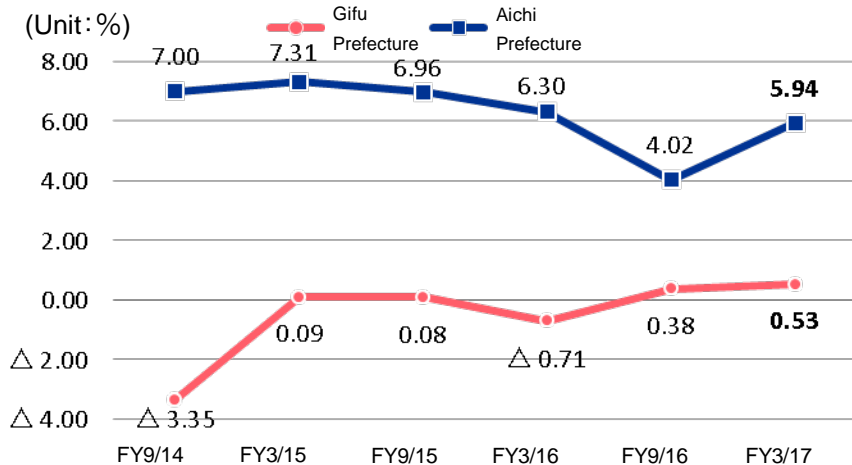
▼Transition of loans by sector



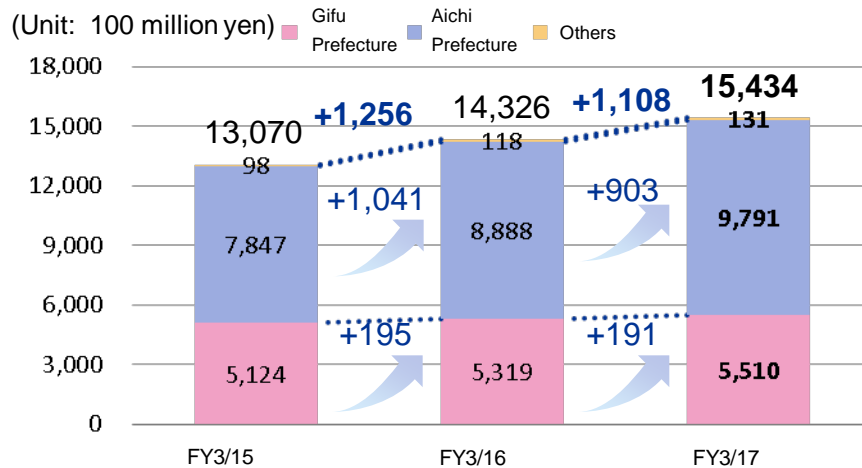
▼YoY change in business loan balance by company size



▼Annualized growth of loan balance by region



▼Transition of home loan balance by region

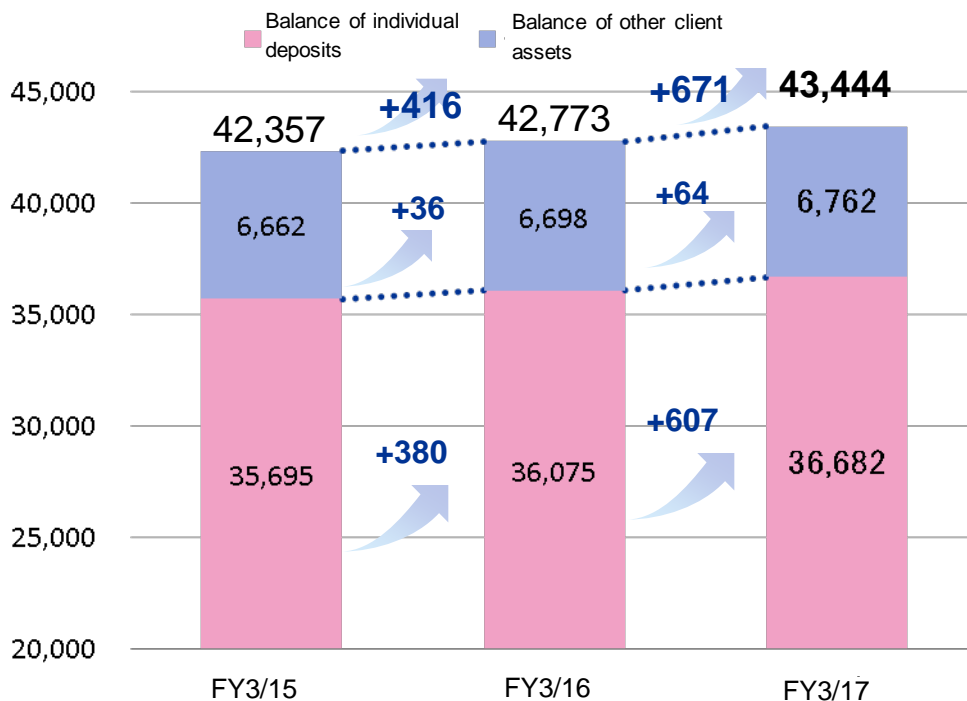


Key data (individual client assets on deposit)

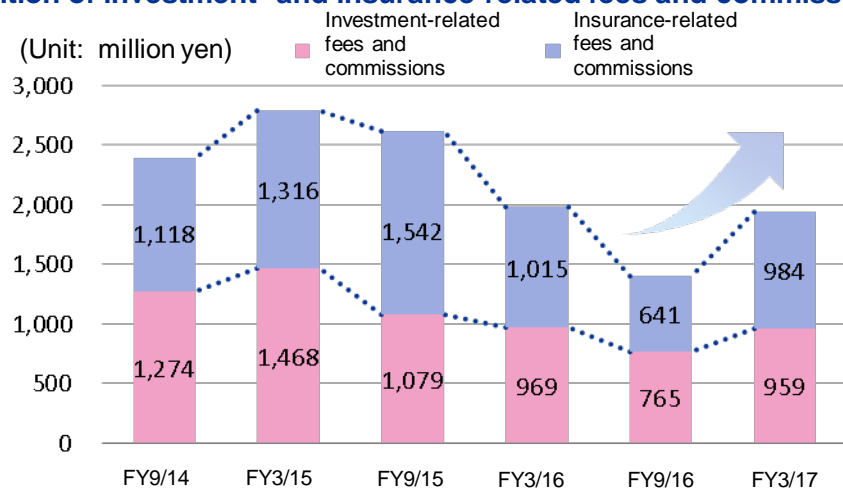
The amount of individual client assets on deposit rose by 67.1 billion yen to 4,344.4 billion yen.

▼ Transition of individual client assets on deposit

(Unit: 100 million yen)



▼ Transition of investment- and insurance-related fees and commissions



▼ Transition of the balance of other client assets on deposit

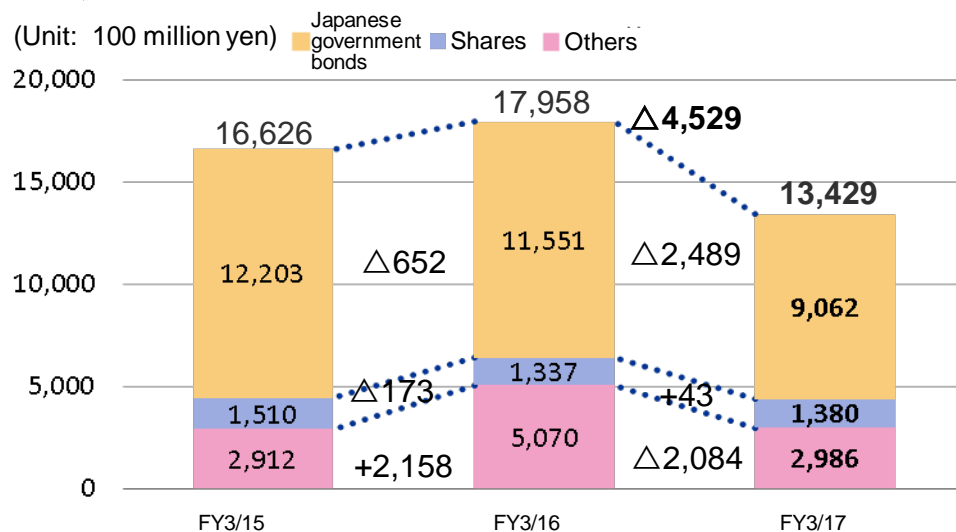
(Unit: 100 million yen)

	FY3/15	FY3/16	FY3/17	Year-on-year
	(A)	(B)	(C)	(C)-(B)
Investment trust	1,868	1,761	1,656	△105
Personal pension insurance, etc.	4,241	4,708	4,952	244
Public bonds	552	228	153	△75
Total	6,662	6,698	6,762	64

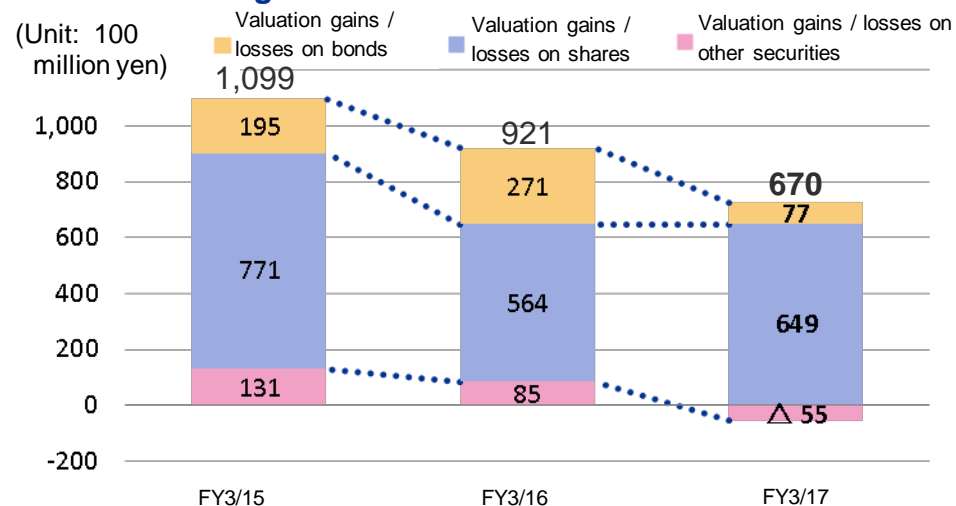
Key data (marketable securities)

The proportion of foreign bonds and long-term Japanese government bonds in the portfolio was reduced to secure flexibility and mobility in future fund management.

▼ Transition of the balance of marketable securities



▼ Valuation gains and losses for marketable securities



▼ Basic policy of fund management in FY2017

Maximize revenues within the scope of risk tolerance.
Pursue income yield and capital yield from mid-term perspectives.
Distribute risks to optimize the risk – return balance.
Maintain a certain level of fluidity to dynamically address any change in market trends.

Fund management environment in FY2017

➤ Low interest level despite the initial outlook of an upturn from the global trend of low interest rate amidst concerns of U.S. interest hike and the scale-down of financial deregulations in Japan / Europe.

Risk-distributed
fund management

**Make use of stable inverse correlation
between interest rate assets and risk assets
(shares, etc.) to control the risk of interest rates rising.**

➤ Retain bonds, shares, etc., which are in stable inverse correlation in the mid-term, in a way that has equal level of risks.
➤ Focus mainly on bond yields (income yield + rolldown yield) while covering a decline in bond values, attributable to interest rate hike (expansion of valuation losses) with the increase in risk asset values (expansion of valuation gains).

Credit costs and non-performing loans

The ratio of non-performing loans dipped below 2% at 1.97% as of the end of March 2017.

▼ Transition of credit costs

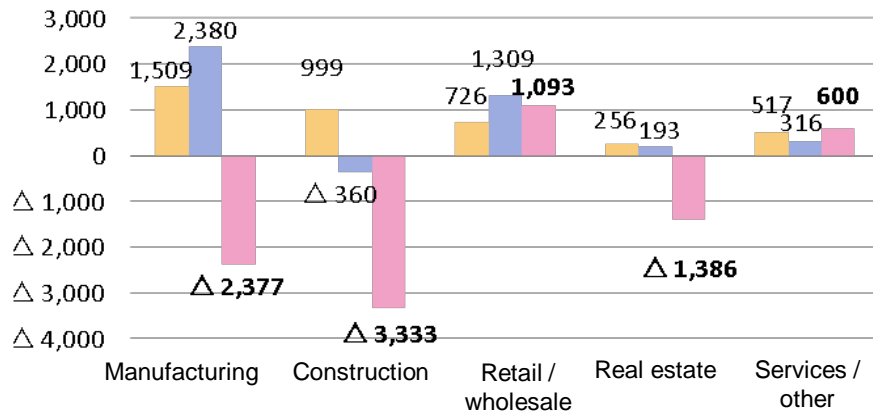
(Unit: 100 million yen)

	FY3/15	FY3/16	FY3/17
Credit costs (①+②-③-④-⑤)	28	28	△28
① Provision of general loan – loss reserves (gain on reversal)	△15	△11	△0
② Write-downs of non-performing loans	43	39	8
Loans written off	-	-	0
Provisions for specific loan – loss reserves	35	29	-
Losses on bulk sales	4	4	5
Other	3	6	2
③ Gain on reversal of loan loss reserves	-	-	37
④ Gain on collection of written-off loans	0	0	0
⑤ Gain on reversal of contingent loss	0	-	-

▼ Write-downs of non-performing loans by sector

(Unit: million yen)

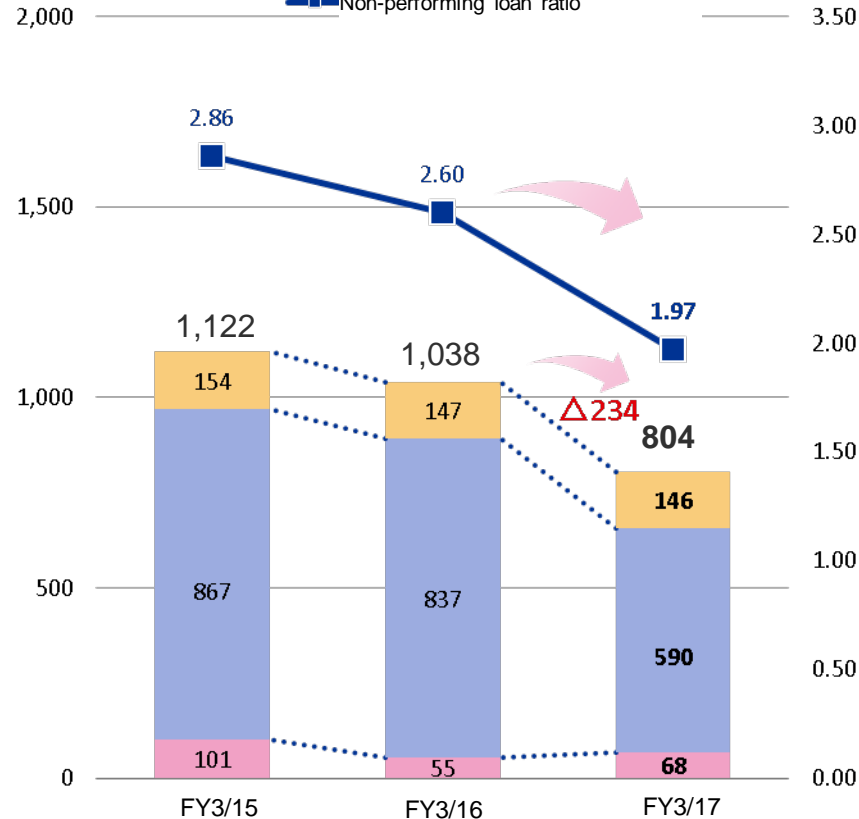
■ FY3/15 ■ FY3/16 ■ FY3/17



▼ Transition of non-performing loans (Financial Revitalization Law basis)

(Unit: 100 million yen) (Unit: %)

Legend:
 ■ Loans to bankrupt and quasi-bankrupted borrowers
 ■ Doubtful loans
 ■ Loans requiring monitoring
 ■ Non-performing loan ratio



▼ Dividends

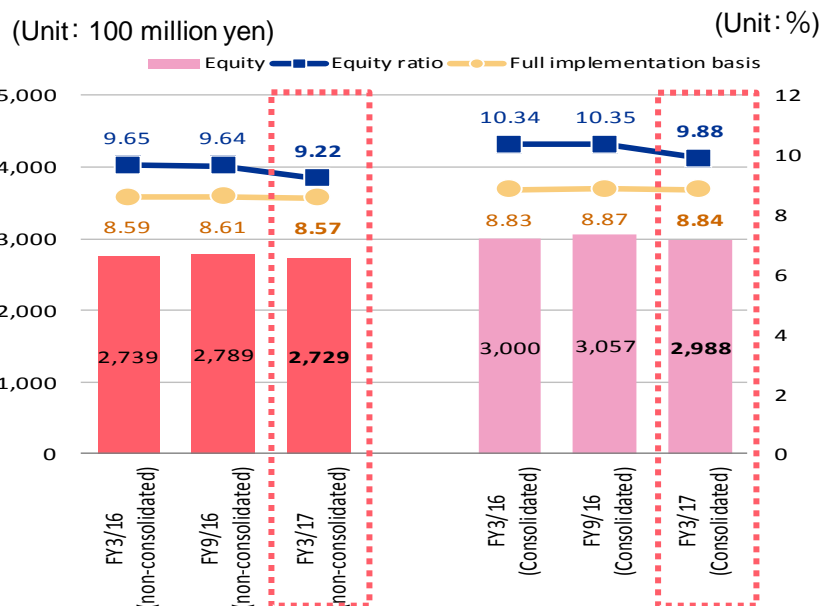
Offering the 140th anniversary commemorative dividends in mid-year in FY2017, and planning a dividend increase of 1 yen per share

	9/15 Term	3/16 Term	9/16 Term	3/17 Term	9/17 Term (plan)
Dividend per share	3.5 yen	3.5 yen	3.5 yen	3.5 yen	4.5 yen (+1.0 yen)

140th anniversary commemorative dividend

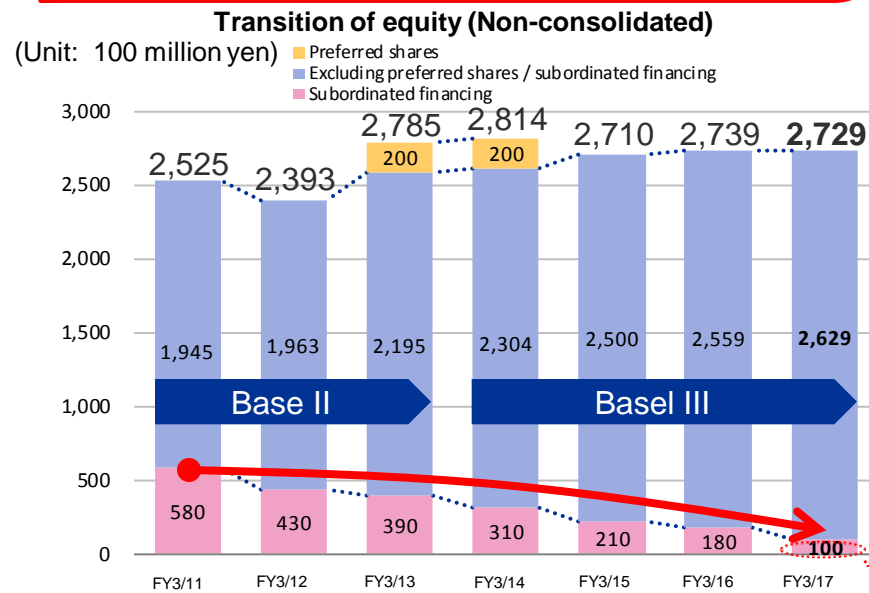
▼ Transition of equity

The equity ratio as of the end of March 2017 (consolidated) stood at 9.88%, or 8.84% on a full implementation basis.



▼ Improvement in quality of capital

- Subordinated financing was reduced by 48 billion yen (from the end of March 2011 to the end of March 2017)
- Eight billion yen of subordinated financing was repaid in advance in FY3/17.



Due to be repaid on December 21, 2017

FY3/18 Earnings Forecasts

~Consolidated and non-consolidated~

▼Non-consolidated

(Unit: 100 million yen)

▼Consolidated

No	Calculation formula	FY3/17 (actual)	FY3/18 (forecast)	Change (YoY)
1	Gross operating profit [3+4+5]	567	599	32
2	(Core gross operating profit) [1-6]	(616)	(589)	△27
3	Net interest income	550	503	△47
4	Fees and commissions	56	78	22
5	Other operating profit	△39	18	57
6	Gains / losses on JGBs and other debt securities	△49	10	59
7	Expenses	511	495	△16
8	Personnel expenses	285	279	△6
9	Non-personnel expenses	197	187	△10
10	Taxes	28	29	1
11	Net business profit [1-7]	55	104	49
12	Net core operating profit [2-7]	105	94	△11
13	Net operating profit [11-15]	55	117	62
14	Credit costs [15+16-17-18-19]	△28	16	44
15	Provision of general loan-loss reserves	-	△13	△13
16	Write-downs of non-performing loans	8	29	21
17	Gain on reversal of loan loss reserves	37	-	△37
18	Gain on collection of written-off loans	0	0	0
19	Gain on reversal of contingent loss	-	-	-
20	Gains / losses on equities	27	10	△17
21	Other extraordinary gains / losses	8	12	4
22	Investment trust financing expenses	0	0	0
23	Ordinary profit [11-14+20+21-22]	119	110	△9
24	Extraordinary gains / losses	△2	1	3
25	Net income before taxes [23+24]	117	111	△6
26	Total income taxes	26	29	3
27	Net income [25-26]	91	82	△9

FY3/18
(forecast)

Full-year forecast for FY3/18

▼Non-consolidated

Ordinary profit ¥11 billion

Net income ¥8.2 billion

▼Consolidated

Ordinary profit ¥13.5 billion

Net income attributable
to owners of the parent ¥9 billion

135

*90

*Net income from shareholders of the parent company