

Annual Report 2023

Year Ended March 31, 2023



San ju San Financial Group, Inc.

Message from the Management

Thank you for your continued support.

In our second medium-term management plan, which started in April 2021, we set a period of three years to fully integrate our strengths after our merger, achieve full-scale results, and then strengthen our efforts for further growth. Specifically, the plan establishes three basic policies: “deepen relations and solutions,” “increase management efficiency and optimization,” and “establish a solid management base,” and we are working to maximize our merger synergies for each policy.

We aim to realize our vision of becoming “the region’s No.1 high-quality financial group” by demonstrating the Group’s combined abilities to realize a sustainable local community through the efforts of this medium-term management plan.

We look forward to your continued support in the future.

August 2023



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 former Mie Bank and former 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 former Mie Bank and former 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

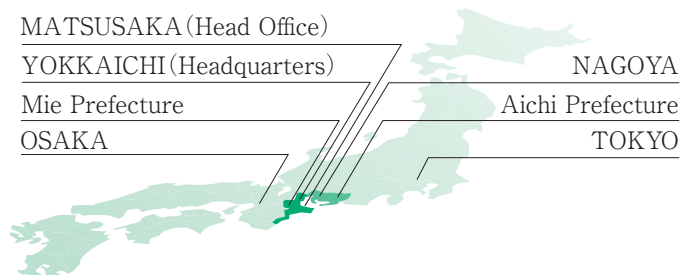
7-8 Nishishinchi, Yokkaichi, Mie

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 and Executive Vice President	Gotaro Michihiro
Director and Executive Officer	Hiroki Horiuchi
Director and Executive Officer	Yoshiki Kato
Director and Executive Officer	Kenichi Yamakawa
Director and Executive Officer	Kazuya Kawase
Director (Audit Committee Member)	Hiroshi Kyodo
Outside Director (Audit Committee Member)	Tsuneaki Furukawa
Outside Director (Audit Committee Member)	Hitoshi Tanemura
Outside Director (Audit Committee Member)	Sumie Yoshida
Outside Director (Audit Committee Member)	Kenichi Matsui

Note 1: Director (Audit Committee Member) Tsuneaki Furukawa, Hitoshi Tanemura, Sumie Yoshida and Kenichi Matsui are outside directors as defined under Article 2(xv) of the Companies Act. (As of June 23, 2023)

Consolidated Balance Sheets

San ju San Financial Group, Inc

March 31, 2023 and 2022

	Millions of JP Yen		Thousands of US Dollars
	2023	2022	2023
Assets			
Cash and Due from Banks	¥ 347,344	¥ 903,101	\$ 2,601,052
Call Loans and Bills Bought	—	981	—
Monetary Claims Bought	1,185	1,204	8,875
Trading Securities	572	656	4,287
Money Held in Trust	40,000	—	299,535
Securities	922,896	830,670	6,911,010
Loans and Bills Discounted	2,852,066	2,776,098	21,357,394
Foreign Exchanges	7,937	8,479	59,437
Lease Receivables and Investments in Leases	27,366	27,808	204,929
Other Assets	57,916	60,424	433,699
Tangible Fixed Assets	22,342	23,961	167,310
Buildings, Net	9,056	8,548	67,816
Land	8,957	10,699	67,076
Leased Assets, Net	2	4	17
Construction in Progress	176	278	1,324
Other Tangible Fixed Assets	4,149	4,430	31,074
Intangible Fixed Assets	7,645	9,889	57,252
Software	7,386	9,559	55,311
Software in Progress	88	105	663
Leased Assets	—	2	—
Other Intangible Fixed Assets	170	221	1,276
Retirement Benefit Asset	1,643	2,562	12,310
Deferred Tax Assets	5,651	2,796	42,317
Customers' Liabilities for Acceptances and Guarantees	15,342	12,147	114,894
Allowance for Loan Losses	(24,149)	(24,767)	(180,842)
Total Assets	¥ 4,285,761	¥ 4,636,016	\$ 32,093,463
Liabilities			
Deposits	¥ 3,753,835	¥ 3,705,296	\$ 28,110,192
Negotiable Certificates of Deposit	74,402	73,802	557,151
Borrowed Money	208,155	578,134	1,558,747
Foreign Exchanges	1	15	12
Other Liabilities	36,108	33,847	270,392
Provision for Bonuses	969	1,086	7,256
Retirement Benefit Liability	129	129	968
Provision for Retirement Benefits for Directors (and Other Officers)	50	40	379
Provision for Share Awards	170	182	1,278
Provision for Reimbursement of Deposits	210	241	1,577
Provision for Contingent Loss	685	567	5,137
Deferred Tax Liabilities	679	889	5,088
Acceptances and Guarantees	15,342	12,147	114,894
Total Liabilities	¥ 4,090,741	¥ 4,406,380	\$ 30,633,078
Net Assets			
Share Capital	¥ 10,000	¥ 10,000	\$ 74,883
Capital Surplus	49,288	79,416	369,089
Retained Earnings	136,141	131,865	1,019,480
Treasury Shares	(325)	(265)	(2,439)
Total Shareholders' Equity	195,103	221,015	1,461,014
Valuation Difference on Available-for-Sale Securities	925	9,209	6,932
Deferred Gains or Losses on Hedges	(19)	(27)	(145)
Remeasurements of Defined Benefit Plans	(1,355)	(896)	(10,147)
Total Accumulated Other Comprehensive Income	(448)	8,285	(3,360)
Non-Controlling Interests	364	334	2,730
Total Net Assets	195,019	229,635	1,460,385
Total Liabilities and Net Assets	¥ 4,285,761	¥ 4,636,016	\$ 32,093,463
			Exchange Rate 1US\$=¥133.54

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

San ju San Financial Group, Inc

Years ended March 31, 2023 and 2022

Consolidated Statements of Income	Millions of JP Yen		Thousands of US Dollars
	2023	2022	2023
Ordinary Income	¥ 65,901	¥ 70,479	\$ 493,493
Interest Income	32,768	34,305	245,384
Interest on Loans and Discounts	27,446	27,963	205,532
Interest and Dividends on Securities	4,738	5,385	35,483
Interest on Call Loans and Bills Bought	6	1	46
Interest on Deposits with Banks	505	888	3,788
Other Interest Income	71	66	533
Fees and Commissions	15,035	14,055	112,588
Other Ordinary Income	1,725	2,123	12,922
Other Income	16,371	19,995	122,598
Recoveries of Written Off Receivables	2	1	20
Other	16,369	19,994	122,577
Ordinary Expenses	57,163	65,594	428,060
Interest Expenses	454	544	3,401
Interest on Deposits	326	391	2,443
Interest on Negotiable Certificates of Deposit	4	4	30
Interest Expenses on Cash Collateral Received for Securities Lent	2	—	17
Interest on Borrowings and Rediscounts	92	114	690
Other Interest Expenses	29	33	219
Fees and Commissions Payments	3,242	3,461	24,279
Other Ordinary Expenses	934	57	6,999
General and Administrative Expenses	37,474	42,512	280,623
Other Expenses	15,057	19,019	112,757
Provision of Allowance for Loan Losses	1,039	2,723	7,782
Other	14,018	16,296	104,974
Ordinary Profit	8,737	4,884	65,432
Extraordinary Income	1,214	94	9,097
Gain on Disposal of Non-Current Assets	1,214	94	9,097
Extraordinary Losses	967	1,232	7,243
Loss on Disposal of Non-Current Assets	378	158	2,831
Impairment Losses	589	1,017	4,411
Loss on Revision of Retirement Benefit Plan	—	56	—
Profit before Income Taxes	8,985	3,746	67,287
Total Income Taxes	2,624	(1,114)	19,656
Income Taxes-Current	1,735	553	12,998
Income Taxes-Deferred	889	(1,668)	6,657
Profit	6,360	4,861	47,631
Profit (Loss) Attributable to Non-Controlling Interests	28	(44)	211
Profit Attributable to Owners of Parent	¥ 6,332	¥ 4,905	\$ 47,419

Exchange Rate
1US\$=¥133.54

Consolidated Statements of Comprehensive Income	Millions of JP Yen		Thousands of US Dollars
	2023	2022	2023
Profit	¥ 6,360	¥ 4,861	\$ 47,631
Other Comprehensive Income	(8,731)	(11,479)	(65,383)
Valuation Difference on Available-for-Sale Securities	(8,281)	(10,400)	(62,013)
Deferred Gains or Losses on Hedges	8	9	61
Remeasurements of Defined Benefit Plans, Net of Tax	(458)	(1,088)	(3,431)
Comprehensive Income	(2,370)	(6,617)	(17,752)
Comprehensive Income Attributable to Owners of Parent	(2,401)	(6,574)	(17,985)
Comprehensive Income Attributable to Non-Controlling Interests	31	(43)	233

Exchange Rate
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Consolidated Balance Sheets

San ju San BANK, LTD. and Consolidated Subsidiaries

March 31, 2023 and 2022

	Millions of JP Yen		Thousands of US Dollars
	2023	2022	2023
Assets			
Cash and Due from Banks	¥ 347,296	¥ 903,045	\$ 2,600,690
Call Loans and Bills Bought	—	981	—
Monetary Claims Bought	1,185	1,204	8,875
Trading Securities	572	656	4,287
Money Held in Trust	40,000	—	299,535
Securities	922,896	830,670	6,911,010
Loans and Bills Discounted	2,852,066	2,776,098	21,357,394
Foreign Exchanges	7,937	8,479	59,437
Lease Receivables and Investments in Leases	27,366	27,808	204,929
Other Assets	57,776	60,226	432,650
Tangible Fixed Assets	28,420	31,141	212,823
Buildings, Net	9,897	9,481	74,116
Land	14,194	16,947	106,290
Leased Assets, Net	2	4	17
Construction in Progress	176	278	1,324
Other Tangible Fixed Assets	4,149	4,430	31,074
Intangible Fixed Assets	7,643	9,886	57,235
Software	7,386	9,559	55,311
Software in Progress	88	105	663
Leased Assets	—	2	—
Other Intangible Fixed Assets	168	219	1,260
Retirement Benefit Assets	1,643	2,562	12,310
Deferred Tax Assets	5,644	2,788	42,270
Customers' Liabilities for Acceptances and Guarantees	15,342	12,147	114,894
Allowance for Loan Losses	(24,149)	(24,767)	(180,842)
Total Assets	¥ 4,291,642	¥ 4,642,931	\$ 32,137,503
Liabilities			
Deposits	¥ 3,754,576	¥ 3,706,009	\$ 28,115,746
Negotiable Certificates of Deposit	74,402	73,802	557,151
Borrowed Money	208,155	578,134	1,558,747
Foreign Exchanges	1	15	12
Other Liabilities	36,029	33,785	269,803
Provision for Bonuses	962	1,079	7,204
Retirement Benefit Liability	129	129	968
Provision for Retirement Benefits for Directors (and Other Officers)	50	40	379
Provision for Share Awards	170	182	1,278
Provision for Reimbursement of Deposits	210	241	1,577
Provision for Contingent Loss	685	567	5,137
Deferred Tax Liabilities	333	304	2,499
Deferred Tax Liabilities for Land Revaluation	1,609	2,135	12,051
Acceptances and Guarantees	15,342	12,147	114,894
Total Liabilities	¥ 4,092,660	¥ 4,408,575	\$ 30,647,452
Net Assets			
Share Capital	¥ 37,461	¥ 37,461	\$ 280,523
Capital Surplus	30,692	60,820	229,838
Retained Earnings	121,897	116,772	912,818
Total Shareholders' Equity	190,051	215,053	1,423,181
Valuation Difference on Available-for-Sale Securities	8,815	17,817	66,011
Deferred Gains or Losses on Hedges	(19)	(27)	(145)
Revaluation Reserve for Land	1,477	2,489	11,067
Remeasurements of Defined Benefit Plans	(1,708)	(1,311)	(12,794)
Total Accumulated Other Comprehensive Income	8,565	18,967	64,139
Non-Controlling Interests	364	334	2,730
Total Net Assets	198,981	234,355	1,490,050
Total Liabilities and Net Assets	¥ 4,291,642	¥ 4,642,931	\$ 32,137,503

Exchange Rate
1US\$=¥133.54

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

San ju San BANK, LTD. and Consolidated Subsidiaries

Years ended March 31, 2023 and 2022

Consolidated Statements of Income	Millions of JP Yen		Thousands of US Dollars
	2023	2022	2023
Ordinary Income	¥ 66,613	¥ 68,834	\$ 498,825
Interest Income	33,156	33,379	248,291
Interest on Loans and Discounts	27,446	26,812	205,532
Interest and Dividends on Securities	5,126	5,620	38,390
Interest on Call Loans and Bills Bought	6	1	46
Interest on Deposits with Banks	505	879	3,788
Other Interest Income	71	65	533
Fees and Commissions	15,035	13,584	112,592
Other Ordinary Income	1,729	1,968	12,949
Other Income	16,691	19,901	124,992
Recoveries of Written Off Receivables	2	1	20
Other	16,688	19,900	124,971
Ordinary Expenses	57,100	63,799	427,590
Interest Expenses	454	524	3,402
Interest on Deposits	326	374	2,443
Interest on Negotiable Certificates of Deposit	4	4	30
Interest Expenses on Cash Collateral Received for Securities Lent	2	—	17
Interest on Borrowings and Rediscounts	92	114	690
Other Interest Expenses	29	32	219
Fees and Commissions Payments	3,240	3,314	24,267
Other Ordinary Expenses	832	57	6,231
General and Administrative Expenses	37,654	40,974	281,970
Other Expenses	14,919	18,928	111,720
Provision of Allowance for Loan Losses	1,039	2,676	7,782
Other	13,879	16,252	103,937
Ordinary Profit	9,512	5,034	71,235
Extraordinary Income	425	97	3,186
Gain on Disposal of Non-Current Assets	425	97	3,186
Extraordinary Losses	1,207	1,402	9,039
Loss on Disposal of Non-Current Assets	406	157	3,044
Impairment Losses	800	1,188	5,995
Loss on Revision of Retirement Benefit Plan	—	56	—
Profit before Income Taxes	8,731	3,729	65,382
Total Income Taxes	2,531	(1,218)	18,955
Income Taxes-Current	1,725	327	12,919
Income Taxes-Deferred	806	(1,546)	6,036
Profit	6,199	4,948	46,426
Profit (Loss) Attributable to Non-Controlling Interests	28	(44)	211
Profit Attributable to Owners of Parent	6,171	¥ 4,992	\$ 46,215

Exchange Rate
1US\$=¥133.54

Consolidated Statements of Comprehensive Income	Millions of JP Yen		Thousands of US Dollars
	2023	2022	2023
Profit	¥ 6,199	¥ 4,948	\$ 46,426
Other Comprehensive Income	(9,388)	4,340	(70,303)
Valuation Difference on Available-for-Sale Securities	(8,999)	4,451	(67,389)
Deferred Gains or Losses on Hedges	8	(27)	61
Revaluation Reserve for Land	—	(21)	—
Remeasurements of Defined Benefit Plans, Net of Tax	(397)	(62)	(2,974)
Comprehensive Income	(3,188)	9,288	(23,876)
Comprehensive Income Attributable to Owners of Parent	(3,219)	9,331	(24,109)
Comprehensive Income Attributable to Non-Controlling Interests	31	(43)	233

Exchange Rate
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