

Annual Report 2018

Year Ended March 31, 2018



San ju San Financial Group, Inc.

Message from the Management

Thank you for your kind patronage and support.

Mie Bank, Ltd. and Daisan Bank, Ltd. recently established San ju San Financial Group as a joint holding company for the purposes of business integration.

Our group aspires to be a financial group that is beloved and trusted by our local customers. We will accomplish this by contributing to the revitalization of local regions through exhibiting synergy in three areas: expanding our business infrastructure, strengthening our financial intermediary functions, and improving the efficiency of and optimizing our businesses. In addition, we will continue contributing to the creation of a dynamic future by means of producing virtuous cycles in which local communities, regional economies, and our new financial group can grow together.

Thank you, and we look forward to your continued support in the future.

September 2018



Representative Director
and Chairman

Hiroshi Iwama

Representative Director
and President

Mitsunori Watanabe

Name

San ju San Financial Group, Inc.

**“Wish”
contained in the
company name**

“San ju San” means that by adding (+) the respective strengths of Mie Bank and Daisan Bank, we wish to develop with the region and contribute to the creation of a vibrant future.

Corporate philosophy

Contributing to creating a vibrant future as a financial group which is favorable for clients and grows along with the region.

Logo



Connotations contained within our logo mark

Our logo features two birds based around the motif of the number “33.” These two birds signify Mie Bank and Daisan Bank, and are also representative of members of the community and San ju San Financial Group. This image of two birds taking flight into the heavens together depicts both the growth of local communities and San ju San Financial Group, as well as a dynamic future.

Corporate Data

Address of Head Office

510 Kyomachi, Matsusaka, Mie

Address of Headquarters

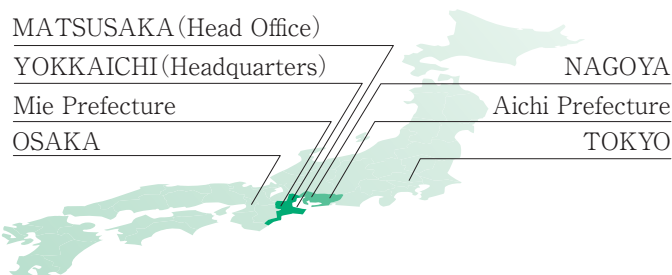
7-8 Nishishinchi, Yokkaichi, Mie

Capital

JPY 10 billion

Listing Stock Exchange

Tokyo Stock Exchange,
Nagoya Stock Exchange



Board Members

Representative Director and Chairman	Hiroshi Iwama
Representative Director and President	Mitsunori Watanabe
Director	Kenzo Tanikawa
Director	Junji Tanehashi
Director and Executive Officer	Atsushi Iguchi
Director and Executive Officer	Takashi Yamamoto
Director and Executive Officer	Takahiro Fujita
Director and Executive Officer	Hiroki Horiuchi
Director (Audit Committee Member)	Yasutaka Sakamoto
Outside Director (Audit Committee Member)	Nobuyoshi Fujiwara
Outside Director (Audit Committee Member)	Akihiko Noro
Outside Director (Audit Committee Member)	Tsuneaki Furukawa
Executive Officer	Shinji Kataoka
Executive Officer	Toshiharu Tsujinaka
Executive Officer	Satoru Tokai
Executive Officer	Kazuya Kawase

Note 1: Director (Audit Committee Member) Nobuyoshi Fujiwara, Akihiko Noro and Tsuneaki Furukawa are outside directors as defined under Article 2(xv) of the Companies Act. (As of June 21, 2018)

Consolidated Balance Sheets

THE MIE BANK, LTD. AND CONSOLIDATED SUBSIDIARIES				March 31, 2018 and 2017
	Millions of Yen		Thousands of U.S. Dollars	
	2018	2017	2018	
Assets				
Cash and Due from Banks	¥ 132,991	¥ 103,835	\$ 1,251,686	
Call Loans and Bills Bought	1,593	3,527	14,996	
Monetary Claims Bought	2,947	3,466	27,741	
Trading Account Securities	76	72	723	
Securities	426,575	443,715	4,014,827	
Loans and Bills Discounted	1,364,201	1,375,057	12,839,544	
Foreign Exchanges	1,818	2,268	17,113	
Lease Receivables and Investment Assets	10,638	8,635	100,127	
Other Assets	29,097	20,010	273,861	
Tangible Fixed Assets	10,568	10,768	99,471	
Buildings	5,234	5,439	49,262	
Land	3,503	3,506	32,977	
Lease Assets	—	2	—	
Construction in Progress	—	196	—	
Other Tangible Fixed Assets	1,830	1,622	17,231	
Intangible Fixed Assets	2,347	2,553	22,090	
Software	2,159	2,336	20,327	
Other Intangible Fixed Assets	187	216	1,762	
Net Defined Benefit Asset	4,393	3,693	41,348	
Deferred Tax Assets	295	289	2,779	
Customers' Liabilities for Acceptances and Guarantees	7,157	8,557	67,366	
Reserve for Possible Loan Losses	(5,101)	(5,264)	(48,010)	
Total Assets	¥ 1,989,602	¥ 1,981,186	\$ 18,725,670	
Liabilities and Net Assets				
Liabilities				
Deposits	¥ 1,671,488	¥ 1,653,833	\$ 15,731,652	
Negotiable Certificates of Deposit	88,202	99,400	830,136	
Payables under Securities Lending Transactions	20,052	12,104	188,732	
Borrowed Money	46,752	60,393	440,018	
Foreign Exchanges	58	4	550	
Other Liabilities	14,668	15,984	138,054	
Reserve for Employees' Bonuses	564	573	5,316	
Net Defined Benefit Liability	163	182	1,542	
Reserve for Executive Officer Retirement Benefits	68	61	647	
Reserve for Reimbursement of Deposits	175	163	1,648	
Deferred Tax Liabilities	10,529	8,132	99,104	
Acceptances and Guarantees	7,157	8,557	67,366	
Total Liabilities	¥ 1,859,881	¥ 1,859,390	\$ 17,504,771	
Net Assets				
Capital Stock	¥ 15,295	¥ 15,295	\$ 143,956	
Capital Surplus	11,256	11,437	105,947	
Retained Earnings	75,884	72,949	714,210	
Treasury Stock	—	(61)	—	
Total Shareholders' Equity	102,437	99,621	964,115	
Net Unrealized Gains on Other Securities	26,440	21,797	248,848	
Net Deferred Losses on Hedges	(329)	(662)	(3,097)	
Remeasurements of Defined Benefit Plans	820	118	7,726	
Total Accumulated Other Comprehensive Income	26,932	21,252	253,477	
Non-Controlling Interests	351	920	3,306	
Total Net Assets	129,720	121,795	1,220,899	
Total Liabilities and Net Assets	¥ 1,989,602	¥ 1,981,186	\$ 18,725,670	

Exchange Rate
1US\$=¥106.25

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

THE MIE BANK, LTD. AND CONSOLIDATED SUBSIDIARIES

Years ended March 31, 2018 and 2017

Consolidated Statements of Income	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Ordinary Income	¥ 33,985	¥ 32,721	\$ 319,861
Interest Income	17,519	17,627	164,888
Interest on Loans and Bills Discounts	13,768	14,043	129,581
Interest and Dividends on Securities	3,627	3,453	34,140
Interest on Call Loans and Bills Bought	24	23	232
Interest on Deposits with Banks	76	64	718
Other Interest Income	22	42	214
Fees and Commissions	6,683	6,226	62,900
Other Operating Income	1,549	1,776	14,586
Other Ordinary Income	8,232	7,091	77,486
Reversal of Reserve for Possible Loan Losses	—	190	—
Recoveries of Written-Off Claims	0	0	0
Other Income	8,232	6,901	77,486
Ordinary Expenses	28,600	27,790	269,178
Interest Expenses	1,062	1,624	9,999
Interest on Deposits	482	711	4,545
Interest on Negotiable Certificates of Deposit	9	48	86
Interest on Payables under Securities Lending Transactions	17	12	168
Interest on Borrowings and Rediscounts	35	164	333
Other Interest Expenses	516	688	4,864
Fees and Commissions Payments	1,697	1,757	15,980
Other Operating Expenses	410	113	3,867
General and Administrative Expenses	18,972	19,055	178,565
Other Ordinary Expenses	6,456	5,239	60,765
Provision for Reserve for Possible Loan Losses	193	—	1,825
Other Expenses	6,262	5,239	58,939
Ordinary Profits	5,385	4,931	50,683
Extraordinary Gains	1	105	17
Gains on Disposal of Fixes Assets	1	1	17
Compensation for Transfer	—	104	—
Extraordinary Losses	88	246	833
Losses on Disposal of Fixed Assets	19	104	180
Impairment Loss on Fixed Assets	69	141	653
Profit before Income Taxes	5,298	4,789	49,867
Total Income Taxes	1,376	1,220	12,959
Current	1,454	1,380	13,688
Deferred	(77)	(160)	(729)
Profit	3,921	3,569	36,907
Profit Attributable to Non-Controlling Interests	45	20	430
Profit Attributable to Owners of Parent	¥ 3,875	¥ 3,548	\$ 36,477

Exchange Rate
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Consolidated Statements of Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Profit	¥ 3,921	¥ 3,569	\$ 36,907
Other Comprehensive Income	5,684	(211)	53,502
Net Unrealized Gains on Other Securities	4,648	(1,097)	43,745
Net Deferred Losses on Hedges	333	584	3,141
Remeasurements of Defined Benefit Plans	702	301	6,615
Comprehensive Income	9,606	3,357	90,410
Comprehensive Income Attributable to Owners of Parent	9,554	3,333	89,928
Comprehensive Income Attributable to Non-Controlling Interests	51	24	482

Exchange Rate
1US\$=¥106.25

Consolidated Balance Sheets

THE DAISAN BANK, LTD. AND CONSOLIDATED SUBSIDIARIES				March 31, 2018 and 2017	
	Millions of Yen			Thousands of U.S. Dollars	
	2018		2017	2018	
Assets					
Cash and Due from Banks	¥	149,404	¥	127,643	\$ 1,406,287
Trading Account Securities		1,205		1,203	11,342
Money Held in Trust		2,446		2,264	23,023
Securities		568,744		590,737	5,353,388
Loans and Bills Discounted		1,273,240		1,257,009	11,984,563
Foreign Exchanges		5,587		2,459	52,588
Other Assets		21,896		20,614	206,099
Tangible Fixed Assets		23,523		24,439	221,413
Buildings		4,856		5,187	45,707
Land		17,187		17,578	161,775
Lease Assets		3		2	28
Construction in Progress		1		1	9
Other Tangible Fixed Assets		1,474		1,669	13,874
Intangible Fixed Assets		3,203		3,406	30,148
Software		3,034		3,325	28,557
Software in Progress		28		—	263
Lease Assets		60		0	564
Other Intangible Fixed Assets		80		80	753
Deferred Tax Assets		58		95	545
Customers' Liabilities for Acceptances and Guarantees		1,692		2,056	15,926
Reserve for Possible Loan Losses		(8,849)		(9,912)	(83,292)
Total Assets	¥	2,042,154	¥	2,022,017	\$ 19,222,082
Liabilities					
Deposits	¥	1,805,951	¥	1,790,710	\$ 16,998,785
Negotiable Certificates of Deposit		3,000		-	28,237
Borrowed Money		86,990		85,963	818,806
Foreign Exchanges		47		9	442
Bonds with Subscription Rights to Shares		6,989		6,989	65,785
Other Liabilities		10,932		15,134	102,899
Reserve for Employees' Bonuses		704		706	6,626
Reserve for Director's Bonuses		8		8	75
Net Defined Benefit Liability		1,640		2,326	15,436
Reserve for Director's Retirement Benefits		23		24	216
Reserve for Reimbursement of Deposits		276		299	2,597
Reserve for Contingent Loss		671		433	6,315
Deferred Tax Liabilities		3,401		2,184	32,012
Deferred Tax Liabilities for Land Revaluation Excess		2,660		2,724	25,037
Acceptances and Guarantees		1,692		2,056	15,926
Total Liabilities	¥	1,924,991	¥	1,909,570	\$ 18,119,267
Net Assets					
Capital Stock	¥	37,461	¥	37,461	\$ 352,607
Capital Surplus		31,644		32,665	297,853
Retained Earnings		20,065		17,063	188,864
Treasury Stock		—		(1,023)	0
Total Shareholders' Equity		89,171		86,166	839,335
Net Unrealized Gains on Other Securities		20,394		18,796	191,961
Land Revaluation Excess		3,677		3,815	34,610
Remeasurements of Defind Benefit Plans		(780)		(900)	(7,341)
Total Accumulated Other Comprehensive Income		23,291		21,711	219,230
Preemptive Right		—		132	0
Non-Controlling Interests		4,699		4,437	44,230
Total Net Assets		117,162		112,447	1,102,804
Total Liabilities and Net Assets	¥	2,042,154	¥	2,022,017	\$ 19,222,082
Exchange Rate 1US\$=¥106.24					

Exchange Rate
1US\$=¥106.24

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

THE DAISAN BANK, LTD. AND CONSOLIDATED SUBSIDIARIES Years ended March 31, 2018 and 2017

Consolidated Statements of Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Ordinary Income	¥ 37,141	¥ 37,563	\$ 349,595
Interest Income	22,694	23,402	213,610
Interest on Loans and Discounts	16,104	17,048	151,581
Interest and Dividends on Securities	6,518	6,287	61,351
Interest on Call Loans and Bills Bought	-	0	-
Interest on Deposits with Banks	39	39	367
Other Interest Income	31	26	291
Fees and Commissions	6,491	6,805	61,097
Other Operating Income	159	241	1,496
Other Ordinary Income	7,796	7,114	73,381
Recoveries of Written-Off Claims	3	2	28
Other Income	7,793	7,111	73,352
Ordinary Expenses	31,692	31,674	298,305
Interest Expenses	823	1,577	7,746
Interest on Deposits	738	1,416	6,946
Interest on Negotiable Certificates of Deposit	0	-	0
Interest on Payables under Securities Lending Transactions	2	2	18
Interest on Borrowings and Rediscounts	65	125	611
Interest on Bonds	-	27	-
Other Interest Expenses	16	5	150
Fees and Commissions Payments	2,528	2,299	23,795
Other Operating Expenses	65	68	611
General and Administrative Expenses	21,075	21,080	198,371
Other Ordinary Expenses	7,200	6,649	67,771
Provision for Reserve for Possible Loan Losses	1,501	1,438	14,128
Other Expenses	5,698	5,210	53,633
Ordinary Profits	5,449	5,889	51,289
Extraordinary Gains	162	93	1,524
Gains on Disposal of Fixed Assets	0	93	0
Gains on Reversal of Subscription Rights to Shares	162	-	1,524
Extraordinary Losses	593	220	5,581
Losses on Disposal of Fixed Assets	24	21	225
Impairment Loss on Fixed Assets	396	198	3,727
Other Extraordinary Losses	172	-	1,618
Profit before Income Taxes	5,018	5,762	47,232
Total Income Taxes	825	2,225	7,765
Current	688	663	6,475
Deferred	137	1,561	1,289
Profit	4,192	3,536	39,457
Profit Attributable to Non-Controlling Interests	65	243	611
Profit Attributable to Owners of Parent	¥ 4,127	¥ 3,293	\$ 38,846

Exchange Rate
1US\$=¥106.24

Consolidated Statements of Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars
	2018	2017	2018
Profit	¥ 4,192	¥ 3,536	\$ 39,457
Other Comprehensive Income	1,922	(2,315)	18,091
Net Unrealized Gains on Other Securities	1,802	(2,345)	16,961
Remeasurements of Defined Benefit Plans	119	29	1,120
Comprehensive Income	6,114	1,220	57,548
Comprehensive Income Attributable to Owners of Parent	5,845	933	55,016
Comprehensive Income Attributable to Non-Controlling Interests	269	287	2,532

Exchange Rate
1US\$=¥106.24



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