

November 10, 2020

Consolidated Financial Report
for the First Half of the Fiscal Year Ending March 31, 2021
<Under Japanese GAAP>

Representative: Hisanobu Watanabe, President
Responsible person for inquiries: Nobuyuki Yasuda, General Manager of Corporate Planning Division
Telephone: +81-3-6447-5799

Date of submission of quarterly security report: November 25, 2020

Date to start dividend payment: December 2, 2020

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, 2021
(From April 1, 2020 to September 30, 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)	(%)
First half of the fiscal year ending March 31, 2021	46,965	5.0	3,540	24.7	2,057	(39.2)
First half of the fiscal year ended March 31, 2020	44,704	13.2	2,838	5.6	3,386	(9.9)

(Note) Comprehensive income: First half of the fiscal year ending March 31, 2021: ¥ 6,280 million (1.3%)

First half of the fiscal year ended March 31, 2020: ¥ 6,366 million (13.1%)

	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, 2021	63.68	31.61
First half of the fiscal year ended March 31, 2020	107.54	56.38

(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, 2021	5,703,314	299,753	5.2
Fiscal year ended March 31, 2020	5,501,145	294,462	5.3

(Reference)

Equity:

First half of the fiscal year ending March 31, 2021: ¥ 299,722 million Fiscal year ended March 31, 2020: ¥294,405 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, 2020	–	30.00	–	30.00	60.00
Fiscal year ending March 31, 2021	–	30.00			
Fiscal year ending March 31, 2021 (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, 2021 (From April 1, 2020 to March 31, 2021)

(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	5,700	142.7	4,000	(47.7)	123.63

(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): None

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

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

(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, 2021 30,650,115 shares

Fiscal year ended March 31, 2020 30,650,115 shares

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

First half of the fiscal year ending March 31, 2021 258,781 shares

Fiscal year ended March 31, 2020 287,585 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, 2021 30,372,359 shares

First half of the fiscal year ended March 31, 2020 30,371,922 shares

(Note)

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

(Non-consolidated Financial Statements)

1. Non-consolidated Operating Performance for the First Half of the Fiscal Year Ending March 31, 2021 (From April 1, 2020 to September 30, 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)	(%)
First half of the fiscal year ending March 31, 2021	1,576	2.1	1,037	(4.7)	1,044	(3.1)	1,051	(1.6)
First half of the fiscal year ended March 31, 2020	1,543	(8.7)	1,089	(15.4)	1,078	(15.0)	1,068	(11.5)
	Net income per share							
	(¥)							
First half of the fiscal year ending March 31, 2021	30.57							
First half of the fiscal year ended March 31, 2020	31.22							

(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, 2021	199,197	199,059	99.9
Fiscal year ended March 31, 2020	199,169	198,997	99.8

(Reference)

Equity:

First half of the fiscal year ending March 31, 2021: ¥199,029 million Fiscal year ended March 31, 2020: ¥198,940 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, 2020	–	124.00	–	124.00	248.00
Fiscal year ending March 31, 2021	–	125.00			
Fiscal year ending March 31, 2021 (Forecast)			–	125.00	250.00

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

(d) Shares issued

750,000

(2) 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

(*Annual dividend rate: Figures less than % are calculated to three decimal places with the third decimal place 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, 2020	–	13.636	–	13.636	27.272
Fiscal year ending March 31, 2021	–	14.636			
Fiscal year ending March 31, 2021 (Forecast)			–	14.636	29.272

(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, 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

(2) Fiscal year ending March 31, 2021

(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

Attached Materials

Index

1. Qualitative Information Regarding Consolidated Results for the first half of the fiscal year ending March 31, 2021	
(1) Operating Results.....	2
(2) Financial Position	2
(3) Note on the Forecast of the Consolidated Operating Performance and Other Forward-Looking Statements	2
2. Consolidated Interim Financial Statements and Notes	
(1) Consolidated Interim Balance Sheets	3-4
(2) Consolidated Interim Statements of Income and Consolidated Interim Statements of Comprehensive Income	5-6
(3) Consolidated Interim Statements of Changes in Net Assets.....	7-8
(4) Notes on Premise of Going Concern.....	9
(5) Additional information.....	9
(6) Significant subsequent event	9
(Reference) Trust Asset Balance Table	10
3. (Reference) Non-consolidated Financial Statements of Kiraboshi Bank,Ltd.	
(1) Overview of Non-consolidated Financial Statements	11
(2) Non-consolidated Interim Balance Sheets.....	12
(3) Non-consolidated Interim Statements of Income.....	13
 (Appendix) Financial Results for the First Half of the Fiscal Year Ending March 31, 2021 - Supplementary Information-	

1. Qualitative Information Regarding Consolidated Results for the first half of the fiscal year ending March 31, 2021

(1) Operating Results

In the consolidated operating results for the first half of the fiscal year ending March 31, 2021, consolidated ordinary income increased by ¥0.7 billion year-on-year to ¥3.5 billion, due largely to an increase in interest on loans and discounts reflecting growth notably in COVID-19-related loans, and an increase also in gains on bonds. Profit attributable to owners of parent decreased by ¥1.3 billion year-on-year to ¥2.0 billion.

The main factors affecting operating results of Kiraboshi Bank, Ltd., are as follows.

(i) Net interest income	Increases in interest on loans and discounts and in interest subsidies associated largely with COVID-19-related loans, a decrease in interest on securities due largely to the sale and redemption of Japanese government bonds.
(ii) Non-interest income	A decrease of ¥1.0 billion year-on-year due in part to voluntary restraint of sales activities.
(iii) Expenses	An increase of ¥0.6 billion year-on-year as a result notably of increases in BIB (branch-in-branch) implementation expenses and consumption tax associated with capitalization of the Day 2 system.
(iv) Credit-related costs	An increase of ¥1.1 billion year-on-year attributable to customer defaults caused by inappropriate accounting treatment, deterioration of corporate performance brought about by economic slowdowns in the face of the COVID-19 pandemic, and other factors.
(v) Gains (losses) on bonds	An increase of ¥1.5 billion year-on-year due largely to the sale of marketable bonds held to maturity.
(vi) Gains (losses) on stocks and other securities	An increase of ¥2.6 billion year-on-year due largely to the sale of stocks held for strategic purposes.
(vii) Other non-recurring profit (loss)	A decrease of ¥1.1 billion year-on-year reflecting recognition notably of merger and systems integration costs and fund costs (inclusive of loss on equity derivatives held for hedging purposes).
(viii) Profit for the six months ended September 30, 2020	A decrease of ¥1.0 billion year-on-year.

(2) Financial Position

As of September 30, 2020, total assets amounted to ¥5,703.3 billion, up ¥202.1 billion from the end of the previous fiscal year, and net assets stood at ¥299.7 billion, a ¥5.2 billion increase from the end of the previous fiscal year.

With respect to major account balances, deposits increased ¥342.2 billion from the end of the previous fiscal year to ¥4,973.4 billion, and loans and bills discounted increased ¥156.3 billion from the end of the previous fiscal year to ¥3,917.1 billion, while securities decreased ¥60.8 billion to ¥887.1 billion.

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

There is no change to the forecasts of operating performance for the fiscal year ending March 31, 2021, announced on May 13, 2020.

2. Consolidated Interim Financial Statements and Notes

(1) Consolidated Interim Balance Sheets

(¥ million)

	As of March 31, 2020	As of September 30, 2020
Assets		
Cash and due from banks	538,902	671,986
Call loans and bills bought	2,513	2,729
Other debt purchased	74,199	71,804
Trading account securities	1,006	1,007
Money held in trust	651	1,132
Securities	948,042	887,153
Loans and bills discounted	3,760,834	3,917,155
Foreign exchange	5,593	16,646
Lease receivables and investment assets	17,622	17,847
Other assets	93,273	62,369
Tangible fixed assets	58,419	56,825
Intangible fixed assets	3,771	4,604
Net defined benefit assets	13,234	14,770
Deferred tax assets	11,251	8,793
Customers' liabilities for acceptances and guarantees	4,905	5,002
Reserve for possible loan losses	(33,076)	(36,514)
Total assets	5,501,145	5,703,314
Liabilities		
Deposits	4,631,187	4,973,414
Negotiable certificates of deposit	7,300	6,000
Call money and bills sold	217,692	15,499
Payables under securities lending transactions	256,620	162,447
Borrowed money	42,177	187,116
Foreign exchanges	232	160
Bonds	4,200	4,100
Other liabilities	37,291	45,848
Reserve for employee bonuses	1,637	1,613
Provision for directors' bonuses	183	48
Provision for stock compensation	139	107
Net defined benefit liabilities	65	65
Reserve for directors' retirement benefits	23	19
Reserve for point card certificates	40	41
Provision for loss on interest repayments	8	10
Reserve for loss on dormant deposit repayments	1,318	1,287
Provision for loss on cancellation of system contracts	935	—
Provision for contingent loss	659	692
Reserves under special laws	—	0
Deferred tax liabilities	60	85
Acceptances and guarantees	4,905	5,002
Total liabilities	5,206,683	5,403,560

(¥ million)

	As of March 31, 2020	As of September 30, 2020
Net Assets		
Common stock	27,500	27,500
Capital surplus	150,684	150,680
Retained earnings	114,641	115,664
Treasury stock	(814)	(740)
Total shareholders' equity	292,010	293,105
Net unrealized gain on available-for-sale securities	5,629	9,605
Net deferred gains (losses) on hedges	41	41
Revaluation reserve for land	(242)	(242)
Foreign currency translation adjustment	4	5
Remeasurements of defined benefit plans	(3,038)	(2,791)
Total accumulated other comprehensive income	2,394	6,617
Subscription rights to shares	56	30
Non-controlling interests	—	—
Total net assets	294,462	299,753
Total liabilities and net assets	5,501,145	5,703,314

**(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, 2020	First half of the fiscal year ending March 31, 2021
Ordinary income	44,704	46,965
Interest income	28,721	28,789
Interest on loans and discounts	21,832	22,029
Interest and dividends on securities	6,255	5,435
Trust fees	64	59
Fees and commissions	8,616	6,714
Other operating income	953	2,932
Other ordinary income	6,348	8,468
Ordinary expenses	41,865	43,425
Financing expenses	1,265	655
Interest on deposits	585	345
Fees and commissions payments	1,120	1,307
Other operating expenses	389	49
General and administrative expenses	27,536	28,176
Other ordinary expenses	11,555	13,235
Ordinary profit	2,838	3,540
Extraordinary profit	659	—
Gain on disposal of non-current assets	0	—
Gain on step acquisitions	523	—
Gain on bargain purchase	136	—
Extraordinary losses	40	6
Loss on disposal of non-current assets	40	6
Profit before income taxes	3,457	3,533
Income tax – current	1,105	824
Income tax – deferred	(1,036)	651
Total income taxes	68	1,476
Profit	3,389	2,057
Profit attributable to non-controlling interests	2	—
Profit attributable to owners of parent	3,386	2,057

(Consolidated Interim Statements of Comprehensive Income)

(¥ million)

	First half of the fiscal year ended March 31, 2020	First half of the fiscal year ending March 31, 2021
Profit	3,389	2,057
Other comprehensive income	2,977	4,222
Valuation difference on available-for-sale securities	2,574	3,975
Net deferred gains (losses) on hedges	—	(0)
Foreign currency translation adjustments	(4)	0
Remeasurements of defined benefit plans	451	246
Share of other comprehensive income of entities accounted for using equity method	(44)	—
Comprehensive income	6,366	6,280
(Breakdown)		
Comprehensive income attributable to owners of parent	6,407	6,280
Comprehensive income attributable to non-controlling interests	(40)	—

(3) Consolidated Interim Statements of Changes in Net Assets
(First half of the fiscal 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			(1,034)		(1,034)
Profit attributable to owners of parent			3,386		3,386
Acquisition of treasury stock				(7)	(7)
Disposition of treasury stock		(0)		5	4
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	—	213	2,351	(1)	2,563
Balance at end of period	27,500	150,687	111,405	(806)	288,786

	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	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								(1,034)
Profit attributable to owners of parent								3,386
Acquisition of treasury stock								(7)
Disposition of treasury stock								4
Net changes of items other than shareholders' equity during the reporting period	2,573	—	(4)	451	3,021	—	(404)	2,616
Total changes of items during the reporting period	2,573	—	(4)	451	3,021	—	(404)	5,179
Balance at end of period	10,497	(242)	4	(798)	9,461	56	—	298,303

(First half of the fiscal year ending March 31, 2021)

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the year	27,500	150,684	114,641	(814)	292,010
Changes of items during the reporting period					
Dividends of surplus			(1,034)		(1,034)
Profit attributable to owners of parent			2,057		2,057
Acquisition of treasury stock				(5)	(5)
Disposition of treasury stock		(3)		79	76
Net changes of items other than shareholders' equity during the reporting period					
Total changes of items during the reporting period	—	(3)	1,023	74	1,094
Balance at end of period	27,500	150,680	115,664	(740)	293,105

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference 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	5,629	41	(242)	4	(3,038)	2,394	56	—	294,462
Changes of items during the reporting period									
Dividends of surplus									(1,034)
Profit attributable to owners of parent									2,057
Acquisition of treasury stock									(5)
Disposition of treasury stock									76
Net changes of items other than shareholders' equity during the reporting period	3,975	(0)	—	0	246	4,222	(25)	—	4,196
Total changes of items during the reporting period	3,975	(0)	—	0	246	4,222	(25)	—	5,291
Balance at end of period	9,605	41	(242)	5	(2,791)	6,617	30	—	299,753

(4) Notes on Premise of Going Concern

Not applicable.

(5) Additional information

(Accounting estimates related to the impact of COVID-19 pandemic)

With respect to accounting estimates related to the impact of the COVID-19 pandemic for the first half of the fiscal year ending March 31, 2021, and assumptions used to calculate the estimates thereof, there are no material changes from the information provided under Additional Information in the Securities Report for the fiscal year ended March 31, 2020.

(6) Significant subsequent event

(Establishment of a subsidiary)

At the meeting of its Board of Directors held on October 5, 2020, the Group resolved to establish Kiraboshi Digital Bank Preparatory Co.,Ltd. (Representative Director: Toshikazu Tanaka, hereafter "Preparatory Company") and, on October 30, 2020, established the same as follows. On the premise that approval from relevant authorities will be obtained, the Preparatory Company will proceed with preparations for launching operations of the Digital Bank during fiscal year 2021.

1. Purpose of establishment

In recent years, digitalization of products and services has accelerated on all fronts, both in life and in business; while customer value, needs and communication tools are becoming more diverse. Further, the COVID-19 pandemic is prompting a shift to a new lifestyle that presumes moves to go digital and online. All these trends require financial institutions to provide each and every customer with information, products and services that are more personalized, by the most appropriate means and at the most appropriate timing.

In light of this environment, the Group, as a regional financial institution with its operational base in the Tokyo area, has decided to establish a new digital bank. Through collaboration with Group companies as well as administrative agencies and other diverse external organizations, the new bank will seek to contribute to the digitalization of the area and, by putting the customers' needs first, flexibly provide seamless comprehensive services, both financial and non-financial, to customers who will be able to use them through a simple smartphone application.

Also, in collaboration with Kiraboshi Bank, Ltd. (Representative: Hisanobu Watanabe), a subsidiary of the Group, the new bank will support, from the digital aspect, the Group's face-to-face consulting services, which are tailored to specific customer profiles and strive for further evolution of its "dialogue-based 'service business that is also strong in finance'" through highly sophisticated hybrid services combining face-to-face and non-face-to-face services.

Further, the Preparatory Company will adopt an open banking system provided by SBJ DNX, Inc., which has a 10-year of proven track record in Japan, and will aim for its speedy and low-cost implementation through use of Agile software development.

2. Date of establishment

October 30, 2020

3. Outline of the company

Name of the company	Kiraboshi Digital Bank Preparatory Co.,Ltd.
Address of the head office	3-10-43 Minami Aoyama, Minato-ku, Tokyo
Capital	¥450,000,000
Name of the representative	Toshikazu Tanaka, Representative Director
Shareholder	Tokyo Kiraboshi Financial Group, Inc. (voting rights ownership ratio: 100%)
Business description	<ul style="list-style-type: none">● Research and preparation work related to obtaining banking business license and launch of banking operations● Construction, designing, creation, development, maintenance and management of computer system to be used in banking business● All other work incidental to the preceding items

(Reference)

Trust asset balance table
(As of September 30, 2020)

(¥ million)

Asset	Value	Liability	Value
Loans and bills discounted	2,773	Specified money in trust	2,848
Loans on deeds	2,773	Monetary claims in trust	20,288
Monetary claims	20,288	Composite trusts	16,631
Other monetary claims	20,288		
Property, Plant and Equipment	15,979		
Movables	634		
Real estate	15,345		
Other receivables	0		
Specified money in trust	0		
Cash deposits	726		
Deposits	726		
Total	39,768	Total	39,768

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

(1) Overview of Non-consolidated Financial Statements

November 10, 2020

Company name: Kiraboshi Bank,Ltd.

Representative: Hisanobu Watanabe, President

Responsible person for inquiries: Nobuyuki Yasuda, 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, 2021 (From April 1, 2020 to September 30, 2020)

(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, 2021	41,987	7.3	4,259	18.7	2,688	(27.5)
First half of the fiscal year ended March 31, 2020	39,120	8.2	3,586	26.2	3,712	(5.2)

(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, 2021	5,692,127	294,136	5.1
Fiscal year ended March 31, 2020	5,491,038	289,398	5.2

(Reference)

Equity: First half of the fiscal year ending March 31, 2021: ¥294,136 million

Fiscal year ended March 31, 2020: ¥289,398 million

(Note)

“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, Ltd.
(¥ million)

	As of March 31, 2020	As of September 30, 2020
Assets		
Cash and due from banks	538,775	671,413
Call loans	2,513	2,729
Other debt purchased	74,170	71,779
Trading account securities	1,006	1,007
Money held in trust	651	1,132
Securities	949,175	889,601
Loans and bills discounted	3,769,814	3,927,112
Foreign exchange	5,593	16,646
Other assets	81,176	47,804
Tangible fixed assets	63,776	62,437
Intangible fixed assets	3,380	4,111
Prepaid pension cost	17,109	18,176
Deferred tax assets	10,212	7,886
Customers' liabilities for acceptances and guarantees	4,905	5,002
Reserve for possible loan losses	(31,223)	(34,714)
Total assets	5,491,038	5,692,127
Liabilities		
Deposits	4,649,594	4,993,168
Negotiable certificates of deposit	10,710	9,410
Call money	217,692	15,499
Payables under securities lending transactions	256,620	162,447
Borrowed money	28,359	174,335
Foreign exchanges	232	160
Other liabilities	27,294	32,845
Reserve for employee bonuses	1,480	1,461
Provision for directors' bonuses	169	36
Provision for stock compensation	128	105
Reserve for point card certificates	2	2
Reserve for loss on dormant deposit repayments	1,318	1,287
Provision for loss on cancellation of system contracts	935	—
Provision for contingent loss	659	692
Deferred tax liabilities for land revaluation	1,535	1,535
Acceptances and guarantees	4,905	5,002
Total liabilities	5,201,639	5,397,991
Net Assets		
Common stock	43,734	43,734
Capital surplus	166,173	166,173
Retained earnings	71,145	72,773
Total shareholders' equity	281,053	282,682
Valuation difference on available-for-sale securities	10,074	13,183
Net deferred gains (losses) on hedges	41	41
Revaluation reserve for land	(1,770)	(1,770)
Total valuation and translation adjustments	8,345	11,454
Total net assets	289,398	294,136
Total liabilities and net assets	5,491,038	5,692,127

(3) Non-consolidated Interim Statements of Income

Kiraboshi Bank,Ltd.

(¥ million)

	First half of the fiscal year ended March 31, 2020	First half of the fiscal year ending March 31, 2021
Ordinary income	39,120	41,987
Interest income	29,711	29,525
Interest on loans and discounts	21,829	22,031
Interest and dividends on securities	7,200	6,108
Trust fees	64	59
Fees and commissions	7,588	5,749
Other operating income	900	3,134
Other ordinary income	855	3,518
Ordinary expenses	35,534	37,727
Financing expenses	1,260	669
Interest on deposits	585	345
Fees and commissions payments	1,509	1,644
Other operating expenses	336	34
General and administrative expenses	26,745	26,966
Other ordinary expenses	5,682	8,412
Ordinary profit	3,586	4,259
Extraordinary income	0	—
Gain on disposal of non-current assets	0	—
Extraordinary losses	38	3
Loss on disposal of non-current assets	38	3
Income before income taxes	3,547	4,256
Income taxes – current	641	594
Income taxes – deferred	(806)	972
Total income taxes	(164)	1,567
Net income	3,712	2,688