

May 13, 2020

Consolidated Financial Report
for the Fiscal Year Ended March 31, 2020
<Under Japanese GAAP>

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Date of Ordinary General Meeting of Shareholders: June 26, 2020
Date of submission of annual security report: June 26, 2020
Date to start dividend payment: June 8, 2020
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes
(by webcast)

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

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2020
(From April 1, 2019 to March 31, 2020)

(1) Results in consolidated operations

(Percentages represent year-on-year changes.)

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal year ended March 31, 2020	94,031	19.3	2,347	(32.5)	7,657	55.8
Fiscal year ended March 31, 2019	78,777	(4.6)	3,480	(26.3)	4,914	(33.6)

(Note) Comprehensive income:

Fiscal year ended March 31, 2020: ¥3,571 million (18.9 %) Fiscal year ended March 31, 2019: ¥4,408 million (55.6 %)

	Profit attributable to owners of parent per share (¥)	Profit attributable to owners of parent per share (Diluted) (¥)	Net income to net assets (%)	Ordinary profit to total assets (%)	Ordinary profit to ordinary income (%)
Fiscal year ended March 31, 2020	244.21	127.49	2.6	0.0	2.4
Fiscal year ended March 31, 2019	153.52	94.60	1.6	0.0	4.4

(Reference) Gain on equity-method investments:

Fiscal year ended March 31, 2020: ¥17 million Fiscal year ended March 31, 2019: (¥39 million)

(2) Consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)	Net assets per share (¥)
As of March 31, 2020	5,501,145	294,462	5.3	7,880.94
As of March 31, 2019	5,373,212	293,124	5.4	7,820.80

(Reference) Equity: As of March 31, 2020: ¥294,405 million As of March 31, 2019: ¥292,663 million

(Note) "Equity" consists of subscription rights to shares at the end of the fiscal year 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 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).

(3) Consolidated cash flows

	Cash flow from operating activities (¥ million)	Cash flow from investing activities (¥ million)	Cash flow from financing activities (¥ million)	Cash and cash equivalents at year-end (¥ million)
Fiscal year ended March 31, 2020	25,433	118,200	(7,277)	538,286
Fiscal year ended March 31, 2019	(106,587)	135,919	(2,774)	401,928

2. Dividends

	Annual dividend per share (¥)					Total dividends (full year) (¥ million)	Payout ratio (consolidated) (%)	Dividends ratio to shareholders' equity (consolidated) (%)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
Fiscal year ended March 31, 2019	–	30.00	–	30.00	60.00	1,828	39.0	0.7
ended March 31, 2020	–	30.00	–	30.00	60.00	1,827	24.5	0.7
ending March 31, 2021 (Forecast)	–	30.00	–	30.00	60.00		48.5	

(Note) "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, 2021 (From April 1, 2020 to March 31, 2021)

(Percentages represent increases or decreases from the previous year for the full-year results and from the same quarter in the previous year for quarterly results.)

	Ordinary profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)
Second-quarter period (cumulative)	3,000	5.6	1,900	(43.8)	58.52
Full year	5,700	142.7	4,000	(47.7)	123.63

* Notes

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

Included subsidiaries: 1 (name of company(ies)) Kiraboshi Securities Preparatory Co., Ltd.

Excluded subsidiaries: ___ (name of company(ies)) _____

(Note) For details, please refer to “(6) Changes to significant subsidiaries in “4. Consolidated Financial Statements and Notes” on page 12 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)

March 31, 2020	30,650,115 shares
March 31, 2019	30,650,115 shares
- b. Number of treasury stock at the end of the period

March 31, 2020	287,585 shares
March 31, 2019	276,867 shares
- c. Average number of shares during the period

Fiscal year ended March 31, 2020	30,369,287 shares
Fiscal year ended March 31, 2019	30,443,033 shares

(Note) The Company introduced Board Benefit Trust and the Company’s shares held by the said trust are included in treasury stock.

(Reference) Non-consolidated Financial Statements

**1. Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2020
(From April 1, 2019 to March 31, 2020)**

(1) Results in non-consolidated operations

(Percentages represent year-on-year changes.)

	Operating income		Operating profit		Ordinary profit		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Fiscal year ended March 31, 2020	6,190	99.0	5,284	128.6	5,274	131.7	5,225	143.1
Fiscal year ended March 31, 2019	3,110	(5.8)	2,311	1.8	2,275	1.8	2,149	(1.7)

	Net income per share	Diluted net income per share
	(¥)	(¥)
Fiscal year ended March 31, 2020	164.16	87.01
Fiscal year ended March 31, 2019	62.70	41.38

(2) Non-consolidated financial position

	Total assets (¥ million)	Total net assets (¥ million)	Net assets to total assets ratio (%)	Net assets per share (¥)
As of March 31, 2020	199,169	198,997	99.8	4,736.77
As of March 31, 2019	195,961	195,854	99.9	4,631.63

(Reference) Equity: As of March 31, 2020: ¥198,940 million As of March 31, 2019: ¥195,797 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).

<Reasons for the difference in the non-consolidated financial statements between fiscal years ended March 31, 2019 and 2020.>
The Company received an extraordinary dividend from its consolidated subsidiary, Kiraboshi Bank, Ltd., in the fiscal year ended March 31, 2020, resulting in differences in actual numbers between the fiscal years ended March 31, 2019 and 2020.

* The consolidated financial report is outside the scope of review by certified public accountants and audit corporations.
* Disclaimer and special note for referring to the forecast of operating performance
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 to 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, 2019	–	124.00	–	124.00	248.00
Fiscal year ended March 31, 2020	–	124.00	–	124.00	248.00
Fiscal year ending March 31, 2021 (Forecast)	–	125.00	–	125.00	250.00

(Notes)

1. Amount paid per share: ¥20,000

2. Computation used to calculate dividend per share

(1) Fiscal year ended March 31, 2019

(a) Computation

Dividend in first fiscal year = amount paid per share × annual dividend rate

(b) Annual dividend rate (*)

Annual dividend rate = Japanese yen TIBOR + 1.1%

(c) Japanese yen TIBOR

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

(d) Shares issued

750,000

(2) Fiscal year ended March 31, 2020

(a) Computation

Dividend = amount paid per share × annual dividend rate

(b) Annual dividend rate (*)

Annual dividend rate = Japanese yen TIBOR + 1.1%

(c) Japanese yen TIBOR

On March 30, 2019, the Japanese yen TIBOR (12-month maturity) = 0.13636%

(d) Shares issued

750,000

(3) Fiscal year ending March 31, 2021 (Forecast)

(a) Computation

Dividend = amount paid per share × annual dividend rate

(b) Annual dividend rate (*)

Annual dividend rate = Japanese yen TIBOR + 1.1%

(c) Japanese yen TIBOR

On April 1, 2020, the Japanese yen TIBOR (12-month maturity) = 0.14636%

(d) Shares issued

750,000

* For annual dividend rate, figures less than one percent are calculated to three decimal places with the third decimal place is rounded off to the second decimal place.

(Class II preferred shares)

	Dividend per share (¥)				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
Fiscal year ended March 31, 2019	–	13.636	–	13.636	27.272
Fiscal year ended March 31, 2020	–	13.636	–	13.636	27.272
Fiscal year ending March 31, 2021 (Forecast)	–	14.636	–	14.636	29.272

(Notes)

1. Amount paid per share: ¥20,000

2. Computation used to calculate dividend per share

(1) Fiscal year ended 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

(2) Fiscal year ended March 31, 2020

(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 April 1, 2019, the Japanese yen TIBOR (12-month maturity) = 0.13636%

(d) Shares issued

2,000,000

(3) Fiscal year ending March 31, 2020 (Forecast)

(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 April 1, 2020, the Japanese yen TIBOR (12-month maturity) = 0.14636%

(d) Shares issued

2,000,000

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* Financial Results for the Fiscal Year Ended March 31, 2020 Supplementary Information

1. Overview of Operating Results etc.

(1) Overview of Operating Results and Financial Position for the Consolidated Fiscal Year Ended March 31, 2020

(Overview of operating results for the consolidated fiscal year ended March 31, 2020)

In the Tokyo Metropolis where the Group has its principal operational base, the business environment for SMEs had been following a gradual recovery trend, but more recently, signs of a recession growing since the second half of the fiscal year with the spread of the new coronavirus (COVID-19) infection, which has led to such consequences as a decrease in inbound tourist demand, postponement of large scale events, including the Olympic Games Tokyo 2020, and calls for people to refrain from going out, forcing retailers and restaurants to shut down. Looking ahead, it is anticipated that the impact on economic activities will become more serious as the virus starts taking its toll on real estate and other industries. The outlook for the economy will likely continue to be extremely unclear.

In this situation, with an increasing social demand for the Group to fulfill its function as a financial institution, the Group has been working on constructing a system to ensure business continuity by reducing the risk of simultaneous infection of employees engaged in similar work, while at the same time paying maximum attention to the health and safety of our customers and employees, and responding to the stay-at-home request.

In particular, the Group has enhanced its support structure to help SMEs, which are faced with funding difficulties or rapid worsening of business conditions, and have proactively implemented measures including the establishment of an emergency lending facility in February 2020.

Operating in this environment, the Group proceeded to convert an equity-method affiliate to a wholly-owned subsidiary with the aim of optimizing group-wide management resources and maximizing synergies across the Group. This led to recognition of the subsidiary's income in the consolidated financial statements which, combined with such other factors as an increase in other business income arising from the sale of bonds, resulted in an increase of ¥15.2 billion year-on-year in ordinary income for the fiscal year ended March 31, 2020, to ¥94.0 billion. Ordinary expenses increased by ¥16.3 billion year-on-year to ¥91.6 billion, due largely to recognition of the aforementioned consolidated subsidiary's expenses in the consolidated financial statements, customer defaults caused by inappropriate accounting treatment, and an increase in credit-related costs arising from additional provisions made in consideration of the effects of the COVID-19 infection. As a result, ordinary profit decreased by ¥1.1 billion year-on-year to ¥2.3 billion. Meanwhile, the sale of the Shinjuku Office and other measures to realize merger and integration effects helped to increase profit attributable to owners of parent by ¥2.7 billion year-on-year to ¥7.6 billion.

(Overview of financial position for the consolidated fiscal year ended March 31, 2020)

As of March 31, 2020, total assets amounted to ¥5,501.1 billion, up ¥127.9 billion from the end of the previous fiscal year, and net assets stood at ¥294.4 billion, a ¥1.3 billion increase from the end of the previous fiscal year.

With respect to major account balances, deposits increased ¥104.0 billion from the end of the previous fiscal year to ¥4,631.1 billion, and loans and bills discounted increased ¥64.4 billion from the end of the previous fiscal year to ¥3,760.8 billion, while securities decreased ¥147.0 billion from the end of the previous fiscal year to ¥948.0 billion.

(Overview of cash flow for the consolidated fiscal year ended March 31, 2020)

During the fiscal year ended March 31, 2020, net cash provided by operating activities was ¥25.4 billion, due largely to the inflow from a net increase in deposits and call money. Net cash provided by investing activities was ¥118.2 billion, due largely to the inflow from the sale and redemption of securities, while cash was used in purchase of securities. Net cash used in financing activities was ¥7.2 billion, attributable primarily to redemption of subordinated loans and payment of dividends. As a result,

and cash equivalents at the end of the fiscal year ended March 31, 2020 were ¥538.2 billion, an increase of ¥136.3 billion from the end of the previous fiscal year.

(2) Projection

The forecast of the consolidated operating performance for the fiscal year ending March 31, 2021, is as follows.

Ordinary income of ¥5.7 billion

Profit attributable to owners of parent of ¥4.0 billion

Looking ahead at economic conditions in the coming period, there is a risk that the domestic economy will slow down throughout the year due to the spread of the COVID-19 infection, which is directly or indirectly affecting industries on a broad front.

As it is difficult to forecast the development of the COVID-19 situation, which depends on the timing of its containment and other factors, there is a possibility that the Group's business results and financial positions for the fiscal year ending March 31, 2021, will be significantly affected.

The forecast presented above represents the judgment of management based on information currently available, and may include uncertainties. Actual results, etc. may differ from the above forecast due to the change of business condition, etc.

(3) Basic Policy for Profit Distribution and Dividends for This Term and the Next Term

The Company's basic policy is to work to maintain a sound financial position through sufficient and relevant internal reserves in consideration of its public nature as a bank holding company, while prioritizing returns to shareholders as an important management issue as it provides ongoing and stable dividends.

In consideration of this policy, the Company will pay out dividends of ¥60 per share (an interim dividend of ¥30 and a year-end dividend of ¥30) for the fiscal year ended March 31, 2020. For First Series Class I preferred shares, in accordance with the provisions of the Articles of Incorporation, an annual dividend of ¥248 per share (an interim dividend of ¥124 and a year-end dividend of ¥124) will be paid. For Class II preferred shares, likewise in accordance with the provisions of the Articles of Incorporation, an annual dividend of ¥27.272 per share (an interim dividend of ¥13.636 and a year-end dividend of ¥13.636) will be paid.

Note that an annual dividend of ¥60 per share of common stock (an interim dividend of ¥30 and a year-end dividend of ¥30) is scheduled for the fiscal year ending March 31, 2021 based on the policy described above. For First Series Class I preferred shares, in accordance with the provisions of the Articles of Incorporation, an annual dividend of ¥250 per share (an interim dividend of ¥125 and a year-end dividend of ¥125) will be paid. For Class II preferred shares, likewise in accordance with the provisions of the Articles of Incorporation, an annual dividend of ¥29.272 per share (an interim dividend of ¥14.636 and a year-end dividend of ¥14.636) will be paid.

2. Overview of the Tokyo Kiraboshi Financial Group

The Group (the Company and the Company's affiliates) is composed of the Company, fifteen consolidated subsidiaries, and one affiliates (equity-method affiliate), and is engaged in business related to financial services with a focus on banking services.

Effective December 27, 2019, the Group established a wholly-owned subsidiary, Kiraboshi Securities Preparatory Co., Ltd., which is scheduled to start operation in August 2020 under the trade name "Kiraboshi Life Design Securities Co., Ltd."

Reflecting the above, the reportable segments of the Group comprise the banking business, leasing business and other, and their operational positioning is as follows.

[Banking services]

Kiraboshi Bank, Limited is engaged primarily in deposit services, loan services, trading account securities services, securities investment services, domestic exchange services, foreign exchange services, and trust and other services which are provided through their head offices and branches, etc., located in a business area centered around the Tokyo Metropolis and the northeast of Kanagawa Prefecture. The Group positions these banking services as its core businesses and provides financial products and services that match each stage in life or lifecycle through high quality consulting business, to contribute to the development of local communities.

In addition, two consolidated subsidiaries operate credit guarantee businesses.

[Leasing business]

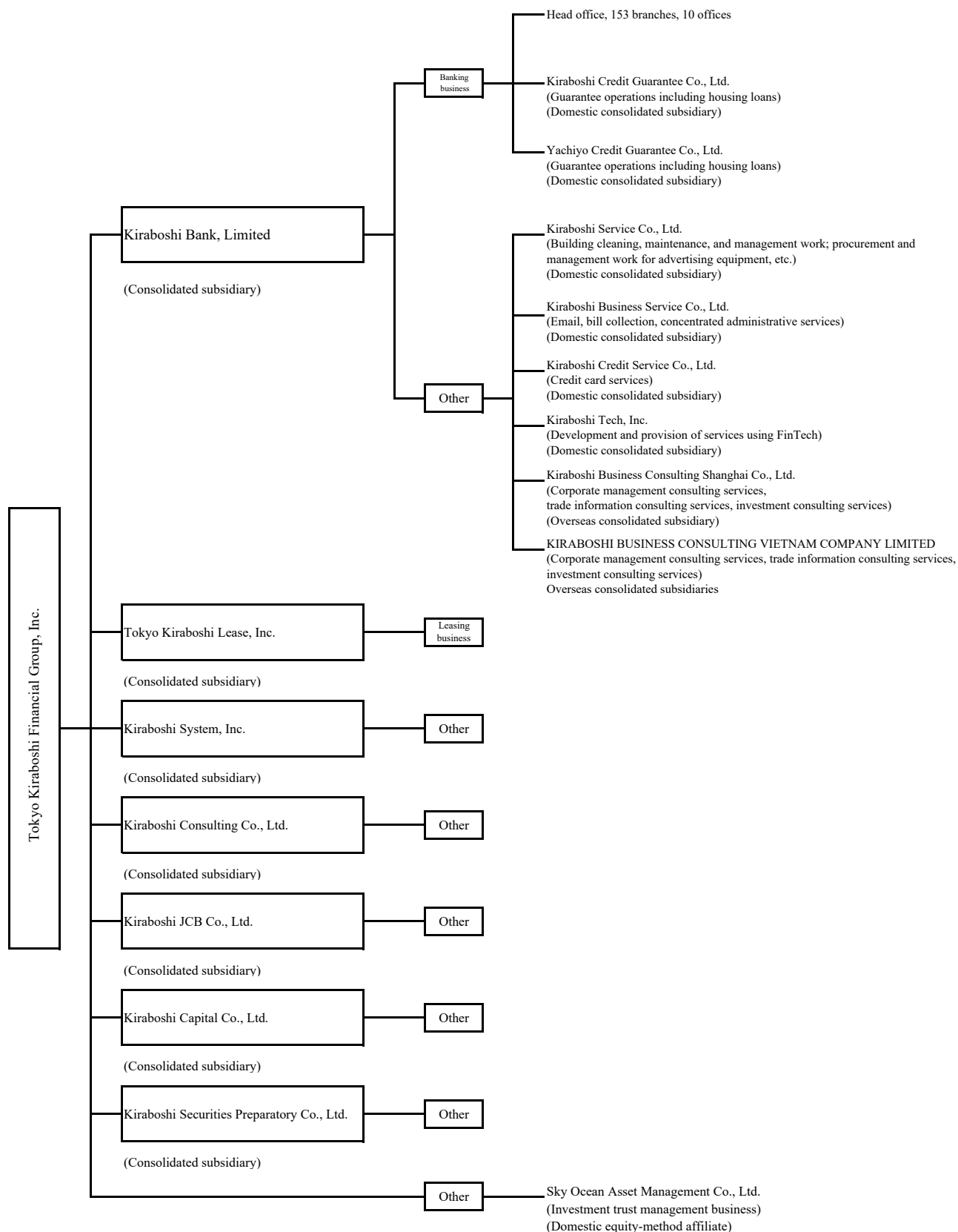
Tokyo Kiraboshi Lease, Inc. is striving to contribute to the development of local economies by responding to customers' diverse leasing needs for items ranging from OA equipment to industrial machinery and automobiles.

[Others]

The other eleven consolidated subsidiaries and one affiliates (equity-method affiliate) are engaged in services ancillary to banking services such as consulting services, computer-related services, information provision services, and credit card services, and work together with the Company to support the financial needs of customers.

Note that the Group qualifies as a specified listed company, etc. as prescribed in Article 49 Paragraph 2 of the Cabinet Office Order on Restrictions on Securities Transactions, and accordingly uses figures on a consolidated basis in assessing the criteria for considering whether a material fact subject to insider trading regulations is of minor importance.

The diagram on the following page illustrates the business portfolio, as described above.



Non-consolidated subsidiaries other than the above

- Tokyo Kanagawa Innovation Support Series 1 Investment Limited Partnership for the Investment Business
- Kiraboshi Capital-Mercuria Investment Limited Partnership for the Investment Business
- Kiraboshi Capital Yume Habataki Series 1 Investment Limited Partnership for the Investment Business

(Note 1) Effective May 28, 2019, the Group's consolidated subsidiary of Kiraboshi Bank, Ltd. converted its equity-method affiliate of Tokyo Kiraboshi Lease, Inc. to a consolidated subsidiary, and effective June 20, 2019, raised its ownership interest to 100%.

(Note 2) Effective August 1, 2019, Tokyo Kiraboshi Lease, Inc. was converted to a direct wholly-owned subsidiary of Tokyo Kiraboshi Financial Group.

(Note 3) Effective August 1, 2019, Kiraboshi System, Inc. was converted to a direct wholly-owned subsidiary of Tokyo Kiraboshi Financial Group.

(Note 4) Effective August 1, 2019, Kiraboshi JCB Co., Ltd. was converted to a direct wholly-owned subsidiary of Tokyo Kiraboshi Financial Group.

(Note 5) Effective August 9, 2019, the Group's new consolidated subsidiary of KIRABOSHI BUSINESS CONSULTING VIETNAM COMPANY LIMITED was established in Ho Chi Minh City, Vietnam, as a wholly-owned subsidiary of the Group's consolidated subsidiary of Kiraboshi Bank Ltd.

(Note 6) Effective December 27, 2019, Tokyo Kiraboshi Financial Group established Kiraboshi Securities Preparatory Co., Ltd. as a wholly owned subsidiary which is scheduled to start operation in August 2020 under the trade name of "Kiraboshi Life Design Securities Co., Ltd".

3. Basic Views on Selection of Accounting Standards

Over the near term, the Group will prepare its consolidated financial statements based on J-GAAP, because the Group's business activities are focused on Japan and to ensure that consolidated financial statements can be compared across time.

In terms of the application of International Financial Reporting Standards (IFRS), an appropriate response will be made in consideration of circumstances in Japan and overseas.

4. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

(¥ million)

	As of March 31, 2019	As of March 31, 2020
Assets		
Cash and due from banks	402,718	538,902
Call loans and bills bought	2,308	2,513
Monetary claims bought	59,326	74,199
Trading account securities	973	1,006
Money held in trust	—	651
Securities	1,095,059	948,042
Loans and bills discounted	3,696,398	3,760,834
Foreign exchanges	5,984	5,593
Lease receivables and investment assets	—	17,622
Other assets	47,525	93,273
Tangible fixed assets	60,266	58,419
Buildings	19,696	17,119
Land	35,451	33,192
Leased assets	1,538	2,262
Construction in progress	226	439
Other tangible fixed assets	3,354	5,404
Intangible fixed assets	3,097	3,771
Software	2,054	1,998
Leased assets	116	256
Other intangible fixed assets	926	1,516
Net defined benefit assets	14,128	13,234
Deferred tax assets	5,940	11,251
Customers' liabilities for acceptances and guarantees	5,596	4,905
Reserve for possible loan losses	(26,112)	(33,076)
Total assets	5,373,212	5,501,145
Liabilities		
Deposits	4,527,089	4,631,187
Negotiable certificates of deposit	16,100	7,300
Call money and bills sold	113,329	217,692
Payables under securities lending transactions	344,918	256,620
Borrowed money	43,566	42,177
Foreign exchange	533	232
Corporate bonds	—	4,200
Borrowed money from trust account	245	—
Other liabilities	24,561	37,291
Reserve for employee bonuses	1,701	1,637
Provision for directors' bonuses	158	183
Provision for stock compensations	82	139
Net defined benefit liabilities	65	65
Reserve for directors' retirement benefits	20	23
Reserve for point card certificates	39	40
Reserve for loss on interest repayments	8	8
Reserve for loss on dormant deposit repayments	1,351	1,318
Provision for loss on cancellation of system contracts	—	935
Provision for contingent loss	656	659
Deferred tax liabilities	61	60
Acceptances and guarantees	5,596	4,905
Total liabilities	5,080,087	5,206,683
Net Assets		
Common stock	27,500	27,500
Capital surplus	150,473	150,684
Retained earnings	109,053	114,641
Treasury stock	(804)	(814)
Total shareholders' equity	286,223	292,010
Net unrealized gain on available-for-sale securities	7,923	5,629
Net deferred gains (losses) on hedges	—	41
Revaluation reserve for land	(242)	(242)
Foreign currency translation adjustment	8	4
Remeasurements of defined benefit plans	(1,250)	(3,038)
Total accumulated other comprehensive income	6,440	2,394
Subscription rights to shares	56	56
Non-controlling interests	404	—
Total net assets	293,124	294,462
Total liabilities and net assets	5,373,212	5,501,145

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

(¥ million)

	Year ended March 31, 2019	Year ended March 31, 2020
Ordinary income	78,777	94,031
Interest income	58,497	56,989
Interest on loans and discounts	43,079	43,808
Interest and dividends on securities	14,121	11,940
Interest on call loans and bills bought	36	38
Interest on deposits with banks	300	299
Other interest income	960	903
Trust fees	107	156
Fees and commissions	16,585	16,880
Other operating income	872	6,762
Other ordinary income	2,715	13,241
Gain on recovery of write-off claims	91	87
Others	2,623	13,153
Ordinary expenses	75,297	91,683
Interest expenses	3,522	2,381
Interest on deposits	1,192	1,094
Interest on negotiable certificates of deposit	2	1
Interest on call money and bills sold	817	606
Interest on payables under securities lending transactions	1,340	584
Interest on borrowed money	88	76
Interest on corporate bonds	—	7
Other interest expenses	81	9
Fees and commissions payments	3,286	3,045
Other operating expenses	1,200	1,621
General and administrative expenses	57,502	55,814
Other ordinary expenses	9,785	28,821
Provision of allowance for loan losses	3,732	11,178
Other ordinary expenses	6,053	17,643
Ordinary profit	3,480	2,347
Extraordinary income	0	6,975
Gain on disposal of non-current assets	0	6,315
Gain on step acquisitions	—	523
Gain on bargain purchase	—	136
Extraordinary losses	111	1,065
Loss on disposal of fixed assets	111	59
Impairment losses	—	70
Provision for loss on cancellation of system contracts	—	935
Profit before income taxes	3,368	8,256
Income tax – current	1,079	3,861
Income tax – deferred	(2,655)	(3,264)
Total income taxes	(1,575)	597
Profit	4,944	7,659
Profit attributable to non-controlling interests	30	2
Profit attributable to owners of parent	4,914	7,657

Consolidated Statements of Comprehensive Income

(¥ million)

	Year ended March 31, 2019	Year ended March 31, 2020
Profit	4,944	7,659
Other comprehensive income	(535)	(4,088)
Net unrealized gain on available-for-sale securities	2,084	(2,293)
Net deferred gains (losses) on hedges	—	41
Foreign currency translation adjustments	(1)	(4)
Remeasurements of defined benefit plans	(2,396)	(1,788)
Share of other comprehensive income of entities accounted for using equity method	(222)	(44)
Comprehensive income	4,408	3,571
(Breakdown)		
Comprehensive income attributable to owners of parent	4,364	3,611
Comprehensive income attributable to non-controlling interests	43	(40)

(3) Consolidated Statements of Changes in Net Assets
(Year ended 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			(2,066)		(2,066)
Profit attributable to owners of parent			4,914		4,914
Acquisition of treasury stock				(231)	(231)
Disposition of treasury stock		(7)		52	45
Change in interest in subsidiaries		(93)			(93)
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	—	(102)	2,847	(178)	2,566
Balance at end of period	27,500	150,473	109,053	(804)	286,223

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive			
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								(2,066)
Profit attributable to owners of parent								4,914
Acquisition of treasury stock								(231)
Disposition of treasury stock								45
Change in interest in subsidiaries								(93)
Net changes of items other than shareholders' equity during the reporting period	1,848	—	(1)	(2,396)	(549)	(45)	133	(461)
Total changes of items during the reporting period	1,848	—	(1)	(2,396)	(549)	(45)	133	2,104
Balance at end of period	7,923	(242)	8	(1,250)	6,440	56	404	293,124

(Year ended March 31, 2020)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	27,500	150,473	109,053	(804)	286,223
Changes of items during the reporting period					
Purchase of shares of consolidated subsidiaries		214	(0)		213
Dividends of surplus			(2,068)		(2,068)
Profit attributable to owners of parent			7,657		7,657
Acquisition of treasury stock				(26)	(26)
Disposition of treasury stock		(4)		15	11
Change in interest in subsidiaries					
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	—	210	5,587	(10)	5,787
Balance at end of period	27,500	150,684	114,641	(814)	292,010

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Net deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of the year	7,923	—	(242)	8	(1,250)	6,440	56	404	293,124
Changes of items during the reporting period									
Purchase of shares of consolidated subsidiaries									213
Dividends of surplus									(2,068)
Profit attributable to owners of parent									7,657
Acquisition of treasury stock									(26)
Disposition of treasury stock									11
Change in interest in subsidiaries									—
Net changes of items other than shareholders' equity during the reporting period	(2,294)	41	—	(4)	(1,788)	(4,045)	—	(404)	(4,450)
Total changes of items during the reporting period	(2,294)	41	—	(4)	(1,788)	(4,045)	—	(404)	1,337
Balance at end of period	5,629	41	(242)	4	(3,038)	2,394	56	—	294,462

(4) Consolidated Statements of Cash Flows

(¥ million)

	Year ended March 31, 2019	Year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	3,368	8,256
Depreciation	4,787	3,958
Impairment losses	—	70
Retirement benefit expenses	1,240	1,307
Bargain purchase loss (gain)	—	(136)
Step acquisitions loss (gain)	—	(523)
Share profit of entities accounted for using equity method	39	(17)
Increase (decrease) in reserve for possible loan losses	(83)	6,404
Increase (decrease) in reserve for employee bonuses	(438)	(78)
Increase (decrease) in provision for directors' bonuses	158	24
Increase (decrease) in provision for stock compensations	82	57
Decrease (increase) in net defined benefit assets	4,263	893
Increase (decrease) in net defined benefit liability	(2,780)	(0)
Increase (decrease) in reserve for directors' retirement benefits	(46)	(10)
Increase (decrease) in reserve for point card certificates	(19)	1
Increase (decrease) in reserve for loss on interest repayments	0	(0)
Increase (decrease) in reserve for loss on dormant deposit repayments	165	(32)
Increase (decrease) in provision for loss on cancellation of system contracts	(200)	935
Increase (decrease) in provision for loss on transfer of business	(194)	—
Increase (decrease) in reserve for contingent loss	43	3
Gain on fund management	(58,497)	(56,989)
Financing expenses	3,522	2,381
Gain (loss) on securities	(1,194)	(3,087)
Net losses (gains) on money held in trust	—	48
Foreign exchange losses (gains)	(6,098)	2,262
Net loss (gain) on disposal of fixed assets	111	(6,255)
Net increase (decrease) in trading account securities	(266)	(32)
Net (decrease) increase in loans and bills discounted	(20,252)	(70,843)
Net increase (decrease) in deposits	(125,019)	104,275
Net increase (decrease) in negotiable certificates of deposit	6,560	(8,800)
Net increase (decrease) in borrowed money (excluding subordinated loans)	(29,991)	(11,732)
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	1,481	200
Net (decrease) increase in call loans	(4,719)	(15,034)
Net increase (decrease) in call money	54,392	104,363
Net increase (decrease) in payables under securities lending transactions	(12,346)	(88,297)
Net decrease (increase) in foreign exchange (assets)	7,572	391
Net increase (decrease) in foreign exchange (liabilities)	309	(300)
Net decrease (increase) in lease receivables and investment assets	—	(1,880)
Increase (decrease) due to issuance and redemption of straight bonds	—	2,200
Net increase (decrease) in borrowed money from trust account	191	(245)
Proceeds from fund management	58,936	59,334
Payments for finance	(3,979)	(2,715)
Other	11,897	(3,583)
Subtotal	(107,004)	26,774
Income taxes paid	(450)	(1,744)
Income taxes refund	867	403
Net cash provided by (used in) operating activities	(106,587)	25,433
Cash flows from investing activities		
Purchase of securities	(219,130)	(279,044)
Proceeds from sales of securities	147,193	264,935
Proceeds from redemption of securities	213,765	126,400
Payments due to increase in money held in trust	—	(700)
Purchase of tangible fixed assets	(3,905)	(1,840)
Retirement of tangible fixed assets	(815)	(566)
Proceeds from sales of tangible fixed assets	0	11,285
Purchase of intangible fixed assets	(1,495)	(1,210)
Payment from changes in ownership interests in subsidiaries that result in changes in scope of consolidation	—	(1,057)
Proceeds from transfer of business	307	—
Net cash provided by (used in) investing activities	135,919	118,200
Cash flows from financing activities		
Repayments of subordinated borrowings	—	(5,000)
Cash dividends paid	(2,067)	(2,069)
Dividends paid to non-controlling interests	(1)	(4)
Purchase of treasury shares	(231)	(72)
Proceeds from sale of treasury stock	0	15
Proceeds from exercise of share options	0	—
Payments from changes in ownership interests in subsidiaries that do not result in changes in scope of consolidation	(4)	(64)
Repayments of lease obligations	(469)	(83)
Net cash provided by (used in) financing activities	(2,774)	(7,277)
Effect of exchange rate changes on cash and cash equivalents	5	1
Net change in cash and cash equivalents	26,562	136,357
Cash and cash equivalents at beginning of year	375,365	401,928
Cash and cash equivalents at end of year	401,928	538,286

(5) Notes on Premise of Going Concern

Not applicable.

(6) Changes in significant subsidiaries during the current period

Effective December 27, 2019, the Group established Kiraboshi Securities Preparatory Co., Ltd., as a wholly-owned subsidiary. It is included in the scope of consolidation from the fiscal year ended March 31, 2020, and is scheduled to start operation in August 2020 under the trade name “Kiraboshi Life Design Securities Co., Ltd.”

Effective May 28, 2019, the Group’s consolidated subsidiary of Kiraboshi Bank, Ltd., converted its equity-method affiliate, Tokyo Kiraboshi Lease, Inc., into a consolidated subsidiary and, effective June 20, 2019, raised its ownership interest to 100%. Note that this event does not constitute a change in specified subsidiaries.

Further, effective August 1, 2019, three of Kiraboshi Bank, Ltd.’s consolidated subsidiaries of Tokyo Kiraboshi Lease, Inc., Kiraboshi System Inc. and Kiraboshi JCB Co., Ltd. were converted to direct wholly-owned subsidiaries of the Group. Effective August 9, 2019, KIRABOSHI BUSINESS CONSULTING VIETNAM COMPANY LIMITED was established in Ho Chi Minh City, Vietnam, as a wholly-owned subsidiary of Kiraboshi Bank Ltd. The new subsidiary is included in the scope of consolidation from the fiscal year ended March 31, 2020.

(7) Notes to Consolidated Financial Statements

(Business combinations)

(Acquisition of shares of subsidiaries)

1. Reasons for the share acquisition

Amidst diversifying customer needs, the Group deemed it more necessary than ever to provide comprehensive financial services through the combined strength of the Group in order to further enhance its financial services. To this end, it proceeded to raise Kiraboshi Bank’s ownership interest in its consolidated subsidiaries, etc.

Through this business combination, the Group will push forward in strengthening its group management with a view to improving corporate value.

2. Additional acquisition of subsidiaries’ shares

(1) Summary of the transaction

(i) Names and business description of the parties to the business combination

Names of the parties to the business combination	Business description
Kiraboshi System, Inc.	Computer-related services business
Kiraboshi JCB Co., Ltd.	Credit card business
Yachiyo Credit Guarantee Co., Ltd.	Credit guarantee business

(ii) Date of the business combination

Names of the parties to the business combination	Date of the business combination
Kiraboshi System, Inc.	May 28, 2019
Kiraboshi JCB Co., Ltd.	May 28, 2019
Yachiyo Credit Guarantee Co., Ltd.	September 27, 2019

Effective August 1, 2019, Kiraboshi System, Inc. and Kiraboshi JCB Co., Ltd., the consolidated subsidiaries of Kiraboshi Bank, Ltd., were converted into direct wholly-owned subsidiaries of the Group.

(iii) Legal form of the business combination

Purchase of shares from non-controlling interests with cash paid as consideration.

(iv) Name of the company after combination

There was no change in the names of the companies after combination

(2) Outline of the accounting treatment applied

The transaction is treated as a transaction with non-controlling interests, which constitutes a transaction under common control, etc., in accordance with “Accounting Standard for Business Combination” (Accounting Standards Board of Japan (“ASBJ”) Statement No 21, January 16, 2019) and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Implementation Guidance No. 10, January 16, 2019).

(3) Matters related to the additional acquisition of subsidiaries’ shares

(i) Kiraboshi System, Inc.

Consideration for the acquisition	¥162 million in cash
Acquisition cost	¥162 million

(ii) Kiraboshi JCB Co., Ltd.

Consideration for the acquisition	¥126 million in cash
Acquisition cost	¥126 million

(iii) Yachiyo Credit Guarantee Co., Ltd.

Consideration for the acquisition	¥45 million in cash
Acquisition cost	¥45 million

(4) Matters related to changes in the Group’s equity associated with the transaction with non-controlling interests

(i) Major factor for the change in capital surplus

Additional purchase of subsidiaries’ shares

(ii) Increment in capital surplus from the transaction with non-controlling interests

¥217 million

3. Conversion of equity-method affiliate to a subsidiary through share acquisition

(1) Name and business description of the acquired company

(i) Name and business description of the acquired company

Name of the acquired company	Business description
Tokyo Kiraboshi Lease, Inc.	General leasing business

(ii) Primary reasons for the business combination

In order to further enhance its financial services, the Group deemed it more necessary than ever to provide comprehensive financial services through the combined strength of the Group. To this end, it proceeded to raise Kiraboshi Bank Ltd.’s ownership interest in the company.

Note that, effective August 1, 2019, Tokyo Kiraboshi Lease Inc. was converted from a consolidated subsidiary of Kiraboshi Bank, Ltd., to a direct wholly-owned subsidiary of Tokyo Kiraboshi Financial Group.

(iii) Date of the business combination

May 28, 2019

(iv) Legal form of the business combination
Purchase of shares with cash paid as consideration.

(iv) Name of the company after combination
There is no change in the name of the company after combination

(vi) Ratio of voting rights acquired

	Tokyo Kiraboshi Lease, Inc.
Ratio of voting rights owned immediately prior to the business combination	35.5%
Ratio of voting rights acquired additionally on the date of the business combination	64.5%
Ratio of voting rights after the acquisition	100.0%

(vii) Main grounds for deciding on the acquisition

Kiraboshi Bank, Ltd., acquired the voting rights of Tokyo Kiraboshi Lease, Inc., its equity-method affiliate, through share acquisition with cash paid as consideration.

(2) Matters related to the calculation of acquisition cost

(i) Breakdown of acquisition cost and consideration for acquisition of the acquired company, by category

Market price of ordinary shares owned immediately prior to the business combination, as of the date of business combination		¥582 million
Consideration for the additional ordinary shares acquired	Cash	¥1,057 million
Acquisition cost		¥1,640 million

(ii) Difference between the cost of acquisition of the acquired company and total amount of acquisition cost of each transaction in the acquisition

Difference associated with step acquisition ¥523 million yen

(3) Description and amount of major acquisition-related costs

Advisory fees, commissions, etc. ¥1 million

The amount represents the aggregate of acquisition-related costs, including those related to additional acquisition of other subsidiaries' shares.

(4) Period of financial results of the acquired company included in the consolidated financial statements of the Group

From April 1, 2019 to March 31, 2020

(5) Amount and cause of the gain on bargain purchase

(i) Amount of the gain on bargain purchase

¥136 million

(ii) Cause

Because the cost of acquisition was less than the net amount of assets acquired and liabilities assumed, the difference is recognized as a gain on bargain purchase.

(6) Amounts and principal items of assets acquired and liabilities assumed on the date of the business combination

(i) Amount of assets

Total assets	28,803 million yen
of which, lease receivables and lease investment assets	17,376 million yen

(ii) Amount of liabilities

Total liabilities	27,069 million yen
of which, bonds	2,000 million yen
of which, borrowings	21,752 million yen

(Segment information, etc.)

1. Summary of reportable segments

The reportable segments of the Group are the business units for which the Group is able to obtain financial information separately for assessment of business results by the Management Committee, etc., and comprise banking and leasing business segments, the performance of which are reviewed periodically.

In the banking business segment, the Group is engaged primarily in the principal banking operations of deposit services, loan services, trading account securities services, securities investment services, domestic exchange services, foreign exchange services and trust services. In the leasing business segment, the Group is engaged in leasing services as part of finance-related business. Operations not included in the reportable segments are recorded as an aggregate under “Other”.

In the fiscal year ended March 31, 2019, presentation of segment information was omitted as the banking business was the sole reportable segment of the Group. Following the conversion of Tokyo Kiraboshi Lease, Inc., from an equity-method affiliate to a consolidated subsidiary, the Group conducted a review of reportable segments in the fiscal year ended March 31, 2020.

As a result of the review, a change was made to the reportable segments, which now comprise “banking business” and “leasing business”.

2. Calculation method of ordinary income, profit, assets, liabilities and other items by reportable segment

Accounting treatment of reportable segments is the same as that stated in “Basis of Presentation of the Consolidated Financial Statements”.

Reportable segment income is based on ordinary income. Intersegment ordinary income is based on transaction prices among third parties.

3. Information related to ordinary income, profit, assets, liabilities and other items.

Consolidated fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments			Other	Total
	Banking business	Leasing business	Total		
Ordinary income					
Ordinary income from external customers	84,273	11,102	95,376	1,786	97,162
Intersegment ordinary income	157	850	1,007	9,073	10,081
Total	84,431	11,953	96,384	10,860	107,244

Segment income	5,718	29	5,747	5,894	11,642
Segment assets	5,486,602	29,452	5,516,054	205,382	5,721,437
Segment liabilities	5,194,129	29,192	5,223,322	4,381	5,227,703
Other items					
Depreciation	3,880	28	3,908	50	3,958
Interest income	58,814	13	58,827	5,154	63,981
Interest expenses	2,381	121	2,502	21	2,524
Share of profit of entities accounted for using the equity method	-	-	-	17	17
Extraordinary income	5,575	-	5,575	-	5,575
(Gain on disposal of tangible fixed assets)	5,575	-	5,575	-	5,575
(Gain on bargain purchase)	-	-	-	-	-
Investments in entities accounted for using the equity method	-	-	-	47	47
Increase in tangible and intangible fixed assets	5,265	634	5,899	261	6,160

(Note) 1. Ordinary income is presented instead of net sales generally used by non-financial companies.

2. "Other" represents business segments other than those of the reportable segments and include consulting services, computer-related services, information provision services, and the credit card business.

4. Difference between total amount of reportable segments and the recorded amounts in the consolidated financial statements, and the principal components of the difference (matters relating to adjustment of difference)

(1) Total of ordinary income of reportable segments and ordinary income recognized in the consolidated statement of income

(Millions of yen)

Ordinary income	Fiscal year ended March 30, 2020
Total of reportable segments	96,384
Ordinary income categorized in "Other"	10,860
Purchase accounting adjustment	(10,081)
Elimination of inter-segment transactions	(3,130)
Ordinary income in the consolidated statement of income	94,031

(Note) Ordinary income is presented instead of net sales which is generally used by non-financial companies. Reconciliation is stated for the difference between reportable segment ordinary income and the ordinary income recognized in the consolidated statement of income.

(2) Total reportable segment income and ordinary income recognized in the consolidated statement of income

(Millions of yen)

Income	Fiscal year ended March 31, 2020
Total of reportable segments	5,747
Income in "Other"	5,894
Purchase accounting adjustment	(3,506)
Elimination of inter-segment transactions	(5,788)
Ordinary income in the consolidated statement of income	2,347

(3) Total reportable segment assets and assets recognized in the consolidated balance sheet

(Millions of yen)

Assets	Fiscal year ended March 31, 2020
Total of reportable segments	5,516,054
Assets in "Other"	205,382
Purchase accounting adjustment	(8,235)
Elimination of inter-segment transactions	(212,056)
Total assets in the consolidated balance sheet	5,501,145

(4) Total reportable segment liabilities and liabilities recognized in the consolidated balance sheet

(Millions of yen)

Liabilities	Fiscal year ended March 31, 2020
Total of reportable segments	5,223,322
Liabilities in "Other"	4,381
Purchase accounting adjustment	(1,535)
Elimination of inter-segment transactions	(19,484)
Total liabilities in the consolidated balance sheet	5,206,683

(5) Total of other items of reportable segments and amounts of corresponding items recognized in the consolidated financial statements

(Millions of yen)

Other items	Total of reportable segments	Other	Adjustments	Amounts in consolidated financial statements
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2020
Depreciation	3,908	50	-	3,958
Interest income	58,827	5,154	(6,991)	56,989
Interest expenses	2,502	21	(143)	2,381
Share of profit of entities accounted for using the equity method	-	17	-	17
Extraordinary income	5,575	-	1,399	6,975
(Gain on disposal of non-current assets)	5,575	-	739	6,315
(Gain on bargain purchase)	-	-	136	136
Investments in entities accounted for using the equity method	-	47	-	47
Increase in tangible and intangible fixed assets	5,899	261	(1,458)	4,702

(Per Share Information)

		Reporting period (Year ended March 31, 2020)
Net assets per share	¥	7,880.94
Profit attributable to owners of parent per share	¥	244.21
Profit attributable to owners of parent per share (Diluted)	¥	127.49

Notes:

1. The calculation basis for net asset amount per share is as follows.

		Reporting period (As of March 31, 2020)
Total net assets	(¥ million)	294,462
Amount deducted from total net assets	(¥ million)	55,176
Paid-in amount of preferred stock	(¥ million)	55,000
Cash dividends on preferred stock	(¥ million)	120
Subscription rights to shares	(¥ million)	56
Non-controlling interests	(¥ million)	-
Net asset amount for common stock at the year-end	(¥ million)	239,285
Number of shares of common stock at the year-end used for calculating net asset amount per share	Thousand shares	30,362

2. The following is the basis for calculating the amount of net income per share and the amount of diluted net income per share for the reporting period.

		Reporting period (Year ended March 31, 2020)
Profit attributable to owners of parent per share		
Profit attributable to owners of parent	(¥ million)	7,657
Amount not belonging to common stock	(¥ million)	240
Cash dividends on preferred stock	(¥ million)	240
Profit attributable to owners of parent in relation to common stock	(¥ million)	7,416
Weighted-average shares of common stock during the period	Thousand shares	30,369
Profit attributable to owners of parent per share (Diluted)		
Profit attributable to owners of parent adjustment amount	(¥ million)	240
Cash dividends on preferred stock	(¥ million)	240
Effect of dilutive securities	Thousand shares	29,687
Preferred stock	Thousand shares	29,667
Subscription rights to shares	Thousand shares	19
Summary of residual securities not included in calculation of net profit per share after adjustment of residual securities because they have no dilutive effects		—

3. The Company's shares which are held by the trust in relation to the stock compensation plan and which are recorded as treasury shares under shareholders' equity are, in the calculation of net assets per share, included in the treasury shares which are excluded from the total number of issued shares at fiscal year-end. In the calculation of profit attributable to owners of parent per share and diluted profit attributable to owners of parent per share, the same is also included in treasury shares which are excluded for calculating the weighted-average number of shares outstanding during the period. The number of the said treasury shares at the end of the period which were excluded in calculating net assets per share is 97,000 shares. The weighted-average number of the said treasury shares outstanding during the period which were excluded in calculating profit attributable to owners of parent per share and diluted profit attributable to owners of parent per share is 98,000 shares.

(Significant Subsequent Events)

Not applicable.

(Reference)**Trust asset balance table****(As of March 31, 2020)**

(Millions of yen)

Asset	Value	Liability	Value
Loans and bills discounted	2,476	Specified money in trust	2,535
Loans on deeds	2,476	Monetary claims in trust	26,870
Monetary claims	26,718	Composite trusts	15,104
Other monetary claims	26,718		
Property, plant and equipment	14,480		
Movables	634		
Real estate	13,846		
Cash deposits	833		
Deposits	833		
Total	44,510	Total	44,510

5. Non-consolidated Financial Statements and Notes

(1) Non-consolidated Balance Sheets

(¥ million)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and due from banks	1,757	1,362
Accounts receivable - other	16	10
Prepaid expenses	16	19
Income taxes receivable	403	1,005
Suspense payments	0	0
Deposits paid	0	2
Total current assets	2,194	2,400
Non-current assets		
Investments and other assets		
Shares of subsidiaries and associates	193,744	196,744
Deferred tax assets	11	24
Total investments and other assets	193,755	196,769
Total non-current assets	193,755	196,769
Deferred assets		
Organization expenses	7	—
Share issuance cost	4	—
Total deferred assets	11	—
Total assets	195,961	199,169
Liabilities		
Current liabilities		
Accounts payable - other	1	31
Dividends payable	44	55
Income taxes	17	23
Deposits received	3	6
Suspense receipt	0	0
Reserve for employee bonuses	24	28
Provision for directors' bonuses	9	14
Total current liabilities	102	160
Non-current liabilities		
Provision for stock compensations	5	11
Total non-current liabilities	5	11
Total liabilities	107	172
Net assets		
Shareholders' equity		
Common stock	27,500	27,500
Capital surplus		
Capital reserve	56,219	56,219
Other capital surplus	110,264	110,260
Total capital surplus	166,484	166,480
Retained earnings		
Other retained earnings		
Retained earnings brought forward	2,618	5,775
Total retained earnings	2,618	5,775
Treasury stock	(804)	(814)
Total shareholders' equity	195,797	198,940
Subscription rights to shares	56	56
Total net assets	195,854	198,997
Total liabilities and net assets	195,961	199,169

(2) Non-consolidated Statements of Income

(¥ million)

	Year ended March 31, 2019	Year ended March 31, 2020
Operating income		
Dividends from subsidiaries and associates	2,118	5,121
Commissions from subsidiaries and associates	992	1,053
Other business revenue	—	15
Total operating income	3,110	6,190
Operating expenses		
Selling, general and administrative expenses	798	905
Total operating expenses	798	905
Operating profit	2,311	5,284
Non-operating income		
Interest income	0	0
Miscellaneous income	0	1
Total non-operating income	0	1
Non-operating expenses		
Commission fee	3	—
Miscellaneous loss	0	0
Amortization of deferred organization expenses	14	7
Amortization of share issuance cost	18	4
Total non-operating expenses	36	11
Ordinary profit	2,275	5,274
Extraordinary losses	74	—
Loss on valuation of shares of subsidiaries and associates	74	—
Income before income taxes	2,201	5,274
Income taxes - current	46	61
Income taxes - deferred	5	(13)
Total income taxes	51	48
Net income	2,149	5,225

(3) Non-consolidated Statements of Changes in Net Assets**Year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)**

(¥ million)

	Shareholders' equity								Subscription rights to shares	Total net assets
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings				
Balance at beginning of the year	27,500	56,219	110,272	166,491	2,535	2,535	(625)	195,900	101	196,002
Changes of items during the reporting period										
Dividends of surplus					(2,066)	(2,066)		(2,066)		(2,066)
Net income					2,149	2,149		2,149		2,149
Acquisition of treasury stock							(231)	(231)		(231)
Disposition of treasury stock			(7)	(7)			52	45		45
Net changes of items other than shareholders' equity									(45)	(45)
Total of changes of items during the reporting period	—	—	(7)	(7)	82	82	(178)	(102)	(45)	(148)
Balance at end of period	27,500	56,219	110,264	166,484	2,618	2,618	(804)	195,797	56	195,854

Year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(¥ million)

	Shareholders' equity								Subscription rights to shares	Total net assets
	Common stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings				
Balance at beginning of the year	27,500	56,219	110,264	166,484	2,618	2,618	(804)	195,797	56	195,854
Changes of items during the reporting period										
Dividends of surplus					(2,068)	(2,068)		(2,068)		(2,068)
Net income					5,225	5,225		5,225		5,225
Acquisition of treasury stock							(26)	(26)		(26)
Disposition of treasury stock			(4)	(4)			15	11		11
Net changes of items other than shareholders' equity									—	—
Total of changes of items during the reporting period	—	—	(4)	(4)	3,157	3,157	(10)	3,142	—	3,142
Balance at end of period	27,500	56,219	110,260	166,480	5,775	5,775	(814)	198,940	56	198,997

(4) Notes on Premise of Going Concern

Not applicable.

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

(1) Overview of Non-consolidated Financial Statements

May 13, 2020

Company name: Kiraboshi Bank, Limited

Representative: Hisanobu Watanabe, President

Responsible person for inquiries: Nobuyuki Yasuda, Director, Executive Officer and General Manager of Corporate Planning Division

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

Telephone: +81-3-6447-5799

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

1. Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(1) Results in non-consolidated operations

(Percentages represent year-on-year changes.)

	Ordinary income		Ordinary profit		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%
Fiscal Year ended March 31, 2020	83,737	10.4	4,756	6.4	8,672	50.8
Fiscal Year ended March 31, 2019	75,846	117.8	4,467	36.9	5,748	113.3

(2) Non-consolidated financial position

	Total assets	Total net assets	Net assets to total assets ratio
	(¥ million)	(¥ million)	%
As of March 31, 2020	5,491,038	289,398	5.2
As of March 31, 2019	5,376,467	289,418	5.3

(Reference) Equity: As of March 31, 2020: ¥289,398 million As of March 31, 2019: ¥289,418 million

(Note) "Equity" is the value of total net assets at the end of the fiscal year, and "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. 19 of 2006).

(2) Non-consolidated Balance Sheets

Kiraboshi Bank, Ltd.

(¥ million)

	As of March 31, 2019	As of March 31, 2020
Assets		
Cash and due from banks	402,625	538,775
Cash on hand	39,051	37,052
Due from banks	363,573	501,722
Call loans	2,308	2,513
Monetary claims bought	59,326	74,170
Trading account securities	973	1,006
Trading account Japanese government bonds	168	162
Trading account Municipal government bonds	805	843
Money held in trust	—	651
Securities	1,089,205	949,175
Japanese government bonds	322,293	253,787
Municipal government bonds	62,702	53,989
Corporate bonds	403,347	370,044
Corporate stocks	31,095	27,008
Other securities	269,766	244,346
Loans and bills discounted	3,696,166	3,769,814
Bills discounted	40,968	30,831
Loans on bills	167,592	178,758
Loans on deeds	3,197,730	3,229,813
Overdrafts	289,875	330,411
Foreign exchange	5,984	5,593
Due from foreign banks	3,309	3,287
Foreign bills of exchange bought	172	242
Foreign bills of exchange receivable	2,502	2,063
Other assets	43,812	81,176
Prepaid expenses	468	535
Accrued income	4,579	3,238
Initial margins of futures markets	46	212
Variation margins of futures markets	307	425
Financial derivatives	1,632	1,802
Cash collateral paid for financial instruments	8,376	1,791
Other assets	28,402	73,169
Tangible fixed assets	68,662	63,776
Buildings	19,692	17,112
Land	43,985	40,986
Leased assets	1,468	2,164
Construction in progress	226	439
Other tangible fixed assets	3,289	3,073
Intangible fixed assets	3,011	3,380
Software	1,995	1,860
Leased assets	94	192
Other intangible fixed assets	920	1,328
Prepaid pension cost	15,875	17,109
Deferred tax assets	7,991	10,212
Customers' liabilities for acceptances and guarantees	5,596	4,905
Reserve for possible loan losses	(25,073)	(31,223)
Total assets	5,376,467	5,491,038

Kiraboshi Bank, Ltd.

(¥ million)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Deposits	4,539,073	4,649,594
Current deposits	232,863	229,938
Ordinary deposits	2,347,191	2,468,971
Savings deposits	33,935	32,825
Deposits at notice	22,422	26,030
Time deposits	1,778,792	1,770,147
Installment savings	64,485	54,983
Other deposits	59,382	66,697
Negotiable certificates of deposit	19,510	10,710
Call money	113,329	217,692
Payables under securities lending transactions	344,918	256,620
Borrowed money	43,366	28,359
Borrowings from other banks	43,366	28,359
Foreign exchange	533	232
Due to foreign banks	1	1
Foreign bills of exchange sold	30	17
Foreign bills of exchange payable	500	213
Borrowed money from trust account	245	—
Other liabilities	14,310	27,294
Income taxes	928	3,328
Accrued expenses	3,142	2,575
Unearned income	1,796	2,452
Deposits received from employees	0	—
Reserve for interest on installment savings	22	16
Variation margins of futures markets	1	8
Financial derivatives	1,484	2,102
Cash collateral received for financial instruments	461	423
Lease obligations	1,631	2,447
Asset retirement obligations	783	713
Other liabilities	4,059	13,227
Reserve for employee bonuses	1,573	1,480
Provision for directors' bonuses	148	169
Provision for stock compensations	76	128
Reserve for point card certificates	2	2
Reserve for loss on dormant deposit repayments	1,351	1,318
Provision for loss on cancellation of system contracts	—	935
Provision for contingent loss	656	659
Deferred tax liabilities for land revaluation	2,356	1,535
Acceptances and guarantees	5,596	4,905
Total liabilities	5,087,049	5,201,639
Net Assets		
Common stock	43,734	43,734
Capital surplus	166,173	166,173
Capital reserve	32,922	32,922
Other capital surplus	133,250	133,250
Retained earnings	68,053	71,145
Earned reserve	6,796	8,284
Other retained earnings	61,257	62,860
General reserve	18,100	18,100
Retained earnings brought forward	43,157	44,760
Total shareholders' equity	277,961	281,053
Net unrealized gain on available-for-sale securities	11,367	10,074
Net deferred hedge gain (loss)	—	41
Revaluation reserve for land	89	(1,770)
Total valuation and translation adjustments	11,456	8,345
Total net assets	289,418	289,398
Total liabilities and net assets	5,376,467	5,491,038

(3) Non-consolidated Statements of Income**Kiraboshi Bank, Ltd.**

(¥ million)

	Year ended March 31, 2019	Year ended March 31, 2020
Ordinary income	75,846	83,737
Interest income	57,971	58,864
Interest on loans and discounts	41,006	43,812
Interest and dividends on securities	15,645	13,691
Interest on call loans	34	38
Interest on deposits with banks	278	298
Other interest income	1,007	1,024
Trust fees	104	156
Fees and commissions	14,047	14,787
Fees and commissions on domestic and foreign exchange	3,716	3,790
Other fees and commissions	10,331	10,996
Other operating income	522	7,694
Gain on foreign exchange transactions	32	678
Gain on trading account securities transactions	4	—
Gain on sale of bonds	484	7,015
Gain on redemption of bonds	0	—
Other	0	—
Other ordinary income	3,200	2,233
Recoveries of written-off claims	79	83
Gain on sale of stocks and other securities	2,215	1,425
Other	906	724
Ordinary expenses	71,379	78,980
Interest expenses	3,327	2,382
Interest on deposits	1,128	1,096
Interest on negotiable certificates of deposit	2	2
Interest on call money	819	606
Interest on payables under securities lending transactions	1,229	584
Interest on borrowed money	76	0
Interest expenses on interest rate swaps	—	0
Other interest expenses	70	92
Fees and commissions	3,837	3,802
Fees and commissions on domestic and foreign exchange	869	901
Other fees and commissions	2,967	2,900
Other operating expenses	979	1,304
Loss on trading account securities transactions	—	5
Loss on sale of bonds	743	720
Amortization on bonds	9	71
Expenses on financial derivatives transaction	222	506
Other	4	—
General and administrative expenses	53,805	54,250
Other ordinary expenses	9,430	17,241
Provision of allowance for loan losses	3,831	10,805
Write-off of loans	136	159
Loss on sale of stocks and other securities	198	1,383
Losses on devaluation of stocks and other securities	163	1,062
Loss on money held in trust	—	48
Other	5,099	3,782
Ordinary profit	4,467	4,756
Extraordinary income	0	5,575
Gain on disposal of fixed assets	0	5,575
Extraordinary losses	96	1,063
Loss on deposition of fixed assets	96	57
Impairment losses	—	70
Provision for loss on cancellation of system contracts	—	935
Income before income taxes	4,370	9,268
Income taxes – current	619	3,110
Income taxes – deferred	(1,997)	(2,514)
Total income taxes	(1,377)	595
Net income	5,748	8,672