

Annual Report 2020

Year Ended March 31, 2020



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. has reached the final year of its First Medium-term Management Plan (April 2018 to March 2021), which set forth its corporate philosophy of “Contributing to creating a vibrant future as a financial group which is favorable for clients and grows along with the region”.

This plan is based on the four basic policies of building relations, offering solutions, increasing efficiency and optimization, and establishing a robust business foundation, and we aspire to be the “number one regional financial group in terms of quality” by laying a robust business foundation while promptly realizing and fully demonstrating the effects of integration.

Furthermore, our subsidiary banks of Mie Bank and Daisan Bank are scheduled to merge in May 2021 subject to acquisition of approval of the proper authorities, and preparations for the merger are moving ahead favorably.

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

September 2020



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

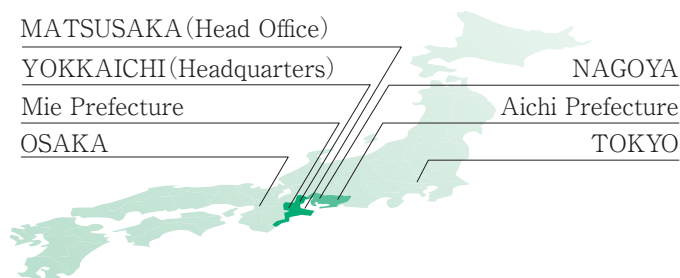
7-8 Nishishinchi, Yokkaichi, Mie

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	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
Outside Director (Audit Committee Member)	Hitoshi Tanemura
Outside Director (Audit Committee Member)	Sumie Yoshida
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, Tsuneaki Furukawa, Hitoshi Tanemura and Sumie Yoshida are outside directors as defined under Article 2(xv) of the Companies Act. (As of June 19, 2020)

Consolidated Balance Sheets

San ju San Financial Group, Inc. and Consolidated Subsidiaries

March 31, 2020 and 2019

	Millions of JP Yen		Thousands of US Dollars
	2020	2019	2020
Assets			
Cash and Due from Banks	¥ 215,943	¥ 265,670	\$ 1,984,223
Call Loans and Bills Bought	725	856	6,661
Monetary Claims Bought	4,232	2,643	38,886
Trading Account Securities	1,212	1,313	11,136
Money Held in Trust	—	2,342	—
Securities	879,376	985,328	8,080,271
Loans and Bills Discounted	2,709,768	2,709,470	24,899,090
Foreign Exchanges	7,758	7,174	71,285
Lease Receivables and Investment Assets	30,353	26,421	278,902
Other Assets	57,888	41,807	531,912
Tangible Fixed Assets	27,283	26,881	250,693
Buildings, Net	8,338	8,457	76,614
Land	14,484	14,818	133,088
Leased Assets, Net	6	3	55
Construction in Progress	473	10	4,346
Other Tangible Fixed Assets	3,979	3,591	36,561
Intangible Fixed Assets	8,640	5,851	79,389
Software	5,183	5,185	47,624
Software in Progress	3,158	351	29,017
Leased Assets	31	46	284
Other Intangible Fixed Assets	266	268	2,444
Retirement Benefit Asset	3,455	4,361	31,746
Deferred Tax Assets	652	504	5,990
Customers' Liabilities for Acceptances and Guarantees	9,895	11,407	90,921
Allowance for Loan Losses	(20,252)	(21,068)	(186,088)
Total Assets	¥ 3,936,933	¥ 4,070,967	\$ 36,175,071
Liabilities			
Deposits	¥ 3,465,927	¥ 3,523,366	\$ 31,847,165
Negotiable Certificates of Deposit	83,302	80,002	765,432
Payables under Securities Lending Transactions	—	33,061	—
Borrowed Money	110,513	126,138	1,015,464
Foreign Exchanges	21	26	192
Bonds with Share Acquisition Rights	—	6,989	—
Other Liabilities	30,152	26,088	277,055
Provision for Bonuses	1,218	1,243	11,191
Retirement Benefit Liability	942	1,574	8,655
Provision for Retirement Benefits for Directors (and Other Officers)	172	136	1,580
Provision for Share-Based Remuneration	117	50	1,075
Provision for Reimbursement of Deposits	318	410	2,921
Provision for Contingent Loss	850	850	7,810
Deferred Tax Liabilities	6,034	15,283	55,444
Acceptances and Guarantees	9,895	11,407	90,921
Total Liabilities	¥ 3,709,468	¥ 3,826,630	\$ 34,084,976
Net Assets			
Capital Stock	¥ 10,000	¥ 10,000	\$ 91,886
Capital Surplus	79,400	77,985	729,578
Retained Earnings	127,294	125,367	1,169,659
Treasury Shares	(327)	(325)	(3,004)
Total Shareholders' Equity	216,367	213,027	1,988,119
Valuation Difference on Available-for-Sale Securities	11,359	28,807	104,373
Deferred Gains or Losses on Hedges	(58)	(151)	(532)
Remeasurements of Defined Benefit Plans	(574)	309	(5,274)
Total Accumulated Other Comprehensive Income	10,726	28,965	98,557
Non-Controlling Interests	371	2,343	3,408
Total Net Assets	227,465	244,336	2,090,094
Total Liabilities and Net Assets	¥ 3,936,933	¥ 4,070,967	\$ 36,175,071

Exchange Rate
1US\$=¥108.83

Note 1

Because its monetary importance has increased, "Software temporary account", which was traditionally included in "Software" of "Intangible fixed assets", has been listed separately starting from this accounting period of consolidation. Accordingly, this has been changed in the previous accounting period of consolidation.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

San ju San Financial Group, Inc. and Consolidated Subsidiaries Years ended March 31, 2020 and 2019

Consolidated Statements of Income	Millions of JP Yen		Thousands of US Dollars
	2020	2019	2020
Ordinary Income	¥ 71,116	¥ 69,640	\$ 653,459
Interest Income	36,168	36,688	332,334
Interest on Loans and Discounts	28,212	28,756	259,229
Interest and Dividends on Securities	7,782	7,731	71,506
Interest on Call Loans and Bills Bought	12	32	110
Interest on Deposits with Banks	113	116	1,038
Other Interest Income	47	51	431
Fees and Commissions	14,455	14,378	132,821
Other Ordinary Income	2,283	1,638	20,977
Other Income	18,208	16,935	167,306
Recoveries of Written Off Receivables	10	1	91
Other	18,198	16,933	167,214
Ordinary Expenses	64,938	61,856	596,692
Interest Expenses	1,173	1,423	10,778
Interest on Deposits	872	987	8,012
Interest on Negotiable Certificates of Deposit	6	6	55
Interest on Call Money and Bills Sold	(0)	—	(0)
Interest on Payables under Securities Lending Transactions	3	14	27
Interest on Borrowings and Rediscounts	118	101	1,084
Other Interest Expenses	173	313	1,589
Fees and Commissions Payments	4,121	4,192	37,866
Other Ordinary Expenses	940	444	8,637
General and Administrative Expenses	39,390	38,767	361,940
Other Expenses	19,312	17,028	177,451
Provision of Allowance for Loan Losses	816	3,460	7,497
Other	18,496	13,568	169,953
Ordinary Profit	6,178	7,783	56,767
Extraordinary Income	491	46,387	4,511
Gain on Disposal of Non-Current Assets	414	26	3,804
Gain on Bargain Purchase	—	46,361	—
Compensation for forced relocation	76	—	698
Extraordinary Losses	131	160	1,203
Loss on Disposal of Non-Current Assets	79	25	725
Impairment Loss	52	134	477
Profit before Income Taxes	6,538	54,011	60,075
Total Income Taxes	2,044	1,458	18,781
Income Taxes - Current	3,697	2,718	33,970
Income Taxes - Deferred	(1,653)	(1,260)	(15,188)
Profit	4,493	52,552	41,284
Profit Attributable to Non-Controlling Interests	342	274	3,142
Profit Attributable to Owners of Parent	¥ 4,151	¥ 52,277	\$ 38,142

Exchange Rate
1US\$=¥108.83

Consolidated Statements of Comprehensive Income	Millions of JP Yen		Thousands of US Dollars
	2020	2019	2020
Profit	¥ 4,493	¥ 52,552	\$ 41,284
Other Comprehensive Income	(18,209)	1,822	(167,315)
Valuation Difference on Available-for-Sale Securities	(17,417)	2,156	(160,038)
Deferred Gains or Losses on Hedges	93	177	854
Remeasurements of Defined Benefit Plans, Net of Tax	(884)	(511)	(8,122)
Comprehensive Income	(13,715)	54,375	(126,022)
Comprehensive Income Attributable to Owners of Parent	(14,087)	54,311	(129,440)
Comprehensive Income Attributable to Non-Controlling Interests	371	64	3,408

Exchange Rate
1US\$=¥108.83

Consolidated Balance Sheets

THE MIE BANK, LTD. and Consolidated Subsidiaries

March 31, 2020 and 2019

	Millions of JP Yen		Thousands of US Dollars
	2020	2019	2020
Assets			
Cash and Due from Banks	¥ 96,102	¥ 141,923	\$ 883,216
Call Loans and Bills Bought	725	856	6,664
Monetary Claims Bought	4,232	2,643	38,899
Trading Account Securities	92	81	845
Securities	384,468	427,977	3,533,397
Loans and Bills Discounted	1,406,103	1,391,464	12,922,554
Foreign Exchanges	1,778	2,030	16,343
Lease Receivables and Investments in Leases	16,878	14,084	155,121
Other Assets	38,053	31,038	349,726
Tangible Fixed Assets	10,387	10,381	95,467
Buildings, Net	5,221	5,159	47,986
Land	3,437	3,456	31,587
Construction in Progress	55	10	506
Other Tangible Fixed Assets	1,674	1,755	15,386
Intangible Fixed Assets	4,160	2,868	38,235
Software	2,414	2,354	22,190
Software in Progress	1,562	329	14,355
Other Intangible Fixed Assets	183	185	1,689
Retirement Benefit Asset	3,455	4,361	31,754
Deferred Tax Assets	403	390	3,704
Customers' Liabilities for Acceptances and Guarantees	8,450	9,858	77,667
Allowance for Loan Losses	(7,690)	(7,639)	(70,674)
Total Assets	¥ 1,967,603	¥ 2,032,320	\$ 18,082,924
Liabilities			
Deposits	¥ 1,687,013	¥ 1,709,619	\$ 15,504,213
Negotiable Certificates of Deposit	79,902	75,702	734,325
Payables under Securities Lending Transactions	—	33,061	—
Borrowed Money	48,938	43,159	449,756
Foreign Exchanges	2	26	22
Other Liabilities	14,677	15,833	134,894
Provision for Bonuses	543	540	4,995
Retirement Benefit Liability	130	130	1,203
Provision for Executive Officers' Retirement Benefits	95	85	881
Provision for Share-Based Remuneration	52	23	480
Provision for Reimbursement of Deposits	147	196	1,355
Deferred Tax Liabilities	4,905	10,629	45,082
Acceptances and Guarantees	8,450	9,858	77,667
Total Liabilities	¥ 1,844,860	¥ 1,898,866	\$ 16,954,879
Net Assets			
Share Capital	¥ 15,295	¥ 15,295	\$ 140,570
Capital Surplus	11,256	11,256	103,455
Retained Earnings	81,215	78,032	746,395
Total Shareholders' Equity	107,767	104,584	990,420
Valuation Difference on Available-for-Sale Securities	14,819	27,978	136,195
Deferred Gains or Losses on Hedges	(58)	(151)	(538)
Remeasurements of Defined Benefit Plans	(157)	688	(1,446)
Total Accumulated Other Comprehensive Income	14,603	28,515	134,210
Non-Controlling Interests	371	354	3,414
Total Net Assets	122,742	133,454	1,128,045
Total Liabilities and Net Assets	¥ 1,967,603	¥ 2,032,320	\$ 18,082,924

Exchange Rate
1US\$=¥108.81

Note 1

Because its monetary importance has increased, "Software temporary account", which was traditionally included in "Software" of "Intangible fixed assets", has been listed separately starting from this accounting period of consolidation. Accordingly, this has been changed in the previous accounting period of consolidation.

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

THE MIE BANK, LTD. and Consolidated Subsidiaries

Years ended March 31, 2020 and 2019

Consolidated Statements of Income	Millions of JP Yen		Thousands of US Dollars	
	2020	2019	2020	
Ordinary Income	¥	36,103	¥	35,822
Interest Income		17,320		17,278
Interest on Loans and Discounts		13,473		13,525
Interest and Dividends on Securities		3,732		3,616
Interest on Call Loans and Bills Bought		12		32
Interest on Deposits with Banks		74		77
Other Interest Income		27		25
Fees and Commissions		7,066		7,070
Other Ordinary Income		995		1,315
Other Income		10,721		10,158
Recoveries of Written Off Receivables		0		0
Other		10,721		10,158
Ordinary Expenses		29,803		30,757
Interest Expenses		637		789
Interest on Deposits		411		427
Interest on Negotiable Certificates of Deposit		6		5
Interest on Payables under Securities Lending Transactions		2		13
Interest on Borrowings and Rediscounts		63		45
Other Interest Expenses		154		298
Fees and Commissions Payments		1,638		1,590
Other Ordinary Expenses		30		8
General and Administrative Expenses		19,252		18,749
Other Expenses		8,243		9,618
Provision of Allowance for Loan Losses		370		2,817
Other		7,873		6,800
Ordinary Profit		6,299		5,065
Extraordinary Income		76		1
Gain on Disposal of Non-Current Assets		0		1
Compensation for Forced Relocation		76		—
Extraordinary Losses		30		135
Loss on Disposal of Non-Current Assets		15		5
Impairment Loss		15		129
Profit before Income Taxes		6,345		4,931
Total Income Taxes		2,175		1,378
Income Taxes - Current		1,947		2,074
Income Taxes - Deferred		227		(696)
Profit		4,169		3,553
Profit (Loss) Attributable to Non-Controlling Interests		18		(1)
Profit Attributable to Owners of Parent	¥	4,151	¥	3,554

Exchange Rate
1US\$=¥108.81

Consolidated Statements of Comprehensive Income	Millions of JP Yen		Thousands of US Dollars	
	2020	2019	2020	
Profit	¥	4,169	¥	3,553
Other Comprehensive Income		(13,912)		1,588
Valuation Difference on Available-for-Sale Securities		(13,159)		1,543
Deferred Gains or Losses on Hedges		93		177
Remeasurements of Defined Benefit Plans, Net of Tax		(845)		(132)
Comprehensive Income		(9,742)		5,141
Comprehensive Income Attributable to Owners of Parent		(9,759)		5,137
Comprehensive Income Attributable to Non-Controlling Interests		17		3

Exchange Rate
1US\$=¥108.81

Consolidated Balance Sheets

THE DAISAN BANK, LTD. and Consolidated Subsidiaries

March 31, 2020 and 2019

	Millions of JP Yen		Thousands of US Dollars
	2020	2019	2020
Assets			
Cash and Due from Banks	¥ 119,792	¥ 123,710	\$ 1,100,725
Trading Account Securities	1,120	1,231	10,291
Money Held in Trust	—	2,342	—
Securities	494,907	557,350	4,547,523
Loans and Bills Discounted	1,298,395	1,313,200	11,930,487
Foreign Exchanges	5,980	5,139	54,948
Other Assets	33,021	22,854	303,418
Tangible Fixed Assets	23,649	23,531	217,302
Buildings, Net	4,308	4,612	39,584
Land	16,609	17,079	152,614
Leased Assets, Net	6	3	55
Construction in Progress	418	—	3,840
Other Tangible Fixed Assets	2,305	1,835	21,179
Intangible Fixed Assets	4,476	2,979	41,128
Software	2,768	2,831	25,434
Software in Progress	1,596	22	14,665
Leased Assets	31	46	284
Other Intangible Fixed Assets	79	79	725
Deferred Tax Assets	372	95	3,418
Customers' Liabilities for Acceptances and Guarantees	1,444	1,549	13,268
Allowance for Loan Losses	(6,615)	(7,970)	(60,782)
Total Assets	¥ 1,976,545	¥ 2,046,016	\$ 18,161,766
Liabilities			
Deposits	¥ 1,779,718	¥ 1,821,530	\$ 16,353,193
Negotiable Certificates of Deposit	3,400	4,300	31,241
Borrowed Money	62,300	83,674	572,452
Foreign Exchanges	19	—	174
Other Liabilities	15,390	10,137	141,413
Provision for Bonuses	648	676	5,954
Provision for Directors' Bonuses	8	8	73
Retirement Benefit Liability	811	1,443	7,451
Provision for Share-Based Remuneration	65	27	597
Provision for Retirement Benefits for Directors (and Other Officers)	29	21	266
Provision for Reimbursement of Deposits	171	214	1,571
Provision for Contingent Loss	610	628	5,605
Deferred Tax Liabilities	—	3,403	—
Deferred Tax Liabilities for Land Revaluation Excess	2,587	2,637	23,771
Acceptances and Guarantees	1,444	1,549	13,268
Total Liabilities	¥ 1,867,206	¥ 1,930,253	\$ 17,157,089
Net Assets			
Capital Stock	¥ 37,461	¥ 37,461	\$ 344,215
Capital Surplus	34,252	32,837	314,729
Retained Earnings	24,492	21,909	225,048
Total Shareholders' Equity	96,206	92,207	884,002
Valuation Difference on Available-for-Sale Securities	10,580	18,985	97,215
Land Revaluation Excess	3,522	3,622	32,362
Remeasurements of Defined Benefit Plans	(970)	(1,044)	(8,912)
Total Accumulated Other Comprehensive Income	13,132	21,564	120,665
Non-Controlling interests	—	1,990	—
Total Net Assets	109,338	115,763	1,004,667
Total Liabilities and Net Assets	¥ 1,976,545	¥ 2,046,016	\$ 18,161,766
			Exchange Rate 1US\$=¥108.83

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

THE DAISAN BANK, LTD. and Consolidated Subsidiaries

Years ended March 31, 2020 and 2019

Consolidated Statements of Income	Millions of JP Yen		Thousands of US Dollars
	2020	2019	2020
Ordinary Income	¥ 37,365	¥ 37,452	\$ 343,333
Interest Income	19,985	21,647	183,635
Interest on Loans and Discounts	14,742	15,234	135,458
Interest and Dividends on Securities	5,183	6,348	47,624
Interest on Deposits with Banks	38	38	349
Other Interest Income	20	25	183
Fees and Commissions	7,401	7,317	68,005
Other Ordinary Income	2,109	1,042	19,378
Other Income	7,869	7,444	72,305
Recoveries of Written Off Receivables	10	1	91
Other	7,859	7,443	72,213
Ordinary Expenses	32,336	31,752	297,123
Interest Expenses	538	637	4,943
Interest on Deposits	460	560	4,226
Interest on Negotiable Certificates of Deposit	0	0	0
Interest on Call Money and Bills Sold	(0)	—	(0)
Interest on Payables under Securities Lending Transactions	0	1	0
Interest on Borrowings and Rediscounts	58	59	532
Other Interest Expenses	18	15	165
Fees and Commissions Payments	2,488	2,603	22,861
Other Ordinary Expenses	1,017	428	9,344
General and Administrative Expenses	20,567	20,394	188,982
Other Expenses	7,724	7,688	70,973
Provision of Allowance for Loan Losses	513	699	4,713
Other	7,211	6,988	66,259
Ordinary Profit	5,028	5,700	46,200
Extraordinary Income	461	5	4,235
Gain on Disposal of Non-Current Assets	461	5	4,235
Extraordinary Losses	302	73	2,774
Loss on Disposal of Non-Current Assets	64	20	588
Impairment Loss	237	53	2,177
Profit before Income Taxes	5,187	5,631	47,661
Total Income Taxes	1,093	895	10,043
Income Taxes - Current	1,734	627	15,933
Income Taxes - Deferred	(641)	268	(5,889)
Profit	4,094	4,736	37,618
Profit Attributable to Non-Controlling Interests	355	445	3,261
Profit Attributable to Owners of Parent	¥ 3,739	¥ 4,290	\$ 34,356

Exchange Rate
1US\$=¥108.83

Consolidated Statements of Comprehensive Income	Millions of JP Yen		Thousands of US Dollars
	2020	2019	2020
Profit	¥ 4,094	¥ 4,736	\$ 37,618
Other Comprehensive Income	(8,332)	(1,890)	(76,559)
Valuation Difference on Available-for-Sale Securities	(8,406)	(1,626)	(77,239)
Remeasurements of Defined Benefit Plans, Net of Tax	73	(263)	670
Comprehensive Income	(4,238)	2,845	(38,941)
Comprehensive Income Attributable to Owners of Parent	(4,592)	2,618	(42,194)
Comprehensive Income Attributable to Non-Controlling Interests	354	227	3,252

Exchange Rate
1US\$=¥108.83



San ju San Financial Group, Inc.

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