

Annual Report 2019

Year Ended March 31, 2019



San ju San Financial Group, Inc.

Message from the Management

I would like to express my warmest gratitude for your continued support.

The San ju San Financial Group, Inc. was borne out of a business merger between Mie Bank, Ltd. and Daisan Bank, Ltd. on April 2, 2018. We have set forth our corporate philosophy of “Contributing to creating a vibrant future as a financial group which is favorable for clients and grows along with the region,” and have embarked upon our First Medium-term Management Plan (April 2018 – March 2021).

This plan positions the three-year plan period as a time for aspiring to attain the status of a quality regional financial group by laying a robust business foundation through the prompt realization of the results of the merger and harnessing these to the utmost extent possible. The vision we have set forth is to aspire to be the “number one regional financial group in terms of quality” based on the four basic policies of building relations, offering solutions, increasing efficiency and optimization, and establishing a robust business foundation.

The company approved the merger of the two subsidiary banks of Mie Bank and Daisan Bank in January 2019. Through the close coordination of both banks, we will continue to move ahead with specific considerations, responses, and preparations for the merger, which is scheduled for May 2021.

I would like to ask for your continued support and patronage moving forward.



Representative Director
and Chairman

Hiroshi Iwama

Representative Director
and President

Mitsunori Watanabe

September 2019

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

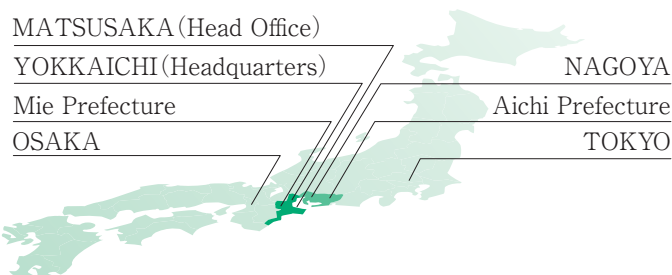
7-8 Nishishinchi, Yokkaichi, Mie

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	Takahiro Fujita
Director and Executive Officer	Hiroki Horiuchi
Director and Executive Officer	Yoshiki Kato
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	Kazuya Kawase
Executive Officer	Hisayoshi Hirose

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, 2019)

Consolidated Balance Sheets

San ju San Financial Group, Inc. and Consolidated Subsidiaries			March 31, 2019
	Millions of JP Yen	Thousands of US Dollars	
	2019	2019	
Assets			
Cash and Due from Banks	¥ 265,670	\$ 2,393,639	
Call Loans and Bills Bought	856	7,712	
Monetary Claims Bought	2,643	23,812	
Trading Account Securities	1,313	11,829	
Money Held in Trust	2,342	21,101	
Securities	985,328	8,877,628	
Loans and Bills Discounted	2,709,470	24,411,838	
Foreign Exchanges	7,174	64,636	
Lease Receivables and Investment Assets	26,421	238,048	
Other Assets	41,807	376,673	
Tangible Fixed Assets	26,881	242,192	
Buildings, Net	8,457	76,196	
Land	14,818	133,507	
Leased Assets, Net	3	27	
Construction in Progress	10	90	
Other Tangible Fixed Assets	3,591	32,354	
Intangible Fixed Assets	5,851	52,716	
Software	5,536	49,878	
Leased Assets	46	414	
Other Intangible Fixed Assets	268	2,414	
Retirement Benefit Asset	4,361	39,291	
Deferred Tax Assets	504	4,540	
Customers' Liabilities for Acceptances and Guarantees	11,407	102,775	
Allowance for Loan Losses	(21,068)	(189,818)	
Total Assets	¥ 4,070,967	\$ 36,678,682	
Liabilities			
Deposits	¥ 3,523,366	\$ 31,744,895	
Negotiable Certificates of Deposit	80,002	720,803	
Payables under Securities Lending Transactions	33,061	297,873	
Borrowed Money	126,138	1,136,480	
Foreign Exchanges	26	234	
Bonds with Share Acquisition Rights	6,989	62,969	
Other Liabilities	26,088	235,048	
Provision for Bonuses	1,243	11,199	
Retirement Benefit Liability	1,574	14,181	
Provision for Retirement Benefits for Directors (and Other Officers)	136	1,225	
Provision for Stocks Payment	50	450	
Provision for Reimbursement of Deposits	410	3,694	
Provision for Contingent Loss	850	7,658	
Deferred Tax Liabilities	15,283	137,697	
Acceptances and Guarantees	11,407	102,775	
Total Liabilities	¥ 3,826,630	\$ 34,477,250	
Net Assets			
Capital Stock	¥ 10,000	\$ 90,098	
Capital Surplus	77,985	702,630	
Retained Earnings	125,367	1,129,534	
Treasury Shares	(325)	(2,928)	
Total Shareholders' Equity	213,027	1,919,335	
Valuation Difference on Available-for-sale Securities	28,807	259,545	
Deferred Gains or Losses on Hedges	(151)	(1,360)	
Remeasurements of Defined Benefit Plans	309	2,784	
Total Accumulated Other Comprehensive Income	28,965	260,969	
Non-Controlling Interests	2,343	21,110	
Total Net Assets	244,336	2,201,423	
Total Liabilities and Net Assets	¥ 4,070,967	\$ 36,678,682	

Exchange Rate
1US\$=¥110.99

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

San ju San Financial Group, Inc. and Consolidated Subsidiaries

Years ended March 31, 2019

Consolidated Statements of Income	Millions of JP Yen		Thousands of US Dollars	
		2019		2019
Ordinary Income	¥	69,640	\$	627,443
Interest Income		36,688		330,552
Interest on Loans and Discounts		28,756		259,086
Interest and Dividends on Securities		7,731		69,654
Interest on Call Loans and Bills Bought		32		288
Interest on Deposits with Banks		116		1,045
Other Interest Income		51		459
Fees and Commissions		14,378		129,543
Other Ordinary Income		1,638		14,758
Other Income		16,935		152,581
Recoveries of Written Off Claims		1		9
Other		16,933		152,563
Ordinary Expenses		61,856		557,311
Interest Expenses		1,423		12,820
Interest on Deposits		987		8,892
Interest on Negotiable Certificates of Deposit		6		54
Interest on Payables under Securities Lending Transactions		14		126
Interest on Borrowings and Rediscounts		101		909
Other Interest Expenses		313		2,820
Fees and Commissions Payments		4,192		37,769
Other Ordinary Expenses		444		4,000
General and Administrative Expenses		38,767		349,283
Other Expenses		17,028		153,419
Provision of Allowance for Loan Losses		3,460		31,173
Other		13,568		122,245
Ordinary Profit		7,783		70,123
Extraordinary Income		46,387		417,938
Gain on Disposal of Non-Current Assets		26		234
Gain on Bargain Purchase		46,361		417,704
Extraordinary Losses		160		1,441
Loss on Disposal of Non-Current Assets		25		225
Impairment Loss		134		1,207
Profit before Income Taxes		54,011		486,629
Total Income Taxes		1,458		13,136
Income Taxes - Current		2,718		24,488
Income Taxes - Deferred		(1,260)		(11,352)
Profit		52,552		473,484
Profit Attributable to Non-Controlling Interests		274		2,468
Profit Attributable to Owners of Parent	¥	52,277	\$	471,006

Exchange Rate
1US\$=¥110.99

Consolidated Statements of Comprehensive Income	Millions of JP Yen		Thousands of US Dollars	
		2019		2019
Profit	¥	52,552	\$	473,484
Other Comprehensive Income		1,822		16,415
Valuation Difference on Available-for-Sale Securities		2,156		19,425
Deferred Gains or Losses on Hedges		177		1,594
Remeasurements of Defined Benefit Plans, Net of Tax		(511)		(4,604)
Comprehensive Income		54,375		489,909
Comprehensive Income Attributable to Owners of Parent		54,311		489,332
Comprehensive Income Attributable to Non-Controlling Interests		64		576

Exchange Rate
1US\$=¥110.99

Consolidated Balance Sheets

THE MIE BANK, LTD. and Consolidated Subsidiaries

March 31, 2019 and 2018

	Millions of JP Yen		Thousands of US Dollars
	2019	2018	2019
Assets			
Cash and Due from Banks	¥ 141,923	¥ 132,991	\$ 1,278,590
Call Loans and Bills Bought	856	1,593	7,715
Monetary Claims Bought	2,643	2,947	23,815
Trading Account Securities	81	76	735
Securities	427,977	426,575	3,855,652
Loans and Bills Discounted	1,391,464	1,364,201	12,535,717
Foreign Exchanges	2,030	1,818	18,291
Lease Receivables and Investment Assets	14,084	10,638	126,891
Other Assets	31,038	29,097	279,624
Tangible Fixed Assets	10,381	10,568	93,527
Buildings, Net	5,159	5,234	46,484
Land	3,456	3,503	31,138
Construction in Progress	10	—	90
Other Tangible Fixed Assets	1,755	1,830	15,814
Intangible Fixed Assets	2,868	2,347	25,840
Software	2,683	2,159	24,172
Other Intangible Fixed Assets	185	187	1,667
Retirement Benefit Asset	4,361	4,393	39,291
Deferred Tax Assets	390	295	3,513
Customers' Liabilities for Acceptances and Guarantees	9,858	7,157	88,812
Allowance for Loan Losses	(7,639)	(5,101)	(68,822)
Total Assets	¥ 2,032,320	¥ 1,989,602	\$ 18,309,198
Liabilities			
Deposits	¥ 1,709,619	¥ 1,671,488	\$ 15,401,978
Negotiable Certificates of Deposit	75,702	88,202	682,000
Payables under Securities Lending Transactions	33,061	20,052	297,854
Borrowed Money	43,159	46,752	388,819
Foreign Exchanges	26	58	241
Other Liabilities	15,833	14,668	142,641
Provision for Bonuses	540	564	4,867
Retirement Benefit Liability	130	163	1,179
Provision for Executive Officer Retirement Benefits	85	68	768
Provision for Stocks Payment	23	—	210
Provision for Reimbursement of Deposits	196	175	1,767
Deferred Tax Liabilities	10,629	10,529	95,760
Acceptances and Guarantees	9,858	7,157	88,812
Total Liabilities	¥ 1,898,866	¥ 1,859,881	\$ 17,106,901
Net Assets			
Capital Stock	¥ 15,295	¥ 15,295	\$ 137,796
Capital Surplus	11,256	11,256	101,414
Retained Earnings	78,032	75,884	702,996
Total Shareholders' Equity	104,584	102,437	942,207
Valuation Difference on Available-for-Sale Securities	27,978	26,440	252,058
Deferred Gains or Losses on Hedges	(151)	(329)	(1,366)
Remeasurements of Defined Benefit Plans	688	820	6,201
Total Accumulated Other Comprehensive Income	28,515	26,932	256,893
Non-Controlling Interests	354	351	3,195
Total Net Assets	133,454	129,720	1,202,296
Total Liabilities and Net Assets	¥ 2,032,320	¥ 1,989,602	\$ 18,309,198

Exchange Rate
1US\$=¥110.00

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

THE MIE BANK, LTD. and Consolidated Subsidiaries

Years ended March 31, 2019 and 2018

Consolidated Statements of Income	Millions of JP Yen				Thousands of US Dollars
		2019		2018	2019
Ordinary Income	¥	35,822	¥	33,236	\$ 322,726
Interest Income		17,278		17,273	155,659
Interest on Loans and Discounts		13,525		13,768	121,851
Interest and Dividends on Securities		3,616		3,381	32,582
Interest on Call Loans and Bills Bought		32		24	296
Interest on Deposits with Banks		77		76	699
Other Interest Income		25		22	229
Fees and Commissions		7,070		6,683	63,696
Other Ordinary Income		1,315		1,492	11,853
Other Income		10,158		7,787	91,516
Recoveries of Written Off Claims		0		0	0
Other		10,158		7,787	91,515
Ordinary Expenses		30,757		27,850	277,092
Interest Expenses		789		1,062	7,116
Interest on Deposits		427		482	3,849
Interest on Negotiable Certificates of Deposit		5		9	53
Interest on Payables under Securities Lending Transactions		13		17	117
Interest on Borrowings and Rediscounts		45		35	408
Other Interest Expenses		298		516	2,688
Fees and Commissions Payments		1,590		1,252	14,327
Other Ordinary Expenses		8		107	78
General and Administrative Expenses		18,749		18,972	168,915
Other Expenses		9,618		6,456	86,655
Provision of Allowance for Loan Losses		2,817		193	25,385
Other		6,800		6,262	61,269
Ordinary Profit		5,065		5,385	45,633
Extraordinary Income		1		1	12
Gain on Disposal of Non-Current Assets		1		1	12
Extraordinary Losses		135		88	1,217
Loss on Disposal of Non-Current Assets		5		19	49
Impairment Loss		129		69	1,167
Profit before Income Taxes		4,931		5,298	44,429
Total Income Taxes		1,378		1,376	12,416
Income Taxes - Current		2,074		1,454	18,687
Income Taxes - Deferred		(696)		(77)	(6,270)
Profit		3,553		3,921	32,012
Profit (Loss) Attributable to Non-Controlling Interests		(1)		45	(9)
Profit Attributable to Owners of Parent	¥	3,554	¥	3,875	\$ 32,022
(Note 1) Previously, dividends received from the group credit life insurance system, such as mortgages and the like, had been posted to "Other Income." However, starting from this fiscal year, these have been posted to "Fees and Commissions Payments" so as to offset insurance premiums paid by this insurance system, and so the figures from the previous fiscal year have been reclassified.					Exchange Rate 1US\$=¥110.00
(Note 2) Previously, profits and losses from the cancellation of investment trusts had been posted as "Other Ordinary Income" or "Other Ordinary Expenses." However, starting from this year, this has been posted to "Interest and Dividends on Securities" found among "Interest Income," and so the figures from the previous fiscal year have been reclassified.					
Consolidated Statements of Comprehensive Income	Millions of JP Yen				Thousands of US Dollars
		2019		2018	2019
Profit	¥	3,553	¥	3,921	\$ 32,012
Other Comprehensive Income		1,588		5,684	14,308
Valuation Difference on Available-for-Sale Securities		1,543		4,648	13,904
Deferred Gains or Losses on Hedges		177		333	1,598
Remeasurements of Defined Benefit Plans, Net of Tax		(132)		702	(1,194)
Comprehensive Income		5,141		9,606	46,320
Comprehensive Income Attributable to Owners of Parent		5,137		9,554	46,284
Comprehensive Income Attributable to Non-Controlling Interests		3		51	35
					Exchange Rate 1US\$=¥110.00

Consolidated Balance Sheets

THE DAISAN BANK, LTD. and Consolidated Subsidiaries

March 31, 2019 and 2018

	Millions of JP Yen		Thousands of US Dollars
	2019	2018	2019
Assets			
Cash and Due from Banks	¥ 123,710	¥ 149,404	\$ 1,114,604
Trading Account Securities	1,231	1,205	11,091
Money Held in Trust	2,342	2,446	21,101
Securities	557,350	568,744	5,021,623
Loans and Bills Discounted	1,313,200	1,273,240	11,831,696
Foreign Exchanges	5,139	5,587	46,301
Other Assets	22,854	21,896	205,910
Tangible Fixed Assets	23,531	23,523	212,010
Buildings, Net	4,612	4,856	41,553
Land	17,079	17,187	153,878
Leased Assets, Net	3	3	27
Construction in Progress	—	1	—
Other Tangible Fixed Assets	1,835	1,474	16,533
Intangible Fixed Assets	2,979	3,203	26,840
Software	2,831	3,034	25,506
Software in Progress	22	28	198
Leased Assets	46	60	414
Other Intangible Fixed Assets	79	80	711
Deferred Tax Assets	95	58	855
Customers' Liabilities for Acceptances and Guarantees	1,549	1,692	13,956
Allowance for Loan Losses	(7,970)	(8,849)	(71,808)
Total Assets	¥ 2,046,016	¥ 2,042,154	\$ 18,434,237
Liabilities			
Deposits	¥ 1,821,530	¥ 1,805,951	\$ 16,411,658
Negotiable Certificates of Deposit	4,300	3,000	38,742
Borrowed Money	83,674	86,990	753,887
Foreign Exchanges	—	47	—
Bonds with Share Acquisition Rights	—	6,989	—
Other Liabilities	10,137	10,932	91,332
Provision for Bonuses	676	704	6,090
Provision for Directors' Bonuses	8	8	72
Retirement Benefit Liability	1,443	1,640	13,001
Provision for Stocks Payment	27	—	243
Provision for Retirement Benefits for Directors (and Other Officers)	21	23	189
Provision for Reimbursement of Deposits	214	276	1,928
Provision for Contingent Loss	628	671	5,658
Deferred Tax Liabilities	3,403	3,401	30,660
Deferred Tax Liabilities for Land Revaluation Excess	2,637	2,660	23,758
Acceptances and Guarantees	1,549	1,692	13,956
Total Liabilities	¥ 1,930,253	¥ 1,924,991	\$ 17,391,233
Net Assets			
Capital Stock	¥ 37,461	¥ 37,461	\$ 337,516
Capital Surplus	32,837	31,644	295,855
Retained Earnings	21,909	20,065	197,396
Total Shareholders' Equity	92,207	89,171	830,768
Valuation Difference on Available-for-Sale Securities	18,985	20,394	171,051
Land Revaluation Excess	3,622	3,677	32,633
Remeasurements of Defined Benefit Plans	(1,044)	(780)	(9,406)
Total Accumulated Other Comprehensive Income	21,564	23,291	194,287
Non-Controlling interests	1,990	4,699	17,929
Total Net Assets	115,763	117,162	1,043,003
Total Liabilities and Net Assets	¥ 2,046,016	¥ 2,042,154	\$ 18,434,237

Exchange Rate
1US\$=¥110.99

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

THE DAISAN BANK, LTD. and Consolidated Subsidiaries

Years ended March 31, 2019 and 2018

Consolidated Statements of Income	Millions of JP Yen				Thousands of US Dollars	
		2019		2018		2019
Ordinary Income	¥	37,452	¥	37,141	\$	337,435
Interest Income		21,647		22,694		195,035
Interest on Loans and Discounts		15,234		16,104		137,255
Interest and Dividends on Securities		6,348		6,518		57,194
Interest on Deposits with Banks		38		39		342
Other Interest Income		25		31		225
Fees and Commissions		7,317		6,491		65,924
Other Ordinary Income		1,042		159		9,388
Other Income		7,444		7,796		67,069
Recoveries of Written Off Claims		1		3		9
Other		7,443		7,793		67,060
Ordinary Expenses		31,752		31,692		286,079
Interest Expenses		637		823		5,739
Interest on Deposits		560		738		5,045
Interest on Negotiable Certificates of Deposit		0		0		0
Interest on Payables under Securities Lending Transactions		1		2		9
Interest on Borrowings and Rediscounts		59		65		531
Other Interest Expenses		15		16		135
Fees and Commissions Payments		2,603		2,528		23,452
Other Ordinary Expenses		428		65		3,856
General and Administrative Expenses		20,394		21,075		183,746
Other Expenses		7,688		7,200		69,267
Provision of Allowance for Loan Losses		699		1,501		6,297
Other		6,988		5,698		62,960
Ordinary Profit		5,700		5,449		51,355
Extraordinary Income		5		162		45
Gain on Disposal of Non-Current Assets		5		0		45
Gain on Reversal of Share Acquisition Rights		—		162		—
Extraordinary Losses		73		593		657
Loss on Disposal of Non-Current Assets		20		24		180
Impairment Loss		53		396		477
Other Extraordinary Losses		—		172		—
Profit before Income Taxes		5,631		5,018		50,734
Total Income Taxes		895		825		8,063
Income Taxes - Current		627		688		5,649
Income Taxes - Deferred		268		137		2,414
Profit		4,736		4,192		42,670
Profit Attributable to Non-Controlling Interests		445		65		4,009
Profit Attributable to Owners of Parent	¥	4,290	¥	4,127	\$	38,652

Exchange Rate
1US\$=¥110.99

Consolidated Statements of Comprehensive Income	Millions of JP Yen				Thousands of US Dollars
	2019		2018		2019
Profit	¥	4,736	¥	4,192	\$ 42,670
Other Comprehensive Income		(1,890)		1,922	(17,028)
Valuation Difference on Available-for-Sale Securities		(1,626)		1,802	(14,649)
Remeasurements of Defined Benefit Plans, Net of Tax		(263)		119	(2,369)
Comprehensive Income		2,845		6,114	25,632
Comprehensive Income Attributable to Owners of Parent		2,618		5,845	23,587
Comprehensive Income Attributable to Non-Controlling Interests		227		269	2,045

Exchange Rate
1US\$=¥110.99



San ju San Financial Group, Inc.

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