

November 13, 2018

Consolidated Financial Report
for the First Half of the Fiscal Year Ending March 31, 2019
<Under Japanese GAAP>

Representative: Keizo Ajioka, President
Responsible person for inquiries: Hiroshi Shibuya, General Manager of Corporate Planning Division
Telephone: +81-3-5341-4301
Date of submission of quarterly security report: November 22, 2018
Date to start dividend payment: December 4, 2018
Establishment of special transaction account: Not established
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: None

Note: Figures have been rounded down to the nearest million yen.

1. Consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2019
(From April 1, 2018 to September 30, 2018)

(1) Results in consolidated operations

(Percentages represent year-on-year changes.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2019	39,459	(6.6)	2,685	(53.0)	3,760	(21.8)
First half of the fiscal year ended March 31, 2018	42,264	3.5	5,719	15.2	4,812	(79.5)

(Note) Comprehensive income: First half of the fiscal year ending March 31, 2019: ¥ 5,625 million (26.0%)
First half of the fiscal year ended March 31, 2018: ¥ 7,606 million (64.3%)

	Profit attributable to owners of parent per share (¥)	Profit attributable to owners of parent per share (Diluted) (¥)
First half of the fiscal year ending March 31, 2019	119.44	72.34
First half of the fiscal year ended March 31, 2018	154.07	101.10

(2) Consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)
First half of the fiscal year ending March 31, 2019	5,646,054	295,590	5.2
Fiscal year ended March 31, 2018	5,482,704	291,020	5.3

(Reference)

Equity: First half of the fiscal year ending March 31, 2019: ¥ 295,248 million Fiscal year ended March 31, 2018: ¥ 290,646 million

(Note)

“Equity” consists of subscription rights to shares at the end of the period and non-controlling interests at the end of the period subtracted from net assets, and the “Net assets to total assets ratio” is calculated by dividing equity by total assets at the end of the period. Note that this “Net assets to total assets ratio” is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification (Financial Services Agency Notification No. 20 of 2006).

2. Dividends

	Annual dividend per share (¥)				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2018	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2019	–	30.00			
Fiscal year ending March 31, 2019 (Forecast)			–	30.00	60.00

(Note 1) Changes to the dividend forecast most recently announced: None

(Note 2) “Dividends” above refers to dividends for common stock. With regard to dividends for class shares (unlisted) issued by the Company with different rights than those of common stock, refer to “Dividend situation for class shares” below.

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Percentages represent increases or decreases from the previous year results.)

	Ordinary profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)
	Full-year	2,900	(38.6)	4,200	14.2

(Note) Changes to the forecast of consolidated operating performance most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in change in scope of consolidation): Yes

New subsidiaries: ___ (name of company(ies))

Excluded subsidiaries: 2 (name of company(ies) The Tokyo Tomin Bank, Limited and ShinGinko Tokyo, Limited)

(Note) Details are stated under “(5) Changes in significant subsidiaries during the current interim accounting period” in “2. Consolidated Interim Financial Statements and Notes” on page 9 of the Attached Materials.

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards: None

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement of prior period financial statements after error corrections: None

(3) Number of shares issued (common stock)

a. Total number of shares issued at the end of the period (including treasury stock)

First half of the fiscal year ending March 31, 2019 30,650,115 shares

Fiscal year ended March 31, 2018 30,650,115 shares

b. Number of treasury stock at the end of the period

First half of the fiscal year ending March 31, 2019 171,894 shares

Fiscal year ended March 31, 2018 180,661 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

First half of the fiscal year ending March 31, 2019 30,476,403 shares

First half of the fiscal year ended March 31, 2018 30,473,452 shares

(Non-consolidated Financial Statements)

1. Non-consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to September 30, 2018)

(1) Results in non-consolidated operations

(Percentages represent year-on-year changes.)

	Operating income		Operating profit		Ordinary profit		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2019	1,691	(1.4)	1,289	9.6	1,269	9.6	1,208	8.0
First half of the fiscal year ended March 31, 2018	1,717	10.6	1,175	15.8	1,157	16.9	1,118	17.4

Net income per share

(¥)

First half of the fiscal year ending March 31, 2019	35.69
First half of the fiscal year ended March 31, 2018	32.82

(2) Non-consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)
First half of the fiscal year ending March 31, 2019	196,282	196,162	99.9
Fiscal year ended March 31, 2018	196,124	196,002	99.8

(Reference)

Equity: First half of the fiscal year ending March 31, 2019: ¥196,106 million Fiscal year ended March 31, 2018: ¥195,900 million
(Note)

“Equity” consists of subscription rights to shares at the end of the fiscal year subtracted from net assets, and the “Net assets to total assets ratio” is calculated by dividing equity by total assets at the end of the fiscal year. Note that this “Net assets to total assets ratio” is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification (Financial Services Agency Notification No. 20 of 2006).

* This report is not subject to the scope of review by certified public accountants and audit corporations.

* Disclaimer and special note for referring to the forecast of operating performance

1. Since the Company falls under the category of specified company (a company undertaking businesses specified in Article 17-15, Paragraph 2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc.), it prepares the Interim Consolidated and Non-consolidated Financial Statements for the first-half accounting period.
2. Forward-looking statements concerning financial forecasts contained in these materials are based on information available when the forecasts were made and certain assumptions judged to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved, and actual results may differ significantly from the forecasts due to a variety of factors.

*** Dividend situation for class shares**

The breakdown of dividend per share for class shares with different rights than those of common stock is as follows.
(First series Class I preferred shares)

	Dividend per share (¥)				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2018	–	123.00	–	123.00	246.00
Fiscal year ending March 31, 2019	–	124.00			
Fiscal year ending March 31, 2019 (Forecast)			–	124.00	248.00

(Notes)

1. Changes to the dividend forecast most recently announced: None

2. Amount paid per share: ¥20,000

3. Computation used to calculate dividend per share

(1) Fiscal year ended March 31, 2018

(a) Computation

Dividend = amount paid per share × annual dividend rate

(b) Annual dividend rate

Annual dividend rate = Japanese yen TIBOR + 1.1%

(*Annual dividend rate: Figures less than % are calculated to three decimal places with the third decimal place rounded off to the second decimal place.)

(c) Japanese yen TIBOR

On March 31, 2017, the Japanese yen TIBOR (12-month maturity) = 0.12818%

(d) Shares issued

750,000

(2) Fiscal year ending March 31, 2019 (Forecast)

(a) Computation

Dividend = amount paid per share × annual dividend rate

(b) Annual dividend rate

Annual dividend rate = Japanese yen TIBOR + 1.1%

(*Annual dividend rate: Figures less than % are calculated to three decimal places with the third decimal place rounded off to the second decimal place.)

(c) Japanese yen TIBOR

On March 30, 2018, the Japanese yen TIBOR (12-month maturity) = 0.13636%

(d) Shares issued

750,000

(Class II preferred shares)

	Dividend per share (¥)				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2018	–	12.818	–	12.818	25.636
Fiscal year ending March 31, 2019	–	13.636			
Fiscal year ending March 31, 2019 (Forecast)			–	13.636	27.272

(Notes)

1. Changes to the dividend forecast most recently announced: None

2. Amount paid per share: ¥20,000

3. Computation used to calculate dividend per share

(1) Fiscal year ended March 31, 2018

(a) Computation

Dividend = amount paid per share × annual dividend rate

(b) Annual dividend rate

Annual dividend rate = Japanese yen TIBOR + 0.0%

(c) Japanese yen TIBOR

On March 31, 2017, the Japanese yen TIBOR (12-month maturity) = 0.12818%

(d) Shares issued

2,000,000

(2) Fiscal year ending March 31, 2019

(a) Computation

Dividend = amount paid per share × annual dividend rate

(b) Annual dividend rate

Annual dividend rate = Japanese yen TIBOR + 0.0%

(c) Japanese yen TIBOR

On March 30, 2018, the Japanese yen TIBOR (12-month maturity) = 0.13636%

(d) Shares issued

2,000,000

Attached Materials

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(Appendix) Financial Results for the First Half of the Fiscal Year Ending March 31, 2019

- Supplementary Information-

1. Qualitative Information Regarding Consolidated Results for the first half of the fiscal year ending March 31, 2019

(1) Operating Results

Effective May 1, 2018, the Group changed its business name from Tokyo TY Financial Group, Inc. to Tokyo Kiraboshi Financial Group, Inc. Further, three consolidated subsidiaries of the Group, namely The Tokyo Tomin Bank, Limited, The Yachiyo Bank, Limited and ShinGinko Tokyo, Limited, concluded an absorption-type merger with The Yachiyo Bank, Limited as the surviving company, and The Tokyo Tomin Bank, Limited and ShinGinko Tokyo, Limited as the dissolving companies, to form Kiraboshi Bank, Limited.

Based on its management philosophy “to be a financial group for small and medium-sized enterprise customers and individual customers in the Tokyo metropolitan area that will contribute to the development of local communities through comprehensive financial services”, the Group aims to develop its business of providing “comprehensive services with particular strength in finance”, by building a “dialogue” based business model that would lead to the enhancement of satisfaction for customers, community and investors.

Looking back at the Japanese economy during the first half of the fiscal year ending March 31, 2019 (April 1, 2018 to September 30, 2018), a gradual recovery trend continued amid companies’ abundant cash flows supporting increase in capital investment aimed at raising labor efficiency and streamlining operations, in addition to growth in personal consumption notably on the back of improvement in employment and income environments. However, looking ahead, although business recovery is expected to continue driven by domestic demand, rise of personnel expenses in the face of growing labor shortage may put downward pressure on corporate earnings. There are also concerns about the effects that the spate of natural disasters may have on the economy as well as uncertainties regarding overseas economies caused by trade and other issues.

In the Tokyo metropolitan area where the Group has its principal operational base, the business environment for SMEs is on the whole showing mild improvement with expansion in inbound tourist demand reflecting an increase in foreign tourists to Japan, demand related to the Tokyo Olympic and Paralympic Games picking up steam, rise in construction investment driven by redevelopment projects in the urban centers, and other factors. Meanwhile, the main issues to be addressed are the persistent shortage of workers with its effect on production and loss of opportunity for new orders, and rise in personnel, raw materials, transportation and other costs.

In this environment, consolidated ordinary income for the first half of the fiscal year ending March 31, 2019 decreased by ¥2.8 billion year-on-year to ¥39.4 billion, due largely to decreases in interest on loans and discounts and gain on sale of securities. Consolidated ordinary expenses increased by ¥0.2 billion year-on-year to ¥36.7 billion. As a result, consolidated ordinary profit came to ¥2.6 billion, a ¥3 billion decline year-on-year. Profit attributable to owners of parent decreased by ¥1.0 billion year-on-year to ¥3.7 billion, reflecting in large part a ¥1.5 billion decrease in income taxes - deferred due to tax effect accounting.

(2) Financial Position

As of September 30, 2018, total assets amounted to ¥5,646.0 billion, up ¥163.3 billion from the end of the previous fiscal year, and net assets stood at ¥295.5 billion, a ¥4.5 billion increase from the end of the previous fiscal year.

With respect to major account balances, deposits decreased ¥75.6 billion from the end of the previous fiscal year to ¥4,576.4 billion, and loans and bills discounted decreased ¥22.0 billion from the end of the previous fiscal year to ¥3,654.0 billion, while securities increased ¥18.1 billion to ¥1,226.7 billion.

(3) Note on the Forecast of the Consolidated Operating Performance and Other Forward-Looking Statements

Taking into consideration the results of the first half of the fiscal year ending March 31, 2019, the full-year forecast of consolidated operating performance for the fiscal year ending March 31, 2019 was revised on November 2, 2018 as follows.

Revision to the Full-Year Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

	Ordinary profit	Profit attributable to owners of parent	Profit attributable to owners of parent per share
Forecast before revision (A) (announced on May 15, 2018)	(¥ million) 1,600	(¥ million) 3,200	(¥) 97.12
Forecast after revision (B) (announced on November 2, 2018)	2,900	4,200	129.91
Amount of change (B – A)	1,300	1,000	
Percentage change (%)	81.2	31.2	
(Reference) Previous fiscal year results (Fiscal year ended March 31, 2018)	4,727	3,677	112.94

2. Consolidated Interim Financial Statements and Notes
(1) Consolidated Interim Balance Sheets

(¥ million)

	As of March 31, 2018	As of September 30, 2018
Assets		
Cash and due from banks	377,636	594,452
Call loans and bills bought	1,264	1,203
Other debt purchased	55,650	54,282
Trading account securities	707	735
Securities	1,208,629	1,226,767
Loans and bills discounted	3,676,146	3,654,074
Foreign exchange	13,556	6,295
Other assets	84,062	40,643
Tangible fixed assets	59,627	61,276
Intangible fixed assets	2,365	2,737
Net defined benefit assets	18,391	18,838
Deferred tax assets	5,184	3,915
Customers' liabilities for acceptances and guarantees	5,677	5,927
Reserve for possible loan losses	(26,195)	(25,095)
Total assets	5,482,704	5,646,054
Liabilities		
Deposits	4,652,109	4,576,448
Negotiable certificates of deposit	9,540	25,756
Call money and bills sold	58,937	226,461
Payables under securities lending transactions	357,265	422,224
Borrowed money	73,558	63,611
Foreign exchanges	224	390
Borrowed money from trust account	53	—
Other liabilities	25,167	25,824
Reserve for employee bonuses	2,140	1,831
Net defined benefit liabilities	2,845	70
Reserve for directors' retirement benefits	67	20
Reserve for point card certificates	58	41
Provision for loss on interest repayments	8	8
Reserve for loss on dormant deposit repayments	1,185	1,177
Provision for loss on cancellation of system contracts	200	—
Provision for loss on transfer of business	194	—
Deferred tax liabilities	612	600
Deferred tax liabilities for land revaluation	1,837	66
Acceptances and guarantees	5,677	5,927
Total liabilities	5,191,683	5,350,463
Net Assets		
Common stock	27,500	27,500
Capital surplus	150,576	150,567
Retained earnings	106,206	108,934
Treasury stock	(625)	(589)
Total shareholders' equity	283,657	286,413
Net unrealized gain on available-for-sale securities	6,075	6,354
Revaluation reserve for land	(242)	(242)
Foreign currency translation adjustment	10	8
Remeasurements of defined benefit plans	1,146	2,714
Total accumulated other comprehensive income	6,989	8,835
Subscription rights to shares	101	56
Non-controlling interests	271	285
Total net assets	291,020	295,590
Total liabilities and net assets	5,482,704	5,646,054

(2) Consolidated Interim Statements of Income and Consolidated Interim Statements of Comprehensive Income
(Consolidated Interim Statements of Income)

(¥ million)

	First half of the fiscal year ended March 31, 2018	First half of the fiscal year ending March 31, 2019
Ordinary income	42,264	39,459
Interest income	28,825	30,015
Interest on loans and discounts	22,175	21,540
Interest and dividends on securities	6,010	7,829
Trust fees	27	17
Fees and commissions	8,577	8,092
Other operating income	1,804	643
Other ordinary income	3,029	690
Ordinary expenses	36,544	36,773
Financing expenses	1,563	1,789
Interest on deposits	872	658
Fees and commissions payments	1,334	1,290
Other operating expenses	430	439
General and administrative expenses	31,170	28,898
Other ordinary expenses	2,045	4,355
Ordinary profit	5,719	2,685
Extraordinary profit	119	0
Gain on disposal of non-current assets	119	0
Extraordinary losses	124	36
Loss on disposal of non-current assets	124	36
Profit before income taxes	5,714	2,648
Income tax – current	787	349
Income tax – deferred	98	(1,475)
Total income taxes	886	(1,125)
Profit	4,828	3,774
Profit attributable to non-controlling interests	15	13
Profit attributable to owners of parent	4,812	3,760

(Consolidated Interim Statements of Comprehensive Income)

(¥ million)

	First half of the fiscal year ended March 31, 2018	First half of the fiscal year ending March 31, 2019
Profit	4,828	3,774
Other comprehensive income	2,777	1,850
Valuation difference on available-for-sale securities	2,394	435
Revaluation reserve for land	(32)	—
Foreign currency translation adjustments	2	(1)
Remeasurements of defined benefit plans	348	1,568
Share of other comprehensive income of entities accounted for using equity method	66	(151)
Comprehensive income	7,606	5,625
(Breakdown)		
Comprehensive income attributable to owners of parent	7,588	5,606
Comprehensive income attributable to non-controlling interests	17	18

(3) Consolidated Interim Statements of Changes in Net Assets
(First half of the fiscal year ended March 31, 2018)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	27,500	150,733	104,574	(632)	282,175
Changes of items during the reporting period					
Purchase of shares of consolidated subsidiaries		10			10
Dividends of surplus			(1,046)		(1,046)
Profit attributable to owners of parent			4,812		4,812
Acquisition of treasury stock				(19)	(19)
Disposition of treasury stock		(5)		42	37
Change in ownership interest in subsidiaries		(132)			(132)
Reversal of revaluation reserve for land			32		32
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	—	(126)	3,799	23	3,696
Balance at end of period	27,500	150,606	108,373	(608)	285,871

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year	3,166	(209)	8	(2,216)	748	95	337	283,357
Changes of items during the reporting period								
Purchase of shares of consolidated subsidiaries								10
Dividends of surplus								(1,046)
Profit attributable to owners of parent								4,812
Acquisition of treasury stock								(19)
Disposition of treasury stock								37
Change in ownership interest in subsidiaries								(132)
Reversal of revaluation reserve for land								32
Net changes of items other than shareholders' equity during the reporting period	2,457	(32)	2	348	2,775	5	(100)	2,681
Total changes of items during the reporting period	2,457	(32)	2	348	2,775	5	(100)	6,377
Balance at end of period	5,623	(242)	10	(1,867)	3,524	101	236	289,734

(First half of the fiscal year ending March 31, 2019)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	27,500	150,576	106,206	(625)	283,657
Changes of items during the reporting period					
Purchase of shares of consolidated subsidiaries		(1)			(1)
Dividends of surplus			(1,031)		(1,031)
Profit attributable to owners of parent			3,760		3,760
Acquisition of treasury stock				(16)	(16)
Disposition of treasury stock		(6)		52	45
Change in ownership interest in subsidiaries		0			0
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	—	(8)	2,728	35	2,756
Balance at end of period	27,500	150,567	108,934	(589)	286,413

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year	6,075	(242)	10	1,146	6,989	101	271	291,020
Changes of items during the reporting period								
Purchase of shares of consolidated subsidiaries								(1)
Dividends of surplus								(1,031)
Profit attributable to owners of parent								3,760
Acquisition of treasury stock								(16)
Disposition of treasury stock								45
Change in ownership interest in subsidiaries								0
Net changes of items other than shareholders' equity during the reporting period	279	—	(1)	1,568	1,845	(45)	14	1,814
Total changes of items during the reporting period	279	—	(1)	1,568	1,845	(45)	14	4,570
Balance at end of period	6,354	(242)	8	2,714	8,835	56	285	295,590

(4) Notes on Premise of Going Concern

Not applicable.

(5) Changes in significant subsidiaries during the current interim accounting period

The Tokyo Tomin Bank, Limited and ShinGinko Tokyo, Limited, which had been included in the scope of consolidation, ceased to exist effective May 1, 2018 as a result of the absorption-type merger in which the Group's consolidated subsidiary The Yachiyo Bank, Limited is the surviving company. As of the same date, The Yachiyo Bank, Limited changed its business name to Kiraboshi Bank, Limited.

Also, effective September 3, 2018, Kiraboshi Capital Co., Ltd was established as a wholly-owned subsidiary of the Group and is included in the scope of consolidation from the first half of the fiscal year ending March 31, 2019. Note that this event does not constitute a change in specified subsidiaries.

(6) Matters Related to Business Combinations

(Transaction under common control, etc.)

1. Summary of business combination

(1) Name and business of the merging companies

(Surviving company in the absorption-type merger)

Name: The Yachiyo Bank, Limited

Nature of business: Banking

(Dissolving companies in the absorption-type merger)

Name: The Tokyo Tomin Bank, Limited

Nature of business: Banking

Name: ShinGinko Tokyo, Limited

Nature of business: Banking

(2) Date of business combination

May 1, 2018

(3) Legal form of the business combination

Absorption-type merger with The Yachiyo Bank, Limited as the surviving company, and The Tokyo Tomin Bank, Limited and ShinGinko Tokyo, Limited as the dissolving companies.

(4) Name of company after combination

Kiraboshi Bank, Limited

(5) Other matters relating to the outline of the transaction

The objective of the merger is to use the "strengths" and "features" of Tokyo Tomin Bank, Yachiyo Bank and ShinGinko Tokyo that have been cultivated over the years, to maximize the integration effect by taking business integration one step further to a merger transaction, to enhance competitiveness and further develop management efficiency, and thereby establish a solid management foundation that can further demonstrate the Group's presence in the Tokyo metropolitan area, with focus on Tokyo and the northeast area of Kanagawa Prefecture. By demonstrating the true value as a mainstay of the regional financial sector, the Group will strive to become the No. 1 regional bank most loved by customers in the Tokyo metropolitan area.

2. Outline of the accounting treatment applied

The transaction is treated as a transaction under common control pursuant to the "Accounting Standard for Business Combinations" and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures".

(Reference)

Trust asset balance table
(As of September 30, 2018)

(¥million)

Asset	Value	Liability	Value
Monetary claims	13,706	Monetary claims in trust	13,769
Other monetary claims	13,706	Composite trusts	574
Property, Plant and Equipment	545		
Cash deposits	92		
Deposits	92		
Total	14,343	Total	14,343

3. (Reference) Non-consolidated Financial Statements of Kiraboshi Bank, Limited

(1) Overview of Non-consolidated Financial Statements

November 13, 2018

Company name: Kiraboshi Bank, Limited

Representative: Hisanobu Watanabe, President

Responsible person for inquiries: Hiroshi Shibuya, Director, Managing Executive Officer, General manager of Corporate Planning Division

URL: <https://www.kiraboshibank.co.jp>

Telephone: +81-3-6447-5799

Note: Amounts less than one million yen and figures beyond the first decimal place have been truncated.

1. Non-consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to September 30, 2018)

(1) Results in non-consolidated operations (cumulative)

(Percentages represent year-on-year changes.)

	Ordinary income		Ordinary profit		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2019	36,131	102.5	2,840	6.1	3,918	80.3
First half of the fiscal year ended March 31, 2018	17,840	(4.4)	2,676	(13.2)	2,172	(25.3)

(2) Non-consolidated financial position

	Total assets	Total net assets	Net assets to total assets ratio
	(¥ million)	(¥ million)	(%)
First half of the fiscal year ending March 31, 2019	5,644,905	287,488	5.0
Fiscal year ended March 31, 2018	2,331,024	110,969	4.7

(Reference)

Equity: First half of the fiscal year ending March 31, 2019: ¥287,488 million

Fiscal year ended March 31, 2018: ¥110,969 million

(Note 1)

Figures for the first half and full year of the fiscal year ended March 31, 2018 are figures of the former Yachiyo Bank, Limited, the surviving company.

(Note 2)

“Equity” is the value of total net assets at the end of the period, and “Net assets to total assets ratio” is calculated by dividing equity by total assets at the end of the period. Note that this “Net assets to total assets ratio” is not the net assets to total assets ratio required for the Capital Adequacy Ratio Notification (Financial Services Agency Notification No. 19 of 2006).

○ Non-consolidated Interim Financial Statements

(2) Non-consolidated Interim Balance Sheets

Kiraboshi Bank, Limited

(¥ million)

	As of March 31, 2018	As of September 30, 2018
Assets		
Cash and due from banks	70,287	594,258
Call loans	20,000	1,203
Other debt purchased	8,675	54,282
Trading account securities	674	735
Securities	567,201	1,219,635
Loans and bills discounted	1,605,223	3,653,817
Foreign exchange	10,106	6,295
Other assets	20,167	37,495
Tangible fixed assets	30,967	69,662
Intangible fixed assets	667	2,647
Prepaid pension cost	—	15,076
Deferred tax assets	5,223	7,836
Customers' liabilities for acceptances and guarantees	1,504	5,927
Reserve for possible loan losses	(9,674)	(23,968)
Total assets	2,331,024	5,644,905
Liabilities		
Deposits	2,117,183	4,588,124
Negotiable certificates of deposit	6,210	29,166
Call money	32,937	226,461
Payables under securities lending transactions	51,191	422,224
Borrowed money	—	63,411
Foreign exchanges	0	390
Other liabilities	4,407	15,873
Reserve for employee bonuses	825	1,701
Reserve for retirement benefits	2,308	—
Reserve for point card certificates	—	2
Reserve for loss on dormant deposit repayments	670	1,177
Provision for loss on cancellation of system contracts	85	—
Provision for contingent loss	374	600
Deferred tax liabilities for land revaluation	2,356	2,356
Acceptances and guarantees	1,504	5,927
Total liabilities	2,220,055	5,357,416
Net Assets		
Common stock	43,734	43,734
Capital surplus	32,922	166,173
Retained earnings	32,582	67,283
Total shareholders' equity	109,239	277,191
Valuation difference on available-for-sale securities	1,397	10,207
Revaluation reserve for land	331	89
Total valuation and translation adjustments	1,729	10,297
Total net assets	110,969	287,488
Total liabilities and net assets	2,331,024	5,644,905

(Note)

Figures for the previous fiscal year (ended March 31, 2018) are figures of the former Yachiyo Bank, Limited, the surviving company.

(3) Non-consolidated Interim Statements of Income**Kiraboshi Bank, Limited**

(¥ million)

	First half of the fiscal year ended March 31, 2018	First half of the fiscal year ending March 31, 2019
Ordinary income	17,840	36,131
Interest income	13,887	28,493
Interest on loans and discounts	9,429	19,470
Interest and dividends on securities	4,245	8,404
Trust fees	—	15
Fees and commissions	3,155	6,568
Other operating income	401	368
Other ordinary income	395	686
Ordinary expenses	15,163	33,290
Financing expenses	572	1,594
Interest on deposits	381	593
Fees and commissions payments	757	1,452
Other operating expenses	82	288
General and administrative expenses	12,655	25,825
Other ordinary expenses	1,096	4,130
Ordinary profit	2,676	2,840
Extraordinary income	0	0
Gain on disposal of non-current assets	0	0
Extraordinary losses	92	21
Loss on disposal of non-current assets	92	21
Income before income taxes	2,584	2,818
Income taxes – current	95	60
Income taxes – deferred	317	(1,160)
Total income taxes	412	(1,099)
Net income	2,172	3,918

(Note)

Figures for the first half of the previous accounting period (April 1, 2017 to September 30, 2017) are figures of the former Yachiyo Bank, Limited, the surviving company.